

# KINGDOM

KINGDOM HOLDINGS LIMITED

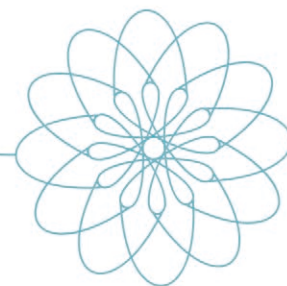
金達控股有限公司

*(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)

ANNUAL REPORT 2019 年報





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# 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](mailto: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](mailto: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 2019 (the “**Year**”).

As the world's largest manufacturer of linen yarn, Kingdom produced 20,618 tonnes of linen yarn during the Year.

During the Year, the Group's pure linen yarn exports amounted to 10,900 tonnes (2018: 11,472 tonnes), representing approximately 5% less than that of the previous year, while the total export of pure linen yarn from China dropped by more than 20% during the same period. Kingdom continued to account for more than 40% of the total pure linen yarn export from China in 2019, which maintained the Group's leading position as the largest pure linen yarn exporter in China for 17 consecutive years. The Company's top six markets are China, Italy, India, Turkey, Korea and Portugal.

Kingdom is a key leader and promoter of organic, sustainable linen and is a world's leading manufacturer of organic linen yarn and organic linen fibers, and established a raw material production base in Yili, Xinjiang, the PRC mainly for the production of organic flax. There were approximately 400 tonnes of organic linen fiber produced in 2019.

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**」)截至二零一九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20,618噸。

年內，本集團純亞麻紗出口量為10,900噸(二零一八年：11,472噸)，較之去年減少約5%，而中國純亞麻紗出口總量於同期下降逾20%。金達繼續佔中國二零一九年純亞麻紗出口總量逾40%，保持本集團的市場領先地位，連續十七年穩佔中國最大的純亞麻紗出口商席位。本集團的六大市場為中國、意大利、印度、土耳其、韓國及葡萄牙。

金達是全球有機亞麻和可持續亞麻的主要引領者和推動者，也是全球主要的有機亞麻紗和有機亞麻纖維製造商，亦在中國新疆伊犁設立原材料生產基地，主要生產有機亞麻。二零一九年生產有機亞麻纖維大約400噸。



## Chairman's Statement 主席報告書

We work towards our commitment to the environment and strive to reduce emissions and set achieving carbon neutrality as our ultimate goal. We collaborate with CottonConnect from United Kingdom to develop a stringent environmental standard from planting to yarn manufacturing, and will market the new Responsible Environment Enhanced Livelihoods (REEL) product of "REEL Linen Yarn" under this new standard, which is a pioneer product in the world.

The trend of environment-friendliness and the use of natural fibers has been set. Linen yarn, as one of the most environmentally friendly fibers, will surely benefit from this trend. The global demand of linen yarn has rebounded, coupled with the rapid growth of the Chinese flax consumer market, has driven the average selling price of linen yarn to a historical level during the Year. Whilst the amount of quantity of linen yarn sold during the Year maintained at a similar level as compared to the year 2018, the Group's total turnover increased by 20.4%.

Having said that, the geo-political environment is to be alerted and protectionism is expected to be on the rise. Despite the Indian government had imposed definitive anti-dumping duty for five years ranging from USD0.5 to USD4.83 per kilogram of "flax yarn" of below 70 Lea Count (or below 42 Nm) originating in or exported from China, such duty was partially reflected in the selling price to our customers in India. On the other end, the China-US trade tension will continue to evolve in the foreseeable future. However, given that most of the Group's direct customers or end consumer brands are not US based, any impact of China-US trade war would be indirect and limited.

我們履行對環境的承諾，盡力減排並以碳中和為終極目標，我們與英國康特耐 (CottonConnect) 公司合作，從種植開始到紡紗實行更嚴格的环境標準，推出在這一新標準下生產的亞麻紗新產品負責任環境改善生計 (REEL) 瑞優亞麻紗，這在全球也是首創。

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。全球亞麻紗需求回升，加上中國亞麻消費市場快速增長推動亞麻紗平均銷售價格於年內達至歷史最高水平。儘管本集團於年內所銷售的亞麻紗數量與二零一八年類似，但本集團總營業額增長20.4%。

儘管如此，地緣政治環境需予以警惕，保護主義預期將會抬頭。儘管印度政府已對原產於或進口自中國的低於70縷紗織數（或低於42公支）的「亞麻紗」徵收五年介乎每公斤0.5美元至4.83美元的明確反傾銷稅，但有關稅項將部分於向印度客戶銷售的價格中體現。另一方面，中美貿易衝突於可預見未來將繼續演變。然而，鑒於本集團的大多數直接客戶或終端消費者品牌並非位於美國，因此受到中美貿易戰的影響屬間接及有限。




## Chairman's Statement 主席報告書

Technological innovation of Kingdom has always been at the forefront of the industry. The Group applied for 12 patents, including 3 invention patents during the Year and there were 67 approved patents as of 31 December 2019. These achievements will gradually become Kingdom's core competitiveness.

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 3,042 tonnes of hemp and linen yarn during the Year (2018: 2,134 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.



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12項，其中發明專利3項，且截至二零一九年十二月三十一日，67項專利獲批准。這些成果將逐步成為金達的核心競爭力。

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3,042噸大麻及亞麻紗（二零一八年：2,134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。



## Chairman's Statement 主席報告書

The impact of the sudden epidemic crisis. Although the outbreak of the coronavirus disease 2019 (COVID-19) is a force majeure event, its impact on our operations in 2020 cannot be under-estimated. The secondment of more than 100 Chinese operation technicians to Ethiopia originally scheduled in early February 2020 have been postponed to mid-March 2020 to facilitate the trial production of the new factory and to provide training to Ethiopian workers on various operating skills. As a result of which, the trial production of the Ethiopia production facility experienced certain degree of delay. As the COVID-19 epidemic has become a pandemic and spreading across Europe and United States, many governments started to take stringent measures to reduce or avoid infection of the mass public, hopefully with infection rate eases off in the next few months, the consumer demand will start to recover in the second half of 2020.

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. To show the Group’s appreciation to the shareholders of the Company (the “**Shareholders**”) for their trust and support while reserving resources for the Group’s immediate and future expansion, the Board has recommended the payment of a final dividend for the Year of HK7.0 cents per ordinary share of the Company (“**Share**”) (2018: HK6.0 cents per Share).

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

### **Ren Weiming**

*Chairman*

Haiyan County, Zhejiang Province, the PRC, 15 April 2020

突發疫情危機影響，爆發於二零一九年新型冠狀病毒疾病(COVID-19)雖然是不可抗力，但對二零二零年金達經營影響不能低估。原定二零二零年二月上旬派往埃塞俄比亞的一百餘位中國操作技師行程延至二零二零年三月中旬，配合新工廠試產及對埃塞俄比亞員工提供各項操作技能培訓。鑒於此，埃塞俄比亞生產設施試產有所推延。由於COVID-19疫情儼然成為一種流行疾病，並席捲歐美，多方政府開始採取嚴厲措施以降低或避免大眾感染，並希望感染率於未來數月逐漸降低，消費者的需求將於二零二零年下半年開始恢復。

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。為答謝本公司股東(「**股東**」)對本集團的信任及支持，並同時為本集團近期及未來發展預留資源，董事會建議派發年內末期股息為本公司每股普通股(「**股份**」)7.0港仙(二零一八年：每股股份6.0港仙)。

本人謹此代表董事會，感謝本集團全體員工過去一年所作的努力與貢獻，同時感激一眾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，二零二零年四月十五日







# 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				
		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	2015 二零一五年 RMB'000 人民幣千元
REVENUE	收入	1,499,560	1,245,643	1,023,962	856,243	1,025,403
Cost of sales	銷售成本	(1,136,293)	(987,762)	(907,694)	(704,365)	(761,358)
Gross profit	毛利	363,267	257,881	116,268	151,878	264,045
Other income and gains	其他收益及得益	17,364	24,308	25,575	54,358	12,274
Selling and distribution costs	銷售及分銷成本	(49,453)	(48,687)	(39,361)	(37,951)	(38,687)
Administrative expenses	行政開支	(82,061)	(73,020)	(49,670)	(58,968)	(55,628)
Other expenses	其他開支	(10,327)	(6,818)	(38,200)	(643)	(4,432)
Finance costs	財務成本	(22,148)	(21,520)	(17,712)	(16,059)	(13,236)
Share of profit and loss of an associate	應佔一間聯營公司 溢利及虧損	-	-	-	-	(28)
Gain on disposal of a subsidiary	出售一家附屬公司的得益	235	-	-	-	-
PROFIT/(LOSS) BEFORE TAX	除稅前溢利／（虧損）	216,877	132,144	(3,100)	92,615	164,308
Income tax (expense)/Credit	所得稅（開支）／抵免	(61,112)	(28,957)	3,722	(22,586)	(43,939)
PROFIT FOR THE YEAR	年內溢利	155,765	103,187	622	70,029	120,369
Attributable to:	應佔：					
Owners of the parent	母公司擁有人	151,468	102,006	(3,132)	66,344	120,369
Non-controlling interests	非控制性權益	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				
		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	2015 二零一五年 RMB'000 人民幣千元
Total assets	資產總值	2,725,785	2,127,748	1,962,416	1,930,435	1,599,847
Total liabilities	負債總額	(1,444,890)	(974,239)	(912,220)	(843,999)	(555,869)
Non-controlling interests	非控制性權益	(43,085)	(40,620)	(32,439)	(18,685)	-
Net assets	資產淨值	1,237,810	1,112,889	1,017,757	1,067,751	1,043,978





# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### BUSINESS REVIEW

2019 was a year full of challenging events which affected the overall market environment, including the protectionism and trade barrier which hindered the free trade. Also, there was the trade war between China and United States, which after numerous rounds of trade talks, resulted in an interim agreement being signed between China and United States in late 2019.

According to the National Bureau of Statistics of the People's Republic of China (the "PRC" or "China"), the GDP growth rate in China for the year ended 31 December 2019 (the "Year") was 6.1%. The overall textile industry in China recorded a growth of 0.9% in export during the Year, according to the statistics of the General Administration of Customs of the PRC. The market price of cotton has dropped 13.0% in 2019 which may exert negative 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 2019 dropped by approximately 21.7% year-on-year, compared to a 5.0% drop by Kingdom during the same period. The total export of pure linen yarn from China to India market has seen a whopping 58.0% decline during the Year, while Kingdom recorded a 18.0% decline during the same period. Such decline was a direct result of the implementation of a definitive anti-dumping duty by the Indian government in late 2018 for five years ranging from USD0.5 to USD4.83 per kilogram of "flax yarn" of below 70 Lea Count (or below 42 Nm) originating in or exported 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

二零一九年為備受挑戰的一年，多項事件均影響整體的市場環境，包括阻礙自由貿易的保護主義及貿易壁壘。同時，中美貿易戰經過無數輪貿易談判，中美雙方於二零一九年底簽署臨時協議。

根據中華人民共和國（「中國」）國家統計局，中國截至二零一九年十二月三十一日止年度（「本年度」）的國內生產總值增長率為6.1%。根據中國海關總署的統計數據顯示，本年度內，中國紡織業出口整體錄得0.9%的增長。二零一九年，棉花市場價格下跌13.0%，可能對亞麻紗的市場需求產生負面影響。

根據中國海關總署的統計數據顯示，二零一九年中國純亞麻紗出口總量同比下降約21.7%，而金達同期下降5.0%。本年度，中國對印度市場的純亞麻紗出口總量減少58.0%，而金達同期出口量減少18.0%。有關減少乃印度政府於二零一八年年底對原產於或進口自中國的低於70縷紗織數（或低於42公支）的「亞麻紗」實行徵收五年介乎每公斤0.5美元至4.83美元的確反傾銷稅的直接結果。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 10,900 tonnes (2018: 11,472 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 17 consecutive years.

As a result of the recovery of the global market demand of pure linen yarn since the end of 2017 and the Group's strategic price adjustments during the Year, revenue of the Group for the Year increased by approximately 20.4% year-on-year to RMB1,499,560,000 (2018: RMB1,245,643,000). Gross profit surged by approximately 40.9% year-on-year to RMB363,267,000 (2018: RMB257,881,000) and overall gross margin increased to 24.2% in 2019 (2018: 20.7%). Profit for the Year was RMB155,765,000, representing a surge of 51.0% as compared from RMB103,187,000 for the year 2018. Basic earnings per Share amounted to RMB0.25 (2018: RMB0.17). To reciprocate the Shareholders for their continuous support for the Group while reserving resources for further expansions, the Board has recommended the payment of a final dividend of HK7.0 cents per Share for the Year (2018: HK6.0 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-operations with high-end customers in Europe. During the Year, revenue derived from overseas sales amounted to RMB848,984,000, representing approximately 56.6% of the Group's total revenue. In particular, revenue from European Union countries amounted to approximately RMB349,183,000, representing approximately 23.3% of the Group's total revenue, while revenue from non-European Union countries amounted to approximately RMB499,801,000, representing approximately 33.3% of the Group's total revenue. During the Year, despite the Department of Commerce, Government of India has imposed anti-dumping duty on linen yarn originating in or exported from China, India continued to overtake Italy since 2017 as the largest export market of the Group and accounted for approximately 22.2% of the Group's total export revenue, followed by, in descending order, Italy, Turkey, Korea, Portugal and Lithuania.

本年度內，本集團純亞麻紗出口量為10,900噸（二零一八年：11,472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，連續十七年穩佔中國最大的純亞麻紗出口商席位。

由於全球純亞麻紗需求自二零一七年底起復甦和本集團於本年度策略性調整價格，本集團於本年度之收入同比增長約20.4%至人民幣1,499,560,000元（二零一八年：人民幣1,245,643,000元）。於二零一九年，毛利按年大幅增長約40.9%至人民幣363,267,000元（二零一八年：人民幣257,881,000元），整體毛利率增至24.2%（二零一八年：20.7%）。年內溢利為人民幣155,765,000元，較二零一八年度人民幣103,187,000元大幅增長51.0%。每股基本盈利達人民幣0.25元（二零一八年：人民幣0.17元）。為答謝股東一直以來支持本集團及預留資源作進一步擴展，董事會建議派付本年度的末期股息每股股份7.0港仙（二零一八年：每股股份6.0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848,984,000元，佔本集團總收入約56.6%。其中，歐盟國家貢獻收入約人民幣349,183,000元，佔本集團總收入約23.3%，而非歐盟國家則合共貢獻收入約人民幣499,801,000元，佔本集團總收入約33.3%。於本年度內，儘管印度政府商務部開始針對原產於或進口自中國的亞麻紗徵收反傾銷稅，印度繼續自二零一七年起取代意大利成為本集團最大的出口市場，佔本集團總出口收入約22.2%，其後依次為意大利、土耳其、韓國、葡萄牙和立陶宛。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

Domestic sales in China increased by approximately 38.2% during the Year to RMB650,576,000, representing approximately 43.4% 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.

中國的國內銷售於本年度內增長約38.2%至人民幣650,576,000元，佔本集團總收入約43.4%。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。

### Sales Analysis by Domestic and Overseas Market

### 國內外市場銷售分析

		FY2019		FY2018		Year-on-year change	Year-on-year change
		二零一九年財政年度		二零一八年財政年度		in revenue	in revenue
		RMB'000	%	RMB'000	%	收入	收入
		人民幣千元		人民幣千元		按年變動	按年變動
						RMB'000	%
						人民幣千元	
China	中國	650,576	43.4%	470,690	37.8%	179,886	38.2%
European Union	歐盟	349,183	23.3%	307,854	24.7%	41,329	13.4%
Non-European Union	非歐盟	499,801	33.3%	467,099	37.5%	32,702	7.0%
<b>Total Revenue</b>	<b>總收入</b>	<u>1,499,560</u>	100.0%	<u>1,245,643</u>	100.0%	253,917	20.4%



## 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 a steady growth. 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. Apart from sourcing raw materials abroad, the Group has established a raw material production base in Yili, Xinjiang, the PRC mainly for the production of organic flax. This production base currently has an annual production capacity of approximately 400 tonnes. Going forward, the Group will continue to expand the cultivation area of organic flax in Xinjiang with the aim to further stabilise the price fluctuations and supply of raw materials.

#### Production Bases and Productivity

As at 31 December 2019, the Group had four production bases in 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 rate of each of the production bases was close to 100% during the Year.

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 our 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 2020.

#### 原材料採購及相關策略

於本年度內，亞麻紗主要原材料亞麻纖維價格保持平穩略升的趨勢。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。除了在海外採購原材料，本集團亦在中國新疆伊犁設立原材料生產基地，主要生產有機亞麻。此生產基地目前的年產能約為400噸。展望將來，本集團將繼續擴大新疆有機亞麻的種植面積，以進一步穩定原材料的價格波動和供應。

#### 生產基地及產能

於二零一九年十二月三十一日，本集團在中國共設立四個生產基地。一個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。於本年度內，各生產基地的利用率接近100%。

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年度本集團環境、社會及管治報告（預期於二零二零年四月底前連同本公司本年度年報一併寄發）。





## MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

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.

In addition, 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 to be constructed 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 the coronavirus disease 2019 (COVID-19) in Mainland China in late 2019 (the "Epidemic"), secondment of more than 100 Chinese operation technicians to Ethiopia originally scheduled in early February 2020 was then postponed to mid-March 2020. The technicians were sent to Ethiopia to facilitate the trial production of the new factory and to provide training to Ethiopian workers on various operating skills. As a result, the Ethiopia production facility is expected to commence trial production in the second quarter of 2020.

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。

此外，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·阿里(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。由於二零一九年底中國大陸爆發二零一九年新型冠狀病毒(COVID-19)（以下簡稱「疫情」），原計劃於二零二零年二月上旬借調至埃塞俄比亞的100多名中國操作技術員則推遲到二零二零年三月中旬。借調至埃塞俄比亞的技術員推動新廠試產，並向埃塞俄比亞工人提供各種操作技能的培訓。因此，埃塞俄比亞的生產設施預計將於二零二零年第二季度開始試產。



# 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 trial production in second quarter of 2020 預期二零二零年第二季度開始 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 2019, the Group owned 67 registered patents and there were another 37 patents applications pending formal approval by relevant authorities.

### FINANCIAL REVIEW

#### Revenue

For the Year, the Group's revenue increased by approximately 20.4% to approximately RMB1,499,560,000 (2018: RMB1,245,643,000). The increase of revenue was mainly attributable to the improved selling price of pure linen yarn sold during the Year. Sales to China, European Union ("EU") and non-EU markets recorded growth of 38.2%, 13.4% and 7.0% respectively, during the Year.

#### Gross Profit and Gross Profit Margin

For the Year, the Group's gross profit surged to RMB363,267,000, representing a year-on-year growth of approximately 40.9% (2018: RMB257,881,000). Gross profit margin for the Year improved by 3.5 percentage points to 24.2% (2018: 20.7%) as a result of improved selling prices of the linen yarn during the Year.

#### Other Income and Gains

For the Year, other income and gains of RMB17,364,000 (2018: RMB24,308,000) were mainly represented by interest income of RMB1,051,000 (2018: RMB1,044,000), various government grants which amounted to RMB8,161,000 (2018: RMB2,501,000), the net exchange gain of RMB5,186,000 (2018: RMB19,235,000), gain on derivative financial instruments of RMB198,000 (2018: loss on derivative financial instruments of RMB3,438,000 recorded in Other Expenses), and insurance income of RMB1,068,000 (2018: RMB2,000).

### 專利、獎項及殊榮

本集團繼續投資於技術創新，於二零一九年十二月三十一日，本集團擁有67項註冊專利，另有37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，本集團的收入增加約20.4%至約人民幣1,499,560,000元（二零一八年：人民幣1,245,643,000元）。收入增加主要是由於本年度純亞麻紗銷售價格上漲。於本年度，對中國、歐盟（「歐盟」）及非歐盟市場的銷售分別錄得38.2%、13.4%及7.0%的增長。

#### 毛利及毛利率

於本年度，本集團毛利按年大幅增長約40.9%至人民幣363,267,000元（二零一八年：人民幣257,881,000元）。本年度的毛利率上升3.5個百分點至24.2%（二零一八年：20.7%），乃由於本年度亞麻紗售價提高所致。

#### 其他收益及得益

於本年度，其他收益及得益為人民幣17,364,000元（二零一八年：人民幣24,308,000元）主要指利息收入人民幣1,051,000元（二零一八年：人民幣1,044,000元）、多筆政府補助人民幣8,161,000元（二零一八年：人民幣2,501,000元）、匯兌得益淨額人民幣5,186,000元（二零一八年：人民幣19,235,000元）、衍生金融工具得益人民幣198,000元（二零一八年：衍生金融工具虧損人民幣3,438,000元，計入其他費用）以及保險收入人民幣1,068,000元（二零一八年：人民幣2,000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 RMB49,453,000 (2018: RMB48,687,000), which accounted for approximately 3.3% (2018: 3.9%) of the Group's revenue. The drop in the selling and distribution expenses as a percentage of revenue in the Year was mainly due to lower percentage of freight and custom clearance expenses incurred, as higher proportion of sales were made locally in China during the Year.

#### Administrative Expenses

For the Year, the Group's administrative expenses amounted to approximately RMB82,061,000 (2018: RMB73,020,000), representing an increase of approximately 12.4% as compared to the year ended 31 December 2018. The increase of administrative expenses was mainly due to additional research and development costs of RMB1,946,000, personnel costs of RMB1,905,000, travelling expense of RMB1,244,000, miscellaneous taxes of RMB1,304,000, bank charges of RMB1,485,000, and bad debts of RMB1,528,000.

#### Other Expenses

Other expenses of the Group for the Year mainly represent impairment provision of RMB6,173,000 for certain machinery for production of colour yarn being left idle during the Year (2018: Nil), asset disposal loss of RMB1,374,000 (2018: RMB405,000) and compensation expense of RMB1,144,000 (2018: Nil).

#### Finance Costs

For the Year, finance costs amounted to approximately RMB22,148,000 (2018: RMB21,520,000), which comprises of net finance cost of RMB21,940,000 (2018: RMB21,520,000) and interest on lease liabilities arising from modified retrospective adoption of IFRS16 at the beginning of the Year of RMB208,000 (2018: Nil). Net finance costs represent the total interest expense on bank loans of RMB35,003,000 (2018: RMB26,392,000) less amount capitalized attributable to capital assets. An interest expense of approximately RMB13,063,000 was capitalized during the Year (2018: RMB4,872,000).

#### 銷售及分銷開支

於本年度，本集團銷售及分銷開支約為人民幣49,453,000元（二零一八年：人民幣48,687,000元），佔本集團收入約3.3%（二零一八年：3.9%）。本年度銷售及分銷開支佔收入之百分比下降，主要是因為本年度在中國內銷百分比增加，令產生的運費及報關費比例減少所致。

#### 行政開支

於本年度，本集團行政開支約為人民幣82,061,000元（二零一八年：人民幣73,020,000），較截至二零一八年十二月三十一日止年度增加約12.4%。行政開支增加主要是由於額外研發成本、人員成本、差旅費、雜項稅費、銀行手續費及壞賬分別為人民幣1,946,000元、人民幣1,905,000元、人民幣1,244,000元、人民幣1,304,000元、人民幣1,485,000元及人民幣1,528,000元。

#### 其他開支

本集團於本年度的其他開支主要指於本年度若干閒置色紗生產機器的減值撥備人民幣6,173,000元（二零一八年：零）、資產出售虧損人民幣1,374,000元（二零一八年：人民幣405,000元）及補償開支人民幣1,144,000元（二零一八年：零）。

#### 財務成本

於本年度，財務成本約為人民幣22,148,000元（二零一八年：人民幣21,520,000元），包括財務成本淨額人民幣21,940,000元（二零一八年：人民幣21,520,000元）及年初經修訂追溯性採納《國際財務報告準則》第16號產生的租賃負債利息人民幣208,000元（二零一八年：無）。財務成本淨額指銀行貸款的利息開支總額人民幣35,003,000元（二零一八年：人民幣26,392,000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13,063,000元（二零一八年：人民幣4,872,000元）。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Income Tax Expenses

Income tax expense for the Year was approximately RMB61,112,000 (2018: RMB28,957,000). The increase in tax was due to additional accrual of dividend withholding tax liability during the Year. The effective tax rate for the Year was 28.2% (2018: 21.9%).

### Profit for the Year

As a result, the Group recorded a net profit for the Year of approximately RMB155,765,000 (2018: approximately RMB103,187,000), representing an increase of approximately 51.0% as compared to the year ended 31 December 2018.

### Minority Interests

The minority interests amounted to RMB4,297,000 which represent the share of the net profit of the 27.28% of equity interests of Heilongjiang Jinda Flax and Hemp Co., Ltd.\* (黑龍江金達麻業有限公司), attributable to the minority shareholders during the Year (2018: RMB1,181,000).

### Profit Attributable to Owners of the Parent

During the Year, the Group recorded a profit attributable to owners of the parent of approximately RMB151,468,000 (2018: RMB102,006,000), representing an increase of approximately 48.5% as compared to the year ended 31 December 2018.

### Other Intangible Assets

As at 31 December 2019, the Group's intangible assets were mainly certified emission rights in 2012 for a term of 20 years, which amounted to RMB4,703,000 (2018: RMB5,248,000). Intangible assets are subject to amortisation based on their useful lives. For the Year, the amortisation of intangible assets was approximately RMB545,000 (2018: RMB586,000).

\* For identification purpose only

### Inventories

As at 31 December 2019, inventories of the Group increased by approximately 42.8% to RMB795,592,000 (2018: RMB557,087,000), the average inventory turnover days increased from 201 days as at 31 December 2018 to 217 days as at 31 December 2019. The higher number of inventory turnover days was mainly attributable to strategic accumulation of raw materials and higher linen yarn inventory level at the end of the Year.

### 所得稅開支

本年度所得稅開支約為人民幣61,112,000元(二零一八年:人民幣28,957,000元)。稅費增加乃由於本年度增加應計股息預扣稅負債所致。本年度的實際稅率為28.2%(二零一八年:21.9%)。

### 年內溢利

因此,本集團於本年度錄得純利約人民幣155,765,000元(二零一八年:約人民幣103,187,000元),較截至二零一八年十二月三十一日止年度增加約51.0%。

### 少數股東權益

為數人民幣4,297,000元之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%股權所佔純利(二零一八年:人民幣1,181,000元)。

### 母公司擁有人應佔溢利

於本年度,本集團的母公司擁有人應佔溢利約為人民幣151,468,000元(二零一八年:人民幣102,006,000元),較截至二零一八年十二月三十一日止年度增加約48.5%。

### 其他無形資產

於二零一九年十二月三十一日,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4,703,000元(二零一八年:人民幣5,248,000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(二零一八年:人民幣586,000元)。

### 存貨

於二零一九年十二月三十一日,本集團的存貨增加約42.8%至人民幣795,592,000元(二零一八年:人民幣557,087,000元),存貨平均週轉日數則由二零一八年十二月三十一日的201日增加至二零一九年十二月三十一日的217日。存貨週轉天數增加主要是由於原材料的戰略性積累及本年度末亞麻紗存貨水平提高。





## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

#### Trade and Notes Receivables

As at 31 December 2019, trade and notes receivables of the Group increased by approximately 17.2% to RMB345,813,000 (2018: RMB295,115,000), the average accounts receivable turnover days decreased from 89 days as at 31 December 2018 to 78 days as at 31 December 2019.

#### Trade and Notes Payables

As at 31 December 2019, trade and notes payables of the Group increased by approximately 46.1% to approximately RMB358,817,000 (2018: RMB245,675,000). There were additional purchases of raw materials at the end of the Year to ensure stable supply. The average accounts payable turnover days increased to 97 days during the Year (2018: 80 days).

#### Interest-bearing Bank and Other Borrowings

As at 31 December 2019, the Group's interest-bearing bank and other borrowings increased by 61.3% to approximately RMB902,351,000 (2018: RMB559,384,000), of which RMB823,482,000 (2018: RMB508,984,000) were classified under current liabilities and RMB78,869,000 (2018: RMB50,400,000) were classified as non-current liabilities.

#### Liquidity and Financial Resources

As at 31 December 2019, the Group has net current assets of approximately RMB178,938,000 (2018: RMB314,058,000). The Group financed its operations with internally generated resources and bank loans during the Year. As at 31 December 2019, the Group had cash and cash equivalents of approximately RMB144,798,000 (2018: RMB241,826,000).

The liquidity ratio of the Group as at 31 December 2019 was approximately 113.3% (2018: 134.5%). Total equity of the Group as at 31 December 2019 was approximately RMB1,280,895,000 (2018: RMB1,153,509,000).

#### 應收貿易賬款及應收票據

於二零一九年十二月三十一日，本集團的應收貿易賬款及應收票據增加約17.2%至人民幣345,813,000元（二零一八年：人民幣295,115,000元），應收賬款平均週轉日數則由二零一八年十二月三十一日的89日減少至二零一九年十二月三十一日的78日。

#### 應付貿易賬款及應付票據

於二零一九年十二月三十一日，本集團的應付貿易賬款及應付票據增加約46.1%至約人民幣358,817,000元（二零一八年：人民幣245,675,000元）。本集團於本年度末增加採購原材料，以確保穩定供應。應付賬款平均週轉日數於本年度增至97日（二零一八年：80日）。

#### 計息銀行及其他借貸

於二零一九年十二月三十一日，本集團的計息銀行及其他借貸增加61.3%至約人民幣902,351,000元（二零一八年：人民幣559,384,000元），其中人民幣823,482,000元（二零一八年：人民幣508,984,000元）分類為流動負債而人民幣78,869,000元（二零一八年：人民幣50,400,000元）分類為非流動負債。

#### 流動資金及財務資源

於二零一九年十二月三十一日，本集團的流動資產淨值約為人民幣178,938,000元（二零一八年：人民幣314,058,000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。於二零一九年十二月三十一日，本集團的現金及現金等價物約為人民幣144,798,000元（二零一八年：人民幣241,826,000元）。

本集團於二零一九年十二月三十一日的流動比率約為113.3%（二零一八年：134.5%）。本集團於二零一九年十二月三十一日的總權益約為人民幣1,280,895,000元（二零一八年：人民幣1,153,509,000元）。



## MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

As at 31 December 2019, the Group had interest bearing bank and other borrowings repayable within 12 months from the statement of financial position date of approximately RMB823,482,000 (2018: RMB508,984,000) and long-term interest bearing bank and other borrowings of approximately RMB78,869,000 (2018: RMB50,400,000). Together these interest bearing bank and other borrowings represented a gross debt gearing (i.e. total borrowings/total equity) of approximately 70.4% (2018: 48.5%).

### CAPITAL COMMITMENTS

As at 31 December 2019, 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 RMB41,370,000 (2018: RMB146,431,000).

### MATERIAL ACQUISITION AND DISPOSAL

On 28 January 2019, Zhejiang Jinyuan Flax Co., Ltd. (“**Zhejiang Jinyuan**”), an indirect wholly-owned subsidiary of the Company, entered into an equipment purchase agreement with Zhejiang Golden Eagle Co., Ltd.\* (浙江金鷹股份有限公司) (“**Zhejiang Golden Eagle**”), pursuant to which Zhejiang Jinyuan agreed to purchase and Zhejiang Golden Eagle agreed to sell certain equipment, consisting of fibre-forming machines, drawing frames and spinning frames at a consideration of RMB24,470,000 for the linen yarn factory project in Ethiopia. For further details, please refer to the announcement of the Company dated 28 January 2019.

On 24 May 2019, Heilongjiang Jinda Flax Hemp Co., Ltd\* (“**Heilongjiang Jinda**”), a 72.73% indirect owned subsidiary of the Company, entered into an equity transfer agreement with Heilongjiang Kangyuan Bio-tech Co., Ltd.\* (黑龍江康源生物科技有限公司) (“**Heilongjiang Kangyuan**”), pursuant to which Heilongjiang Jinda agreed to dispose and Heilongjiang Kangyuan agreed to acquire the 75% equity interest of Heilongjiang Kangyuan Flax and Hemp Seed Co., Ltd\* (黑龍江康源種業有限公司) (“**Kanguan Seed**”) at a consideration of RMB7,500,000. Upon completion of the disposal, the Company ceased to have any interest in Kangyuan Seed. For further details, please refer to the announcement of the Company dated 24 May 2019.

\* For identification purpose only

於二零一九年十二月三十一日，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823,482,000元（二零一八年：人民幣508,984,000元），並有長期計息銀行及其他借貸約人民幣78,869,000元（二零一八年：人民幣50,400,000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70.4%（二零一八年：48.5%）。

### 資本承擔

於二零一九年十二月三十一日，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41,370,000元（二零一八年：人民幣146,431,000元）。

### 重大收購及出售

於二零一九年一月二十八日，浙江金元亞麻有限公司（「**浙江金元**」），本公司的間接全資附屬公司與浙江金鷹股份有限公司（「**浙江金鷹**」）訂立設備購買協議，據此，浙江金元同意購買而浙江金鷹同意出售若干設備（包括成條機、併條機及細紗機），代價為人民幣24,470,000元，以用於埃塞俄比亞的亞麻紗工廠項目。有關進一步詳情，請參閱本公司日期為二零一九年一月二十八日之公告。

於二零一九年五月二十四日，本公司間接擁有72.73%股權之附屬公司黑龍江金達麻業有限公司（「**黑龍江金達**」）與黑龍江康源生物科技有限公司（「**黑龍江康源**」）訂立股權轉讓協議，據此，黑龍江金達同意出售而黑龍江康源同意收購黑龍江康源種業有限公司（「**康源種業**」）之75%股權，代價為人民幣7,500,000元。於完成出售後，本公司不再於康源種業持有任何權益。有關進一步詳情，請參閱本公司日期為二零一九年五月二十四日之公告。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析



On 29 November 2019, Zhejiang Jinyuan, an indirectly wholly-owned subsidiary of the Company, entered into a 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 at a consideration of RMB50,000,000. For further details, please refer to the announcement of the Company dated 29 November 2019.

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

### CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any contingent liabilities (2018: Nil).

### CHARGE OF ASSETS

As at 31 December 2019, the current interest-bearing bank borrowings with a carrying amount of RMB304,284,000 were secured by certain property, plant and equipment, prepaid land lease payments, and inventories with carrying amounts of RMB122,816,000 (2018: RMB80,992,000), RMB39,397,000 (2018: RMB43,806,000) and RMB40,000,000 (2018: 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 (2018: RMB74,962,000) and RMB14,783,000 (2018: RMB15,102,000), respectively.

### FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Directors confirmed that as at the date of this annual report, there are no current plans to acquire any material investment or capital assets.

於二零一九年十一月二十九日，本公司之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，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的樓宇（總面積約10,000平方米），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之公告。

除上文所披露者外，本集團於本年度內並無任何重大收購或出售。

### 或有負債

於二零一九年十二月三十一日，本集團並無任何或有負債（二零一八年：無）。

### 資產抵押

於二零一九年十二月三十一日，賬面金額為人民幣304,284,000元的即期計息銀行借貸以賬面金額分別為人民幣122,816,000元（二零一八年：人民幣80,992,000元）、人民幣39,397,000元（二零一八年：人民幣43,806,000）及人民幣40,000,000元（二零一八年：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（二零一八年：人民幣74,962,000元）及人民幣14,783,000元（二零一八年：人民幣15,102,000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之未來計劃

董事確認於本年報日期，目前並無計劃收購任何重大投資或資本資產。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 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. Currently, the Company also has certain foreign currency forward contracts and cross-currencies swap contracts entered into by utilising its credit line, and derivative financial instruments of approximately RMB198,000 which were recognised by the Group as a current asset as at 31 December 2019 (2018: current liability of RMB3,438,000).

### REMUNERATION POLICY AND SHARE OPTION SCHEME

As at 31 December 2019, the Group had a total of 3,099 employees (2018: 3,048 employees). Total staff costs incurred for the Year increased by approximately 11.0% to RMB204,072,000 (2018: RMB183,823,000). The increase in staff costs which stemmed from the additional headcount mainly represents the workforce recruited by the Group for the new Ethiopia factory during the Year.

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 share option schemes 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.

### 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。目前，本公司亦運用信貸額訂立了若干外匯遠期合約及交叉貨幣掉期合約，而於二零一九年十二月三十一日，本集團已確認約人民幣198,000元衍生金融工具為流動資產（二零一八年：流動負債人民幣3,438,000元）。

### 薪酬政策及購股權計劃

於二零一九年十二月三十一日，本集團合共聘有3,099名僱員（二零一八年：3,048名僱員）。本年度產生的員工總成本增加約11.0%至人民幣204,072,000元（二零一八年：人民幣183,823,000元）。因總人數增加導致員工成本增加，而新增人數主要指本集團於本年度為埃塞俄比亞新廠僱用的勞工。

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 uncertainties of 2019 continue to carry forward to 2020. Although the trade war between United States and China has temporarily subsided, the next rounds of trade talks are likely to be bumpy especially 2020 is the presidential election year in the United States. The outbreak of the coronavirus disease 2019 (COVID-19) in Mainland China in late 2019 has caused delay to the resumption of the operations of factories and offices in Mainland China after the Chinese New Year, which has caused general disruptions in the supply chain and production across China. Some fashion brands in Europe and the United States have begun to adjust their supply chain and transferred some garment orders from China to Turkey, India and Southeast Asian countries and regions. In addition, the Department of Commerce, Government of India has imposed definitive anti-dumping duty for five years ranging from USD0.5 to USD4.83 per kilogram of “flax yarn” of below 70 Lea Count (or below 42 Nm) originating in or exported from China. The Group’s linen yarn will be subject to USD2.42/kg of such definitive antidumping duty for export to India from 2019 onwards. Such duty has been partially reflected in the selling price to the customers.

### 前景及計劃

二零一九年的不確定因素繼續延續到二零二零年。儘管中美貿易戰暫時平息，但下一輪貿易談判可能困難重重，尤其在二零二零年美國總統大選之年。二零一九年底中國大陸爆發的二零一九年新型冠狀病毒(COVID-19)導致農曆新年後中國大陸工廠及辦公室復工延誤，從而導致中國各地供應鏈及生產全面中斷。歐美若干時裝品牌已開始調整供應鏈，並將部分服裝訂單從中國轉移到土耳其、印度及東南亞國家和地區。此外，印度政府商務部已對原產於或進口自中國的低於70縷紗織數（或低於42公支）的「亞麻紗」徵收五年介乎每公斤0.5美元至4.83美元的明確反傾銷稅。本集團出口至印度的亞麻紗自二零一九年起須按2.42美元／公斤繳納該等明確反傾銷稅。有關稅項已部分於向客戶銷售的價格中體現。



## MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Despite of the above challenges, 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. In addition, 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. In addition, the first phase of our Ethiopia factory with an annual production capacity of 5,000 tonnes (based on standard 24NM counts) is completed and expected to commence trial production in the second quarter of 2020. 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.

儘管存在上述挑戰，推動環保及使用天然纖維已成趨勢。許多時裝品牌已承諾在其產品中使用環保及可持續材料。亞麻紗乃最環保的纖維之一，必然受惠於此趨勢。此外，中國已成為亞麻紡織產品的最大消費者市場之一。由於中國政府鼓勵國內消費以拉動GDP增長並進行經濟轉型以減少出口依賴，本公司對未來數年的亞麻紗持續需求充滿信心。此外，埃塞俄比亞年產5,000噸（基於標準24公支計數）工廠的第一階段已完工，預計將於二零二零年第二季度開始試產。於埃塞俄比亞生產的亞麻紗向世界諸多國家出口可豁免配額及關稅，將有助於本集團在未來數保持競爭力。











## Directors and Senior Management 董事及高級管理層

### CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Ren Weiming (任維明), aged 60, 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 all subsidiaries of the Group except Zhaosu Jindi Flax Co., Ltd (“**Zhaosu Jindi**”). 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 58, is an executive Director. Mr. Shen is a director of Zhejiang Jinyuan, Jiangsu Jinyuan Flax Co., Ltd. (“**Jiangsu Jinyuan**”), Zhejiang Jinda Flax Co., Ltd (“**Zhejiang Jinda**”) and Zhaosu Jindi, all are wholly-owned subsidiaries of the Company. Mr. Shen is also a director of Heilongjiang Jinda Flax & Hemp Co., Ltd. (“**Heilongjiang Jinda**”), 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 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（「**海鹽紫薇**」）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。除昭蘇金地亞麻有限公司（「**昭蘇金地**」）外，任先生為本集團所有附屬公司之董事。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。任先生現時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，現年五十八歲，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**」）浙江金達亞麻有限公司（「**浙江金達**」）及昭蘇金地的董事，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**」）之董事。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。彼現為金達創業、錦繡江南及滙通的董事。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 53, is an executive Director. Mr. Zhang is the director of Zhejiang Jinyuan, Jiangsu Jinyuan, Zhejiang Jinda and Zhaosu Jindi. He is also a director of Kingdom Creative, Interconnect, Jinxiu Jiangnan, Zhejiang Yuyuan Photovoltaic Co., Ltd. ("Zhejiang Yuyuan") 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 53, 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 Jinda and Zhaosu Jindi. Ms. Shen is also a director of Kingdom Creative. 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 (顏金煒), aged 70, 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 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，現年五十三歲，執行董事。張先生為浙江金元、江蘇金元、浙江金達及昭蘇金地的董事。彼現時亦為金達創業、滙通、浙江昱源光伏有限公司（「浙江昱源」）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，現年五十三歲，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。沈女士現為黑龍江金達及昭蘇金地董事。沈女士亦為金達創業董事。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

顏金煒先生，現年七十歲，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。彼現時亦為滙通的董事。



## Directors and Senior Management 董事及高級管理層

### INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lau Ying Kit (劉英傑), aged 46, is an independent non-executive Director. Mr. Lau is currently an independent non-executive director of Xiezhong International Holdings Limited (Stock Code: 3663), China Wood Optimization (Holding) Limited (Stock Code: 1885), United Strength Power Holdings Limited (Stock Code: 2337) and Sinco Pharmaceuticals Holdings Limited (Stock Code: 6833), companies listed on the Main Board of the Stock Exchange. 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 46, 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: 229), 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，現年四十六歲，獨立非執行董事。劉先生現為協眾國際控股有限公司（股份代號：3663）、中國優材（控股）有限公司（股份代號：1885）、眾誠能源控股有限公司（股份代號：2337）及興科蓉醫藥控股有限公司（股份代號：6833）（上述公司均在聯交所主板上市）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，現年四十六歲，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之副總經理。羅先生亦為一間在聯交所主板上市的利民實業有限公司（股份代號：229）之獨立非執行董事。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 54, 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 TC Medical Co. Ltd (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，現年五十四歲，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生電子股份有限公司（證券代碼：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投資股份有限公司（證券代碼：600763）及浙江新安化工集團股份有限公司（證券代碼：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 51, 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: 157), 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 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.

### 高級管理層

陳仁君先生，現年五十一歲，本公司之財務總監兼公司秘書。陳先生於會計及財務方面擁有逾20年的經驗。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：157，一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 86.

### 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 pages 4 to 7 and pages 11 to 25 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 10 and "Financial Review" on pages 17 to 21 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 accounts for 3.6% of total electricity consumed and the consumption of steam per tonne of yarn manufactured reduced by 4.5% respectively during the Year.

The Company is in compliance with the relevant laws and regulations that have a significant impact on the Company 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.

董事會欣然提呈本集團截至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86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頁至第7頁的「主席報告書」及第11頁至第25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10頁的「五年財務摘要」以及第17頁至第21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，光伏太陽能佔所耗總電能的3.6%，而生產一噸紗線所耗用的蒸汽減少4.5%。

本公司於年內遵守對本公司有重大影響之相關法律法規。

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。



# 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 our subsidiary in Italy which are invoiced in Euro. Domestic sales in China are invoiced in Renminbi. Raw materials (fiber flax) are imported from Europe. 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.

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

Since the end of 2019, there has been an outbreak of the coronavirus disease 2019 (COVID-19) in Mainland China (the “Epidemic”), the Chinese government has implemented various emergency measures with an objective to contain the spread of the coronavirus. Among others, the resumption of the operations of factories and offices in Mainland China after the Chinese New Year has been inevitably delayed, which has caused general disruptions in the supply chain and production across the country.

## 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）從歐洲進口。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。

## 與利益相關者之關係

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之關係，向其客戶提供優質服務及增強與其業務合作夥伴之合作。

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之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。

## 自財政年度末起所發生之影響本公司之重大事件

自二零一九年底起，中國內地爆發二零一九年新型冠狀病毒疾病(COVID-19)（「疫情」），中國政府實施多項緊急措施，旨在防止新型冠狀病毒的蔓延。其中，中國內地的廠房及辦事處於中國新年後恢復營運的事宜已不可避免地延遲，從而導致全國供應鏈及生產整體中斷。



## Report of the Directors 董事會報告

Moreover, traffic and crowd controls were implemented to reduce the spread of the Epidemic, resulting in only partial operation of the Group's factories being able to resume work. Operation of the Group's factories with full capacity was only resumed since March 2020.

The new factory in Ethiopia originally planned to start trial production in early February 2020. Due to the impact of the Epidemic, it is considered responsible to Ethiopian employees and to cooperate with Ethiopia's control measures for the Epidemic. The secondment of more than 100 Chinese operation technicians to Ethiopia originally scheduled in early February 2020 have been postponed to mid-March 2020 to facilitate the trial production of the new factory and to provide training to Ethiopian workers on various operating skills.

Save as disclosed above and in the note 39 of the financial statements, there have been no other major events affecting the Group that have occurred since the end of the Year.

### DIVIDEND

At a meeting of the Board held on 20 March 2020, the Board recommended the payment of a final dividend of HK7.0 cents per ordinary Share for the Year. The proposed final dividend, if approved by the Shareholders at the forthcoming annual general meeting of the Company, will be paid on or before 17 July 2020 to the Shareholders whose names appear on the register of members of the Company as at 26 June 2020.

None of the Shareholders has waived or agreed to waive any dividend.

### RESERVES

Movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 90.

### DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's distributable reserves calculated under the Companies Law of the Cayman Islands amounted to RMB646,020,000 (31 December 2018: RMB639,992,000).

### DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately RMB282,000 (31 December 2018: RMB132,000).

此外，所實施的交通及人流管制減少了疫情的蔓延，從而導致本集團僅部分廠房復工。本集團自二零二零年三月起全面恢復營運。

埃塞俄比亞的新廠房原計劃於二零二零年二月初開始試產。由於疫情的影響，此舉被視作對埃塞俄比亞員工負責，配合埃塞俄比亞對疫情的控制措施。原定二零二零年二月上旬派往埃塞俄比亞的一百餘位中國操作技師行程延至二零二零年三月中旬，配合新工廠試產及對埃塞俄比亞員工提供各項操作技能培訓。

除上文所披露者及財務報表附註39外，自年末起概無發生任何其他影響本集團的重大事件。

### 股息

於二零二零年三月二十日舉行的董事會會議上，董事會建議派發年內末期股息每股普通股7.0港仙。如股東於本公司應屆股東週年大會上批准，建議末期股息將於二零二零年七月十七日或之前向於二零二零年六月二十六日名列本公司股東名冊的股東派付。

概無股東放棄或同意放棄任何股息。

### 儲備

本集團於年內的儲備變動載於第90頁的合併權益變動表。

### 可分派儲備

於二零一九年十二月三十一日，本公司根據開曼群島公司法計算的可分派儲備達人民幣646,020,000元（二零一八年十二月三十一日：人民幣639,992,000元）。

### 捐款

本集團於年內作出的慈善及其他捐款約為人民幣282,000元（二零一八年十二月三十一日：人民幣132,000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 10.

### PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment of approximately RMB335,615,000. 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, Mr. Shen Yueming, Ngan Kam Wai Albert and Mr. Yan Jianmiao 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10頁。

### 物業、廠房及設備

年內，本集團購入約人民幣335,615,000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，沈躍明先生、顏金煒先生及嚴建苗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 35 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 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.

### 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35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。

### 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:

RMB1,000,001 – RMB1,500,000      人民幣1,000,001元至人民幣1,500,000元

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 28 to 32 of this annual report.



## 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：  
高級管理層人數

**No. of senior  
management  
高級管理層人數**

**1**

## 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頁至第32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 2019, 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")

### 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

於二零一九年十二月三十一日，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」）之好倉

#### Ordinary shares of HK\$0.01 each 每股面值0.01港元之普通股

Name of Director	董事姓名	Personal interests (Note 1)	Corporate interests	Total number of Shares held	Approximately percentage of issued Shares (%)
		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





# 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 2019, 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，於二零一九年十二月三十一日，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 2019, 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 Shares (%)
股東名稱	身份	股份數目	佔已發行股本概約百分比(%)
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 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 2019, 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，於二零一九年十二月三十一日，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 Shares (%)
股東名稱	身份	股份數目	佔已發行股本概約百分比(%)
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 76.38% 的權益。
- 非執行董事顏金輝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，於二零一九年十二月三十一日，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

Pursuant to the written resolutions of the sole Shareholder of the Company passed on 15 November 2006, the Company adopted a share option scheme (the “**Old Scheme**”).

A new share option scheme (the “**New 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 Old Scheme and the New 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 New 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 New 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 New Scheme, unless separate shareholders’ approval has been obtained.

The maximum entitlement for any one participant under the New 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

根據本公司唯一股東於二零零六年十一月十五日通過的書面決議案，本公司採納一項購股權計劃（「**舊計劃**」）。

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（「**新計劃**」）。

在舊計劃及新計劃條款的規限下，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。因行使根據新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，因行使根據新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（即於新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。

新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.

Options carrying rights to subscribe for a maximum of 22,250,000 Shares were granted on 24 August 2015 (the "Date of Grant") pursuant to the Old Scheme and all options had been lapsed during the year and no option remained outstanding under the Old Scheme as at 31 December 2019, with details as follows:

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。

本公司於二零一五年八月二十四日（「授出日期」）根據舊計劃授出附帶權利可認購最多22,250,000股股份，且年內所有購股權均已失效及於二零一九年十二月三十一日根據舊計劃概無未行使的購股權，詳情如下：

Grantees	Date of Grant	Exercise price per Share	Number of Shares issuable under the options					As at 31/12/2019	Exercise period
			As at 1/1/2019	Granted during the year	Exercised during the year	Forfeited during the year	Cancelled during the year		
承授人	授出日期	每股行使價 HK\$ 港元	於 二零一九年 一月一日	年內授出	年內行使	年內沒收	年內註銷	於 二零一九年 十二月 三十一日	行使期
Employees of the Group in aggregate 本集團僱員總計	24/08/2015 二零一五年八月二十四日	2.0	5,750,000	-	-	-	5,750,000	-	Note 1 附註1
Supplier 供應商	24/08/2015 二零一五年八月二十四日	2.0	2,500,000	-	-	-	2,500,000	-	Note 1 附註1
Sales agents 銷售代理	24/08/2015 二零一五年八月二十四日	2.0	8,000,000	-	-	-	8,000,000	-	Note 1 附註1
Total 合計			16,250,000	-	-	-	16,250,000	-	Note 1 附註1





# Report of the Directors

## 董事會報告

### Note 1:

Subject to the Old Scheme, the share options (the "Share Options") granted to the grantees are valid for a period of four years commencing on the Date of Grant and shall be exercisable during the following periods:

- (i) up to 30% of the Share Options granted shall be vested and exercisable at any time after the expiration of six (6) months from the Date of Grant; and
- (ii) the remaining Share Options granted shall be vested and exercisable at any time after the expiration of twenty-four (24) months from the Date of Grant.

All Share Options carrying rights to subscribe for 16,250,000 Shares vested and exercisable at an exercise price of HK\$2.00 per Share had been lapsed during the Year.

No Share Option under the Old Scheme was exercised during the Year. No option was granted or exercised under the New Scheme during the Year.

### SHARE AWARD PLAN

The Company has adopted a share award plan ("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.

### 附註1:

在舊計劃的規限下，向承授人授出的購股權（「該等購股權」）的有效期為由授出日期起計四年，並可行使如下：

- (i) 所獲授該等購股權的最多30%於由授出日期起計六(6)個月屆滿後歸屬，並可隨時行使；及
- (ii) 所獲授的其餘該等購股權於由授出日期起計二十四(24)個月屆滿後歸屬，並可隨時行使。

年內，已歸屬且可按行使價每股2.00港元行使的附帶權利可認購16,250,000股股份的所有購股權已失效。

年內，概無該等購股權根據舊計劃獲行使。年內，概無購股權根據新計劃獲授出或行使。

### 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之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，將已歸屬之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之市價盤出售已歸屬之獎勵股份並將所得款項淨額匯付予獎勵持有人。



## Report of the Directors 董事會報告

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.

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 vested and transferred to the employees during the Year. The remaining 18,360,000 Shares will be vested between the period from 2020 to 2022 subject to fulfilment of the relevant performance targets.

### 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 2019 or subsisted at the end of the year of 2019.

### 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 20.8% 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 63.6% of the Group's total purchases for the Year and purchase from the Group's largest supplier accounted for approximately 26.2% of the Group's total purchases for the Year.

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.

年內，概無股份已按股份獎勵計劃獲授予。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士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。

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，年內1,010,000股股份已歸屬及轉讓予僱員。餘下18,360,000股股份將於二零二零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。

### 股權掛鉤協議

除本年報披露之購股權計劃及股份獎勵計劃外，截至二零一九年十二月三十一日止年度並無訂立或二零一九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之合約。

### 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20.8%，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63.6%，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26.2%。

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。



# Report of the Directors

## 董事會報告

### 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 RMB200,000.
- (b) on 1 July 2018, 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 one year from 1 July 2018 to 30 June 2019 with an annual rent of RMB300,000. On 1 July 2019, Jinyuan Lease Agreement 2 was renewed with the same term for another two and a half years from 1 July 2019 to 31 December 2022.




### 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。根據上市規則第十四A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，浙江金元，本公司的間接全資附屬公司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，年期由二零一八年一月一日開始至二零二零年十二月三十一日止，每年租金為人民幣200,000元。
  - (b) 於二零一八年七月一日，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，年期由二零一八年七月一日開始至二零一九年六月三十日止為期一年，每年租金為人民幣300,000元。於二零一九年七月一日，金元租賃協議2以相同條款另行續期兩年半，租期自二零一九年七月一日起至二零二二年十二月三十一日止。
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## Report of the Directors 董事會報告

(c) on 4 January 2019, 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. Zhejiang Jinyuan paid RMB240,000 operating lease charge to Interconnect during the Year.

(d) on 4 January 2019, a motor vehicle operating lease agreement (the “**Motor Vehicle Operating Lease 2**”) was entered into by Jiangsu Jinyuan 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 RMB166,000 operating lease charge to Interconnect during the Year.

### 2. Lease agreements – as Lessor

On 1 January 2017, 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 2017 to 31 December 2019 with an annual rental of RMB420,000.

### 3. Purchases of chemicals and additives

During the year ended 31 December 2019, the Group purchased chemicals and additives for scouring and bleaching from Jinxiu Jiangnan with an amount of RMB2,595,000 (2018: RMB452,000). Mr. Ren Weiming has a controlling equity interest over Jinxiu Jiangnan. The raw material purchase was made according to published prices and conditions offered by the supplier to its major customers.

(c) 於二零一九年一月四日，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之董事)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，為期兩年。年內，浙江金元向匯通支付人民幣240,000元的經營租賃費用。

(d) 於二零一九年一月四日，浙江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，浙江金元向匯通支付人民幣166,000元的經營租賃費用。

### 2. 租賃協議—作為出租人

於二零一七年一月一日，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，租期自二零一七年一月一日起至二零一九年十二月三十一日止，作辦事處用途，每年租金為人民幣420,000元。

### 3. 採購化學品及添加劑

截至二零一九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2,595,000元(二零一八年：人民幣452,000元)。任維明先生擁有錦繡江南的控股權益。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。





# Report of the Directors

## 董事會報告

#### 4. Sales of products

- (a) During the year ended 31 December 2019, Zhejiang Jinyuan sold products to Jinxiu Jiangnan amounting to approximately RMB613,000; and
- (b) During the year ended 31 December 2019, Heilongjiang Jinda sold products 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 RMB73,000.

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. As each of the applicable percentage ratios for the Jinyuan Lease Agreement 1 and the Jinyuan Lease Agreement 2 (on an aggregated basis); Motor Vehicle Operating Lease 1 and Motor Vehicle Operating Lease 2 (on an aggregated basis), as well as sales of products are less than 0.1%, and the purchases of chemicals and additives and sales of product transactions were conducted on normal commercial terms and all the percentage ratios (other than the profits ratio) were less than 5% and the total consideration less than HK\$3,000,000, the above lease agreements, motor vehicle operating lease agreements, purchases of chemicals and additives transactions and sales of products are exempted from all reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### 5. 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 commencing from 1 July 2017 and ending 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.

#### 4. 銷售產品

- (a) 截至二零一九年十二月三十一日止年度，浙江金元向錦繡江南出售產品金額達約人民幣613,000元；及
- (b) 截至二零一九年十二月三十一日止年度，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出售產品達約人民幣73,000元。

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。由於金元租賃協議1及金元租賃協議2、汽車租賃協議1及汽車租賃2彙集計算後以及銷售產品的各個適用百分比率低於0.1%及採購化學品及添加劑交易按正常商業條款進行，且所有百分比率（盈利率除外）均低於5%及總代價低於3,000,000港元，故上述租賃協議、汽車租賃協議、採購化學品及添加劑交易及銷售產品獲豁免遵守上市規則第十四A章項下的所有申報、公告及獨立股東批准的規定。

#### 5. 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能，年期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。



## Report of the Directors 董事會報告

During the year ended 31 December 2019, the Group purchased electricity from Zhejiang Yuyuan with an amount of RMB2,228,000, which was within the annual cap.

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:

- (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 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.

Save as disclosed in note 35 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.

截至二零一九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2,228,000元。

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%，故根據上市規則第十四A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的規定。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之公告。

獨立非執行董事已審閱上述持續關連交易，並確認交易：

- (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。

除於財務報表附註35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。



# Report of the Directors 董事會報告



## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2019 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.

## 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 2019, 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.

## 銀行貸款及其他借貸

本集團截至二零一九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本年度概無購買、出售或贖回本公司之任何上市證券。

## 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。

## 足夠公眾流通量

於本年度，本公司已按上市規則規定保持足夠公眾流通量。

## 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：

於二零一九年十二月三十一日，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。



## Report of the Directors 董事會報告

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.

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.

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、干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。

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。





# Report of the Directors 董事會報告

## 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.

## 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.

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).

## 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。

## 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。

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、本集團業務的業務周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之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）項下之任何限制條件。



## Report of the Directors 董事會報告

### CORPORATE GOVERNANCE

The Group's principal corporate governance practices are set out on pages 56 to 77.

### 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, 15 May 2020 to Friday, 22 May 2020, 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, 14 May 2020.

In order to determine who are entitled to the proposed final dividend (subject to approval by the Shareholders at the forthcoming annual general meeting), the register of members of the Company will be closed from Wednesday, 24 June 2020 to Friday, 26 June 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to determine who are entitled to the proposed final dividend (subject to approval by the Shareholders at the annual general meeting), 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 above address for registration not later than 4:30 p.m. on Tuesday, 23 June 2019. The proposed final dividend, subject to Shareholders' approval at the forthcoming annual general meeting, will be paid to Shareholders on or before Friday, 17 July 2020 whose names appear on the register of members of the Company at the close of business on Friday, 26 June 2020.

### 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, 15 April 2020

\* For identification purpose only

### 企業管治

本集團的主要企業管治常規載於第56頁至第77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，本公司將於二零二零年五月十五日（星期五）至二零二零年五月二十二日（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二零二零年五月十四日（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。

為釐定享有建議末期股息（有待股東於股東週年大會上批准）的權利，本公司將於二零二零年六月二十四日（星期三）至二零二零年六月二十六日（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。為釐定享有建議末期股息（有待股東於股東週年大會上批准）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二零一九年六月二十三日（星期二）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（地址如上），以辦理登記手續。待股東於應屆股東週年大會上批准後，建議末期股息將於二零二零年七月十七日（星期五）或之前向於二零二零年六月二十六日（星期五）營業時間結束時名列本公司股東名冊的股東派付。

### 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，二零二零年四月十五日











# Corporate Governance Report

## 企業管治報告

### 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 2019 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.

### 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準則，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二零一九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行為守則。

### 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			
	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
<b>Directors</b>				
<b>Executive Directors</b>				
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	4/5		1/1
Mr. Zhang Hongwen	張鴻文先生	5/5	1/1	
Ms. Shen Hong	沈鴻女士	5/5		
<b>Non-executive Director</b>				
Mr. Ngan Kam Wai Abert	顏金煒先生	5/5		
<b>Independent non-executive Directors</b>				
Mr. Lau Ying Kit (Chairman of the Audit Committee)	劉英傑先生 (審核委員會主席)	5/5	3/3	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	3/3
Mr. Yan Jianmiao (Chairman of the Remuneration Committee)	嚴建苗先生 (薪酬委員會主席)	5/5	1/1	3/3



## 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 pages 28 to 32 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.

董事會現時成員的履歷詳情載於本年報第28頁至第32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。



## Corporate Governance Report 企業管治報告

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.

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, Mr. Shen Yueming, Ngan Kam Wai Albert and Mr. Yan Jianmiao 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.

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。

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，沈躍明先生、顏金煒先生及嚴建苗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。





# Corporate Governance Report

## 企業管治報告



### 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 pages 80 to 85 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.

#### 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.

### 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頁至第85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。

#### 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。



## Corporate Governance Report 企業管治報告

### 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 nonexecutive Director, the appointment of which was approved 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 nonexecutive Directors with effect on 30 May 2019.

### 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，任期由二零一九年一月一日起，為期三年。嚴建苗先生已獲委任為獨立非執行董事，其委任已於二零一六年五月三十日召開的本公司股東週年大會上獲批准。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，任期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, size tests and classification of transactions under the listing rules 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. 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。本公司已於年內為董事的持續專業發展安排一次有關企業管治、上市規則項下交易的規模測試及分類的培訓。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。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

Mr. Shen Yueming	沈躍明先生
Mr. Lau Ying Kit	劉英傑先生
Mr. Lo Kwong Shun Wilson ( <i>Chairman</i> )	羅廣信先生 (主席)

### Attendance/Number of Meetings

### 出席／會議次數

1/1
1/1
1/1

## 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：



# Corporate Governance Report 企業管治報告

## 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.

### 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

## 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。

### 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
- 於紡織行業之成就及經驗
- 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、知識及任職時間之長短



# Corporate Governance Report

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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.

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.

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。

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。



## Corporate Governance Report 企業管治報告

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.

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之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之詳情）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	60	Male 男	Yes 有
SHEN Yueming 沈躍明	Yes 有	58	Male 男	No 否
ZHANG Hongwen 張鴻文	Yes 有	53	Male 男	No 否
SHEN Hong 沈鴻	Yes 有	53	Female 女	No 否
NGAN Kam Wai Albert 顏金煒	Yes 有	70	Male 男	Yes 有
LAU Ying Kit 劉英傑	No 否	46	Male 男	No 否
LO Kwong Shun Wilson 羅廣信	No 否	46	Male 男	No 否
YAN Jianmiao 嚴建苗	No 否	54	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:

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 (主席)	3/3
Mr. Lo Kwong Shun Wilson	羅廣信先生	3/3
Mr. Yan Jianmiao	嚴建苗先生	3/3

During the Year, the Audit Committee held three meetings. At the meetings, the Audit Committee reviewed the Company's final results for the year ended 31 December 2018, interim results for the six months ended 30 June 2019 and the continuing connected transactions with the external auditors, and met with the external auditors twice without the presence of the management in 2019. The Audit Committee also reviewed and approved the internal audit report and considered the effectiveness of the Group's internal audit function.

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.

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.

各審核委員會成員於上述會議的出席記錄載於下表：

年內，審核委員會共舉行三次會議。於會議上，審核委員會與外部核數師共同審閱本公司截至二零一八年十二月三十一日止年度的全年業績、截至二零一九年六月三十日止六個月的中期業績以及持續關連交易，並於二零一九年與外部核數師進行了兩次會面（管理層人員未出席）。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之有效性。

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。

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.

## AUDITORS' REMUNERATION

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

Service rendered	提供的服務	Fee paid 已付費用 RMB'000 人民幣千元
Audit Services	審核服務	1,950

The responsibilities of the external auditors with respect to the 2019 financial statements are set out in the section headed "Independent Auditors' Report" on pages 80 to 85. 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.

## 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。

## 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：

外部核數師就二零一九年財務報表的責任載於第80頁至第85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聘安永會計師事務所提供任何其他非審核服務。



# Corporate Governance Report

## 企業管治報告

### 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.
- 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.

### 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。
- 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。



## Corporate Governance Report 企業管治報告

- 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.

### (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](mailto:ir@kingdom-china.com) for the attention of the investors relation department of the Company.

- 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。

### (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](mailto:ir@kingdom-china.com)，收件人應註明為本公司投資者關係部。





# Corporate Governance Report

## 企業管治報告



### CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2019, 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.

### 章程文件變動

截至二零一九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 the Stock Exchange.

As at 31 December 2019, the market capitalisation of the Company was approximately HK\$1,108,233,280 based on 629,678,000 Shares outstanding at the closing price of HK\$1.76 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。

於二零一九年十二月三十一日，本公司市值約為1,108,233,280港元，乃基於629,678,000股發行在外股份按收市價每股1.76港元計算。

主要股東之詳情可參閱本年報第41頁。

### 聯絡資料

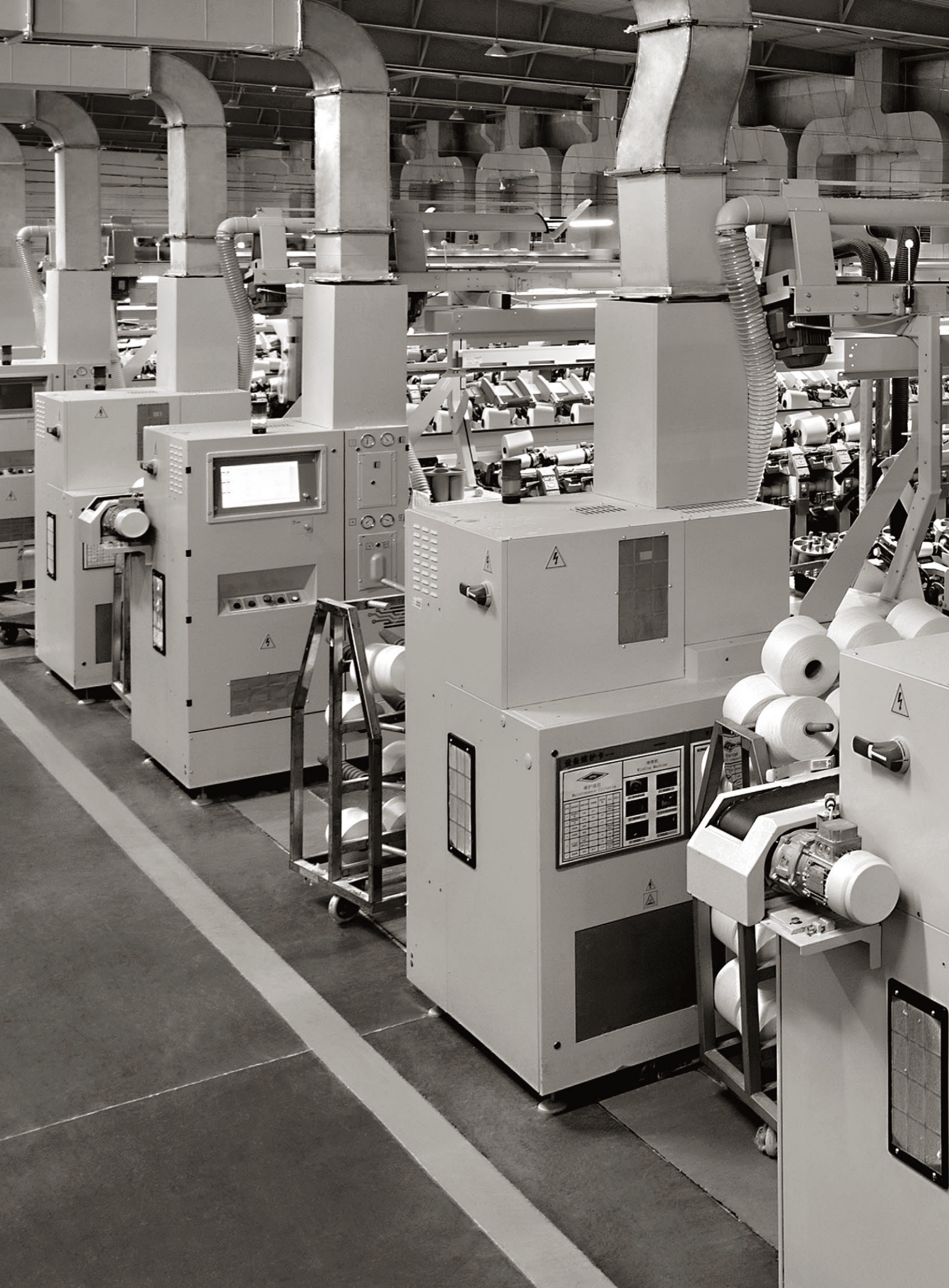
股東可透過以下途徑發出上述提問或要求：

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 86 to 216, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, 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  
(於開曼群島註冊成立的有限公司)股東

## 意見

我們已審計列載於第86至216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二零一九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委員會(「國際會計準則委員會」)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二零一九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
<p><i>Assessment on impairment for non-current assets</i> 非流動資產的減值評估</p>	
<p>As at 31 December 2019, the carrying amount of property, plant and equipment, right-of-use asset and other intangible assets was RMB1,135 million which represented 42% 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>於二零一九年十二月三十一日，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1,135,000,000元，佔貴集團資產總值的42%。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>	<p>Our audit procedures included assessing the key assumptions, including those related to future increases in turnover, expected growth rates and discount rates, projection period and disposal values of the non-current assets at the end of the projection period applied. In performing our audit procedures, we involved our internal valuation specialists in assessing the valuation methodology used and the key assumptions applied.</p> <p>我們的審計程序包括評估該等關鍵假設，包括與於預測期末適用的未來營業額增長、預期增長率及折現率、預測期及非流動資產的出售價值有關者。於進行審計程序時，我們已委聘內部估值專家評估所用估值方法及關鍵假設。</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 in note 3 to the financial statements. 貴公司於財務報表附註3提供有關詳情。	We also reviewed the historical financial performance of the business units and compared them with the original forecasts when evaluating management's budgeting process. 我們亦已檢討業務單立的歷史財務表現，並與其原有預測比較，從而評估管理層制定預算的過程。

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

### 年報內的其他信息

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.

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。

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

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。

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.

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.
- 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.

### 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。
- 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。



## Independent Auditor's Report 獨立核數師報告

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

(continued)

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

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit 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.

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

15 April 2020

### 核數師就審計合併財務報表承擔的責任 (續)

- 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，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審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。

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

二零二零年四月十五日

# Consolidated Statement of Profit or Loss

## 合併損益表

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		Notes 附註	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
REVENUE	收入	5	1,499,560	1,245,643
Cost of sales	銷售成本		(1,136,293)	(987,762)
Gross profit	毛利		363,267	257,881
Other income and gains	其他收益及得益	5	17,364	24,308
Selling and distribution expenses	銷售及分銷開支		(49,453)	(48,687)
Administrative expenses	行政開支		(82,061)	(73,020)
Other expenses	其他開支		(10,327)	(6,818)
Finance costs	財務成本	6	(22,148)	(21,520)
Gain on disposal of a subsidiary	出售一家附屬公司的得益		235	–
PROFIT BEFORE TAX	除稅前溢利	7	216,877	132,144
Income tax expense	所得稅開支	10	(61,112)	(28,957)
PROFIT FOR THE YEAR	年內溢利		155,765	103,187
Attributable to:	由下列項目應佔：			
Owners of the parent	母公司擁有人		151,468	102,006
Non-controlling interests	非控制性權益		4,297	1,181
EARNINGS PER SHARE	母公司普通股權益持有人			
ATTRIBUTABLE TO ORDINARY	應佔每股盈利			
EQUITY HOLDERS OF THE PARENT				
Basic	基本	12	RMB 人民幣0.25元	RMB 人民幣0.17元
Diluted	攤薄	12	RMB 人民幣0.24元	RMB 人民幣0.16元

# Consolidated Statement of Comprehensive Income

## 合併全面收益表

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年內溢利	<u>155,765</u>	<u>103,187</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>(61)</u>	<u>86</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收益總額	<u>155,704</u>	<u>103,273</u>
Attributable to:	由下列項目應佔：		
Owners of the parent	母公司擁有人	<u>151,407</u>	<u>102,092</u>
Non-controlling interests	非控制性權益	<u>4,297</u>	<u>1,181</u>
		<u>155,704</u>	<u>103,273</u>



# Consolidated Statement of Financial Position

## 合併財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

			<b>31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元</b>	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
NON-CURRENT ASSETS	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	13	<b>1,054,148</b>	803,778
Investment properties	投資物業	14	<b>6,329</b>	6,929
Right-of-use assets	使用權資產	15(b)	<b>76,109</b>	–
Prepaid land lease payments	土地租賃預付款項	15(a)	–	63,062
Other intangible assets	其他無形資產	16	<b>4,703</b>	7,248
Prepayments for equipment	設備預付款項		<b>5,602</b>	17,139
Deferred tax assets	遞延稅項資產	17	<b>5,680</b>	5,596
Other non-current assets	其他非流動資產	18	<b>48,407</b>	407
Total non-current assets	非流動資產總值		<b>1,200,978</b>	904,159
CURRENT ASSETS	<b>流動資產</b>			
Inventories	存貨	19	<b>795,592</b>	557,087
Trade and notes receivables	應收貿易賬款及應收票據	20	<b>345,813</b>	295,115
Prepayments, deposits and other receivables	預付款、押金及其他 應收款項	21	<b>92,238</b>	60,704
Derivative financial instruments	衍生金融工具	22	<b>198</b>	–
Pledged deposits	已抵押存款	23	<b>146,168</b>	68,857
Cash and cash equivalents	現金及現金等價物	23	<b>144,798</b>	241,826
Total current assets	流動資產總值		<b>1,524,807</b>	1,223,589
CURRENT LIABILITIES	<b>流動負債</b>			
Trade and notes payables	應付貿易賬款及應付票據	24	<b>358,817</b>	245,675
Other payables and accruals	其他應付款項及預提費用	25	<b>131,457</b>	123,300
Derivative financial instruments	衍生金融工具	22	–	3,438
Interest-bearing bank and other borrowings	計息銀行及其他借貸	26	<b>823,482</b>	508,984
Dividend payable	應付股息		<b>17</b>	1
Tax payable	應付稅項		<b>32,096</b>	28,133
Total current liabilities	流動負債總額		<b>1,345,869</b>	909,531
NET CURRENT ASSETS	流動資產淨值		<b>178,938</b>	314,058
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		<b>1,379,916</b>	1,218,217

# Consolidated Statement of Financial Position

## 合併財務狀況表

As at 31 December 2019 於二零一九年十二月三十一日

		<b>31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元</b>	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	<b>1,379,916</b>	1,218,217
NON-CURRENT LIABILITIES	非流動負債		
Deferred tax liabilities	遞延稅項負債	20,152	14,308
Interest-bearing bank and other borrowings	計息銀行及其他借貸	78,869	50,400
Total non-current liabilities	非流動負債總額	<b>99,021</b>	64,708
Net assets	資產淨值	<b>1,280,895</b>	1,153,509
EQUITY	權益		
Equity attributable to owners of the parent	母公司擁有人應佔權益		
Share capital	股本	6,329	6,329
Treasury shares	庫存股份	(18,493)	(19,508)
Reserves	儲備	1,249,974	1,126,068
		<b>1,237,810</b>	1,112,889
Non-controlling interests	非控制性權益	43,085	40,620
Total equity	權益總額	<b>1,280,895</b>	1,153,509

Notes  
附註

**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 2019 截至二零一九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		Total equity
Note	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		
附註	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	2.2	-	-	-	-	-	-	-	(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	

\* These reserve accounts comprise the consolidated reserves of RMB1,249,974,000 (2018: RMB1,126,068,000) 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1,249,974,000元(二零一八年:人民幣1,126,068,000元)。

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

Year ended 31 December 2019 截至二零一九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

		Share 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
		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 1 January 2018	於二零一八年一月一日	6,329	268,319	(19,508)	196,816	114,215	2,207	-	(3,021)	452,400	1,017,757	32,439	1,050,196
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	102,006	102,006	1,181	103,187
Exchange differences on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	-	-	-	86	-	86	-	86
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	-	86	102,006	102,092	1,181	103,273
Capital injection	注資	-	-	-	-	-	-	-	-	-	-	7,000	7,000
Equity-settled share award plan	以權益結算股份獎勵計劃	-	-	-	-	-	-	3,567	-	-	3,567	-	3,567
Final 2017 dividend declared	已宣派二零一七年末期股息	-	-	-	-	-	-	-	-	(10,527)	(10,527)	-	(10,527)
Transfer from retained profits	轉撥自保留溢利	-	-	-	-	13,519	-	-	-	(13,519)	-	-	-
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



# Consolidated Statement of Cash Flows

## 合併現金流量表

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Notes 附註	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>經營活動的現金流量</b>		
Profit before tax	除稅前溢利	<b>216,877</b>	132,144
Adjustments for:	就下列各項作出的調整：		
Fair value (gains)/losses on derivative instruments	衍生工具的公允價值 (得益)/虧損		
– transactions not qualifying as hedges	– 不合格作對沖的交易	5 (198)	3,438
Equity-settled share award expense	以權益結算股份獎勵開支	30 5,631	3,567
Depreciation	折舊	70,667	71,424
Depreciation of right-of-use assets/ recognition of prepaid land lease payments	使用權資產折舊/ 確認土地租賃預付款項	15 3,612	1,814
Amortisation of other intangible assets	其他無形資產攤銷	16 545	586
Provision/(reversal of provision) for impairment of inventories	存貨減值撥備/ (撥備轉回)	17,069	(1,179)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目虧損	1,374	405
Provision for impairment of trade receivables	應收貿易賬款減值撥備	20 2,014	412
Provision for impairment of property, plant and equipment	物業、廠房及設備減值撥備	13 6,173	–
Gain on disposal of a subsidiary	出售一家附屬公司的得益	32 (235)	–
Finance costs	財務成本	6 22,148	21,520
Bank interest income	銀行利息收入	5 (1,051)	(1,044)
		<b>344,626</b>	233,087
Increase in inventories	存貨增加	(255,574)	(24,696)
(Increase)/decrease in trade and notes receivables	應收貿易賬款及應收票據 (增加)/減少	(53,360)	14,688
(Increase)/decrease in prepayments, deposits and other receivables	預付款、押金及其他應收款項 (增加)/減少	(35,858)	7,907
Proceeds from pledged deposits	已抵押存款的所得款項	176,545	110,839
New pledged deposits	新造已抵押存款	(193,673)	(141,520)
Decrease in derivative financial liabilities	衍生金融負債減少	(3,438)	(7,002)
Increase in trade and notes payables	應付貿易賬款及應付票據增加	113,142	55,892
Increase in other payables and accruals	其他應付款項及預提費用增加	10,468	29,321
Cash generated from operations	經營產生的現金	<b>102,878</b>	278,516
Interest received	已收利息	1,051	1,044
Income tax paid	已付所得稅	(51,823)	(2,916)
Net cash flows generated from operating activities	經營活動產生的現金流量淨額	<b>52,106</b>	276,644

# Consolidated Statement of Cash Flows

## 合併現金流量表

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度

	Notes 附註	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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>投資活動的現金流量</b>			
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	(305,413)	(150,142)
Prepayments for equipment	設備預付款項	(5,602)	(17,139)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項	2,450	14,111
Prepayments for building and land use right	樓宇及土地使用權預付款項	(48,000)	-
Disposal of a subsidiary	出售一家附屬公司	5,505	-
Net cash flows used in investing activities	投資活動所用的現金流量淨額	<b>(351,060)</b>	(153,170)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>融資活動的現金流量</b>			
New bank loans	新造銀行貸款	1,182,946	756,804
Repayment of bank loans	償還銀行貸款	(851,691)	(792,581)
Proceeds from pledged deposits	已抵押存款的所得款項	124,200	71,932
New pledged deposits	新造已抵押存款	(184,383)	(59,794)
Interest paid	已付利息	(35,211)	(26,392)
Principal portion of lease payments	租賃款項的本金部分	(1,890)	-
Dividends paid	已付股息	(31,984)	(10,526)
Capital contribution from non-controlling shareholders	非控股股東注資	-	5,000
Net cash flows generated from/(used in) financing activities	融資活動產生/(所用)的現金流量淨額	<b>201,987</b>	(55,557)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)/增加淨額	<b>(96,967)</b>	67,917
Cash and cash equivalents at beginning of year	年初現金及現金等價物	241,826	173,824
Effect of foreign exchange rate changes, net	匯率變動影響淨額	(61)	85
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	<b>144,798</b>	241,826
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
<b>現金及現金等價物結餘分析</b>			
Cash and bank balances	現金及銀行結餘	144,798	241,826
Cash and cash equivalents as stated in the statement of financial position	財務狀況表所列的現金及現金等價物	<b>144,798</b>	241,826

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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 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

As at 31 December 2019 於二零一九年十二月三十一日


### 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	
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
Zhaosu Jindi Flax Co., Ltd. 昭蘇金地亞麻有限公司	PRC 23 May 2007, limited liability company 中國 二零零七年五月二十三日·有限公司	RMB30,000,000 人民幣30,000,000元	–	100%	Processing of agricultural products 農產品加工
Kingdom Europe S.R.L. 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)") 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\$19,687,354 RMB88,253,711 19,687,354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
Shanghai Jinda Tiancheng Flax Co., Ltd. 上海金達天晟紡織有限公司	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





# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日



### 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 2019. 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」)，截至二零一九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

As at 31 December 2019 於二零一九年十二月三十一日

### 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

As at 31 December 2019 於二零一九年十二月三十一日

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to IFRSs 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23


Other than as explained below regarding the impact of IFRS 16 and IFRIC 23, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

### 2.2 會計政策及披露的變動

本集團已就本年度的財務報表首次採納下列新訂及經修訂《國際財務報告準則》。

《國際財務報告準則》第9號的修訂本	具有負補償之提前還款特點
《國際財務報告準則》第16號	租賃
《國際會計準則》第19號的修訂本	計劃修訂、縮減或清償
《國際會計準則》第28號的修訂本	於聯營公司及合資企業之長期權益
《國際財務報告詮釋委員會》詮釋第23號	所得稅處理的不確定性
《國際財務報告準則》年度改進二零一五年至二零一七年週期	《國際財務報告準則》第3號、《國際財務報告準則》第11號、《國際會計準則》第12號及《國際會計準則》第23號的修訂本

惟下文所闡述之有關《國際財務報告準則》第16號及《國際財務報告詮釋委員會》詮釋第23號的影響除外，採納上述新訂及經修訂準則對該等財務報表並無產生重大財務影響。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17 and related interpretations.

## 2.2 會計政策及披露的變動 (續)

### 《國際財務報告準則》第16號租賃

《國際財務報告準則》第16號取代《國際會計準則》第17號租賃、《國際財務報告詮釋委員會》第4號釐定安排是否包含租賃、《常務詮釋委員會詮釋公告》第15號經營租賃—獎勵及《常務詮釋委員會詮釋公告》第27號評估涉及租賃法律形式的交易本質。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人以單一資產負債表內模型對所有租賃進行會計處理以確認及計量使用權資產及租賃負債，惟若干確認豁免情況除外。《國際財務報告準則》第16號大致沿用《國際會計準則》第17號內出租人的會計處理。出租人繼續使用與《國際會計準則》第17號相同的分類原則將租賃分類為經營租賃或融資租賃。因此，《國際財務報告準則》第16號對本集團為出租人的租賃並無造成任何財務影響。

本集團使用經修改回溯性方法採納《國際財務報告準則》第16號，初次應用日期為二零一九年一月一日。根據該方法，該準則已予以回溯性應用，而初次採納的累計影響確認為對二零一九年一月一日保留盈利年初結餘的調整，且二零一八年的比較數字不予重列，而繼續根據《國際會計準則》第17號及相關詮釋呈報。



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### IFRS 16 Leases (continued)

##### New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

##### As a lessee – Leases previously classified as operating leases

##### Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property and vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

##### Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

### 2.2 會計政策及披露的變動 (續)

#### 《國際財務報告準則》第16號租賃 (續) 租賃的新定義

根據《國際財務報告準則》第16號，倘合約授予一段期間內控制已識別資產使用的權利以換取代價，則該合約屬租賃或包含租賃。倘客戶有權享有因使用已識別資產所產生的絕大部分經濟利益及有權指示已識別資產的使用，則資產控制權已轉移予客戶。本集團已選擇採用過渡性可行權宜方法，可僅對於首次應用日期根據《國際會計準則》第17號及《國際財務報告詮釋委員會》第4號先前被識別為租賃的合約應用該準則。根據《國際會計準則》第17號及《國際財務報告詮釋委員會》第4號並非被識別為租賃的合約並無進行重新評估。因此，《國際財務報告準則》第16號項下租賃的定義僅應用於二零一九年一月一日或之後訂立或變更的合約。

##### 作為承租人 – 先前分類為經營租賃的租賃 採納《國際財務報告準則》第16號所產生影響的性質

本集團就多項物業及汽車訂立租賃合約。作為承租人，本集團先前根據租賃是否將資產擁有權的絕大部分回報及風險轉移予本集團的評估將租賃分類為融資租賃或經營租賃。根據《國際財務報告準則》第16號，本集團應用單一方法以確認及計量所有租賃的使用權資產及租賃負債，惟租期為12個月或以下的租賃（「短期租賃」）（按相關資產類別選擇）除外。本集團確認使用權資產折舊（及減值，如有）及尚未償還租賃負債之應計利息（為財務成本），而非於自二零一九年一月一日開始之租期內按直線法於經營租賃項下確認租金開支。

##### 過渡影響

於二零一九年一月一日的租賃負債乃按餘下租賃付款採用於二零一九年一月一日的增量借款利率貼現的現值確認，並計入計息銀行及其他借貸。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### IFRS 16 Leases (continued)

As a lessee – Leases previously classified as operating leases  
(continued)

Impacts on transition (continued)

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold buildings previously included in investment properties and accounted for using the cost model, the Group has continued to include them as investment properties at 1 January 2019. They continue to be accounted for using the cost model applying IAS 40.

The Group has used the following elective practical expedient when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

## 2.2 會計政策及披露的變動 (續)

《國際財務報告準則》第16號租賃 (續)  
作為承租人 – 先前分類為經營租賃的租賃  
(續)

過渡影響 (續)

使用權資產按租賃負債金額計量，並按緊接二零一九年一月一日前在財務狀況表中確認與租賃相關的任何預付或應計租賃付款金額進行調整。於該日根據《國際會計準則》第36號評估所有該等資產有否出現任何減值。本集團選擇將使用權資產於財務狀況表中單獨呈報。

就先前計入投資物業並採用成本模型入賬的租賃樓宇而言，本集團於二零一九年一月一日繼續將有關樓宇入賬列為投資物業，並繼續應用《國際會計準則》第40號採用成本模型入賬。

於二零一九年一月一日應用《國際財務報告準則》第16號時，本集團已採用以下可選擇可行權宜方法：

- 就租期自首次應用之日起計不足12個月的租賃應用短期租賃豁免

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### IFRS 16 Leases (continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

### 2.2 會計政策及披露的變動(續)

#### 《國際財務報告準則》第16號租賃(續)

於二零一九年一月一日之財務影響

於二零一九年一月一日採用《國際財務報告準則》第16號的影響如下：

	<b>Increase/ (decrease)</b>
	增加／(減少)
	RMB'000
	人民幣千元
<b>Assets</b>	
Increase in right-of-use assets	66,286
Decrease in prepaid land lease payments	(63,062)
Increase in total assets	<u>3,224</u>
<b>Liabilities</b>	
Increase in interest-bearing bank and other borrowings	<u>3,341</u>
Decrease in retained earnings	<u>(117)</u>

# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### IFRS 16 Leases (continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

		RMB'000 人民幣千元
<b>Operating lease commitments as at 31 December 2018</b>	於二零一八年十二月三十一日的 經營租賃承擔	4,196
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	減：與短期租賃及餘下租期於二零一九年十二月三十一日或之前到期之租賃有關的承擔	(759)
		<u>3,437</u>
Weighted average incremental borrowing rate as at 1 January 2019	於二零一九年一月一日的 加權平均增量借款利率	4.41%
<b>Discounted operating lease commitments as at 1 January 2019</b>	於二零一九年一月一日的 貼現經營租賃承擔	<u>3,341</u>

### IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or 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號租賃(續)  
於二零一九年一月一日的租賃負債與於二零一八年十二月三十一日的經營租賃承擔對賬如下：

### 《國際財務報告詮釋委員會》詮釋第23號所得稅處理的不確定性

該詮釋處理有關當稅務處理涉及會影響《國際會計準則》第12號應用的不確定性因素(常稱為「不確定課稅情況」)時,如何將所得稅(即期或遞延)入賬。該詮釋並不適用於《國際會計準則》第12號範疇以外的稅項或徵費,亦無載列與不確定稅務處理有關的利息及罰款之特定要求。詮釋具體處理(i)實體有否單獨考慮不確定稅務處理;(ii)稅務當局調查稅務處理時,實體作出的假設;(iii)實體如何釐定應課稅溢利或稅務虧損、稅基、未動用稅務虧損、未動用稅務抵免及稅率;以及(iv)實體如何考慮事實及情況變動。該詮釋並無對本集團的財務狀況或表現產生任何影響。



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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	<i>Definition of a Business<sup>1</sup></i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
IFRS 17	<i>Insurance Contracts<sup>2</sup></i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

### 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	業務的定義 <sup>1</sup>
《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 <sup>1</sup>
《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 <sup>3</sup>
《國際財務報告準則》第17號	保險合約 <sup>2</sup>
《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 <sup>1</sup>

<sup>1</sup> 於二零二零年一月一日或之後開始的年度期間生效

<sup>2</sup> 於二零二一年一月一日或之後開始的年度期間生效

<sup>3</sup> 尚未釐定強制生效日期，惟可供採納

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。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (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 Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

### 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. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. 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3號修訂本業務的定義

《國際財務報告準則》第3號修訂本對業務定義進行了澄清並提供額外指引。該修訂本澄清，倘一組整合的活動和資產要構成業務，其必須至少包括一項投入和一項實質性過程，並共同顯著促進創造產出的能力。業務可以不具備所有創造產出所需的投入和過程。該修訂本刪除了對市場參與者是否有能力購買業務並能持續產生產出的評估，轉而重點關注所取得的投入和所取得的實質性過程是否共同顯著促進創造產出的能力。該修訂本亦縮小了產出的定義範圍，重點關注向顧客提供的商品或服務、投資收益或其他日常活動收入。此外，該修訂本為所取得的過程是否為實質性過程提供指引並引入可選的公允價值集中度測試，以允許對所取得的一組活動和資產是否不構成業務進行簡化評估。本集團預期自二零二零年一月一日起前瞻性採納該修訂本。由於該修訂本前瞻性適用於首次應用日期或之後發生之交易或其他事件，故本集團於過渡日期將不受該修訂本影響。

### 《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號的修訂本對重大予以新定義。該新定義指出，如省略、錯誤陳述或模糊該等資料可以合理地預期會影響通用財務報表的主要用戶於該等財務報表的基礎上作出的決定。該修訂本澄清重大性將取決於資料的性質或程度。倘可合理預期錯誤陳述資料會影響主要用戶作出決定，則該等錯誤陳述資料屬重大。本集團預期自二零二零年一月一日起採納該修訂本。該修訂本預期不會對本集團的財務報表產生任何重大影響。



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## 財務報表附註

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### 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

As at 31 December 2019 於二零一九年十二月三十一日

## 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。



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## 財務報表附註

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### 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



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### 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。

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## 財務報表附註

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### 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。



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## 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

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### 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 (applicable from 1 January 2019)

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（自二零一九年一月一日起適用）

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

As at 31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable from 1 January 2019) (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 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 (自二零一九年一月一日起適用) (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

As at 31 December 2019 於二零一九年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases (applicable from 1 January 2019) (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 (自二零一九年一月一日起適用) (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

As at 31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (applicable from 1 January 2019) (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.

#### Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments and finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

## 2.4 主要會計政策概要 (續)

### 租賃 (自二零一九年一月一日起適用) (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。

#### 租賃 (於二零一九年一月一日之前適用)

凡資產擁有權的絕大部分回報及風險（不包括法定所有權）轉歸本集團所有的租賃，均入賬列作融資租賃。於融資租賃開始時，租賃資產的成本乃按最低租賃付款的現值撥充資本，並連同債務（不包括利息部分）一併入賬，藉以反映購買與融資情況。根據已資本化的融資租賃持有的資產（包括土地租賃預付款項及融資租賃）納入物業、廠房及設備內，並按租賃期或資產的估計可使用年期兩者中的較短者折舊。有關租賃的財務成本乃於損益表內扣除，從而提供租賃期內的固定週期支出比率。

透過融資性質租購合約所獲得的資產入賬為融資租賃，惟按其估計可使用年期折舊。



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases (applicable before 1 January 2019) (continued)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentive received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

#### 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.

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.

### 2.4 主要會計政策概要 (續)

#### 租賃 (於二零一九年一月一日之前適用) (續)

資產擁有權絕大部分回報及風險仍然由出租人擁有的租賃列為經營租賃。倘本集團為出租人，由本集團按經營租賃租出的資產計入非流動資產內，而根據經營租賃應予收取的租金於租賃期按直線法計入損益表。倘本集團為承租人，根據經營租賃應予支付的租金扣除從出租人收取的任何優惠於租賃期按直線法於損益表內扣除。


經營租賃所涉及的土地租賃預付款項初步按成本列賬，其後於租賃期內按直線基準確認。

#### 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。

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。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments and other financial assets (continued)

#### Initial recognition and measurement (continued)

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.

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.

## 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)

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。

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。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investments and other financial assets (continued)

##### 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)

##### 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

As at 31 December 2019 於二零一九年十二月三十一日

## 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。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

As at 31 December 2019 於二零一九年十二月三十一日

### 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。



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### 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。

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## 財務報表附註

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### 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。



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As at 31 December 2019 於二零一九年十二月三十一日

## 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。





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### 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。



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### 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。



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### 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。



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### 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

As at 31 December 2019 於二零一九年十二月三十一日

### 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。



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## 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, 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

As at 31 December 2019 於二零一九年十二月三十一日



### 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 option scheme and 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 27 and 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

本公司設有一項購股權計劃及股份獎勵計劃，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27及附註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

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### 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。





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As at 31 December 2019 於二零一九年十二月三十一日



### 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。



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### 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

As at 31 December 2019 於二零一九年十二月三十一日



### 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然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

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### 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 2019 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.

### 3. 重大會計判斷及估計 (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。於二零一九年十二月三十一日，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

As at 31 December 2019 於二零一九年十二月三十一日

### 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 2019 was RMB795,592,000 (2018: RMB557,087,000). 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 expected credit losses ("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.

### 3. 重大會計判斷及估計 (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。於二零一九年十二月三十一日，存貨的賬面金額為人民幣795,592,000元(二零一八年：人民幣557,087,000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(「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、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

As at 31 December 2019 於二零一九年十二月三十一日

### 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) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### 3. 重大會計判斷及估計 (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) 租賃 – 估計增量借貸利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產，而以類似抵押品於類似期間借入所需資金應支付之利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時（如就並無訂立融資交易之附屬公司而言）或當須對利率進行調整以反映租賃之條款及條件時（如當租賃並非以附屬公司之功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據（如市場利率）可用時，本集團使用可觀察輸入數據估算增量借款利率並須作出若干實體特定的估計（如附屬公司單獨的信貸評級）。



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

(f) *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 2019 was RMB1,054,148,000 (2018: RMB803,778,000). Further details are contained in note 13 to the financial statements.

### 3. 重大會計判斷及估計 (續)

#### 估計不確定性 (續)

(f) *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。於二零一九年十二月三十一日，物業、廠房及設備的賬面金額為人民幣1,054,148,000元（二零一八年：人民幣803,778,000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

As at 31 December 2019 於二零一九年十二月三十一日

## 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 2019 is set out in the following table:

Mainland China	中國大陸
European Union	歐盟國
Non-European Union	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二零一九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	
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
650,576	470,690
349,183	307,854
499,801	467,099
<b>1,499,560</b>	<b>1,245,643</b>

#### (b) 非流動資產

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
869,898	780,140
325,400	118,423
<b>1,195,298</b>	<b>898,563</b>



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information (continued)

The non-current asset information of continuing operations 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 2019 (2018: 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 RMB24,036,000 (2018: RMB6,595,000).

### 4. 經營分部資料 (續)

#### 地理資料 (續)

上文所載之持續經營業務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

於截至二零一九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(二零一八年：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、其他收益及得益之分析如下：

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
<u>1,499,560</u>	<u>1,245,643</u>
<u>1,499,560</u>	<u>1,245,643</u>

所確認的計入報告期初合約負債的收入為人民幣24,036,000元(二零一八年：人民幣6,595,000元)。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

## 5. 收入、其他收益及得益 (續)

		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
<b>Other income</b>	<b>其他收益</b>		
Bank interest income	銀行利息收入	1,051	1,044
Government grants	政府補助	8,161	2,501
Foreign exchange gains, net	外匯收益淨額	5,186	19,235
Others	其他	2,768	1,528
		<u>17,166</u>	<u>24,308</u>
<b>Gains</b>	<b>得益</b>		
Fair value gains on derivative financial instruments, net	衍生金融工具的公允價值 得益淨額	198	-
		<u>17,364</u>	<u>24,308</u>

## 6. FINANCE COSTS

## 6. 財務成本

		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
Interest on bank loans	銀行貸款的利息	35,003	26,392
Interest on lease liabilities	租賃負債的利息	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>35,211</u>	<u>26,392</u>
Less: interest capitalised	減：資本化利息	(13,063)	(4,872)
		<u>22,148</u>	<u>21,520</u>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/ (crediting):

### 7. 除稅前溢利

本集團除稅前溢利於扣除／(計入)下列各項後得出：

		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
Cost of inventories sold	出售存貨成本	1,136,293	987,762
Depreciation	折舊	70,667	71,424
Depreciation of right-of-use asset (2018: amortisation of prepaid land lease payments)	使用權資產折舊 (二零一八年：土地租賃預付 款項攤銷)	3,612	1,814
Amortisation of other intangible assets	其他無形資產攤銷	545	586
Research and development ("R&D") expenses	研究及開發(「研發」)開支	14,998	13,052
Minimum lease payments under operating leases	經營租賃項下的最低租賃款項	-	1,689
Lease payment not included in the measurement of lease liabilities	未計入租賃負債計量之租賃款項	737	-
Auditors' remuneration	核數師酬金	1,950	1,800
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	184,237	168,986
Pension scheme contributions	退休金計劃供款	14,204	11,270
Equity-settled share award expense	以權益結算股份獎勵開支	5,631	3,567
		<b>204,072</b>	<b>183,823</b>
Foreign exchange differences, net	外匯差額·淨額	(5,186)	(19,235)
Fair value (gain)/loss on derivative instruments - transactions not qualifying as hedges	衍生工具之公允價值(得益)／虧損 - 不合資格作對沖的交易	(198)	3,438
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目虧損	1,374	405
Provision/(reversal of provision) for impairment of inventories	存貨減值撥備／(撥備轉回)	17,069	(1,179)
Provision for impairment of trade receivables	應收貿易賬款減值撥備	2,014	412
Provision for impairment of property, plant and equipment	物業、廠房及設備減值撥備	6,173	-
Finance costs	財務成本	22,148	21,520
Bank interest income	銀行利息收入	(1,051)	(1,044)



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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 (2018: 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：

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
437	437
3,600	3,600
135	123
<b>4,172</b>	<b>4,160</b>

#### (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：

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
125	125
104	104
104	104
<b>333</b>	<b>333</b>

年內並無應付獨立非執行董事的其他酬金(二零一八年：無)。







## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (b) Executive directors, non-executive director and the chief executive (continued)

2018

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 (續)

二零一八年

	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	Total remuneration 薪酬總額
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive directors			
Mr. Ren Weiming*	–	41	1,541
Mr. Shen Yueming	–	41	791
Mr. Zhang Hongwen	–	41	791
Ms. Shen Hong	–	–	600
	–	123	3,723
Non-executive director			
Mr. Ngan Kam Wai Albert	104	–	104
	104	–	104
	104	123	3,827

\* Mr. Ren Weiming, who acts as an executive director of the Company, is also the chief executive officer of the Company.

\* 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

As at 31 December 2019 於二零一九年十二月三十一日

### 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 number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元
--------------------------------	-------------------------

During the year ended 31 December 2019, 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 (2018: Nil). 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 (2018: Nil).

### 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：

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
1,329	1,299
101	59
16	16
<b>1,446</b>	<b>1,374</b>

薪酬處於以下範圍的非董事及非最高行政人員的最高薪酬僱員人數如下：

Number of employees 僱員人數	
2019 二零一九年	2018 二零一八年
<b>1</b>	<b>1</b>

於截至二零一九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(二零一八年：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(二零一八年：無)。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 10. INCOME TAX

Major components of the Group's income tax expense for the year are as follows:

Current – Mainland China	即期—中國大陸
– Charge for the year	– 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	– 年內支出
– Underprovision/(overprovision) in respect of prior years	– 過往年度撥備不足/ (超額撥備)
Current – Italy	即期—意大利
– Charge for the year	– 年內支出
Deferred (note 17)	遞延 (附註17)
Total tax charge for the year	年內稅項支出總額

- (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 Zhaosu Jindi Flax Co., Ltd. (“Zhaosu Jindi”) and Zhejiang Jinda Flax Co., Ltd. (“Zhejiang Jinda”), two indirectly wholly-owned subsidiaries of the Group. Zhaosu Jindi is engaged in the preliminary processing of agricultural products and is exempted from PRC income tax. Also, 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開支主要項目如下：

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
50,318	12,429
(47)	(105)
3,366	1,849
604	(423)
1,545	1,245
5,326	13,962
<b>61,112</b>	<b>28,957</b>

- (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，惟本集團的兩間間接全資附屬公司昭蘇金地亞麻有限公司（「昭蘇金地」）及浙江金達亞麻有限公司（「浙江金達」）除外。昭蘇金地從事農產品的初加工業務，獲豁免繳付中國所得稅。浙江金達則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

As at 31 December 2019 於二零一九年十二月三十一日

### 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. And the 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 jurisdictions 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。超過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：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	<u>216,877</u>	<u>132,144</u>
Tax at an applicable tax rate of 25%	按適用的25%稅率計算的稅項	54,219	33,036
Effect of different/beneficial tax rates	不同／優惠稅率影響	(1,163)	(1,463)
Underprovision/(Overprovision) in respect of prior years	過往年度撥備不足／(超額撥備)	557	(528)
Income not subject to tax	不需課稅的收益	(1,705)	(2,023)
Tax losses not recognised	未確認的稅項虧損	-	126
Expenses not deductible for tax	不可扣稅的開支	2,509	1,495
Tax credit arising from additional deduction of R&D expenditures of a Mainland China subsidiary	一間中國大陸附屬公司研發開支 加計扣除產生的稅項抵免	(2,065)	(2,374)
Accrual of withholding tax liability	預扣稅負債計提	8,760	688
Total tax charge for the year	年內稅項支出總額	<u>61,112</u>	<u>28,957</u>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 11. DIVIDEND

Proposed final – HK7.0 cents  
(2018: HK6.0 cents) per ordinary share

建議末期股息—每股普通股7.0港仙  
(二零一八年：6.0港仙)

At the meeting of the board of directors of the Company held on 20 March 2020, the payment of a final dividend of HK6.0 cents per ordinary share totalling approximately RMB39,484,000 was recommended for the year ended 31 December 2019, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

### 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 610,881,000 (2018: 610,278,000) in issue during the year, as adjusted to reflect the shares purchased by the Trustee during the year.

The calculation of the diluted earnings per share amount is based on the profit 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 earnings 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.

### 11. 股息

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
-----------------------------------	-----------------------------------

**39,484**

**33,103**

於二零二零年三月二十日舉行的本公司董事會會議上，董事會建議派發截至二零一九年十二月三十一日止年度末期股息每股普通股6.0港仙，合共約人民幣39,484,000元，須待本公司股東於應屆股東週年大會上批准後，方可作實。

### 12. 母公司普通股權益持有人應佔每股盈利

每股基本盈利乃根據母公司普通股權益持有人應佔年內溢利及年內已發行普通股加權平均數610,881,000股（二零一八年：610,278,000股）計算，並已作出調整以反映年內受託人購買的股份。

每股攤薄盈利乃根據母公司普通股權益持有人應佔年內溢利計算。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（與計算每股基本盈利所使用者相同），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

As at 31 December 2019 於二零一九年十二月三十一日

### 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(continued)

The calculations of basic and diluted earnings per share are based on:

Earnings attributable to ordinary equity holders of the parent used in the basic earnings per share calculation

用作計算每股基本盈利的母公司普通股權益持有人應佔盈利

#### Shares

Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation

#### 股份

用作計算每股基本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盈利 (續)

每股基本及攤薄盈利的計算方式如下：

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
<b>151,468</b>	<b>102,006</b>
<b>Number of shares</b> 股份數目	
2019 二零一九年 '000 千股	2018 二零一八年 '000 千股
<b>610,881</b>	610,278
<b>10,608</b>	16,250
<b>18,767</b>	11,837
<b>640,256*</b>	<b>638,365</b>

\* Because the exercise price of share options is higher than the market price, the share options were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the earnings for the year of RMB151,468,000 and the weighted average number of ordinary shares of 629,648,000 in issue during the year.

\* 由於購股權的行使價高於市價，故於計算每股攤薄盈利時已忽略購股權。因此，每股攤薄盈利的數額乃依照年內盈利人民幣151,468,000元及年內已發行普通股加權平均數629,648,000股計算。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 13. PROPERTY, PLANT AND EQUIPMENT

#### 31 December 2019

### 13. 物業、廠房及設備

#### 二零一九年十二月三十一日

		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 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>



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 13. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2018

		Plant and buildings	Machinery	Office equipment	Motor vehicles	Leasehold improvements 租賃物業 裝修	Construction in progress	Total
		廠房及樓宇 RMB'000 人民幣千元	機器 RMB'000 人民幣千元	辦公室設備 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	租賃物業 裝修 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 31 December 2017 and at 1 January 2018:	於二零一七年 十二月三十一日及 二零一八年一月一日:							
Cost	成本	364,757	685,301	94,430	10,626	19,780	83,490	1,258,384
Accumulated depreciation	累計折舊	(101,328)	(369,950)	(37,239)	(8,740)	(14,595)	-	(531,852)
Net carrying amount	賬面淨額	<u>263,429</u>	<u>315,351</u>	<u>57,191</u>	<u>1,886</u>	<u>5,185</u>	<u>83,490</u>	<u>726,532</u>
At 1 January 2018, net of accumulated depreciation	於二零一八年一月一日， 扣除累計折舊	263,429	315,351	57,191	1,886	5,185	83,490	726,532
Additions	添置	205	679	4,046	136	2,687	154,832	162,585
Depreciation provided during the year	年內折舊撥備	(15,981)	(40,331)	(10,963)	(1,540)	(2,009)	-	(70,824)
Transfers	轉撥	28,326	18,732	21,285	206	1,918	(70,467)	-
Disposals	出售	(278)	(142)	(50)	(13)	-	(14,033)	(14,516)
Exchange realignment	匯兌調整	-	1	-	-	-	-	1
At 31 December 2018, net of accumulated depreciation	於二零一八年 十二月三十一日， 扣除累計折舊	<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 31 December 2018:	於二零一八年 十二月三十一日:							
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>

As at 31 December 2019, the Group's property, plant and equipment with a net carrying amount of approximately RMB194,209,000 (2018: RMB155,954,000) 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，於二零一九年十二月三十一日，本集團賬面淨額約人民幣194,209,000元（二零一八年：人民幣155,954,000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

As at 31 December 2019 於二零一九年十二月三十一日

### 14. INVESTMENT PROPERTIES

### 14. 投資物業

		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
Carrying amount at 1 January	於一月一日的賬面金額	6,929	7,529
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	<b>6,329</b>	<b>6,929</b>

The Group's investment properties are commercial properties in Shanghai and Jiaxing, 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 2019 based on valuations performed by Haiyan Zhonglian Asset Assessment Limited Corporation, independent professionally qualified valuers, at RMB20,545,000. 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 35(a) 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。於二零一九年十二月三十一日，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20,545,000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35(a)概述。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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 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

Fair value measurement as at 31 December 2018 using 採用以下項目於二零一八年十二月三十一日 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
-	-	21,089	21,089

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

As at 31 December 2019 於二零一九年十二月三十一日

### 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 (2018: Nil).

Below is a summary of the valuation techniques 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（二零一八年：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	
			2019 二零一九年	2018 二零一八年
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)	<b>RMB192</b> <b>人民幣192元</b>	RMB222 人民幣222元
		Rent growth (p.a.) 租金增長 (每年)	<b>3%-5%</b>	3%-5%
		Long term vacancy rate 長期空置率	<b>Nil</b> <b>無</b>	Nil 無
		Discount rate 折現率	<b>3.28%</b>	3.35%



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 14. INVESTMENT PROPERTIES (continued)

#### Fair value hierarchy (continued)

	Valuation techniques 估值方法
Shanghai Commercial Property II 上海商用物業II	Discounted cash flow method 現金流量折現法

Significant unobservable inputs 重大不可觀察輸入值
Estimated rental value (per sq. m. and per month) 估計租金價值 (每平方米及每月)
Rent growth (p.a.) 租金增長 (每年)
Long term vacancy rate 長期空置率
Discount rate 折現率

Range or weighted average 範圍或加權平均數
2019 二零一九年
2018 二零一八年

<b>RMB217</b> 人民幣217元	235 人民幣235元
<b>3%-5%</b>	3%-5%
<b>Nil</b> 無	Nil 無
<b>3.28%</b>	3.35%

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)
Rent growth (p.a.) 租金增長 (每年)
Long term vacancy rate 長期空置率
Discount rate 折現率

<b>2019</b> 二零一九年	2018 二零一八年
----------------------	---------------

<b>RMB64</b> 人民幣64元	RMB65 人民幣65元
<b>Nil</b> 無	Nil 無
<b>Nil</b> 無	Nil 無
<b>6.90%</b>	6.90%



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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

As at 31 December 2019 於二零一九年十二月三十一日

### 15. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of property 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, 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) Prepaid land lease payments (before 1 January 2019)

Cost:	成本：	
At beginning of year	年初	80,500
Additions	添置	40
At end of year	年末	80,540
Accumulated amortisation:	累計攤銷：	
At beginning of year	年初	(14,031)
Charge for the year	年內支出	(1,814)
At end of year	年末	(15,845)
Carrying amount at end of year	年末賬面金額	64,695
Current portion included in prepayments, deposits and other receivables	計入預付款、押金及其他應收款項的流動部分	(1,633)
Non-current portion	非流動部分	63,062

### 15. 租賃

#### 本集團作為承租人

本集團就多項物業及樓宇、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，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) 預付土地租賃款項（於二零一九年一月一日之前）

2018  
二零一八年  
RMB'000  
人民幣千元

# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 15. LEASES (continued)

### The Group as a lessee (continued)

#### (b) 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
Current portion in other receivables as at 1 January 2019	於二零一九年一月一日的其他應收款項的流動部分
Additions	添置
Depreciation charge	折舊開支
As at 31 December 2019	於二零一九年十二月三十一日

As at 31 December 2019, the Group's prepaid land lease payments with a net carrying amount of approximately RMB54,180,000 (2018: RMB58,908,000) were pledged to secure bank loans granted to the Group as set out in notes 26(i) and 26(ii).

Lease prepayments represent costs paid to the PRC land bureau for obtaining land use rights in respect of land located in Mainland China with a lease period of 50 years when granted.

## 15. 租賃(續)

### 本集團作為承租人(續)

#### (b) 使用權資產

本集團年內使用權資產的賬面值及變動如下：

Prepaid land lease payments	Plant and buildings	Motor vehicles	Total
土地租賃預付款項	廠房及樓宇	汽車	總計
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
63,062	1,776	1,448	66,286
1,633	-	-	1,633
1,541	10,261	-	11,802
(1,863)	(1,560)	(189)	(3,612)
<b>64,373</b>	<b>10,477</b>	<b>1,259</b>	<b>76,109</b>

誠如附註26(i)及26(ii)所載，於二零一九年十二月三十一日，本集團賬面淨額約人民幣54,180,000元(二零一八年：人民幣58,908,000元)的土地租賃預付款項已予質押，作為本集團獲授銀行貸款的擔保。

租賃預付款項指向中國土地管理局支付以取得位於中國大陸的土地的土地使用權的成本，獲授時的租賃期為50年。



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 15. LEASES (continued)

#### The Group as a lessee (continued)

##### (c) 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:

		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	3,341
New leases	新租賃	10,261
Accretion of interest recognised during the year	年內已確認利息增幅	208
Payments	付款	(2,098)
Carrying amount at 31 December	於十二月三十一日的賬面金額	11,712
Analysed into:	分析為：	
Current portion	流動部分	(2,043)
Non-current portion	非流動部分	(9,669)

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

租賃負債之到期分析於財務報表附註38披露。

##### (c) The amounts recognised in profit or loss in relation to leases are as follows:

##### (c) 於損益中確認的租賃相關款項如下：

		2019 二零一九年 RMB'000 人民幣千元
Interest on lease liabilities	租賃負債利息	208
Depreciation charge of right-of-use assets	使用權資產折舊開支	3,612
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	與短期租賃及餘下租期於二零一九年十二月三十一日或之前到期的其他租賃有關的開支（計入行政開支）	737
Total amount recognised in profit or loss	於損益中確認的總金額	4,557

# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 15. LEASES (continued)

### The Group as a lessee (continued)

- (d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 33(c) and 34, respectively, 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 Jiaxing 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 RMB611,000 (2018: RMB647,000).

At 31 December 2019, 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)

- (d) 租賃現金流出總額及與尚未開始的租賃有關的未來現金流出分別於財務報表附註33(c)及34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611,000元(二零一八年:人民幣647,000元)。

於二零一九年十二月三十一日,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:

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
606,240	611,000
61,560	606,240
<b>667,800</b>	<b>1,217,240</b>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 16. OTHER INTANGIBLE ASSETS

31 December 2019

At 1 January 2019, net of accumulated amortisation	於二零一九年一月一日， 扣除累計攤銷
Disposal of a subsidiary	出售一家附屬公司
Amortisation provided during the year	年內攤銷撥備
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
At 31 December 2019:	於二零一九年 十二月三十一日：
Cost	成本
Accumulated amortisation	累計攤銷
Net carrying amount	賬面淨額

31 December 2018

At 1 January 2018, net of accumulated amortisation	於二零一八年一月一日， 扣除累計攤銷
Additions	添置
Amortisation provided during the year	年內攤銷撥備
At 31 December 2018, net of accumulated amortisation	於二零一八年 十二月三十一日， 扣除累計攤銷
At 31 December 2018:	於二零一八年 十二月三十一日：
Cost	成本
Accumulated amortisation	累計攤銷
Net carrying amount	賬面淨額

### 16. 其他無形資產

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
2,000	5,248	7,248
(2,000)	-	(2,000)
-	(545)	(545)
-	4,703	4,703
-	9,852	9,852
-	(5,149)	(5,149)
-	4,703	4,703

二零一八年十二月三十一日

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
-	5,834	5,834
2,000	-	2,000
-	(586)	(586)
2,000	5,248	7,248
2,000	9,852	11,852
-	(4,604)	(4,604)
2,000	5,248	7,248

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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 profit	Fair value loss on derivative financial instruments	Total
	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
At 1 January 2018		2,012	291	893	1,024	4,405	1,750	17,959
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(171)	101	(87)	803	294	(7,584)	(890)	(7,534)
At 31 December 2018 and 1 January 2019	1,841	392	806	1,827	4,699	-	860	10,425
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	1,808	39	5,119	1,665	5,587	-	-	14,218

### 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 profit	Fair value loss on derivative financial instruments	Total
折舊超出有關折舊撥備的金額	用以抵銷日後應課稅溢利之虧損	衍生金融工具的公允價值虧損	總計				
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
2,012	291	893	1,024	4,405	1,750	17,959	
(171)	101	(87)	803	294	(7,584)	(890)	(7,534)
1,841	392	806	1,827	4,699	-	860	10,425
-	-	-	-	(434)	-	-	(434)
(33)	(353)	4,313	(162)	1,322	-	(860)	4,227
1,808	39	5,119	1,665	5,587	-	-	14,218



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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 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 2018	於二零一八年一月一日	7,050	–	878	4,781	12,709
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)	4,381	–	(878)	2,925	6,428
At 31 December 2018 and 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	11,431	–	–	7,706	19,137
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)	4,824	50	56	4,623	9,553
At 31 December 2019	於二零一九年十二月三十一日	16,255	50	56	12,329	28,690

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。

### 17. 遞延稅項 (續)

#### 遞延稅項負債：

# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 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 2019 and 2018 relates to the following:

Deferred tax assets arising from:

- Allowance for doubtful debts
- Provision for inventories
- Elimination of unrealised profits
- Accruals
- Fair value losses on derivative financial instruments
- 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
- 衍生金融工具的  
公允價值虧損
- 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：

本集團於二零一九年及二零一八年十二月三十一日的遞延稅項與下列各項有關：

<b>31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元</b>	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
39	392
5,119	806
1,665	1,827
1,808	1,841
-	860
5,587	4,699
<b>14,218</b>	<b>10,425</b>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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

As at 31 December 2019, 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 RMB444,106,000 at 31 December 2019 (2018: RMB376,354,000).

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)

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
(16,255)	(11,431)
(12,329)	(7,706)
(50)	-
(56)	-
<b>(28,690)</b>	<b>(19,137)</b>
<b>(14,472)</b>	<b>(8,712)</b>
5,680	5,596
<b>(20,152)</b>	<b>(14,308)</b>

於二零一九年十二月三十一日，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。於二零一九年十二月三十一日，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444,106,000元（二零一八年：人民幣376,354,000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

As at 31 December 2019 於二零一九年十二月三十一日

### 18. OTHER NON-CURRENT ASSETS

Prepayments for acquisition of a building and land use right (note 35(a)(viii))	收購樓宇及土地使用權的預付款項(附註35(a)(viii))
Others	其他

### 18. 其他非流動資產

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
48,000	–
407	407
<b>48,407</b>	<b>407</b>

### 19. INVENTORIES

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品

### 19. 存貨

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
443,335	362,836
59,313	38,451
292,944	155,800
<b>795,592</b>	<b>557,087</b>

As at 31 December 2019, inventories with a carrying amount of RMB40,000,000 (2018: RMB40,000,000) were pledged to secure bank loans granted to the Group as set out in note 26(i).

於二零一九年十二月三十一日，賬面金額為人民幣40,000,000元(二零一八年：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

As at 31 December 2019 於二零一九年十二月三十一日

### 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	一個月至兩個月
2 to 3 months	兩個月至三個月
Over 3 months	三個月以上

### 20. 應收貿易賬款及應收票據

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
263,102	234,075
85,078	61,765
(2,367)	(725)
<b>345,813</b>	<b>295,115</b>

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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
121,065	127,962
45,908	46,125
46,354	36,677
47,408	22,586
<b>260,735</b>	<b>233,350</b>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 20. TRADE AND NOTES RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

At beginning of year	年初
Impairment losses, net (note 7)	減值虧損淨額 (附註7)
Amount written off as uncollectible	撇減為不可收回之金額

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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
725	926
2,014	412
(372)	(613)
<b>2,367</b>	<b>725</b>

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

As at 31 December 2019 於二零一九年十二月三十一日

### 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 2019

Expected credit loss rate	預期信貸虧損率
Gross carrying amount (RMB'000)	總賬面值 (人民幣千元)
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)

As at 31 December 2018

Expected credit loss rate	預期信貸虧損率
Gross carrying amount (RMB'000)	總賬面值 (人民幣千元)
Expected credit losses (RMB'000)	預期信貸虧損 (人民幣千元)

### 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用風險狀況的資料：

於二零一九年十二月三十一日

Current	Past due			Total
	Less than 1 month	1 to 3 months	Over 3 months	
即期	少於一個月	一至三個月	超過三個月	總計
0.00%	0.88%	3.26%	9.29%	0.90%
213,814	9,675	23,202	16,411	263,102
–	85	757	1,525	2,367

於二零一八年十二月三十一日

Current	Past due			Total
	Less than 1 month	1 to 3 months	Over 3 months	
即期	少於一個月	一至三個月	超過三個月	總計
0.00%	0.00%	1.25%	21.18%	0.31%
210,296	16,669	3,918	3,192	234,075
–	–	49	676	725



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 20. TRADE AND NOTES RECEIVABLES (continued)


#### Notes receivable that are not derecognised in their entirety

As at 31 December 2019, the Group endorsed certain notes receivable accepted by banks in the PRC (the “Endorsed Notes”) with a carrying amount of RMB29,323,000 (31 December 2018: RMB33,097,000) 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 RMB29,323,000 as at 31 December 2019 (31 December 2018: RMB33,097,000).

### 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

於二零一九年十二月三十一日，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29,323,000元（二零一八年十二月三十一日：人民幣33,097,000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二零一九年十二月三十一日的賬面總額為人民幣29,323,000元（二零一八年十二月三十一日：人民幣33,097,000元）。





# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 20. TRADE AND NOTES RECEIVABLES (continued)

#### Notes receivable that are derecognised in their entirety

As at 31 December 2019, 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 RMB54,755,000 (31 December 2018: RMB10,745,000). 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 2019 (2018: 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

於二零一九年十二月三十一日，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54,755,000元（二零一八年十二月三十一日：人民幣10,745,000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。

於二零一九年，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（二零一八年：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

As at 31 December 2019 於二零一九年十二月三十一日

## 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Value added tax recoverable	可收回增值稅
Prepayments	預付款
Prepaid land lease payment due within one year	於一年內到期的 土地租賃預付款項
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 2019 and 2018, 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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
47,899	34,684
25,398	12,085
–	1,633
18,941	12,302
<b>92,238</b>	<b>60,704</b>

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。於二零一九年及二零一八年十二月三十一日，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

As at 31 December 2019 於二零一九年十二月三十一日

### 22. DERIVATIVE FINANCIAL INSTRUMENTS

Assets:	資產：
Foreign currency forward contracts – current	外匯遠期合約－即期
Liabilities:	負債：
Foreign currency forward contracts – current	外匯遠期合約－即期
Cross-currency swap	換匯換利掉期

- (i) The Group uses forward currency contracts to manage some of its foreign currency transaction exposures. These currency forward contracts are not designated as cash flows, fair value or net investment hedges and are entered into for periods consistent with foreign currency transaction exposures, generally from one to twelve months. These contracts will mature within 2020.

The derivatives were measured at fair value as at 31 December 2019.

### 22. 衍生金融工具

Note	31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
(i)	<b>198</b>	–
	–	414
	–	3,024
	–	3,438

- (i) 本集團使用貨幣遠期合約管理其部分外幣交易風險。該等貨幣遠期合約未指定為現金流量、公允價值或淨投資對沖，而訂立的期間與外幣交易風險一致（一般為一至十二個月）。該等合約將於二零二零年內到期。

於二零一九年十二月三十一日，衍生工具按公允價值計量。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 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	290,966	310,683
Time deposits	定期存款	–	–
		<b>290,966</b>	310,683
Less: Pledged deposits for letter of credits	減：已就信用狀抵押的存款	(75,903)	(58,775)
Pledged deposits for bank loans	已就銀行貸款抵押的存款	(70,265)	(10,082)
		<b>144,798</b>	241,826
Cash and cash equivalents	現金及現金等價物	<b>144,798</b>	241,826
Denominated in RMB	以人民幣計值	70,333	126,019
Denominated in HK\$	以港元計值	1,812	4,317
Denominated in EUR	以歐元計值	29,734	11,522
Denominated in USD	以美元計值	117,892	150,387
Denominated in other currencies	以其他貨幣計值	71,195	18,438
		<b>290,966</b>	310,683
Cash and bank balances	現金及銀行結餘	<b>290,966</b>	310,683

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

As at 31 December 2019 於二零一九年十二月三十一日

### 24. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at 31 December 2019, 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

於二零一九年十二月三十一日，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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
61,839	157,645
268,978	88,030
28,000	—
<b>358,817</b>	<b>245,675</b>

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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
14,935	24,036
27,489	23,997
4,046	2,120
84,987	73,147
<b>131,457</b>	<b>123,300</b>



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 25. OTHER PAYABLES AND ACCRUALS (continued)

(i) Details of contract liabilities are as follows:

*Short-term advances received from customers* 收取客戶的短期墊款  
from customers  
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：

<b>31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元</b>	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元
<b>14,935</b>	24,036	6,595

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

As at 31 December 2019 於二零一九年十二月三十一日

### 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

### 26. 計息銀行及其他借貸

		31 December 2019 二零一九年 十二月三十一日			1 January 2019 二零一九年 一月一日	31 December 2018 二零一八年 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	
<b>Current</b>	<b>即期</b>							
Secured bank loans	有抵押銀行貸款	2.60-4.79	2020 二零二零年	304,284	267,056	2.48 – 5.05 2019 二零一九年	267,056	
Unsecured bank loans	無抵押銀行貸款	2.01-5.22	2020 二零二零年	517,155	241,928	2.55 – 5.22 2019 二零一九年	241,928	
Lease liabilities (note 15)	租賃負債 (附註15)	4.41	2020 二零二零年	2,043	1,575		–	
Sub-total	小計			<u>823,482</u>	<u>510,559</u>		<u>508,984</u>	
<b>Non-current</b>	<b>非即期</b>							
Secured bank loans	有抵押銀行貸款	4.28	2021 二零二一年	25,200	50,400	4.28 2021 二零二一年	50,400	
Other loans – unsecured	其他貸款–無抵押	4.91	2024 二零二四年	44,000	–		–	
Lease liabilities (note 15)	租賃負債 (附註15)	4.41	2021-2031 二零二一年 至二零 三一年	9,669	1,766		–	
Sub-total	小計			<u>78,869</u>	<u>52,166</u>		<u>50,400</u>	
Grand total	總計			<u><u>902,351</u></u>	<u><u>562,725</u></u>		<u><u>559,384</u></u>	



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 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

In the third to fifth years, inclusive

分析：

應償還銀行貸款：

一年內

第二年

第三至第五年

(包括首尾兩年)

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
821,439	508,984
25,200	25,200
–	25,200
<b>846,639</b>	<b>559,384</b>

Other borrowings repayable:

Within one year

In the second year

In the third to fifth years, inclusive

Over five years

應償還其他借貸：

一年內

第二年

第三至第五年

(包括首尾兩年)

五年以上

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
2,043	–
1,404	–
46,691	–
5,574	–
<b>55,712</b>	<b>–</b>



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (i) As at 31 December 2019, the current interest-bearing bank borrowings with a carrying amount of RMB304,284,000 were secured by certain property, plant and equipment, prepaid land lease payments, and inventories with carrying amounts of RMB122,816,000 (2018: RMB80,992,000), RMB39,397,000 (2018: RMB43,806,000) and RMB40,000,000 (2018: 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 (2018: RMB74,962,000) and RMB14,783,000 (2018: RMB15,102,000), 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 2019 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 due to their floating interest rate.

### 26. 計息銀行及其他借貸 (續)

附註：

- (i) 於二零一九年十二月三十一日，賬面金額為人民幣304,284,000元的即期計息銀行借貸以賬面金額分別為人民幣122,816,000元（二零一八年：人民幣80,992,000元）、人民幣39,397,000元（二零一八年：人民幣43,806,000元）及人民幣40,000,000元（二零一八年：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（二零一八年：人民幣74,962,000元）及人民幣14,783,000元（二零一八年：人民幣15,102,000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。於二零一九年十二月三十一日，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

As at 31 December 2019 於二零一九年十二月三十一日

## 27. SHARE CAPITAL Authorised:


## 27. 股本 法定：

31 December 2019 二零一九年 十二月三十一日		31 December 2018 二零一八年 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>3,000,000,000</u>	<u>30,000</u>

## Issued and fully paid:

## 已發行及繳足：

31 December 2019 二零一九年十二月三十一日		31 December 2018 二零一八年十二月三十一日			
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>629,678,000</u>	<u>6,297</u>	<u>6,329</u>



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日



### 28. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, including independent non-executive directors, other employees, suppliers, customers, agents, partners or advisers of or contractors of the Group in the Company’s subsidiaries. The Scheme became effective on 15 November 2006 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$0.01 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than four years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the share.

### 28. 購股權計劃

本公司設有一項購股權計劃（「計劃」），乃為對本集團業務成就作出貢獻的合資格參與人提供激勵及獎賞而設。計劃的合資格參與人包括本公司董事（包括獨立非執行董事）及隸屬於本公司附屬公司的本集團其他僱員、供應商、客戶、代理、夥伴、顧問或承建商。計劃自二零零六年十一月十五日起生效，除非被取消或修訂，否則將自該日起計十年有效。

根據計劃現時獲准授出的未行使購股權的最高數目，數額於行使時相等於本公司於任何時間已發行股份的10%。根據計劃內每名合資格參與人獲授的購股權而可予發行的最高股份數目，於任何十二個月期間內不可超過本公司於任何時間已發行股份的1%。授出超過此限的購股權須經股東於股東大會上批准。

授出購股權的要約可於提呈日期起計21日內由承授人支付名義代價合共0.01港元接納。授出的購股權的行使期由董事決定，並於一至三年歸屬期後開始，且於不遲於提呈購股權日期起四年內任何日子或計劃屆滿日期終止（以較早者為準）。

購股權行使價由董事釐定，惟不能低於下列各項的最高者：(i)於提呈購股權日期本公司股份於聯交所的收市價；(ii)緊接提呈日期前五個交易日本公司股份於聯交所的平均收市價；及(iii)股份面值。



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 28. SHARE OPTION SCHEME (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

At 1 January	於一月一日
Forfeited	沒收
At 31 December	於十二月三十一日

No share options were granted during the year ended 31 December 2019 (2018: Nil), of which the Group recognised no share option expense (2018: Nil) during the year ended 31 December 2019.

### 28. 購股權計劃 (續)

購股權並無賦予持有人收取股息或於股東大會上投票的權利。

年內，計劃項下尚未行使的購股權如下：

2019  
二零一九年

Exercise price HK\$ per share 行使價 每股港元	Number of options '000 購股權數目 千份
2.00	16,250
	(16,250)
	—

於截至二零一九年十二月三十一日止年度概無授出購股權(二零一八年：無)，其中本集團於截至二零一九年十二月三十一日止年度確認概無購股權開支(二零一八年：無)。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 28. SHARE OPTION SCHEME (continued)

The fair value of equity-settled share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	股息率(%)	5.86
Spot stock price (HK\$ per share)	現貨股價(每股港元)	1.28
Historical volatility (%)	歷史波幅(%)	41.49
Risk-free interest rate (%)	無風險利率(%)	0.96
Expected life of options (year)	購股權預計年期(年)	4.00
Weighted average share price (HK\$ per share)	加權平均股價(每股港元)	1.47

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At the end of the reporting period and at the date of approval of the consolidated financial statements, the Company had no share options exercised under the Scheme.

At the end of the reporting period, the Company had no share options outstanding under the Scheme.

### 28. 購股權計劃(續)

已授出的以權益結算購股權的公允價值乃於授出日期利用二項式模型估計，當中已考慮授出購股權的條款及條件。下表列出所用模型的輸入值：

**Share options  
granted on  
24 August 2015  
於二零一五年  
八月二十四日  
授出的購股權**

購股權預計年期乃根據過去三年的歷史數據釐定，未必能顯示可能出現的行使模式。預期波幅反映歷史波幅可顯示未來走勢的假設，惟實際結果或會有別。

於報告期末及於合併財務報表獲批准日期，本公司並無已根據計劃行使的購股權。

於報告期末，本公司於是項計劃項下並無尚未行使的購股權。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日


## 29. TREASURY SHARES

## 29. 庫存股份

		31 December 2019 二零一九年十二月三十一日			31 December 2018 二零一八年十二月三十一日		
		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 of year	年初	19,400,000	22,160	19,508	19,400,000	22,160	19,508
Vested shares transferred	已轉讓的歸屬股份	(1,010,000)	(1,154)	(1,015)	-	-	-
At the end of year	年末	18,390,000	21,006	18,493	19,400,000	22,160	19,508

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 total number of the Company's shares purchased by the Trustee under the Share Award Plan will not exceed 5% of the total issued shares of the Company at the beginning of the fiscal year. During the year ended 31 December 2017, the Trustee purchased 19,400,000 shares of the Company at a total consideration of approximately RMB19,508,000. At the end of the reporting period, 19,370,000 shares were granted under the Share Award Plan and 1,010,000 vested shares 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。本公司之股份將由受託人於市場上使用本公司支付之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，將已歸屬之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之市價盤出售已歸屬之獎勵股份並將所得款項淨額匯付予獎勵持有人。於財政年度初，受託人根據股份獎勵計劃購入的本公司股份總數將不會超過本公司已發行股份總數的5%。截至二零一七年十二月三十一日止年度，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。於報告期末，19,370,000股股份已根據股份獎勵計劃獲授出及1,010,000股歸屬股份已轉讓予獎勵持有人。



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 30. SHARE AWARD PLAN

On 25 May 2018, the Board (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 nearly 1 million awarded shares 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, these 18,360,000 awarded shares shall be vested or not depending on two requirements: the Group's net profit target and personnel annual performance evaluation. For the net profit target, the Group's audited net profit should 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. And 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" and "Fail".

### 30. 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，或各自己服務本集團30年或以上並為夫婦關係之僱員）。該等近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應達到人民幣100,000,000元、於二零二零年應達到人民幣150,000,000元及於二零二一年應達到人民幣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%。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

As at 31 December 2019 於二零一九年十二月三十一日

### 30. SHARE AWARD PLAN (continued)

On 25 May 2018, the Company communicated the awarded 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. Hence, 25 May 2018 is 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" and the achievement possibility of the net profit target would be 100%.

At the end of the reporting period, 1,010,000 awarded shares were vested to the Grantees and the 18,360,000 awarded shares which shall be vested on first anniversary upon the grant date will be vested in 2020 considering both profit target and personnel evaluation. The share award expense of RMB5,631,000 (2018: RMB3,567,000) was amortised under the Share Award Plan in 2019.

### 31. 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.

### 30. 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員工溝通股份獎勵事宜。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。因此，二零一八年五月二十五日即授出日期。

股份獎勵的公允價值為每股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」以及純利目標的完成可能性為100%。

於報告期末，經考慮溢利目標及人員評估情況，1,010,000股獎勵股份已歸屬於承授人及18,360,000股將於授出日期後第一週年歸屬的獎勵股份將於二零二零年歸屬。於二零一九年，人民幣5,631,000元（二零一八年：人民幣3,567,000元）的股份獎勵開支已根據股份獎勵計劃攤銷。

### 31. 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

As at 31 December 2019 於二零一九年十二月三十一日

### 31. 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 option reserve

Details of the Company's share option scheme and the share options issued under the Scheme are included in note 27 to the financial statements.

#### 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。

#### 購股權儲備

本公司的購股權計劃及根據計劃已發行的購股權詳情，載於財務報表附註27。

#### 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還到期債務，則股份溢價賬中的基金可分派予本公司股東。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 32. DISPOSAL OF A SUBSIDIARY

### 32. 出售一家附屬公司

		For the year ended 31 December 2019 截至二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元
Net assets disposed of:	出售的淨資產：	
Property, plant and equipment	物業、廠房及設備	5,181
Other intangible assets	其他無形資產	2,000
Deferred tax assets	遞延稅項資產	434
Cash and bank balances	現金及銀行結餘	1,995
Trade receivables	應收貿易賬款	648
Prepayments and other receivables	預付款及其他應收款項	1,150
Accruals and other payables	預提費用及其他應付款項	(2,311)
Non-controlling interests	非控制性權益	(1,832)
		7,265
Gain on disposal of a subsidiary	出售一家附屬公司的得益	235
		7,500
Satisfied by:	支付方式：	
Cash	現金	7,500
		7,500

An analysis of the net inflow 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入淨額分析如下：

		For the year ended 31 December 2019 截至二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元
Cash consideration	現金代價	7,500
Cash and bank balances disposed of	出售的現金及銀行結餘	(1,995)
		5,505
Net inflow 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入淨額	5,505



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 33. 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

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

2018

At 1 January 2018	於二零一八年一月一日
Changes from financing cash flows	融資現金流量之變動
At 31 December 2018	於二零一八年十二月三十一日

### 33. 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
At 31 December 2018	–
Effect of adoption of IFRS 16	3,341
At 1 January 2019 (restated)	3,341
Changes from financing cash flows	(1,890)
New leases	10,261
Interest expense	208
Interest paid classified as operating cash flows	(208)
At 31 December 2019	11,712

二零一八年

Interest-bearing bank borrowings  
計息銀行借貸  
RMB'000  
人民幣千元

At 1 January 2018	595,161
Changes from financing cash flows	(35,777)
At 31 December 2018	559,384



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 33. 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

### 33. 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：

**2019**  
二零一九年  
**RMB'000**  
人民幣千元

**945**  
**1,890**

**2,835**

### 34. COMMITMENTS

(a) 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
--	--------------

### 34. 承擔

(a) 於報告期末，本集團的資本承擔如下：

**31 December**  
**2019**  
二零一九年  
十二月三十一日  
**RMB'000**  
人民幣千元

31 December  
2018  
二零一八年  
十二月三十一日  
RMB'000  
人民幣千元

**41,370**

**146,431**

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 34. COMMITMENTS (continued)

#### (b) Operating lease commitments as at 31 December 2018

##### *As lessor*

The Group leases its investment properties (note 14 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from two to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

Less than one year

一年內

##### *As lessee*

The Group leases certain of its office properties and warehouse properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from three to six years, and those for office equipment are for terms of two years.

### 34. 承擔 (續)

#### (b) 於二零一八年十二月三十一日之經營租賃承擔 作為出租人

本集團根據經營租賃安排租賃其投資物業(財務報表附註14)，該等租賃經磋商之年期介乎兩年至五年。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。


於二零一八年十二月三十一日，本集團根據與租戶訂立的不可撤銷經營租賃有以下年期內的未來最低租賃應收款項總額：

31 December  
2018  
二零一八年  
十二月三十一日  
RMB'000  
人民幣千元

600

#### 作為承租人

本集團根據經營租賃安排租用其若干辦公室物業及倉庫物業。該等物業的租賃經磋商之年期介乎三年至六年，而辦公室設備的租賃期則為兩年。



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 34. COMMITMENTS (continued)

- (b) Operating lease commitments as at 31 December 2018  
(continued)

*As lessee (continued)*

Non-cancellable operating lease rentals were payable as follows:

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
Less than one year	一年內	2,255
In the second to fifth years	第二至第五年	1,461
After five years	五年後	480
		<hr/> <hr/> 4,196

The Group leases certain properties located in Mainland China, Hong Kong and Italy as the Group's offices. The leases run for an initial period of three to six years.

本集團在中國大陸、香港及意大利租用若干物業作為本集團的辦公室，初始租賃期為三至六年。

## 35. RELATED PARTY TRANSACTIONS

- (a) **Transactions with companies controlled by one of the Company's directors**

- (i) During the year ended 31 December 2019, 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 RMB500,000 (2018: 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.

## 34. 承擔 (續)

- (b) 於二零一八年十二月三十一日之經營租賃承擔 (續)  
作為承租人 (續)  
不可撤銷經營租賃租金於以下年期應付：

## 35. 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) 於截至二零一九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500,000元（二零一八年：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。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 35. RELATED PARTY TRANSACTIONS (continued)

#### (a) Transactions with companies controlled by one of the Company's directors (continued)

- (ii) During the year ended 31 December 2019, the Group purchased electricity from Zhejiang Yuyuan Solar Co., Ltd. with an amount of RMB2,228,000 (2018: RMB2,333,000). Mr. Ren Weiming has a controlling equity interest in this company. The price of electricity purchase was made with a discount rate of approximately 3.5% to the market prices.
- (iii) During the year ended 31 December 2019, the Group purchased chemicals and additives from Zhejiang Jinxiu Jiangnan Silk Co., Ltd. with an amount of RMB2,595,000 (2018: RMB452,000). 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 2019, the Group sold finished goods to Zhejiang Jinxiu Jiangnan Silk Co., Ltd. with an amount of RMB613,000 (2018: Nil). Mr. Ren Weiming has a significant influence on this company. The sales of finished goods were made according to published prices and conditions offered to the Group's major customers.
- (v) During the year ended 31 December 2019, the Group sold finished goods to Heilongjiang Kangyuan Seed Industry Co., Ltd., with an amount of RMB73,000 (2018: Nil). Mr. Ren Weiming has a controlling equity interest in this company's parent company, Kingdom Creative. The sales of finished goods were made according to published prices and conditions offered to the Group's major customers.

### 35. 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)

- (ii) 於截至二零一九年十二月三十一日止年度，本集團以人民幣2,228,000元（二零一八年：人民幣2,333,000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) 截至二零一九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2,595,000元（二零一八年：人民幣452,000元）的化學品及添加劑。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) 於截至二零一九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613,000元（二零一八年：無）的成品。任維明先生對該公司有重大影響力。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。
- (v) 於截至二零一九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73,000元（二零一八年：無）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

As at 31 December 2019 於二零一九年十二月三十一日

### 35. RELATED PARTY TRANSACTIONS (continued)

#### (a) Transactions with companies controlled by one of the Company's directors (continued)

- (vi) During the year ended 31 December 2019, the Group leased cars from and leased an office to Interconnect Financial Leasing (Shanghai) Co., Ltd, which incurred lease charges of RMB406,000 (2018: Nil) and generated lease income of RMB420,000 (2018: RMB400,000). 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 2019, the Group disposed a subsidiary, Heilongjiang Kangyuan Seed Industry Co., Ltd., to a subsidiary of Kingdom Creative at a consideration of RMB7,500,000, based on an internal valuation of the business performed by the directors of the Group. Further details of the transaction are included in note 18 to the financial statements.
- (viii) During the year ended 31 December 2019, the Group agreed to acquire 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 acquisition was made according to the market value appraised by an independent property valuer. The Group prepaid RMB48,000,000 and the transfer of title of the building and land use right was not completed as of 31 December 2019.

### 35. 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)

- (vi) 於截至二零一九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406,000元(二零一八年：無)及租賃收入人民幣420,000元(二零一八年：人民幣400,000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) 於截至二零一九年十二月三十一日止年度，本集團根據本集團董事對業務的內部評估，向金達創業的附屬公司出售一家附屬公司黑龍江康源種業有限公司，代價為人民幣7,500,000元。有關交易的進一步詳情載於財務資料附註18內。
- (viii) 於截至二零一九年十二月三十一日止年度，本集團以代價人民幣50,000,000元向金達創業收購樓宇及土地使用權。任維明先生擁有該公司的控股權益。收購事項乃根據獨立物業評估師評估的市值作出。本集團預付人民幣48,000,000元，且樓宇及土地使用權的所有權於二零一九年十二月三十一日並未完成轉讓。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 35. 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)(i) to (a)(viii) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

### 35. 關連方交易 (續)

#### (b) 本集團主要管理人員的補償

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
4,929	4,899
151	140
<b>5,080</b>	<b>5,039</b>

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)(i)至(a)(viii)項涉及的關連方交易亦構成關連交易(定義見上市規則第十四A章)。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 36. 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:

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

### 36. 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
<b>655,720</b>	<b>198</b>	<b>655,918</b>

#### 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

計息銀行及其他借貸	902,351
計入其他應付款項的金融負債	84,987
應付貿易賬款及應付票據	358,817
	<b>1,346,155</b>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

(continued)

2018

#### Financial assets

Trade and notes receivables  
Financial assets included in deposits and other receivables  
Cash and cash equivalents  
Pledged deposits

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  
現金及現金等價物  
已抵押存款

295,115

12,302

241,826

68,857

618,100

#### Financial liabilities

Interest-bearing bank borrowings 計息銀行借貸  
Financial liabilities included in other payables 計入其他應付款項的  
金融負債  
Derivative financial instruments 衍生金融工具  
Trade and notes payables 應付貿易賬款及應付票據

#### 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	Financial liabilities at fair value through profit or loss 按公允價值計入損益的 金融負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
---	--	---------------------------------

559,384

–

559,384

73,147

–

73,147

–

3,438

3,438

245,675

–

245,675

878,206

3,438

881,644

### 36. 按類別分類的金融工具 (續)

二零一八年

#### 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

#### 金融負債

Financial liabilities at fair value through profit or loss  
按公允價值計入損益的  
金融負債  
RMB'000  
人民幣千元

Total  
總計  
RMB'000  
人民幣千元

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 37. 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:

### 37. 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	
	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	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
<b>Financial assets</b> Financial assets				
Derivative financial instruments	<b>198</b>	–	<b>198</b>	–
<b>Financial liabilities</b> Financial liabilities				
Derivative financial instruments	–	3,438	–	3,438

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

As at 31 December 2019 於二零一九年十二月三十一日

### 37. 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 and cross-currency swap, 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 is 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.

### 37. 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（包括遠期貨幣合約及換匯換利掉期）乃採用與遠期定價及掉期模型類似的估值技巧計量（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

As at 31 December 2019 於二零一九年十二月三十一日

### 37. 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

### 37. 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 Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
31 December 2019 二零一九年 十二月 三十一日 RMB'000 人民幣千元	於活躍市場 的報價 第一層 RMB'000 人民幣千元	重大可觀察 輸入值 第二層 RMB'000 人民幣千元	重大不可觀察 輸入值 第三層 RMB'000 人民幣千元
	<b>198</b>	<b>–</b>	<b>198</b>
	<b>–</b>	<b>–</b>	<b>–</b>

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

### 37. 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 (續)

按公允價值計量的負債：

	Fair value measurement using 採用以下項目進行的公允價值計量		
	Quoted prices in active markets Level 1 於活躍市場 的報價 第一層 RMB'000 人民幣千元	Significant observable inputs Level 2 重大可觀察 輸入值 第二層 RMB'000 人民幣千元	Significant unobservable inputs Level 3 重大不可觀察 輸入值 第三層 RMB'000 人民幣千元
Financial liabilities at fair value through profit or loss — foreign exchange forward contracts	(414)	—	(414)
Financial liabilities at fair value through profit or loss — cross-currency swap	(3,024)	—	(3,024)
	<u>(3,438)</u>	<u>—</u>	<u>(3,438)</u>

During the year ended 31 December 2019, 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 (2018: Nil).

於截至二零一九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（二零一八年：無）。



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 38. 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.

### 38. 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

As at 31 December 2019 於二零一九年十二月三十一日

### 38. 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.

2019	二零一九年
RMB	人民幣
RMB	人民幣
2018	二零一八年
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.

### 38. 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%)	221
1%	(221)
(1%)	215
1%	(215)

#### 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

As at 31 December 2019 於二零一九年十二月三十一日

## 38. 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 21. 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.

## 38. 財務風險管理目標及政策 (續)

### 外幣風險 (續)

如附註21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。

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 US\$

如人民幣兌美元轉弱

5

9,888

If RMB strengthens against US\$

如人民幣兌美元轉強

(5)

(9,888)

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	9,888
(5)	(9,888)

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 38. 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 2018	截至二零一八年 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	7,989
If RMB strengthens against US\$	如人民幣兌美元轉強	(5)	(7,989)
		<b>Increase/ (decrease) in foreign currency rate 外幣匯率 上升/(下跌) %</b>	<b>(Decrease)/ increase in profit before tax 除稅前溢利 (減少)/增加 RMB'000 人民幣千元</b>
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

### 38. 財務風險管理目標及政策 (續)

#### 外幣風險 (續)

	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 2018		
If RMB weakens against US\$	5	7,989
If RMB strengthens against US\$	(5)	(7,989)

	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 2019		
If RMB weakens against EUR	5	(7,105)
If RMB strengthens against EUR	(5)	7,105



## Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) Foreign currency risk (continued)

### 38. 財務風險管理目標及政策 (續)

#### 外幣風險 (續)

		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 2018	截至二零一八年 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	(3,455)
If RMB strengthens against EUR	如人民幣兌歐元轉強	(5)	3,455
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 HK\$	如人民幣兌港元轉弱	5	(2,353)
If RMB strengthens against HK\$	如人民幣兌港元轉強	(5)	2,353

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Foreign currency risk (continued)

Year ended 31 December 2018

If RMB weakens against HK\$  
If RMB strengthens against HK\$

截至二零一八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

5

(5)

(549)

549

#### 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.

### 38. 財務風險管理目標及政策 (續)

#### 外幣風險 (續)

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
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#### 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

As at 31 December 2019 於二零一九年十二月三十一日

## 38. 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 2019

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
– Normal**	– 正常**
Pledged deposits	已抵押存款
– Not yet past due	– 尚未逾期
Cash and cash equivalents	現金及現金等價物
– Not yet past due	– 尚未逾期

## 38. 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				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	
	–	–	–	348,180	348,180
	18,941	–	–	–	18,941
	146,168	–	–	–	146,168
	144,798	–	–	–	144,798
	<u>309,907</u>	<u>–</u>	<u>–</u>	<u>348,180</u>	<u>658,087</u>



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2018

		12-month ECLs 十二個月 預期信貸 虧損	Lifetime ECLs 全期預期信貸虧損			
		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*	–	–	–	295,840	295,840
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**	12,302	–	–	–	12,302
Pledged deposits	已抵押存款					
– Not yet past due	– 尚未逾期	68,857	–	–	–	68,857
Cash and cash equivalents	現金及現金等價物					
– Not yet past due	– 尚未逾期	241,826	–	–	–	241,826
		<u>322,985</u>	<u>–</u>	<u>–</u>	<u>295,840</u>	<u>618,825</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 19 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".

### 38. 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)

於二零一八年十二月三十一日

		12-month ECLs 十二個月 預期信貸 虧損	Lifetime ECLs 全期預期信貸虧損			
		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*	–	–	–	295,840	295,840
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**	12,302	–	–	–	12,302
Pledged deposits	已抵押存款					
– Not yet past due	– 尚未逾期	68,857	–	–	–	68,857
Cash and cash equivalents	現金及現金等價物					
– Not yet past due	– 尚未逾期	241,826	–	–	–	241,826
		<u>322,985</u>	<u>–</u>	<u>–</u>	<u>295,840</u>	<u>618,825</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19。

\*\* 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

As at 31 December 2019 於二零一九年十二月三十一日

## 38. 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:

## 38. 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 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
		<b>146,826</b>	<b>524,292</b>	<b>614,351</b>	<b>86,632</b>	<b>6,430</b>	<b>1,378,531</b>

		As at 31 December 2018 於二零一八年十二月三十一日					
		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 loans	計息銀行貸款	-	118,332	399,023	56,659	-	574,014
Trade and notes payables	應付貿易賬款及應付票據	157,645	88,030	-	-	-	245,675
Other payables and accruals	其他應付款項及預提費用	73,147	-	-	-	-	73,147
		<b>230,792</b>	<b>206,362</b>	<b>399,023</b>	<b>56,659</b>	<b>-</b>	<b>892,836</b>



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日



### 38. 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 2019 and 31 December 2018.

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 loans, trade and notes payables, an amount due to an associate 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:

### 38. 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。於截至二零一九年十二月三十一日及二零一八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貸款、應付貿易賬款及應付票據、應付一間聯營公司款項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

As at 31 December 2019 於二零一九年十二月三十一日

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Capital management (continued)

Interest-bearing bank and other borrowings (note 26)	計息銀行及其他借貸 (附註26)
Trade and notes payables	應付貿易賬款及應付票據
Other payables and accruals (note 25)	其他應付款項及預提費用 (附註25)
Less: Cash and cash equivalents	減：現金及現金等價物
Net debt	債務淨額
Total equity	權益總額
Capital and net debt	資本及債務淨額
Gearing ratio	負債比率

Note: The Group has adopted IFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 January 2019 with no adjustments to the comparative amounts as at 31 December 2018. This resulted in an increase in the Group's net debt while the Group's gearing ratio was the same on 1 January 2019 when compared with the position as at 31 December 2018.

## 39. EVENTS AFTER THE REPORTING PERIOD

On 20 March 2020, the board of directors of the Company proposed a final dividend of HK7.0 cents per ordinary share totalling approximately RMB39,484,000 for the year ended 31 December 2019, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (note 11).

The outbreak of the 2019 Novel Coronavirus ("COVID-19") in the PRC and other countries since early 2020 could have an impact on the operations of the Group and the Management is still in process of assessing the impact of the COVID-19 on the Group.

## 38. 財務風險管理目標及政策 (續)

### 資本管理 (續)

31 December 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	1 January 2019 二零一九年 一月一日 RMB'000 人民幣千元 (note) (附註)	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
902,351	562,725	559,384
358,817	245,675	245,675
84,987	73,147	73,147
(144,798)	(241,826)	(241,826)
1,201,357	639,721	636,380
1,280,895	1,153,509	1,153,509
2,482,252	1,793,230	1,789,889
48%	35%	36%

附註：本集團已使用經修訂追溯法採用《國際財務報告準則》第16號，且初步採納之影響已針對二零一九年一月一日之年初結餘進行調整，且並未對二零一八年十二月三十一日的比較金額作出調整。其導致本集團債務淨額增加，而本集團於二零一九年一月一日的負債比率與二零一八年十二月三十一日的狀況相同。

## 39. 報告期後事項

於二零二零年三月二十日，本公司董事會建議就截至二零一九年十二月三十一日止年度派發每股普通股7.0港仙的末期股息，合共約人民幣39,484,000元。股息須經本公司股東於應屆股東週年大會上批准 (附註11)。

自二零二零年初，中國及其他國家爆發二零一九年新型冠狀病毒（「COVID-19」），可能對本集團業務造成影響及管理層仍在評估COVID-19對本集團所造成的影響。

# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

### 40. 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:

### 40. 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 2019 二零一九年 十二月三十一日 RMB'000 人民幣千元	31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>		
Investments in subsidiaries	於附屬公司的投資	373,362	373,362
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Amounts due from subsidiaries	應收附屬公司款項	307,514	290,381
Other receivables	其他應收款項	3,812	2,522
Prepayments	預付款	-	172
Cash and cash equivalents	現金及現金等價物	405	404
Total current assets	流動資產總值	311,731	293,479
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Interest-bearing bank borrowings	計息銀行借貸	26,874	11,391
Amounts due to subsidiaries	應付附屬公司款項	5,853	6,921
Dividends payable	應付股息	17	1
Total current liabilities	流動負債總額	32,744	18,313
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>	278,987	275,166
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>資產總值減 流動負債</b>	652,349	648,528
Net assets	資產淨值	652,349	648,528
<b>EQUITY</b>	<b>權益</b>		
Issued capital	已發行股本	6,329	6,329
Reserves (note)	儲備(附註)	646,020	642,199
Total equity	權益總額	652,349	648,528



# Notes to Financial Statements 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:


A summary of the Company's reserves is as follows:

## 40. 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 2018	於二零一八年一月一日	268,319	370,213	(19,508)	2,207	-	621,231
Profit for the year	年內溢利	-	-	-	-	31,495*	31,495
Final 2017 dividend declared	已宣派二零一七年末期股息	-	-	-	-	(10,527)	(10,527)
At 31 December 2018 and 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	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	於二零一九年十二月三十一日	269,511	370,213	(18,493)	-	24,789	646,020



# Notes to Financial Statements

## 財務報表附註

As at 31 December 2019 於二零一九年十二月三十一日



### 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note: (continued)

#### 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 2019 includes dividends from subsidiaries attributable to previous years' profits of RMB38,553,000 (2018: RMB33,438,000).

### 41. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 15 April 2020.

### 40. 本公司財務狀況表 (續)

附註：(續)

#### 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。

\* 二零一九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38,553,000元(二零一八年：人民幣33,438,000元)。

### 41. 批准合併財務報表

董事會已於二零二零年四月十五日批准及授權刊發本合併財務報表。

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