理文化工有限公司

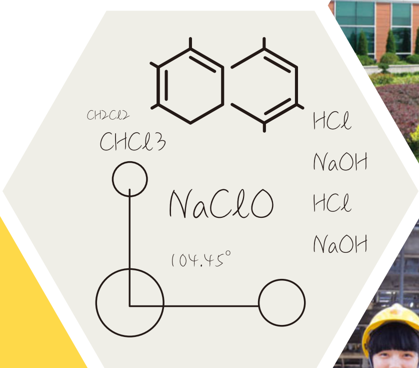
Lee & Man Chemical Company Limited

(Incorporated in the Cayman Islands and its members' liability is limited)

（於開曼群島註冊成立及其成員責任為有限）

Stock Code 股份代號：746

Together We Grow



ANNUAL REPORT
年報
2019

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Corporate Information
公司資料

BOARD OF DIRECTORS

Executive Directors
Ms. Wai Siu Kee *(Chairman)*
Mr. Lee Man Yan *(Chief Executive Officer)*
Professor Chan Albert Sun Chi
Mr. Yang Zuo Ning

Independent non-executive Directors
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Heng Victor Ja Wai

AUDIT COMMITTEE

Mr. Heng Victor Ja Wei *(Chairman)*
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

REMUNERATION COMMITTEE

Mr. Heng Victor Ja Wei *(Chairman)*
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

NOMINATION COMMITTEE

Ms. Wai Siu Kee *(Chairman)*
Mr. Heng Victor Ja Wei
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

COMPANY SECRETARY

Mr. Ho Chun Ho Jason

REGISTERED OFFICE

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

董事會

執行董事
衞少琦女士*(主席)*
李文恩先生*(首席執行官)*
陳新滋教授
楊作寧先生

獨立非執行董事
王啟東先生
尹志強先生*BBS太平紳士*
邢家維先生

審核委員會

邢家維先生*(主席)*
王啟東先生
尹志強先生*BBS太平紳士*

薪酬委員會

邢家維先生*(主席)*
王啟東先生
尹志強先生*BBS太平紳士*

提名委員會

衞少琦女士*(主席)*
邢家維先生
王啟東先生
尹志強先生*BBS太平紳士*

公司秘書

何圳浩先生

註冊辦事處

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

HONG KONG OFFICE

8th Floor, Liven House
61–63 King Yip Street
Kwun Tong
Kowloon
Hong Kong

香港辦事處

香港
九龍
觀塘
敬業街61–63號
利維大廈8樓

PRINCIPAL BANKERS

Hong Kong:
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Mizuho Bank Limited, Hong Kong Branch
United Overseas Bank Limited, Hong Kong Branch
Bank of China (Hong Kong) Limited

PRC:
Bank of China Limited
China Construction Bank Corporation

主要往來銀行

香港：
恒生銀行有限公司
香港上海滙豐銀行有限公司
瑞穗銀行，香港分行
大華銀行，香港分行
中國銀行(香港)有限公司

中國：
中國銀行股份有限公司
中國建設銀行股份有限公司

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

核數師

德勤 • 關黃陳方會計師行
執業會計師
註冊公共利益實體核數師

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KYI-1110, Cayman Islands

主要股份過戶登記處

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KYI-1110, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

香港股份過戶登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心54樓

WEBSITE

www.leemanchemical.com

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Chairman's Statement
主席報告

BUSINESS REVIEW

For the year ended 31 December 2019, the Group recorded a revenue of HK$3,477 million, representing a decrease of 10.3% as compared with last year; and a net profit of HK$701 million for the year, representing a decline of 19.7% as compared with last year.

The Group recorded a gross profit margin of 39.9%, representing a decrease of 6.9 percentage points as compared with last year; while net profit margin was recorded at 20.2%, representing a drop of 2.3 percentage points as compared with last year.

During the year under review, due to Sino-US trade conflicts, downstream players of the industry became more prudent in procurement, market demand for chemical products thus experienced relatively higher volatility. As a result, the overall market price of chemical products gradually fell from their high levels in 2018. The Group proactively enhanced occupational safety measures and made significant investments in modern technologies and holistic staff training, with the aim of obtaining 'Grade A Safe Production Standardization Enterprise Certification', thus ensuring sustainable development under safe production conditions. This exercise inevitably exerted pressure on gross profit and affected the profit margins of the Group.

PROSPECTS

The novel coronavirus outbreak has undoubtedly presented difficult challenges to the business environment of domestic enterprises in virtually all sectors. Nevertheless, with the signing of the first-phase trade agreement between China and the United States, the tensions resulting from the Sino-US trade situation and the external economic conditions are likely to be alleviated. As the Group expects challenging business prospects in 2020, it will strive to maintain a cost-effective operation while exploring sources of business growth.

Sales of commercial hydrogen have begun in the fourth quarter of 2019, contributing to the development of hydrogen-cell batteries. Construction of the infrastructure of the new factory in Gaolan Port, Zhuhai, is nearly completed. Production of the Group's internally-developed lithium battery electrolyte additives is expected to commence by mid-2020. Furthermore, the Group will also continue its dedication to the research and commercialization of specialty polymers, lithium battery chemicals and innovative surface treatment agents, as well as further vertical expansion to widen the variety of downstream products.

業務回顧

截至2019年12月31日止年度，本集團錄得總營業額34.77億港元，按年下跌10.3%，而年內溢利為7.01億港元，按年下跌19.7%。

本集團毛利率為39.9%，按年下跌6.9個百分點；淨利潤率為20.2%，按年下跌2.3個百分點。

回顧年內，受到中美貿易摩擦影響，下游產業的採購取態轉趨審慎，化工產品的市場需求較以往波動，化工產品整體市場價格亦自2018年的高位有所下降。本集團積極提升職業安全，投入大量現代化技術及全方位的員工培訓，目標是能獲取安全生產標準化一級企業認證，在確保安全生產的前提下持續發展。但期間難免對毛利造成壓力，影響本集團的邊際利潤。

展望

新型冠狀病毒爆發，無疑會令國內企業經營環境造成嚴峻考驗。然而，隨著美國與中國第一階段貿易協議經已正式簽署，中美貿易形勢以至外圍經濟局勢的緊張情緒有望緩和。本集團預期2020年經營前景甚具挑戰，務求於穩守成本效益的同時致力開拓業務增長來源。

商品氫氣的銷售已於2019年第四季啟動，為氫能源電池的發展作出貢獻。位於珠海市高欄港的新廠房基礎建設已接近完成，預計自主研發的鋰電池電解液添加劑將會在2020年年中投產。本集團亦會繼續致力於特種聚合物，鋰電池化學品及新型表面處理劑進行研究及商業化，垂直擴張，擴充下游產品種類。

Chairman's Statement
主席報告

In view of the increased strengthening of the industrial safety and environmental protection requirements of the PRC government, the Group will be committed to improving internal control standards, so as to achieve sustainable development. Moreover, the Group will strive to promote the concept of green manufacturing, and to practice a clean, efficient and low-carbon development management, in order to be socially responsible through energy conservation and emission reduction, and deliver sustainable and promising returns to shareholders.

面對政府對工業安全和環保標準日趨嚴格，本集團致力提升內控標準，以可持續發展為目標。本集團並同時致力推行綠色生產，踐行清潔、高效、低碳的發展管理，貫徹落實節能減排的社會責任，為股東帶來持續而理想的回報。

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to the Company's shareholders, customers and business partners for their strong support throughout the year. In addition, I would also like to take this opportunity to thank all colleagues and staff for their persistent efforts and contribution to the Group.

鳴謝

本人謹代表董事會，向本公司股東、客戶及業務夥伴於本年度給予的鼎力支持，表示衷心致意。此外，本人亦藉此機會感謝各位員工一直努力不懈，持續為本集團作出貢獻。

On behalf of the Board
Wai Siu Kee
Chairman

Hong Kong, 5 March 2020

代表董事會
衛少琦
主席

香港，2020年3月5日

Management Discussion and Analysis
管理層討論及分析

RESULTS OF OPERATION

Revenue and net profit attributable to equity holders of the Group for the year ended 31 December 2019 was HK$3,477 million and HK$701 million respectively, representing a decrease of 10.3% and a decrease of 19.7%, as compared to HK$3,877 million and HK$872 million respectively for the last year.

The basic earnings per share was HK84.9 cents for the year ended 31 December 2019 (2018: HK105.8 cents).

Revenue

During the year under review, the Group recorded a decrease of approximately HK$400 million in revenue compared to the last year.

As compared to the last year, the average selling price per ton of caustic soda was approximately RMB850, decreased by 23%; the average selling price per ton of methylene chloride and chloroform was approximately RMB3,200 and RMB2,800, decreased by 11% and 10% respectively; the average selling price per ton of polytetrafluoroethylene was approximately RMB49,000, decreased by 23%.

The actual production volume of our primary products for the year (including self-consumption) was approximately 350,000 tons for CMS products, 540,000 tons for 100% dry basis caustic soda, 8,000 tons for polytetrafluoroethylene and 230,000 tons for hydrogen peroxide.

Despite the overall increase in production volume of our primary products, the selling prices of our primary products had fallen from the peak in early 2018 and comparable decline in costs of certain major raw materials had not been observed. During the year under review, gross profit margin of the Group decreased by 6.9 percentage points, from 46.8% of last year to 39.9% of current year, and net profit margin decreased by 2.3 percentage points, from 22.5% of the last year to 20.2% of the current year. The Group will strive to improve profit contributions by maintaining its stable and full-load production and managing controllable productions costs through ongoing technical and process optimization.

Selling and distribution costs

During the year under review, selling and distribution costs amounted to approximately HK$215 million, decreased by approximately HK$16 million as compared to HK$231 million of the last year. The decrease in expenses for the year was mainly a combined effect of the additional needs for deliveries driven by the hiked sales volume and the decrease in average transportation costs. The selling and distribution costs represented approximately 6.2% of total revenue for the year and was comparable to that of 6.0% of the last year.

經營業績

截至2019年12月31日止年度，本集團之收入及股東應佔溢利分別為34.77億港元及7.01億港元，較去年38.77億港元及8.72億港元，分別下跌10.3%及下跌19.7%。

截至2019年12月31日止年度，每股基本盈利為84.9港仙（2018：105.8港仙）。

收入

於回顧年內，集團收入較去年下跌約4.00億港元。

與去年比較，集團產品燒鹼每噸的平均銷售價約850元人民幣，下跌23%；二氯甲烷和三氯甲烷每噸的平均銷售價分別約3,200元人民幣及2,800元人民幣，下跌11%及10%；聚四氟乙烯每噸的平均銷售價約49,000元人民幣，下跌23%。

主要產品的實際生產量（包含自用）為：甲烷氯化物約35萬噸，折百燒鹼約54萬噸，聚四氟乙烯約8,000噸及過氧化氫約23萬噸。

雖然主產品的產量於去年均有所提升，但由於主產品的售價自2018年初的高位拾級而落，若干主要原材料的採購成本亦未見相應下跌。於回顧年內，本集團毛利率由去年的46.8%下跌6.9個百分點至今年的39.9%；純利率則由去年的22.5%下跌2.3個百分點至今年的20.2%。本集團將繼續保持穩定及近滿負荷生產，並持續優化技術工藝以控制可控生產成本，以期提升整體利潤貢獻。

銷售及分銷成本

於回顧年內，銷售及分銷成本約為2.15億港元，與去年約2.31億港元比較，減少約1,600萬港元。年內費用減少主要是運輸貨量增加以及平均運輸費率下降的綜合影響。銷售及分銷成本相對年內總收入的佔比約為6.2%，跟去年的6.0%相若。

Administrative expenses

During the year under review, administrative expenses amounted to approximately HK$213 million, decreased by approximately HK$13 million as compared to HK$226 million of the last year. The decrease in expenses for the year mainly attributable to the business benefiting from the reduced VAT in China and the decrease in depreciation charges. The administrative expenses represented approximately 6.1% of total revenue for the year, as compared to 5.8% for the last year.

行政費用

於回顧年內，行政費用為約2.13億港元，與去年約2.26億港元比較，減少約1,300萬港元。年內費用減少主要受業務受惠於國內增值稅下調政策和折舊減少所致。行政費用相對年內總收入的佔比約為6.1%，而去年則約為5.8%。

Research and development cost

During the year under review, research and development costs amounted to approximately HK$139 million and representing 4% of total revenue for the year. During the year, continuous spending are made to research and development of new products and optimization of technical processes, recruitment of senior scientists and chemical professionals, procurement of equipment and testing materials, so as to maintain the sustainable development of the Group.

研發成本

於回顧年內，研發成本為約1.39億港元，佔年內總收入約4%。年內集團繼續加強投放資源在新產品研發和優化工藝技術，增聘高級及化工專業人員，購置設備和測試物料，保持集團的可持續發展。

Finance costs

During the year under review, the interest expenses incurred was approximately HK$78 million, decreased by approximately HK$16 million as compared to HK$94 million of the last year. The decrease in expenses was mainly due to the decrease in outstanding loan balances and overall interest rates.

融資成本

於回顧年內，利息支出為約7,800萬港元，與去年約9,400萬港元比較，減少約1,600萬港元。年內費用減少主要由於貸款餘額減少及整體息口下降所致。

Net exchange loss

During the year under review, the net exchange loss was approximately HK$10 million. The net exchange loss of the Group is mainly driven by the fluctuation of Renminbi in 2019.

匯兑淨虧損

於回顧年內，匯兑淨虧損為約1,000萬港元。主要由於2019年人民幣的匯價波動所致。

Management Discussion and Analysis
管理層討論及分析

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover of the Group for the year ended 31 December 2019 was 98 days, increased by 10 days as compared to 88 days of the last year.

Due to stringent credit control of the Group, the debtors' turnover days of the Group was controlled at 25 days for the year ended 31 December 2019 as compared to 28 days for the last year, which is in line with the normal credit period of 7 days to 60 days granted to customers of the Group.

The Group's creditors' turnover days was 38 days for the year ended 31 December 2019 as compared to 27 days for the last year, which is in line with the normal credit terms of 7 days to 45 days granted by the suppliers to the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 31 December 2019 was HK$3,851 million (31.12.2018: HK$3,479 million). As at 31 December 2019, the Group had current assets of HK$1,538 million (31.12.2018: HK$1,736 million) and current liabilities of HK$1,244 million (31.12.2018: HK$1,541 million). The current ratio was 1.24 as at 31 December 2019 as compared to 1.13 at 31 December 2018.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2019, the Group had outstanding bank borrowings of HK$1,498 million (31.12.2018: HK$1,874 million). These bank loans were secured by corporate guarantees provided by the Company and its certain subsidiaries. As at 31 December 2019, the Group maintained bank balances and cash of HK$246 million (31.12.2018: HK$593 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) as at 31 December 2019 was 32.52% (31.12.2018: 36.83%).

The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its capital commitments, working capital requirements and future investments for expansion.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2019, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and land use rights in amount of approximately HK$261 million.

存貨、應收賬款及應付賬款周轉期

截至2019年12月31日止年度，本集團之存貨周轉期天數為98天，較去年的88天增加了10天。

由於本集團持續採取嚴格信貸控制，截至2019年12月31日止年度本集團之應收賬款周轉天數控制於25天，而去年則為28天，與本集團給予客戶的正常賒賬期7天至60天一致。

截至2019年12月31日止年度，本集團之應付賬款周轉天數為38天，而去年則為27天，與供應商給予本集團的正常賒賬期7天至45天一致。

流動資金、財務資源及資本結構

於2019年12月31日，本集團的股東權益總額為38.51億港元(31.12.2018：34.79億港元)。於2019年12月31日，本集團的流動資產達15.38億港元(31.12.2018：17.36億港元)，而流動負債則為12.44億港元(31.12.2018：15.41億港元)。於2019年12月31日的流動比率為1.24，而於2018年12月31日則為1.13。

本集團一般以內部產生的現金流，以及中港兩地主要往來銀行提供的信貸備用額作為業務的營運資金。於2019年12月31日，本集團的未償還銀行借款為14.98億港元(31.12.2018：18.74億港元)。該等銀行借款由本公司及其若干附屬公司提供的公司擔保作為抵押。於2019年12月31日，本集團銀行結餘及現金2.46億港元(31.12.2018：5.93億港元)。本集團的淨負債對權益比率(銀行借款總額減現金及現金等價物除以股東權益)於2019年12月31日為32.52%(31.12.2018：36.83%)。

本集團保持著強勁的流動資金並具備充裕的現金及可供動用的銀行備用額，以應付集團的資本承擔，營運資金需要及未來的投資發展。

資本及其他承擔

於2019年12月31日，本集團已訂約而未計入綜合財務報表內的資本性支出，用作購置物業、廠房及設備及土地使用權之數額約2.61億港元。

HUMAN RESOURCES

At 31 December 2019, the Group had a workforce of around 2,100 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

人力資源

於2019年12月31日，本集團員工約2,100名。本集團與員工關係一向良好，並為員工提供足夠培訓、優厚福利及獎勵計劃。員工酬金乃按彼等之工作表現、專業經驗及當時之市場狀況而釐定，除基本薪金外並按員工表現發放花紅。

KEY RISKS AND UNCERTAINTIES

Apart from those stated in the Chairman's Statement and Management Discussion and Analysis sections, the Company is exposed to the following key risks and uncertainties which are required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

1. Risks Relating to Our Industry

Some of our raw materials and products fall within the category of hazardous chemicals. Any leakage of such chemicals, due to equipment malfunction or wrongful operations, may result in personal injury. The Company regards safety as the top priority. To minimize risks, regular maintenance of our production equipment is conducted. Important equipment is inspected by "Special Equipment Safety Supervision Inspection Institute", to ensure proper management of our equipment and devices. In addition, the Company strictly executes safety management standardization. The Company regularly conducts safety classes and shares safety management experience to our production teams. Emergency drills are organized twice a year to ensure that our staff members have thorough knowledge in safe production and avoid the occurrence of wrongful operations.

2. Credit Risks Relating to Customers

Exposure to bad debts attributable to customers usually intensifies in a time of weak economic performance. To minimize credit risks, the management of the Group has appointed dedicated staff members to handle procedures for determining credit limits, credit approval and other monitoring procedures, to ensure follow-up with all receivables in a timely manner. In addition, the Group reviews the collectability of receivables at the end of a reporting period, to ensure that sufficient impairment losses are provided for in respect of uncollectible amount.

主要風險及不明朗因素

除主席報告書及管理層討論及分析提述事宜以外，本公司根據公司條例(香港法例第622章)須予披露所面對的主要風險及不明朗因素如下。

1. 行業風險

公司部分原材料和產品屬危險化學品，如有設備損壞或操作失誤會產生洩漏，對人員造成傷害。公司視安全生產為企業首要目標，為減低風險，公司在生產裝置上定期做好保養維護，重要設備由「特種設備安全監督檢驗研究院」負責檢查，保證設備裝置的完整性管理。此外，公司實行安全管理標準化，一直推行班組會宣傳安全教育，定期分享其他公司的安全管理，並每年安排兩次應急演練，使員工對安全生產有深刻的認識，避免誤操作現象的發生。

2. 客戶的信貸風險

隨著經濟疲弱，客戶壞帳風險相對增加。為減低信貸風險，本集團管理層已委派特定人員負責釐定信貸限額、信貸審批及其他監控程序，以確保及時跟進所有應收帳款。此外，本集團會於報告期末已檢討債項之可收回款額，以確保就不可收回款額作出足夠之減值虧損。

Management Discussion and Analysis
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3. Liquidity Risks

In managing liquidity risks, the Group monitors and maintains cash and cash equivalents at a level which is considered by the management as sufficient, to satisfy the needs arising from the Group's operations and to mitigate the effect of fluctuations of cash flow. The management closely monitors the use of borrowings to ensure that relevant covenants relating to loans are complied with.

4. Currency Risks

Debts denominated in foreign currencies expose the Group to foreign exchange risks. The Group closely manages and monitors foreign exchange risks to ensure that appropriate measures are taken in a timely manner. The Group will consider entering into forward contracts in respect of foreign currencies to mitigate relevant risks as and when appropriate. As of 31 December 2019, the Group did not have any outstanding forward contracts in respect of foreign currencies.

5. Interest Rate Risks

The Group's interest rate risks are primarily related to its bank balances and bank borrowings carried at floating interest rates. The management will closely monitor interest rate risks and consider hedging material interest rate fluctuations when necessary.

3. 流動資金風險

管理流動資金風險時，本集團會監察及保持管理層視為足夠水平之現金及現金等值項目，以撥付本集團營運所需及減低現金流量波動之影響。管理層會密切監察借貸之使用情況，確保遵守相關借款契約。

4. 貨幣風險

因有外幣負債，以致本集團承受外幣滙兑風險。本集團會密切管理及監察外匯風險，以確保及時地採取適當措施。本集團會在適當時候考慮訂立外幣遠期合約以降低有關風險。截至2019年12月31日，本集團並沒有已訂立而未到期的外幣遠期合約。

5. 利率風險

本集團之利率風險主要與浮息銀行結存及銀行借貸有關。管理層會密切監控利率風險，並將在有需要時考慮對沖重大利率波動。

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CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Board of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests. During the year, the Company has complied with The Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Board is committed to complying with the code provisions as stated in the Code to the extent that the directors of the Company ("Directors") consider it is applicable and practical to the Company.

The objectives of the management structures within the Group, headed by the Board and led by the Chairman, are to deliver sustainable value to Shareholders.

The Chairman provides leadership to and oversees the effective functioning of the Board. With support of the Chief Executive Officer and the Company Secretary, the Chairman approves Board meeting agenda, and ensures Directors have proper briefing, and timely receive adequate and reliable information, on all Board matters.

The role of the Chairman is separate from that of the Chief Executive Officer, and different persons hold the separate offices. The Chief Executive Officer heads the management and focuses on the day-to-day operations of the Group.

企業管治常規

本公司致力保持高水準之企業管治。本公司董事會相信，對本集團增長及對保障及提高股東權益而言，完善及合理的企業管治常規實在不可或缺。本公司於年內一直遵守香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄14所載之企業管治守則及企業管治報告(「守則」)。董事局承諾，在本公司董事(「董事」)認為適用於本公司及切實可行的前提下，遵守守則所載的守則條文行事。

本集團內管理架構以主席領導的董事會為首，其目標是持續不斷為股東創造價值。

主席負責領導並監督董事會，使其得以有效發揮功能。在首席執行官及公司秘書的支援下，主席批准董事會會議議程，並確保董事獲給予恰當簡報，且及時就一切有關董事會的事宜發放充足可靠的資料。

主席與首席執行官的職務明確劃分，職務由不同人士擔任。首席執行官負責領導管理層，專門負責本集團的日常營運。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding Directors' securities transactions in 2005. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2019. The Model Code also applies to other specified senior management of the Group.

董事之證券交易

本公司已於2005年採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至2019年12月31日止年度內均遵守標準守則所載之規定守則。標準守則亦適用於本集團之特定高級管理層。

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BOARD OF DIRECTORS

Composition and role
The Board comprises:

Executive Directors
Ms. Wai Siu Kee *(Chairman)*
Mr. Lee Man Yan *(Chief Executive Officer)*
Professor Chan Albert Sun Chi
Mr. Yang Zuo Ning

Independent non-executive Directors
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Heng Victor Ja Wei

The Board comprises four executive Directors (one of whom is the Chairman and one of whom is the Chief Executive Officer) and three independent non-executive Directors. The three independent non-executive Directors represent more than one-third of the Board. In addition, three of the independent non-executive Directors possess appropriate legal, professional accounting qualifications and financial management expertise.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive Directors are explicitly identified in all of the Company's corporate communications.

董事會

架構及角色
董事會包括：

執行董事
衛少琦女士*(主席)*
李文恩先生*(首席執行官)*
陳新滋教授
楊作寧先生

獨立非執行董事
王啟東先生
尹志強先生*BBS太平紳士*
邢家維先生

董事會包括4位執行董事(其中1位為主席及1位為首席執行官)及3位獨立非執行董事。3位獨立非執行董事佔董事會成員三分之一以上。此外，3位獨立非執行董事分別具適當之法律、專業會計師資格及財務管理經驗。

董事會主要著眼於本集團之整體策略及發展。董事會亦監察本集團之財務表現及經營業務之內部監控。

獨立非執行董事亦在確保及監察有效企業管治之架構中擔當非常重要的角色。董事會相信每一位獨立非執行董事均有其獨立性及判斷力，彼等均合符上市規則規定之特定獨立準則。本公司已接獲各獨立非執行董事根據上市規則第3.13條規定所作出之年度獨立性確認函。而獨立非執行董事均可在本公司所有企業通訊內明確識別。

The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

主席經徵詢全體董事，首要負責草擬及審批每次董事會會議之議程。開會通知最少於常務會議14天前發送予各董事，如需要，董事可要求在議程內加插討論事項。召開常務會議時，一套完整議程連同開會文件會在開會前之合理時間內發送予各董事。草擬的會議紀錄亦會於合理時間內送交各董事省閱，方予確認。

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information in a timely manner, which enable the Board to make an informed decision on matters placed before it.

董事會及董事委員會之會議紀錄由相關會議所委任之秘書保存，所有董事均有權查閱董事會文件及相關資料及適時地獲提供足夠資料，使董事會可於決策事項前作出有根據的判斷。

During the year, 5 full board meetings were held and the individual attendance of each Director is set out below:

於年內，已召開5次全體董事會，各董事出席情況詳列如下：

Name of Director	**董事姓名**	**Number of board meetings attended 出席會議次數**
Ms. Wai Siu Kee	衛少琦女士	5
Mr. Lee Man Yan	李文恩先生	5
Professor Chan Albert Sun Chi	陳新滋教授	5
Mr. Yang Zuo Ning	楊作寧先生	4
Mr. Wong Kai Tung, Tony	王啟東先生	4
Mr. Wan Chi Keung, Aaron *BBS JP*	尹志強先生*BBS太平紳士*	4
Mr. Heng Victor Ja Wei	邢家維先生	4

Each newly appointed Director receives comprehensive, formal and tailored induction on his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

各新委任董事獲委任時均會獲得一項全面、正規及切合個人需要的入職指引，以確保彼對本集團業務及運作有恰當的了解，並全面知悉其根據上市規則及有關法例規定下之職責及責任。在有需要時，本公司亦會安排向董事提供持續簡介及專業發展，費用由本公司承擔。

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at Board meetings or through emails.

本公司就本集團業務發展及立法及監管環境之變動，於董事局會議內或通過發送電子郵件向董事提供定期更新及呈列。

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The Directors are committed to complying with Code Provision A.6.5 of the Code on directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2019 to the Company. The type of training received is summarized below:

董事承諾遵守守則有關董事培訓之守則條文第A.6.5條，截至2019年12月31日止年度，全體董事均有參與發展及更新彼等知識及技能之持續專業發展，並已向本公司提供彼等所接受培訓的類型如下：

Name of Director	董事姓名	Reading regulatory updates 閱讀監管規定更新資料	Attending external seminars/ programmes 參與外界機構舉辦研討會／活動
Executive Directors	**執行董事**		
Ms. Wai Siu Kee	衛少琦女士	✓	✓
Mr. Lee Man Yan	李文恩先生	✓	✓
Professor Chan Albert Sun Chi	陳新滋教授	✓	✓
Mr. Yang Zuo Ning	楊作寧先生	✓	✓
Independent non-executive Directors	**獨立非執行董事**		
Mr. Wong Kai Tung, Tony	王啟東先生	✓	✓
Mr. Wan Chi Keung, Aaron *BBS JP*	尹志強先生*BBS太平紳士*	✓	✓
Mr. Heng Victor Ja Wai	邢家維先生	✓	✓

All Independent non-executive Directors entered into service contracts with the Company, for a term of approximately one year, commencing upon conclusion of the AGM of the year of signing and ending at the next annual general meeting of the Company but, in any event, no later than 30 June to the following year of signing.

所有獨立非執行董事均與本公司簽訂服務合約，彼等之任期約一年，由簽訂當年之股東週年大會結束開始直至下一次股東週年大會日期止，惟無論如何將不會遲於簽訂次年之6月30日。

AUDIT COMMITTEE

審核委員會

The Audit Committee was established in 2001 and its current members include:

審核委員會於2001年成立，其現時成員包括：

Mr. Heng Victor Ja Wei *(Chairman)*
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

邢家維先生*(主席)*
王啟東先生
尹志強先生*BBS太平紳士*

The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in accounting, business and legal on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The written terms of reference which describe the authority and duties of the Audit Committee were adopted in March 2012 to conform to the provisions of the Code, and revised in January 2019 to reflect the relevant amendments of the Corporate Governance Code. A copy of which is posted on the Company's website.

董事會認為各審核委員會成員均具備廣泛營商經驗，審核委員會當中兼備合適之會計、商業及法律專業。審核委員會之架構及成員符合上市規則第3.21條之規定。為符合守則條文，載列審核委員會權限及職責的書面職權範圍已於2012年3月被採納，並已於2019年1月經修訂，以反映企業管治守則之相關修訂。職權範圍全文已刊載於本公司網頁內。

The Audit Committee meets regularly to review the Group's financial reporting and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectiveness of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

審核委員會定期開會以檢討本集團之財務匯報及給予股東之其他資料、內部監控系統、風險管理及審核過程之有效性及客觀性。審核委員會並為董事會及公司核數師之間之重要橋樑，在其職權範圍內持續檢討核數師之獨立性及客觀性。

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2019.

審核委員會已與管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務匯報等事項進行討論，其中包括審閱截至2019年12月31日止年度之財務報表。

During the year, 3 Audit Committee meetings were held and the individual attendance of each member is set out below:

年內，共召開3次審核委員會會議，個別成員的出席情況詳列如下：

Name of Director	董事姓名	Number of attendance 出席會議次數
Mr. Heng Victor Ja Wei	邢家維先生	3
Mr. Wong Kai Tung, Tony	王啟東先生	3
Mr. Wan Chi Keung, Aaron *BBS JP*	尹志強先生*BBS太平紳士*	3

REMUNERATION COMMITTEE

薪酬委員會

The Remuneration Committee was established in 2005 and its current members include:

薪酬委員會於2005年成立，其現時成員包括：

Mr. Heng Victor Ja Wei *(Chairman)*
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

邢家維先生*(主席)*
王啟東先生
尹志強先生*BBS太平紳士*

All members of the Remuneration Committee are independent non-executive Directors. The Remuneration Committee makes recommendations to the Board on the Group's overall policy and structure for the remuneration of Directors and senior management. The Remuneration Committee ensures that no Director or any of his associate is involved in deciding his own remuneration. The terms of reference of the Remuneration Committee were adopted in March 2012 to conform to the provisions of the Code, a copy of which is posted on the Company's website.

所有薪酬委員會成員均為獨立非執行董事。薪酬委員會為董事及高級管理層之薪酬之整體政策及架構向董事會作出建議。薪酬委員會確保概無董事或其任何聯繫人參與釐定其本身之薪酬。為符合守則條文，薪酬委員會的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內。

In determining the emolument payable to Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

在釐定應付予董事之酬金時，薪酬委員會乃考慮各項因素，包括同業薪金水平，董事所奉獻之時間及其職責，集團內部的僱傭情況及與表現掛鈎之酬金。

The Remuneration Committee has met during the year to determine the policy for the remuneration of Directors and assess performance of executive Directors and certain senior management and all members have attended in the meeting.

薪酬委員會已於本年度開會以釐定董事之酬金政策及評估執行董事及若干高級管理層之表現，所有成員均有出席會議。

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NOMINATION COMMITTEE

The Nomination Committee was established in March 2012 and its current members include:

Ms. Wai Siu Kee *(Chairman)*
Mr. Heng Victor Ja Wei
Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*

The majority members are independent non-executive Directors. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors. The terms of reference of the Nomination Committee were adopted in March 2012 to conform to the provisions of the Code, and revised in August 2013 and January 2019 to reflect the relevant amendments of the Corporate Governance Code. A copy of which is posted on the Company's website.

The Nomination Committee reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. One Nomination Committee meeting was held during the year and all members have attended in the meeting.

Nomination Policy

Objectives

The key objectives of the Nomination Policy (the "Nomination Policy") shall inter-alia include the following:

- to set out the criteria and process for the nomination and appointment of Directors of the Company;
- to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business; and
- to ensure the Board's continuity and appropriate leadership at the Board level.

提名委員會

提名委員會於2012年3月成立，現時成員包括：

衛少琦女士*(主席)*
邢家維先生
王啟東先生
尹志強先生*BBS太平紳士*

其大部份成員均為獨立非執行董事。提名委員會主要負責考慮及提名合適人選成為董事會成員，並負責定期檢討董事會構成，及制訂提名及委任董事之有關程序，就董事之委任及繼任計劃向董事會提供推薦意見，以及評估獨立非執行董事之獨立性。為符合守則條文，提名委員會的職權範圍已於2012年3月被採納並已於2013年8月及2019年1月經修訂，以反映企業管治守則之相關修訂。職權範圍全文已刊載於本公司網頁內。

提名委員會已檢討董事會目前之架構、規模及構成，以保證各董事具有適合本公司業務要求的均衡知識、技能及經驗。年內召開會議一次，所有成員均有出席會議。

提名政策

目標

提名政策(「提名政策」)的主要目標應包括(其中包括)以下內容：

- 就提名及委任本公司董事事宜，制定標準及程序；
- 確保董事會具有適用公司業務需要之相應技能、經驗及觀點多樣化的平衡；及
- 確保董事會的連續性及董事會層面的領導質素。

Appointment and Re-appointment of Director

Nomination Committee shall identify and ascertain the integrity, qualification, expertise and experience of the candidate who is considered for being appointed/re-elected as Director and apply due diligence in compliance with all applicable provisions of the laws of the Cayman Islands and the Listing Rules including any amendments thereto from time to time. Also, the Nomination Committee shall consider recommendations for candidates to the Board from shareholders of the Company.

The Nomination Committee shall obtain all applicable declarations and undertaking as provided under the laws of the Cayman Islands and the Listing Rules. In case of independent non-executive Directors, the Nomination Committee shall ensure that the independent non-executive Directors meet the criteria of independence as laid down in the Listing Rules.

While recommending any potential new Board member(s)/re-appointment of existing member(s) to the Board, the Nomination Committee shall consider the following:

- candidate's character, integrity, qualifications including professional qualifications, skills, knowledge and experience and diversity criteria under the Board Diversity Policy of the Company which are relevant to the Company's business and corporate strategy, other commitments and the like;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the Main Board Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- the potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence, gender diversity and diversity of perspectives;
- willingness and ability to devote sufficient time to discharge duties as a member of the Board and/or Board committee(s);
- such other criteria which are appropriate to the Company's business and corporate strategy and the Board's succession plan and, where applicable, which may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning;
- any other factors as the Nomination Committee may deem fit to consider in the best interests of the Company and shareholders of the Company.

委任及續聘董事

提名委員會應辨識並確定被委任或重選為董事候選人的誠信、資格、專業知識和經驗，並根據所有適用的開曼群島法例及上市規則包括其不時作出的任何修訂來進行盡職調查。此外，提名委員會應考慮本公司股東向董事會提出的候選人建議。

提名委員會應根據開曼群島法例和上市規則的規定獲得所有適用的聲明和承諾。就獨立非執行董事而言，提名委員會應確保獨立非執行董事符合上市規則所載的獨立性之標準。

在向董事會推薦任何合適的新董事會成員／續聘現有董事會成員時，提名委員會應考慮以下事項：

- 候選人的性格、誠信、資歷包括專業資格、技能、知識、企業經驗、根據公司多元化政策制定的與公司戰略及業務相關的多元化標準及其他承諾等；
- 任何為實現董事會多元化而採取的任何可計量的目標；
- 董事會按上市規則要求設立獨立董事及該候選人是否根據上市規則所載之獨立準則被視為獨立人士；
- 候選人在資歷、技能、經驗、獨立性、多元化性別及多元化觀點方面能為董事會帶來的潛在貢獻；
- 願意並有能力投入足夠的時間履行董事會和／或董事會委員會成員的職責；
- 其他適用於公司業務及公司策略及董事會繼任計劃的準則，以及在適當情況下，董事會及／或提名委員會可不時採納及／或修訂的準則，以提名董事及／或進行繼任計劃；及
- 提名委員會認為對本公司及本公司股東最佳利益的任何其他因素。

Once the Nomination Committee determines that an additional or replacement Director is required, the Nomination Committee may take such measures that it considers appropriate in connection with its evaluation of a candidate, including inquiry of the person or persons making the recommendation or nomination, engagement of an outside search firm to gather additional information, or reliance on the knowledge of the members of the Nomination Committee, the Board or management.

當提名委員會確定需要增加或替換董事，提名委員會可以採取其認為合適及相關的措施評估候選人包括對提出推薦或提名的人員進行查詢、聘用外間調查公司收集其他信息、或依賴提名委員會、董事會或管理層成員的知識。

The Nomination Committee may retain the services of other professional third parties to assist in identifying and evaluating potential candidates.

提名委員會可以聘用其他專業第三方提供服務以協助辨識和評估合適的候選人。

The Nomination Committee and the Board shall ensure that the composition of the Board is in conformity with the laws of the Cayman Islands, the Listing Rules and all other applicable laws and regulations.

提名委員會和董事會應確保董事會的組成符合開曼群島法例、上市規則和所有其他適用法律法規。

In accordance with the Articles of Association and applicable laws and regulations, Mr. Wong Kai Tung, Tony and Mr. Heng Victor Ja Wei, shall retire by rotation and being eligible, offer themselves for re-election at the next forthcoming annual general meeting.

根據組織章程細則及適用法律法規，王啟東先生及邢家維先生將於應屆股東週年大會上輪值告退，惟符合資格並願意膺選連任。

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

提名委員會建議重新委任願意於本公司應屆股東週年大會上膺選連任之董事。

BOARD DIVERSITY

The Company has devised a policy on Board diversity to ensure adequate diversity in its Board, with effect from 1 January 2019.

董事會多元化

本公司已訂定董事會成員多元化政策以確保董事會充分多元化，自2019年1月1日生效。

Vision

The Company believes diversity is important to enhance the Board's effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. The Company will continue to monitor and develop new objectives for implementing and achieving improved diversity on the Board as and when it considers appropriate with regard to the specific needs of the Company and the market from time to time.

願景

本公司深信，多元化政策能夠鼓勵不同觀點百花齊放，對提升董事會效能及維持高水平企業管治至關重要。本公司將繼續因應本公司和市場不時的具體需求，在其認為有需要時監察及訂立新目標，藉以提升董事會的多元性。

Policy Statement

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

政策聲明

公司認可到並接納董事會多元化的成效，並將董事會層面的多元化視為保持本公司競爭優勢的一個重要因素。

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, which will include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and the like. The ultimate decision will be based on overall contribution that the selected candidates will bring to the Board and the Company.

可計量目標

甄選人選將按一系列多元化範疇為基準，當中將包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識等。最終將按入選候選人可為本公司及董事會帶來的整體貢獻而定。

Review of the Policy

The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

政策檢討

提名委員會將監察該政策的執行，並將不時在適當時候檢討該政策，以確保該政策行之有效。提名委員會將會討論任何或需作出的修訂，供董事會考慮及審批。

During the year, the Company continued to monitor the board composition with regard to its diversity policy which requires board appointments to be made based on merit and candidates to be considered against an objective criteria, including diversity. In order to maintain an appropriate mix and balance of talent, skills, experience and background on the Board, the Nomination Committee developed measurable objectives to implement this policy and monitored progress towards achieving these objectives during the year ended 31 December 2019.

年內，本公司繼續監察董事會組成的多元化政策，該政策要求董事會委任以用人唯才為原則，並以多元化等客觀條件考慮董事人選。提名委員會為令董事會保持適當的才能、技能、經驗及背景組合及平衡，已訂立可計量目標以實施上述政策，並於截至2019年12月31日止年度監察達成有關目標的進度。

The current board composition was also evaluated by reference to, among other things, the age, gender, cultural and educational background and professional experience of each director, against the Company's business model and specific needs.

公司亦參照每名董事的年齡、性別、文化及教育背景以及專業經驗等方面，因應本公司的業務模式及具體需求評核現任董事會的組成。

EXTERNAL AUDITOR

外聘核數師

For the year ended 31 December 2019, the fee payable to the Company's external auditor in respect of audit and non-audit services provided to the Company and its subsidiaries is set out below:

於截至2019年12月31日止年度，就本公司及其附屬公司獲提供的審計及非審計服務向本公司外聘核數師應付的費用載列如下：

		HK$'000 千港元
Audit services	審計服務	1,850
Non-audit services (including review of continued connected transactions and other services)	非審計服務（包括持續關連交易之審閱及其他服務）	225
		2,075

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RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management and internal control systems provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage it risks across business operations effectively.

The Group has established a risk management framework, which consists of the Board of Directors, the Audit Committee and the Risk Management Taskforce (i.e. Senior Management). The Board of Directors determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established and assigned for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to provide internal audit services, which assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board of Directors at least once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective.

The risk management and internal control 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.

風險管理及內部監控

本集團的風險管理及內部監控系統透過清晰的管治架構、政策及程序及彙報機制，有效地管理本集團各業務範疇的風險。

本集團已成立風險管理組織架構，由董事會、審核委員會及風險管理小組(集團管理層)組成。董事會負責評估及釐定本集團達成策略目標時所願意接納的風險性質及程度，並確保本集團設立及維持合適及有效的風險管理及內部監控系統。董事會亦全權負責監督風險管理及內部監控系統的設計、實施及監察其整體有效性。

本集團亦已訂定及採納企業風險管理制度，提供有效的辨認、評估及管理重大風險的政策。風險管理小組至少每年一次對影響集團實現業務目標的風險事項進行識別，並通過規範的機制進行評估及排序，對主要風險制定風險緩解計劃及指定風險負責人。

此外，本集團外聘獨立專業機構提供內部審計服務，以協助董事會及審計委員會持續監督本集團的風險管理及內部監控系統，識別內部控制設計及運行中的缺陷並提出適當的改進意見。如發現嚴重的內部監控缺失，會及時向審核委員會及董事會彙報確保採取及時補救措施。

風險管理報告和內部審計報告均至少每年提交審核委員會及董事會。董事會已就本集團的風險管理及內部監控系統是否有效進行年度檢討，包括但不限於集團應付其業務轉變及外在環境轉變的能力、管理層持續監察風險管理及內部監控系統的工作範疇及素質、內部審計工作結果、向董事會傳達風險及內部監控結果的詳盡程度及次數、期內發生的重大監控失誤或發現的重大監控弱項以及有關影響、集團就上市規則的遵守情況等，並確認現有的風險管理及內部監控系統的有效性。

上述風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險。因此，該等系統只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities & Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

處理及發放內幕消息的程式和內部監控措施

本集團遵循證券及期貨條例和上市規則的規定，於知悉任何內幕消息後，在合理地切實可行的範圍內，會儘快向公眾披露該消息，除非有關消息屬於證券及期貨條例下任何安全港條文的範圍。本集團在向公眾全面披露有關消息前，會確保該消息絕對保密。若本集團認為無法保持所需的機密性，或該消息可能已外洩，會即時向公眾披露該消息。本集團亦致力確保公告中所載的資料不得在某事關重要的事實方面屬虛假或具誤導性，或因遺漏某事關重要的事實而屬虛假或具誤導性，以清晰及均衡方式對正面及反面事實作出披露。

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2019, the directors have selected suitable accounting policies and applied them consistently adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards made adjustments and estimates that are prudent and reasonable and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

董事的職責

董事須負責編製各財政期間能真實與公正地反映本集團之財政狀況及該期間之業績及現金流量之賬目。在編製截至2019年12月31日止年度之賬目時，董事已貫徹採用合適之會計政策，採納合適的香港財務報告準則及香港會計準則，作出審慎及合理的調整及評估，及在持續進行有關業務之基準而編製。董事亦須負責保存適當之會計紀錄，以能合理準確地披露本集團在任何時候之財務狀況。

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of the shareholders of the Company ("Shareholders") are set out in Company's Articles or Association.

Shareholders can: (i) convene an extraordinary general meeting (ii) forward enquiries to the board of directors (iii) forward proposals at shareholders' meetings and (iv) nominate Directors for election. Details of relevant procedures are available on the Company's website.

股東權利

本公司僅擁有一類股份，所有股份均擁有相同的投票權並可獲派已宣派之股息。本公司股東(「股東」)的權利載於本公司公司細則。

股東可以(i)召開股東特別大會；(ii)向董事會提出查詢；及(iii)在股東大會上提出建議；及(iv)提名候選董事；相關程序詳情可於本公司網站查閱。

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INVESTOR RELATIONS AND COMMUNICATION

The Board is committed to providing clear and full information about the Group's performance to shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful platform for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, poll voting procedure is included in the circular to shareholders dispatched together with the annual report.

Dividend Policy

The Board considers sustainable returns to shareholders to be one of the main objectives of the Company. Stable dividend payment to shareholders is the primary objective of the Company.

Under the applicable laws of the Cayman Islands and the Articles of Association of the Company, all of the shareholders have equal rights to dividends and distributions. The Board determines the interim dividend and recommends the final dividend which requires the approval of shareholders. In addition to cash, dividends may be distributed in the form of shares. Any distribution of shares also requires the approval of shareholders.

與投資者交流及溝通

董事會致力透過刊發中期業績及年度業績，適時地將本集團之表現清晰及全面地提供予股東。除發送通函、通告及財務報告予股東外，股東亦可透過本公司網頁獲取額外資訊。

股東週年大會提供一個良好的平台讓股東向董事會發表及交流意見。本公司發出不少於21天之通告以鼓勵股東出席股東週年大會。主席、董事及外聘核數師均會列席會議以便回答本公司業務上之提問。

各重大獨立事項(包括個別董事之選任)均會於股東週年大會上單獨提呈決議案。此外，載有投票表決程序之通函會與年報一併寄發予股東。

股息政策

董事會認為可持續的股東回報是主要目標之一。向股東支付穩定的股息是本公司的主要方針。

根據開曼群島的適用法律及本公司的組織章程細則，所有股東享有股息及分派的平等權利。董事會所釐定之中期股息及建議末期股息需要股東批准。除現金外，股息可以股份形式分派，任何股份分派亦需要股東批准。

Retained surplus can be used to achieve growth in corporate value. The Board has been making effective use of retained surplus to strengthen the operating base and the development of businesses. According to the dividend policy adopted by the Company on 1 January 2019, the Board takes into account the following factors when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- availability of distributable profits
- business conditions and strategies;
- future operations and earnings;
- development plans;
- cash requirements;
- capital requirements and expenditure plans;
- interests of shareholders as a whole;
- any restrictions on declaration and/or payment of dividends; and
- any other factors the Board may deem relevant.

In practice, the Company will not declare any dividend(s) where:

- there are reasonable grounds for believing that the Company is or would be, after a dividend payment, unable to pay its liabilities or discharge its obligations as and when they become due;
- pursuant to dividend decision date, the Company is insolvent or bankrupt or where, as a result of paying dividends, the Company would be rendered insolvent or bankrupt; or
- there is any other case set forth by any law.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents for the year ended 31 December 2019.

保留溢利能用於實現企業價值增長。董事會一直有效地運用保留溢利以鞏固業務基礎和發展業務。根據公司於2019年1月1日所採納的股息政策，董事會在考慮宣派及派付股息時，會考慮以下因素：

- 財務業績；
- 現金流情況；
- 可分配利潤的可用情況
- 經營環境和策略；
- 未來經營和收益；
- 發展計劃；
- 現金需求；
- 資本要求及支出計劃；
- 股東的整體利益；
- 任何就股息宣派和／或支付的限制；及
- 董事會可能認為相關的任何其他因素。

在實踐過程中，本公司在以下情況下將不會宣派任何股息：

- 有合理理由相信本公司在支付股息後出現或將會出現無法償還其債務或無法履行其責任；
- 根據股息釐定日期，本公司無力償債或破產、或因支付股息而導致本公司無力償債或破產；或
- 任何法律規定之任何其他情況。

組織章程文件

本公司之組織章程文件於截至2019年12月31日止年度並無重大變動。

Environmental, Social and Governance (ESG) Report
環境、社會及管治報告

STATEMENT OF THE BOARD OF DIRECTORS

We are pleased to announce the 2019 Environmental, Social and Governance Report ("ESG Report") of Lee & Man Chemical Company Limited ("Lee & Man Chemical", "Group", "the Group" or "We"), which has been prepared in accordance with the requirements of Appendix 27 "Environmental, Social and Governance Reporting Guide" to the Main Board Listing Rules of Hong Kong Stock Exchange, showcasing the performance, results and the future course of the sustainable development of the Group.

The Group has always been committing to promoting sustainable growth through communication with stakeholders and materiality assessment conducted to identify ESG topics that are important to the Group. The Board of Directors ("the Board") is fully aware of the importance of control and management of ESG-related risks. The strategy and policy direction of the Group in the ESG area is reviewed continuously, and the Management will work actively to implement the relevant policies to ensure the effectiveness of the risk management, compliance, and corresponding internal control system in the aspects of ESG.

In 2019, the Group formulated respectively clear and quantifiable sustainable development goals for both environmental protection and occupational safety, which help us effectively review the current policy and facilitate the sustainable development of the Group. We have established clear pollutant discharge standards, which include strict compliance with laws and regulations and normative documents, such as the "Environmental Protection Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China" and "Atmospheric Pollution Prevention and Control Law of the People's Republic of China". During the year, the Group has not found any violation of laws or regulations related to environmental protection.

We have always attached great importance to the construction of green manufacturing systems and have committed to continuously increasing investment in this regard, including the formulation of plans for the transformation of environmental protection technology and firm implementation of waste discharge measures. China Environment News, a direct subordinate of the Ministry of Ecology and Environment of the People's Republic of China, named Jiangsu Lee & Man Chemical Limited ("Jiangsu L&M Chemical") the "2019 Environmental and Social Responsibility Enterprise" to recognise the Group's contribution to environmental protection. Jiangxi Lee & Man Chemical Limited ("Jiangxi L&M Chemical") was included in the "List of Second Batch of Green Manufacturers of Jiangxi Province" after undergoing the evaluation of a third-party agency, the assessment and affirmation of the provincial-level industrial and information competent authorities, and the accreditation from experts. Jiangxi L&M Chemical was identified as a provincial "green factory" and is now a regional demonstration enterprise of the green transition process.

董事會聲明

我們欣然發表理文化工有限公司(下稱「理文化工」、「集團」、「本集團」、或「我們」)二零一九年度的《環境、社會及管治報告》(「ESG報告」),並按照香港交易所主版上市規則附錄二十七《環境、社會及管治報告指引》的要求編製,展示集團可持續發展之表現與成果,以及未來發展方向。

集團一向致力促進可持續發展,透過與持份者溝通,並進行重要性評估分辨出對集團重要的ESG議題。董事會深知管控ESG相關風險的重要性,持續監督集團於ESG範疇中的策略和政策方向,由高級管理層積極配合以執行相關措施,確保集團在ESG方面的風險管理、合規及相應的內部監控系統之有效性。

於二零一九年度,集團分別針對環境保護和職業安全制訂明確及可量化的可持續發展目標,幫助我們有效地檢討現行措施和推動集團的可持續發展。我們訂立明確的污染物排放標準,包括嚴格遵守國家訂立的《中華人民共和國環境保護法》、《中華人民共和國水污染防治法》和《中華人民共和國大氣污染防治法》等法律法規和規範性文件。於本年度內,集團並沒有發現任何違反與環境保護相關的法例法規。

我們一向高度重視綠色製造體系的建設工作和承諾持續增加此方面的投資,包括制訂環保技術改造方案和堅定落實排污措施。國家生態環境部直屬單位中國環境報在今年向江蘇理文化工有限公司(下稱「江蘇理文化工」)頒發「二零一九年度環境社會責任企業」獎項,肯定集團對環境保護所作出的貢獻。而江西理文化工有限公司(下稱「江西理文化工」)通過第三方機構評價、省級工業和資訊化主管部門評估確認及專家認證,入選《江西省第二批綠色製造名單》,被認定為省級「綠色工廠」,成為地區綠色轉型發展的示範企業。

"Safety first" has always been a principle advocated by the Group. We have adopted standardized work procedures for safe production, aiming to prevent any major accidents. During the year, there has been no violation of law or any fatal accidents in the aspect of safe production under the Group. On the other hand, the Group has always promoted innovation and progression. With a standardized management system in place, we always strictly control and continuously improve the quality of our products.

「安全至上」是集團一貫堅持的宗旨，我們採取了安全生產標準化建設，以避免重大事故的發生。於本年度內，集團並未有發生安全生產方面的違法事件或任何死亡事故。另一方面，集團一直堅持創新和進步，透過執行標準管理系統，嚴格控制和持續改進產品品質。

We are grateful to our employees, partners, and various stakeholders for their participation, cooperation and support in achieving sustainable development. The ESG during 2019 has been effective and fruitful, a result of tremendous support and contribution from each and every one. We look forward to moving ahead together with everyone again in the coming year.

我們衷心感謝集團員工、合作夥伴和不同持份者的參與及配合，協助我們實現可持續發展。二零一九年年度的ESG成效顯著，有賴每一位的鼎力支持及貢獻，盼望來年能與大家繼續邁步向前。

ESG MANAGEMENT FRAMEWORK

ESG管治架構

Due to the higher risk of environmental pollution and work safety implication in the chemical industry, occupational safety and environmental protection have always been the ESG topic to which the Group pays the greatest attention. Therefore, an environmental protection department with qualified professionals familiar with relevant environmental protection laws has been set up by the Group to manage compliance and monitoring affairs.

由於化工行業的環境污染及工作安全風險較高，職業安全和環境保護一直是本集團最關注的ESG議題。因此集團已設立安環部，由合資格、熟悉相關環保法律的專業人員管理合規及監測事項。

To address various challenges in sustainable development, the Board spearheaded and led the formulation of the sustainable development governance guidelines and policies for the Group. The development plan of the Group is under the Board's regular supervision; they are issued to relevant departments for implementation by the safety and environment department and relevant business departments. The Jiangsu and Jiangxi factories will set up annual environmental protection targets and emission assessment indicators based on the sustainable development governance guidelines established by the Board and their actual production situation. These policies are sent by the directors to every department with reviews conducted regularly to follow up on the progress of goal attainment.

為了應對各種可持續發展挑戰，董事會作為牽頭及領導角色，訂立集團的可持續發展管治方針及政策，定期審視及監督集團的發展計劃並下達至各相關部門，由安環部和相關業務部門實行。江蘇和江西工廠會根據董事會訂立的可持續發展管治方針及自身實際生產狀況，設立年度環境保護目標和排放考核指標，由董事代表簽發下轉各部門，並定期檢視目標進度。

The risk management team set up by the Group will monitor the risks, including ESG-related risks, which affect the Group on a yearly basis. Based on the result of the risk assessment, the Group will plan internal audit work for the risk issues and evaluate the performance and deficiencies of the relevant internal control processes. Risk management reports and internal audit reports are submitted to the audit committee and the Board.

本集團建立的風險管理小組會每年監察影響集團的風險事項，ESG相關風險已被納入在監察範圍內。根據風險評估結果，本集團會為風險事項計劃內部審計工作，評估相關的內部控制的運行表現及缺陷。風險管理報告和內部審計報告會提交至審核委員會及董事會。

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Further to the top-down governance work, the Group also promotes the bottom-up cooperation concept of "cooperative governance" in a proactive manner. The Senior Management of the general management office, the safety and environment department, and the internal audit department will conduct featured work dispatch meetings every week. Each department reports and discusses the production, follow up on the production status, and the risk trends each week. The result of the meetings is emailed to the representatives of the Board to keep them updated of the relevant information. Base on the discussion, each department needs to formulate relevant policies and implementation measures and review the effectiveness of rectification and maintenance work regularly, to ensure the effective implementation of the improvement measures.

除了由上而下的治理工作，集團同時積極推行由下而上的「協力治理」合作理念。總經辦、安環部和內審部等部門的高級管理層每星期會進行工作專題調度會議，由各部門單位匯報及討論每星期的生產情況，跟進生產狀況及風險趨勢。會議討論結果會以電郵方式抄送至董事會代表，以便他們掌握相關資訊。根據討論內容，各部門需制訂相關政策及實施措施，定期考查整改成效和檢修工作進度，以確保改善措施切實執行。

Furthermore, the safety and environment department and the representative of the Board hold quarterly meetings, where the safety and environment department reports the environmental protection and occupational safety issues and challenges faced by the Group, reviews the implementation of measures, and intensifies the cooperation among various departments in driving the sustainable development of the Group. The meeting keeps the Board abreast of the latest performance and progress on goal attainment the aspect of ESG, and in turn, the Board sets the future direction of ESG development and makes continuous improvement to the performance in the pursuit of sustainability.

另外，安環部及董事會代表會舉行季度性會議，由安環部匯報集團環境保護和職業安全的問題和挑戰，檢討措施落實情況，深化各部門合作驅動集團的可持續發展。董事會從中掌握ESG範疇最新表現及目標達成狀況，為集團訂立未來的ESG發展方向，持續改進可持續表現。

REPORTING SCOPE

報告範圍

This report has covered the environmental and social performance of the Group during the period from 1 January 2019 to 31 December 2019 (hereinafter referred to as the "Reporting Period"). This report has covered the main businesses of the Group related to the production of chemicals in China, including the Jiangsu L&M Chemical and Jiangxi L&M Chemical production bases. Because the new plant in Zhuhai has not commenced production, the relevant key performance indicator and data will not be disclosed in this report.

本報告覆蓋集團於二零一九年一月一日至二零一九年十二月三十一日期間(下稱「報告期間」)的環境及社會績效。本報告涵蓋集團在中國與生產化工產品有關的主營業務，包括江蘇理文化工和江西理文化工。珠海新廠房因尚未投入生產，本年度報告並不會披露相關的關鍵績效指標及數據。

In defining the reporting scope, the Group has taken into consideration factors such as facilities' risks on ESG issues, the Group's investment of resources to control ESG risks of facilities and the materiality of facilities on the Group's businesses, among others. The reporting scope is defined by the Management and has been submitted to the Board for review.

在擬定報告範圍時，本集團考慮設施在ESG議題上的風險、本集團在控制設施的ESG風險所投入的資源、設施對本集團業務的重要性等因素。報告範圍由管理層擬定，並交由董事會審閱。

REPORTING PRINCIPLES

This report was prepared following the four principles suggested in the Environmental, Social and Governance Reporting Guide, namely, "Quantitative", "Consistency", "Materiality" and "Balance".

"Quantitative": the Group refers to industry practices, guidelines of the Stock Exchange or relevant government authority as well as laws and regulations, formulates internal guidelines and procedures, collects performance data related to environment from various business departments, keeps record of relevant monitor instrument or supporting documents, and submit them to the Board for review after verification of the Management. Please refer to the relevant sections for the criteria, methodologies and assumptions for the calculation of performance data.

"Consistency": the disclosure and statistics methodologies are consistent with those adopted last year in that data are summarised and converted in the same manner. Relevant historical data have been disclosed in the report, allowing stakeholders to better understand and benchmark the sustainability development of the Group.

"Materiality": when defining material ESG topics related to the Group's business and stakeholders, we communicate internally and externally to understand their expectations and recommendations, including stakeholders who are impacted or have an impact on our operations, such as the Management, trade association representatives, employees, customers, suppliers, local government bodies and local connected organisations.

"Balance": The Group discloses its major ESG related performance objectively to reflect the true picture of its achievements and challenges, thus enhance operational transparency and build stakeholder trust.

To identify and update material ESG risks and opportunities faced by Lee & Man Chemical, we carry out a materiality assessment of ESG topics every year. Based on the day-to-day operations of the Group, social trends, and industrial landscape, we identify environment and society-related ESG topics through discussions with stakeholders. To understand the stakeholders' level of concern about each issue, the safety and environment department and the general management office have coordinated to distribute ESG issue assessment forms to main stakeholders, allowing them to rate the relevant issues. Afterwards, based on the assessment forms, we summarised the scoring results, according to which, we create a materiality matrix to set the priority for the issues. In reference to the material issues of peer enterprises, we determine the ESG issues of top concern for the Group and stakeholders and submit them to the Board of Directors for review.

匯報原則

本報告遵循《環境、社會及管治報告指引》中的四大匯報原則包括「量化」、「一致性」、「重要性」及「平衡」編寫。

「量化」：本集團參考行業慣例、交易所或相關政府部門之指引及法律法規，建立內部指引及程序，從各業務部門收集有關環境之績效數據，並保留相關之監控儀器記錄或支持文件，經管理層核實後提交予董事會審閱。績效數據計算之標準、方法及假設（如適用），請參閱報告內相關章節。

「一致性」：報告的披露統計方法與去年一致，沿用相同的數據統計及換算方式。報告內已披露相關歷史數據，讓持份者更清楚瞭解及比較集團的可持續發展表現。

「重要性」：在界定對集團業務及對持份者相關的重要ESG議題時，我們與集團內部和外界保持溝通以瞭解他們的期望和建議。當中包括受我們的營運業務影響，或對我們的營運業務有重大影響的持份者，例如管理層、公會代表、員工、客戶、供應商、當地政府機構和地方關係組織。

「平衡」：本集團客觀披露重大環境、社會及管治相關績效，務求真實地呈現本集團在有關範疇的成就和挑戰，增强營運透明度，建立持分者信任。

為辨別和更新理文化工的重大ESG風險及機遇，我們會每年進行ESG議題的重要性評估。根據集團日常營運業務、社會趨勢以及產業狀況，我們與有關持份者討論後識別出環境及社會相關的ESG議題。為瞭解持份者對各個議題的關注程度，經安環部和總經辦協調後，會向主要的持份者發放ESG議題評估表，讓持份者對相關議題作出評分。隨後根據評估表總結評分結果，根據結果建立重要性矩陣，為這些議題進行優先排序，並參考同行企業的重要性議題，確定集團及持份者最為關切的ESG議題，交由董事會作審閱。

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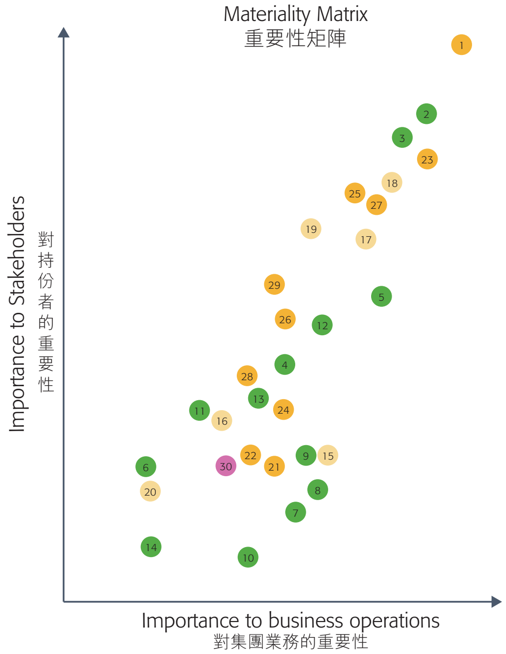
In the matrix chart, X-Axis and Y-Axis represent the materiality of the issues to the Group and stakeholders respectively. Issues with the highest materiality are shown on the top-right of the matrix chart. Conversely, issues with lower materiality are shown on the bottom-left of the chart. In this report, the key issues will be disclosed in detail, following the "Materiality" reporting principle of the Guide of the Hong Kong Stock Exchange.

矩陣圖的X軸及Y軸分別為ESG議題對集團業務的重要性及對持份者的重要性。重要性程度最高的議題會在矩陣圖的右上方顯示，而重要性程度較低的則會在左下方。本報告中會依據港交所指引中的「重要性」匯報原則，於報告中較詳細披露重點議題。

Materiality Matrix
重要性矩陣



Area 範圍	No. 編號	ESG Topics ESG議題
General 一般	1	Compliance with laws and regulations 合規性
Environmental 環境	2	Pollutants emissions 廢氣排放
	3	Sewage discharge 污水排放
	4	Greenhouse gas emissions 溫室氣體排放
	5	Operational waste 生產廢棄物
	6	Office waste 辦公廢棄物
	7	Resource recovery 資源回收
	8	Energy usage 能源使用
	9	Raw material usage 原材料使用
	10	Water usage 用水管理
	11	Packaging materials 包裝物料
	12	Environmental and safety production management 綠色及安全生產管理
	13	Noise pollution 噪音污染
	14	Biodiversity 生物多樣性

Area 範圍	No. 編號	ESG Topics ESG議題
Social 社會	15	Remuneration and benefits 薪酬及福利
	16	Equal opportunity and anti-discrimination 平等機會及反歧視
	17	Occupational health and safety 職業健康與安全
	18	Emergency contingency plan 緊急情況應變
	19	Employee training and development 員工培養和發展
	20	Child and forced labor 童工及強迫勞工
	21	Procurement and supplier management 採購與供貨商管理
	22	Green supply chain 綠色供應鏈
	23	Product quality 產品質量
	24	Reasonable sales and promotion 合理的營銷及宣傳
	25	After-sales services and handling of complaints 售後服務及投訴的處理
	26	Privacy protection 私隱保護
	27	Research and innovation 科研及創新
	28	Anti-competitive practice 反競爭
	29	Anti-corruption 反貪污
	30	Social investment and donation 社區投資及捐贈

Areas under "Environmental, Social and Governance Reporting Guide" of HKEX 港交所「環境、社會及管治報告指引」範疇		Key Environmental, Social and Governance Areas of the Group	本集團重要的環境、社會及管治範疇
A.	**Environment 環境**		
A1.	Emissions 排放物	• Treatment of emissions • Gas emission • Greenhouse gases emission • Hazardous waste discharge • General waste • Emission reduction measures and results achieved • Hazardous waste treatment measures and results achieved	• 對排放物的整治 • 氣體排放 • 溫室氣體排放 • 有害廢物排放 • 一般廢棄物 • 減排措施及所得成果 • 處理有害廢棄物措施及所得成果
A2.	Use of Resources 資源使用	• Policies on the use of resources • Energy consumption • Use of water • Packaging materials • Energy use efficiency initiatives and results achieved • Water use efficiency enhancement and results achieved	• 資源使用政策 • 能源耗量 • 水源使用 • 包裝物料 • 能源使用效益計劃及所得成果 • 提升用水效益及所得成果
A3.	Environment and Natural Resources 環境及天然資源	• Noise protection	• 噪音防護

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Areas under "Environmental, Social and Governance Reporting Guide" of HKEX 港交所「環境、社會及管治報告指引」範疇		Key Environmental, Social and Governance Areas of the Group	本集團重要的環境、社會及管治範疇
B.	**Social** **社會**		
B1.	Employment 僱傭	• Employment relations	• 僱傭勞資關係
B2.	Health and Safety 健康與安全	• Health and safety	• 健康與安全
B3.	Development and Training 發展及培訓	• Development and training	• 發展及培訓
B4.	Labour Standards 勞工準則	• Labour standards	• 勞工準則
B5.	Supply Chain Management 供應鏈管理	• Supply chain management	• 供應鏈管理
B6.	Product Responsibility 產品責任	• Product quality control and responsibility	• 產品質量管控和責任
B7.	Anti-corruption 反貪污	• Anti-corruption standards	• 反貪污準則
B8.	Community Investment 社區投資	• Care for community	• 關愛社區

The Group's production, factory operation and sales are located in the PRC and therefore governed by the following laws and regulations:

本集團的生產、工廠營運和銷售業務位於中國國內，因此，涉及到的相關法律法規包括有以下：

Laws and Regulations
法律法規

Aspect A1: Emissions	層面A1：排放物	• Environmental Protection Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Water Pollution • Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution • Law of the People's Republic of China on the Prevention and Control of Environment Pollution caused by Solid Wastes • Emission Standard of Air Pollutants for Thermal Power Plants • The 13th Five-Year Plan" for Greenhouse Gas Emission Control • Regulation on the Administration of Ozone Depleting Substances • Emission Standard for Industrial Enterprises Noise at Boundary	•《中華人民共和國環境保護法》 •《中華人民共和國水污染防治法》 •《中華人民共和國大氣污染防治法》 •《中華人民共和國固體廢物污染環境防治法》 •《火電廠大氣污染物排放標準》 •《「十三五」控制溫室氣體排放工作方案》 •《消耗臭氧層物質管理條例》 •《工業企業廠界環境噪聲排放標準》
Aspect B1: Employment	層面B1：僱傭	• Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China	•《中華人民共和國勞動法》 •《中華人民共和國勞動合同法》
Aspect B2: Health and Safety	層面B2：健康與安全	• Work Safety Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Occupational Diseases • Regulation on Work Safety Permits of the People's Republic of China	•《中華人民共和國安全生產法》 •《中華人民共和國職業病防治法》 •《中華人民共和國安全生產許可證條例》
Aspect B4: Labour Standards	層面B4：勞工準則	• Provisions on the Prohibition of Using Child Labor • Labour Law of the People's Republic of China • Standardization Law of the People's Republic of China	•《禁止使用童工規定》 •《中華人民共和國勞動法》 •《中華人民共和國標準化法》
Aspect B6: Product Responsibility	層面B6：產品責任	• Company Law of the People's Republic of China • Food Safety Law of the People's Republic of China • Regulations of the People's Republic of China on the Administration of Production License for Industrial Products	•《中華人民共和國公司法》 •《中華人民共和國食品安全法》 •《中華人民共和國工業產品生產授權管理條例》
Aspect B7: Anti-corruption	層面B7：反貪污	• Anti-unfair Competition Law of the People's Republic of China • Notice of the Supreme People's Court and the Supreme People's Procuratorate on Issuing the Opinions on Issues concerning the Application of Law in the Handling of Criminal Cases of Commercial Briberies	•《中華人民共和國反不正當競爭法》 • 最高人民法院及最高人民檢察院關於印發《關於辦理商業賄賂刑事案件適用法律若干問題的意見》的通知

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The Group's operations are significantly covered by most of the above laws and regulations. There is no incident of non-compliance being reported in 2019, and the Group affirms the compliance with such laws and regulations.

以上主要的法律法規對本集團規範有比較大的影響，我們在2019年度並沒有發現有違規情況報告，本集團亦申明依法執行和遵守。

A. ENVIRONMENTAL PROTECTION

The Group is committed to environmental protection and has adopted various measures and monitoring methods to fulfil its environmental protection obligations. A safety and environment department has setup, with dedicated management personnel for handling safety and environmental protection issues. They continually follow up with relevant environmental laws and regulations and keep themselves abreast of relevant updates, ensuring that various departments of the Company also perform according to the requirements of the government on environmental protection and eliminating any behaviors which are in violation of environmental laws and regulations.

Aspect A1 Treatment of Emissions

Jiangsu L&M Chemical and Jiangxi L&M Chemical, strictly abide by the "*Montreal Protocol*" and "*Vienna Convention for the Protection of the Ozone Layer*". Chloromethane production is equipped with devices for conversion of carbon tetrachloride into chloroform, transforming all greenhouse gases into products of the Company and effectively achieving zero emission of carbon tetrachloride.

Jiangsu L&M Chemical performed harmless incinerator of raffinate and tail gas for carbon tetrachloride, and the final emissions are in compliance with GB31571-2015 and DB32/3151-2016 standards. According to the commissioned test report (report number KDHJ197641), the average values of major emissions during normal operation were as follows: nitrogen oxide: 355mg/m^3, hydrogen chloride: 0.79mg/m^3, smoke and dust: 4.4mg/m^3, dioxin: 0.06TAQ-ng/m^3, carbon monoxide: ND, non-methane hydrocarbon: 1.8mg/m^3. They all meet emission standards. Online data of smoke and gas emissions from thermal power station of Jiangsu L&M Chemical is 24-hour transmitted in real time to the website of Ecology and Environment Bureau of Changshu, Suzhou.

Smoke and gas emissions from thermal power stations of Jiangxi L&M Chemical are in compliance with GB13223-2011 Standard. In 2019, the average emission values of the power stations during normal operation were as follows: sulphur dioxide: 14.12mg/m^3, nitrogen oxide 39mg/m^3, smoke and dust: 5.65mg/m^3. They all meet emission standards. Online data of smoke and gas emissions from thermal power station of Jiangxi L&M Chemical is transmitted to the environmental protection monitoring platforms at all levels in real time 24-hour.

A. 環境保護

本集團一直致力環境保護，並採取多項措施及監控方法履行對環境保護的責任。公司成立安環部，配備專職安全、環保管理人員，持續跟進相關環保法律，瞭解規定的更新條文，並確保公司各部門執行政府對環保提出的所有要求，杜絕任何違反環保法律及規定的行為。

層面A1 對排放物的整治

江蘇理文化工和江西理文化工嚴格按照《蒙特利爾議定書》和《維也納保護臭氧層公約》，在甲烷氯化物生產中同時配置有四氯化碳轉氯仿裝置，把消耗臭氧層物質全部生產為公司的產品，有效完全實現四氯化碳零排放。

江蘇理文化工在四氯化碳殘液及有機尾氣進行無害化焚燒，最終排放符合GB31571-2015 和 DB32/3151-2016標準，根據委託檢測報告(報告編號KDHJ197641)正常運行時，主要排放物平均值為：氮氧化物：355mg/m^3，氯化氫：0.79mg/m^3，煙塵：4.4mg/m^3，二噁英：0.06TAQ-ng/m^3，一氧化碳：ND，非甲烷總烴：1.8mg/m^3，均達標排放。工廠亦做到24小時在線，實時傳送至蘇州市常熟生態環境局網站。

江西理文化工熱電站鍋爐煙氣排放符合GB13223-2011標準，2019年年度，正常運行時熱電站煙囪平均排放數值為二氧化硫：14.12mg/m^3，氮氧化物39mg/m^3，煙塵5.65mg/m^3，均達標排放。工廠熱電站鍋爐煙氣線上資料24小時亦即時上傳至各級環保監控平台。

The two factories in the PRC have their environmental protection targets on a yearly basis. Through technological innovation and enhancement of control, we ensure that the Group's environmental protection efforts meet or outperform government requirements. Some key performance indicators of 2019 are set out in the table below:

國內兩廠每年都會訂下環境保護目標，通過技術革新，提高管理力度，確保集團環保事務符合併滿足或高於政府的要求，其中2019年度的一些主要關鍵績效指標見下表：

Key Performance Indicators (KPIs) 關鍵績效指標	Name	名稱	Unit 單位	2019	2018
A1.1	Nitrogen oxide (NO_x) emissions	氮氧化物排放量(NO_x)	Ton 噸	410.9	430.3
	Sulphur dioxide (SO_2) emissions	二氧化硫排放量①(SO_2)	Ton 噸	129.8	128.2
	Particulate emission (in terms of smoke and dust)	粒狀物總量排放量（以煙塵計）	Ton 噸	63.0	57.5
A1.2	Total carbon dioxide emission (CO_{2e}) from power plants	來自發電廠的二氧化碳總量(CO_{2e})排放②	k'Ton 千噸	1,859.9	2,300.6
	Chemical carbon dioxide emission	屬於化工的二氧化碳排放	k'Ton 千噸	1,614.5	910.0
	Intensity of carbon dioxide emission from power generator (electricity supply)	發電組合(供電)的二氧化碳排放強度	kg/kwh 千克/千瓦時	0.9	0.9
A1.3	Total hazardous waste	有害廢物產量	Ton 噸	3,119.3	2,341.4
	Discharge intensity	排放密度③	kg/Ton 千克/噸	2.3	2.0
A1.4	Total general waste	一般廢物產量	Ton 噸	205,869.9	212,419.2
	Discharge intensity	排放密度③	kg/Ton 千克/噸	153.1	180.1

① The calculation basis of total sulphur dioxide (SO_2) emissions for the above indicator A1.1 is: average concentration x hourly flow rate x operating time

② The calculation basis of total carbon dioxide (CO_2e) emissions for the above A1.2 indicators is: (Calorific value × CO_2 emission factor value of raw coal × oxidation rate × relative molecular mass of carbon dioxide) / carbon molecular mass

③ The calculation of the emission density is: the emission amount / the annual output of main products

(The output of main products refers to the annual tonnage of chloromethane, caustic soda, hydrogen peroxide, polytetrafluoroethylene and fluorinated industrial products)

① 以上指標A1.1的二氧化硫(SO_2)總量排放計算依據為：平均濃度x小時流量x運行時間

② 以上A1.2的指標，二氧化碳總量(CO_2e)排放數量計算依據：(熱值量x原煤CO_2排放因數值x氧化率x二氧化碳相對分子質量)／碳分子質量

③ 排放密度的計算為：該排放量／全年主產品生產量

（主產品生產量是指包括甲烷氯化物、燒鹼、過氧化氫、聚四氟乙烯和氟化工產品的年生產噸數）

KPI A1.5 DESCRIPTION OF MEASURES TO MITIGATE EMISSIONS AND RESULTS ACHIEVED

1. Measures to mitigate emissions

With due regards to the prevention and control of atmospheric pollutants, Jiangsu L&M Chemical ensures that the emission of atmospheric pollutants is up to standards by stepping up investments in environmental protection and implementation of technological upgrade plan for environmental protection. Supported by Foreign Economic Cooperation Office of the Ministry of Ecology and Environment, both Jiangsu L&M Chemical and Jiangxi L&M Chemical completed the technical improvement project of carbon tetrachloride raffinate disposal and organic waste gas incineration facilities in 2019, which incinerated the raffinate and organic waste gases produced by the chloromethane workshop in a harmless way, so that all raffinate could be disposed in the plant to avoid the environmental risks occurred during transfer and disposal.

The Company has established management system of the leak detection and repair ("LDAR"), which can find out the leaking point of production equipment through regular detection and then deal with it, so as to control the leakage loss of the VOCs and reduce the pollution to environment.

Flash evaporation device for wastewater has been built in chloromethane workshop by the two factories. By means of such device, organic compounds, namely methylene chloride, chloroform and carbon tetrachloride, in wastewater can be evaporated and recycled by means of the difference in boiling point, where the boiling point of organic compound is lower than that of water. Therefore, it ensures that emission of organic compounds in wastewater is up to standard while improving economic benefits can be augmented. Triple effect evaporators were built in the sewage treatment station of the two factories to comprehensively recycle and use the wastewater from the hydrogen peroxide workshop to reduce wastewater discharge.

With regard to energy consumption in production and manufacturing, we adhere to standardized and regulated high-standard management of energy-saving. The GB/T36132 green factory evaluation and ISO50001 energy management system certification were passed, which keep as a leading energy efficiency enterprise in Jiangsu Province. The unit energy consumption of one of our main products, chloride methane, is approximately 219 kgce/t (national advanced value is 235 kgce/t and national average value is 255 kgce/t), and that of the sodium hydroxide products is about 313 kgce/t (national advanced value is 315 kgce/t and national average value is 325 kgce/t), outperforming industry standard.

關鍵績效指標 A1.5減低排放量的措施及所得成果

1、 減排措施

理文化工高度重視大氣污染物的防治工作，通過加強環保投入及環保技術改造方案的實施，確保大氣污染物達標排放。江蘇理文化工和江西理文化工都得到生態環境部環境保護對外合作中心的支持，在2019年完成了四氯化碳殘液處置及有機廢氣焚燒設施的技改項目，對甲烷氯化物車間產生的四氯化碳殘液及有機廢氣進行無害化焚燒處置，實現全部廠內自行處置，規避了殘液轉移處置過程的環境風險。

公司持續通過洩漏檢測與修復管理體系(「LDAR」)，定期檢測查找出生產裝置的密封泄漏點並及時處理，控制揮發性有機物(「VOCs」)物料洩漏損失，減少對環境造成污染。

兩廠在甲烷氯化物車間建設廢水閃蒸裝置通過有機物(二氯甲烷、氯仿、四氯化碳)與水的沸點不同(有機物沸點低)，將廢水中有機物蒸出回用。提升了經濟效益的同時確保了外排廢水中有機物的達標排放。同時兩廠在污水處理站建設三效蒸發裝置，對雙氧水車間廢水進行回收綜合利用，減少廢水排放。

在生產製造能耗方面，公司堅持規範節能高標準的管理，通過了GB/T36132綠色工廠評價及ISO50001能源管理體系認證，是江蘇省能效領跑企業，主產品甲烷氯化物的單位元能耗約在219 kgce/t(國家先進值235 kgce/t，全國平均值255 kgce/t)。燒鹼產品的單位能耗約在308 kgce/t(國家先進值315 kgce/t，全國平均值325 kgce/t)，優於同業標準。

At Jiangxi L&M Chemical, the ultra-low emission transformation of boilers #2 and #3 were completed and accepted in 2019, which reduced pollutant emissions and saved energy effectively.

江西理文化工熱電車間在2019年完成了2#、3#鍋爐超低排放改造，並通過相關驗收，有效減少污染物排放，實現節能減排效果。

2. Results achieved

2、 取得成果

The two factories in the PRC have taken the initiative to embark upon a system of clean production and energy management to encourage and augment energy saving and emission reduction.

國內兩廠積極開展清潔生產和能源管理體系，鼓勵和提升公司節能減排水平。

The clean production system of Jiangsu L&M Chemical has been accepted and verified by Changshu Municipal Commission of Economic and Information Technology and Environmental Protection Bureau; its energy management system has also passed the evaluation conducted by Jiangsu Economic and Information Technology Commission. While the clean production system of Jiangxi L&M Chemical has been accepted by Environmental Protection Agency of Jiujiang, and its energy management system has passed ISO50001 verification.

江蘇理文化工通過常熟市經信委及環保局的清潔生產驗收和認證，亦通過江蘇省經信委對能源管理體系的評價。江西理文化工的清潔生產通過九江市環保局的驗收，能源管理體系通過ISO50001驗證。

Jiangxi L&M Chemical - the publicity poster of green factory:

江西理文化工－綠色廠區現場宣傳標語：

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Jiangxi L&M Chemical pooled the wisdom and efforts of everyone to a green factory characterized by economical and intensive use of land, harmless raw materials, clean production, recycling of wastes and low-carbonation of energy sources. It was declared as a provincial "green factory" in April 2019 through self-assessment. The assessment was organised by third-party and the provincial industrial and information administration departments and the publicity of expert certification.

江西理文化工提出「群策群力，建綠色工廠」，遵循以用地集約化、原料無害化、生產潔淨化、廢物資源化、能源低碳化等特點的綠色工廠，並於2019年4月通過自評報告申報、協力廠商機構評價、省級工業和資訊化主管部門評估確認及專家認證公示，被認定為省級「綠色工廠」。

Jiangsu L&M Chemical was awared the green factory assessment certificate by China Quality Certification Center in 2019.

江蘇理文化工在2019年取得由中國品質認證中心頒發的綠色工廠評價證書。

Jiangxi L&M Chemical passed the first energy management system supervision and audit of China Quality Certification Center in 2019.

江西理文化工於2019年通過中國品質論證中心第一次能源管理體系監督審核。

Jiangxi L&M Chemical power station was honoured with "Demonstration Center of Circulating Fluidized Bed Boiler with Ultra-low Emission".

江西理文化工動力發電站取得「超低排放迴圈流化床鍋爐示範中心」的榮譽。

Jiangsu L&M Chemical has already been certified as a production safety standardization Grade II enterprise (hazardous chemical) and is now applying for production safety standardization Grade I enterprise in the coming year.

江蘇理文化工已取通過安全生產標準化二級達標(危化)，目前正積極組織，在未來一年申請一級標準化企業。

Jiangxi L&M Chemical was awarded the certificate and plaque of production safety standardization Grade III enterprise (hazardous chemical) in July 2019.

江西理文化工2019年7月獲得安全標準化三級企業(危化)證書及牌匾。

KPI A1.6 DESCRIPTION OF HOW HAZARDOUS WASTES ARE HANDLED, REDUCTION INITIATIVES AND RESULTS ACHIEVED

Different types of hazardous wastes of Jiangsu L&M Chemical and Jiangxi L&M Chemical are processed in strict accordance with the requirements of environmental laws and regulations by external qualified entities. We exercise whole – process control over compliance in the course of production, collection, storage, transfer and subsequent disposal of different types of hazardous wastes. Concurrently, we have enhanced our source management. Through optimizing production techniques, we gradually realize recycling and re-utilization and reduction in exhaust generation.

An appropriate brine ratio was applied at the sodium hydroxide workshop to effectively reduce the amount of raw salt and general solid waste. The salt mud dryers were used by the two factories in 2019. The water content of salt mud dropped from 45% to less than 10%, thus saving the disposal costs of solid waste for salt mud.

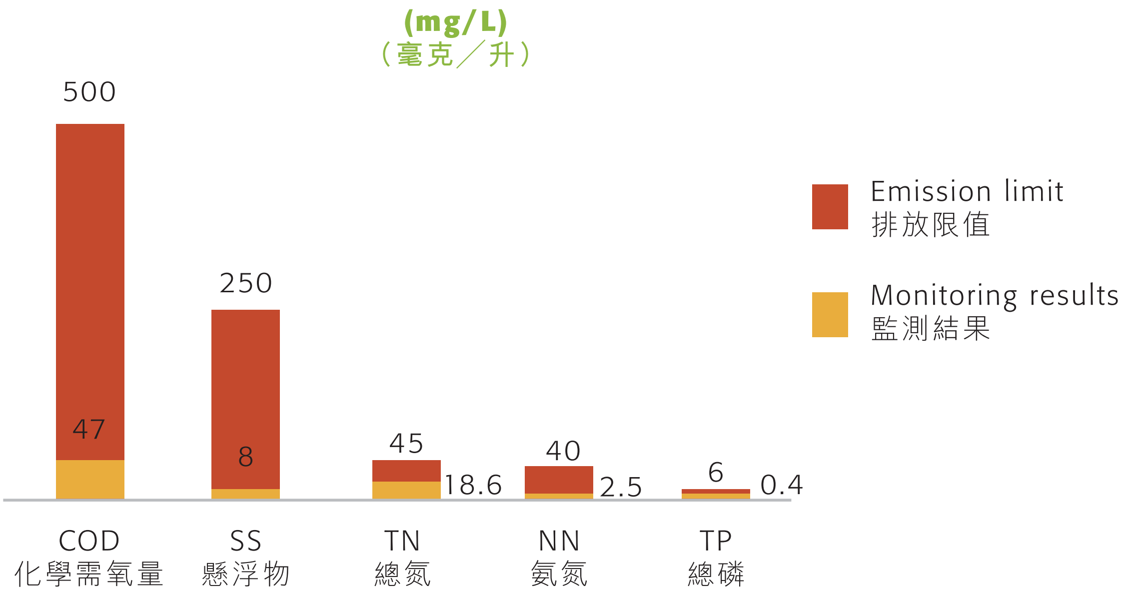
關鍵績效指標 A1.6 處理有害廢棄物方法，減低產生量的措施及所得成果

江蘇理文化工和江西理文化工兩廠對各類有害廢棄物均嚴格按照環保法律法規的要求，委託有資質單位進行無害化處置。公司對各類有害廢棄物從產生、收集、貯存、轉移和後續處置的合規性進行全過程管理。同時公司加強源頭管理，通過優化生產工藝，逐步實現循環再利用，減少廢棄物產生。

燒鹼車間使用合適的鹵水生產比例，有效降低原鹽用量，促使一般固廢量產生量下降。兩廠在2019年都開始把鹽泥烘乾機投用，投用後鹽泥含水量由45%降至10%以下，這樣也節約了鹽泥固體廢物處置費用。

The following is the treatment and discharge of water pollutants in Jiangsu L&M Chemical. It can be seen that the actual discharge is less than the limit through reasonable technological transformation.

以下是江蘇理文化工水污染物的處理與排放，可以看見通過合理的工藝技術改造，使實際的排放物比限值減少。



ASPECT A2 POLICIES ON THE USE OF RESOURCES

Production at the two factories in the PRC involves such fuels as raw coal, liquefied natural gas (used in hydrogen fluoride production equipment), diesel and industrial water. We emphasize and encourage saving and efficient use of resources and have strengthened recycling and re-utilization to avoid wastage of resources. Some key performance indicators of 2019 are listed below:

層面A2　對資源使用的政策

在國內兩廠生產運營中，能源品種有原煤、液化天然氣(經用於氟化氫生產裝置)、柴油和工業水。本公司重視並鼓勵節約、高效利用資源，並加強回收循環利用，防止資源浪費。其中2019年度的一些主要關鍵績效指標見下表：

HK ESG Guide 香港ESG指引	Name	名稱	Unit 單位	2019	2018
A2.1	Total coal consumption	煤消耗總量	TJ 兆兆焦耳	19,745.0	18,300.3
	Coal consumption intensity	煤消耗密度①	TJ/Ton 兆兆焦耳／噸	0.023	0.026
	Coal consumption (for electricity supply)	煤消耗量(用於供電)	TJ 兆兆焦耳	12,847.2	11,834.8
	Total chemical coal consumption	屬於化工煤消耗總量	TJ 兆兆焦耳	10,738.2	9,664.7
	Chemical coal consumption (for electricity supply)	屬於化工煤消耗量（用於供電）	TJ 兆兆焦耳	8,446.4	7,599.7
	Fuel consumption for boil fire ignition and diesel motor power generation	燃油消耗量（用於熱電鍋爐點火與柴油機發電）	TJ 兆兆焦耳	25.5	11.9
A2.2	Water discharge	水排放量	Cubic meter 立方米	238,100.0	232,359.0
	Discharge intensity	排放密度②	Cubic meter/Ton 立方米／噸	0.177	0.197
A2.5	Total amount of packaging materials	成品用包裝材料總量	Ton 噸	34,590.9	33,982.8
	Package consumption per production unit	每生產單位估量③	Kg/Ton 千克／噸	55.0	60.0

Notes:

① The calculation of coal consumption density is: the emission amount / the annual output of main product

② The calculation of water discharge density is: the emission amount / the annual output of main product

(The output of main product refers to the annual tonnage of chloromethane, caustic soda, hydrogen peroxide, polytetrafluoroethylene and fluorinated industrial products)

③ The calculation of package consumption per production unit: the total amount of packaging materials in the year / the output of finished products to be packaged in the year.

備註：

① 耗煤密度的計算為：來自該總量／全年主產品產量

② 水排放密度的計算為：來自該總量／全年主產品產量

（主產品生產量是指包括甲烷氯化物、燒鹼、過氧化氫、聚四氟乙烯和氟化工產品的年生產噸數）

③ 每生產單位估量，計算來自該年度包裝材料總量／該年需要做包裝成品的生產量。

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KPI A2.3 DESCRIPTION OF ENERGY USE EFFICIENCY INITIATIVES AND RESULTS ACHIEVED

In terms of energy efficiency management, the two factories in the PRC prepared the "Energy Management Manual", which was signed and issued by the General Manager and implemented by the factories.

Specific measures for energy efficiency management include:

1. Each production workshop manages its own energy consumption;
2. The control office is responsible for the coordination and balance of energy consumption between each production workshop;
3. The energy measurement office is responsible for monitoring the energy consumption, measurement, and accounting report, and feeding back and handling the abnormal energy consumption;
4. High energy efficiency equipment is preferred;
5. Energy leakage must be prevented.

The two factories in the PRC have achieved the following results in energy efficiency:

1. In places with high temperature reactive gas (e.g. chlorinated reactive gas from chlorinated methane device) and burning tail gas (e.g. high temperature pyrolysis gas of tetrafluoroethylene device, incinerator tail gas, tail gas from anhydrous hydrogen fluoride device and hot-blast stove), residual heat boiler or heat exchanger are installed for recycling steam or hot water so as to enhance energy use efficiency and lower energy consumption.
2. Circulating fluidized bed boiler is adopted and heat efficiency reaches above 89%.
3. Circulating water of chloralkali plants and fluoride plants is reasonably allocated. Water pumps at circulating water stations are modified to reduce hydraulic head and lower electricity consumption for circulating water.
4. Recycling tower of the chloromethane plant has been modified to reduce heat dissipation and improve efficiency of energy utilization.
5. Oxidized tail gas turboexpander refrigerating generator set at the hydrogen peroxide workshop is connected with the photovoltaic power generation system distributed on the roof of office in the factory area.

關鍵績效指標 A2.3能源使用效益計劃及所得成果

國內兩廠在能源效益管理上，編製了《能源管理手冊》，並由總經理簽發手冊頒佈給工廠實行。

能源效益管理具體措施有：

1. 各生產車間對各車間內用能進行管理；
2. 調度室負責對各生產車間用能的協調和平衡；
3. 能源計量辦負責監督用能的消耗、計量、核算報告工作，對發現能源消耗異常必須進行和回饋處理；
4. 優先選用高能效設備；
5. 杜絕能源跑冒滴漏現象。

國內兩廠在能源效益上有以下成果：

1. 在有高溫反應氣(如甲烷氯化物裝置氯化反應氣)及燃燒尾氣(四氟乙烯裝置高溫裂解氣、焚燒爐尾氣、無水氟化氫裝置熱風爐尾氣等)的地方安裝餘熱鍋爐或換熱器回收蒸汽或熱水，提高能源利用效率以降低能耗。
2. 鍋爐採用循環流化床鍋爐，鍋爐效率達89%以上。
3. 合理分配氯鹼廠、氟化廠循環水，將循環水站循環水泵改造以降低泵揚程，節約循環水用電。
4. 甲烷氯化物裝置再循環塔改造，降低熱能消耗，提高能源利用效率。
5. 雙氧水車間氧化尾氣渦輪膨脹製冷發電機組及生產廠區辦公樓屋面分布式光伏發電系統並網運行。

6. Circulating water pump for public works and chloromethane compressor have been equipped with frequency conversion control to reduce the energy consumption of the equipment.

7. LED has replaced the high pressure sodium lamps for device lighting and road lamps in the factory area, so as to reduce cost by saving power and prolonging service life.

8. Residual heat produced by the tail gas incinerator at the chloromethane workshop has been utilized to produce 0.8Mpa steam for self-use, reducing outsourcing heat.

9. The waste heat from the power station is used to heat the industrial park to optimize the energy structure and improve the energy efficiency.

10. The surplus energy of circulating water was used and electric fans changed to turbines to reduce power consumption.

6. 公用工程循環水泵及氯甲烷壓縮機等設備加裝變頻控制，降低設備運行能耗。

7. 裝置照明及廠區路燈將高壓鈉燈改為LED，節約電能，延長使用週期，降低成本。

8. 甲烷氯化物車間尾氣焚燒裝置餘熱利用，副產0.8Mpa蒸汽自用，減少外購熱力。

9. 電站餘熱對工業園區供熱，優化能源結構，提高能源利用率。

10. 循環水餘能利用，電風機改水輪機，降低電耗。

KPI A2.4 ENHANCEMENT OF WATER USE EFFICIENCY AND RESULTS ACHIEVED

At Jiangsu L&M Chemical, we have formulated a stringent management system as well as assessment indicators for water consumption and water conservation. Per-unit water consumption is assessed on a daily basis. We continually explore potential aspects where saving on water consumption is possible and have adopted numerous water-saving measures. We also have made continuous efforts to promote the recycling efficiency of the wastewater. By reusing the inorganic wastewater produced by sodium hydroxide workshop in the salt treatment process, discharge of wastewater was reduced from 400 tons/day to 200 tons/day. According to the water balance tests for the whole factory that we regularly conduct, water reuse rate for the whole factory is 98.62%; indirect chilled water recycling rate is 99.30%; and steam condensed water recycling rate is 94.32%.

We invested in a reclaimed water reuse facility at Jiangsu L&M Chemical in 2019. Upon being used, the facility recovered 12.7 tons of purified water per hour, and saved 100,000 tons of purified water per year. At the same time, the "zero" discharge of circulating water was achieved through the purification and recycling of recycled water. We also have made continuous efforts to promote the recycling efficiency of the wastewater. By reusing the recycling wastewater produced by sodium hydroxide workshop in the salt treatment process, the annual discharge of wastewater was reduced by 40,000 tons.

關鍵績效指標 A2.4提升用水效益及所得成果

江蘇理文化工制定了嚴格的用水、節水管理制度及考核指標，將產品用水單耗考核落實到每一天，持續挖掘節水潛力，實施了多項節水措施。廠區持續加強廢水的循環利用，將燒鹼車間產生的無機廢水回用於化鹽工序，大幅度降低廢水的外排量，廢水排放量由原先400噸／天降低至200噸／天。定期進行全廠水平衡測試，全廠用水重複利用率達到98.62%，間接冷卻水循環率達到99.30%，蒸汽冷凝水回用率達到94.32%。

江蘇理文化工2019年投資建設中水回用裝置，該裝置投用後可實現每小時回收淨水12.7噸，年節約淨水補水達10萬噸，同時，通過對循環水強排水的淨化回收，實現了循環水的「零」排放。工廠持續開展水資源的循環利用，燒鹼車間再生廢水經調節後回用於一次鹽水工序的化鹽補水，年降低廢水排放量4萬噸。

Below is our factory-built water recycling device that is already in use.

以下是工廠自建的循環水回收裝置已經在使用。

In 2019, all the underground wastewater pipelines at Jiangsu L&M Chemical were replaced with overhead pipelines to prevent the risk caused by underground transportation.

江蘇理文化工在2019年推行明管化改造，取消全廠地下廢水管道的埋設，所有管道通過管廊進行架空輸送，杜絕地下管道輸送的風險。

An energy-saving team and energy management office led by the General Manager were set up at Jiangxi L&M Chemical. Based on collecting the team's advices from all staffs, the assessment indicators for water consumption also developed to link the per-unit water consumption with performance assessment. Numerous water-saving measures and continuous efforts were made to promote the recycling efficiency of the wastewater. The inorganic wastewater produced by the sodium hydroxide workshop was used in the salt treatment process to achieve zero discharge of wastewater, and the cleaning water in the polymerization workshop was also recycled to reduce the sewage discharge.

江西理文化工成立了以總經理為組長的節能領導小組和能源管理辦公室。制定了用水考核指標，將產品用水單耗考核落實績效考核中，同時也向全體員工徵集合理化建議。實施了多項節水措施，廠區持續加強廢水的回收利用，將燒鹼車間產生的無機廢水回用於化鹽工序，實現燒鹼車間廢水零排放，聚合車間清洗水回收用於循環水補水，減少污水排放量。

In advocacy of the spirit of environmental protection, Jiangxi L&M Chemical carried out specific actions for environmental improvement, completed post-assessment on environmental impact and technological upgrade plan for environmental protection, and reduced discharge of pollutant by upgrading to more stringent benchmarks. Meanwhile, an "Implementation Plan for Rainwater System Improvement" was developed to strengthen control over the rainwater system of the factory and improve the capability of resisting environmental risks.

江西理文化工積極鼓勵環保精神，開展了環保整治專項行動，完成了環境影響後評價及環保技術改造方案，通過提標改造減少了污染物的排放。同時制訂了「雨水系統整改實施方案」，加強了對廠區雨水系統的管理，提升了環境風險防範能力。

At Jiangxi L&M Chemical, we also actively optimize production techniques. In 2019, circulated water use rate was 99.07% and repeated water use rate was 98.21%. Jiangxi L&M Chemical was awarded the "water-saving Enterprise in Jiujiang" title.

江西理文化工同樣積極優化工藝，2019年水循環利用率為99.07%，水重複利用率98.21%。榮獲「九江市節水型企業」稱號。

ASPECT A3 THE ENVIRONMENT AND NATURAL RESOURCES

層面A3　環境及天然資源

The environment and natural resources:

環境及天然資源：

The Company emphasizes and encourages conservation and the efficient use of resources. Through the improvement of environmental friendly techniques in production, we have achieved continual reduction of pollutant emissions and avoided resources wastage through recycling and reuse. Concurrently, through establishing an energy management system and ISO14001 environmental management system, we have incorporated the ideas of environmental protection and energy saving in our daily operation and production, in advocacy of green office and production environment.

公司重視並鼓勵節約、高效利用資源。通過對生產環保工藝的改進，持續降低污染物的排放，通過循環回收利用，防止資源浪費。同時公司通過建立能源管理體系和ISO14001環境管理體系，將環境保護和節約能源資源的意識融入日常生產運營管理中，推廣綠色辦公及生產環境。

The factories in the PRC actively fulfilled their environmental protection obligations. All emissions of water and air pollutants met the standards in 2019. Meanwhile, the public welfare activities of environmental protection were carried out to publicize the Company's environmental protection concept. In 2019, Jiangsu L&M Chemical was awarded the title of "Enterprise with Environmental and Social Responsibility" by China Environment News.

國內兩廠積極履行企業環境責任，2019年全年水、氣污染物全部達標排放；同時積極開展社區環境公益活動，向公眾宣傳公司環保理念。2019年江蘇理文化工獲得中國環境社頒發「環境社會責任企業」稱號。

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Noise Protection:

We understand that when dealing with chemical production, it is inevitable that there will be noise from the large compressor equipment, which may have an impact on the environment.

Therefore, we have set up greenbelts near noise sources and factory boundaries. For the noise sources, indoor installation and sound insulation doors and windows are adopted. We have adopted "low noise" equipment and reduced noise at its sources through installing vibration proof pads. We provide employees exposed to noises with protective devices such as anti-noise earplugs and ear protective devices. Disposable earplugs are provided in the room, and all personnel must wear them when entering. Discontinuous contact is conducted in accordance with the inspection cycle, so as to shorten the working duration of employees at noise sources and ensure their physical and mental well-being.

The safety and environment divisions of the two factories also conduct period testing of noise levels on a monthly basis and showcase results on-site so as to ensure factory noise meets the requirements of the "Emission Standard for Industrial Enterprises Noise at Boundary".

噪音防護：

理文化工瞭解處理化工生產時，無可避免會產生噪音，該噪音有來自於裝置的壓縮機大型設備，可能會對環境以及周邊造成影響。

因此，廠區通過合理的噪音源佈局，在噪音源和廠界周邊設置綠化隔離帶，對於噪聲源採取室內安裝、做隔聲門窗。公司選用低噪聲設備，並通過安裝防震墊等措施，從源頭降低噪聲。公司為噪音崗位員工配發防噪耳塞和護耳器等防護裝備，房內設置一次性耳塞，所有人員進入必須佩戴。人員按照巡檢周期非連續接觸，減少員工在高噪聲源區域的作業時間，以保障員工的身心健康。

兩廠安環部每月亦定期檢測噪音度並現場公示，以確保廠界噪音達到《工業企業廠界環境噪聲排放標準》要求。

B. SOCIETY

Aspect B1 Employment relations:

Talent is the key to corporate development, especially for a chemical enterprise. As of 31 December 2019, the Group had approximately 2,100 full-time employees and KPI B1.1 is as follows:

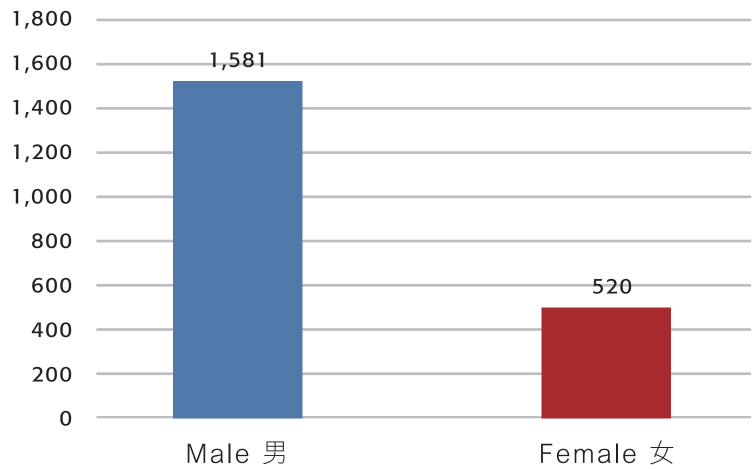
B. 社會

層面B1 僱傭勞資關係：

人才是企業發展的關鍵，在化工企業中更尤為關鍵。截至2019年12月31日，本集團有約2,100名全職員工，關鍵績效指標B1.1具體如下：

Total Workforce by Gender

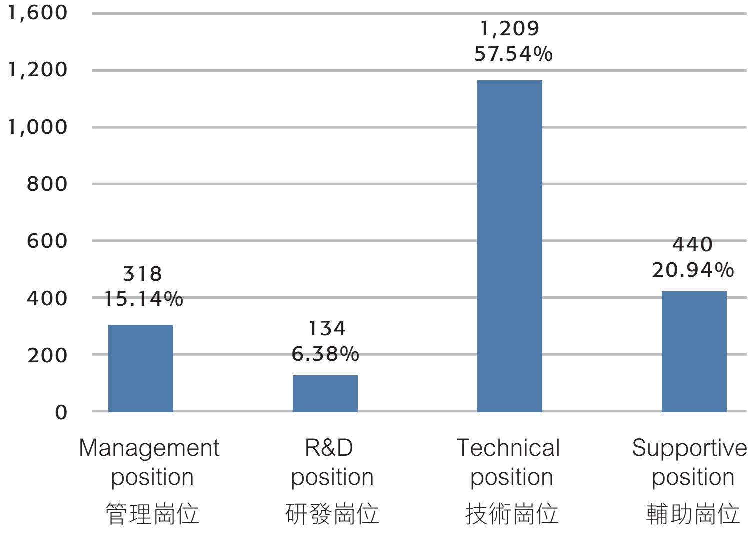
公司人數性別分佈



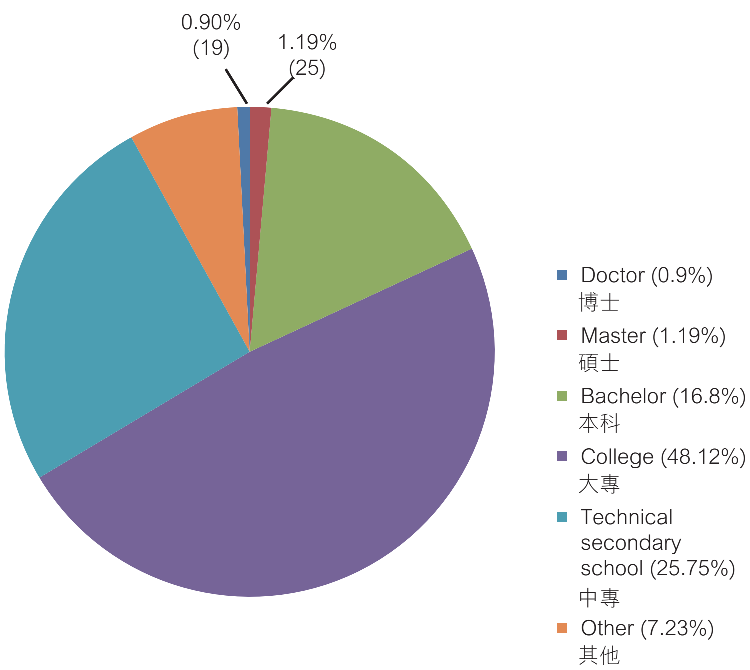
Both of the two factories in the PRC provide accommodation and transportation pick-up service for the staff. Keeping track of the conditions in the labour market and trends of economic development, the Group makes reasonable adjustments to staff remuneration every year to keep it at a competitive level. Year-end bonuses are distributed based on the performance of individual employees and of the Group profit. Factory areas are equipped with modern equipment and hardware to create a comfortable and clean environment for employees. The Group established a research institute, comprising a research and development team led by academicians of Chinese Academy of Sciences and a number of professors, in support of maintaining our status as a high-tech enterprise and our future development.

國內兩廠皆提供員工宿舍，交通接送，每年集團留意有關勞工市場及經濟市況趨勢，合理調整僱員薪酬於具競爭力水準，並按員工表現及本集團盈利發放年終花紅。廠區擁有現代化的設備及硬體，為員工營造了一個舒適、整潔的環境。集團成立研究院，以中科院院士、多名教授帶領為首的研發團隊，對維持高新科技企業和未來發展提供支援。

Total Workforce by Positions 崗位人數分佈

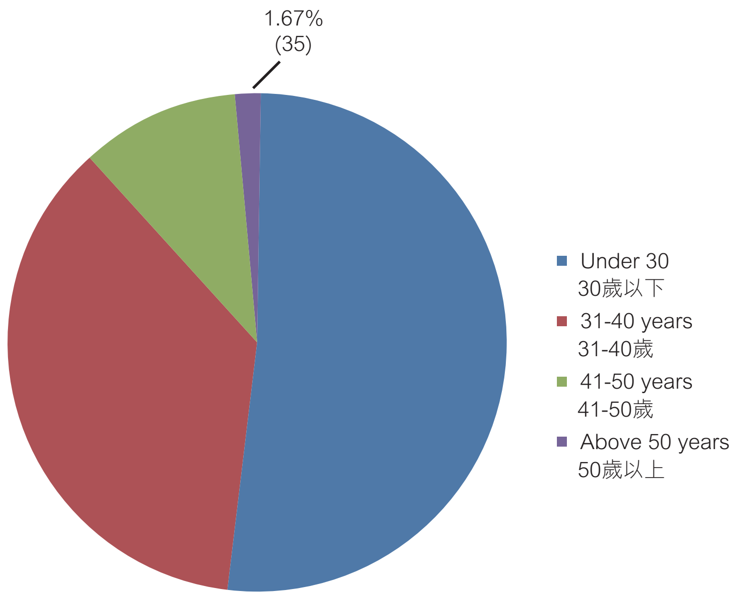


Academic Qualifications Distribution Chart 學歷水準分佈圖



Distribution Chart of Age Groups

年齡層次分佈圖



At Jiangxi L&M Chemical, we have set up a "Home of Staff" equipped with 944 staff dormitories. In the dormitory area, there are recreational amenities such as basketball court, indoor badminton court, table tennis court, billiards, yoga studio. There is also a library equipped with board games to enable staff to enrich their knowledge and broaden their horizons after work.

江西理文化工自建「職工之家」，有職工宿舍共944間宿舍區設有籃球場、室內羽毛球場、乒乓球場、檯球、瑜伽室等康樂休閑設施；並設有圖書館，配備棋類益智思維，使員工在工作之餘豐富自己的知識文化開闊視野。

Table tennis competition in the dormitory area:

宿舍區乒乓球比賽現場：

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Aspect B2 Health and Safety

"Safety Production Commitment" of Lee & Man Chemical stipulates that we shall seek to achieve the best business performance of zero occurrence of major incidents and no damage to employees' health or to the environment, and shall actively promote the corporate culture of safety production and create a safety production atmosphere.

The Company has modified "Safety Production Responsibility System" and strictly implemented "a post with double duties" according to the legal regulations and the latest personnel structure of the Company. The Company's supervisors and production cadres have signed "Safety and Environment Protection Target Responsibility Letter in 2019" and shall assign safety production responsibilities to all employees strictly.

層面B2 健康與安全

理文化工《安全生產承諾書》指出，要求實現不發生重大事故、不損壞員工健康、不破壞環境的企業為最佳業績，積極弘揚公司安全文化，營造安全生產氛圍。

根據最新法規要求及公司最新人事架構對《安全生產責任制》進行修訂，嚴格落實「一崗雙責」，公司領導和生產幹部都簽訂了《2019年度安環目標責任書》，嚴格落實全員的安全生產責任。

Safety Performance of Lee & Man Chemical in 2019

2019年理文化工安全表現

KPI 關鍵績效指標	Name	名稱	2019	2018
B2.1	Mortality	死亡	0	0
	Mortality rate	死亡率	0	0
	Number of traffic accident	交通事故數量	0	0
B2.2	Work-related injury cases	工傷起數	1	1
	Working days lost due to work-related injury	因工傷損失工作日數	9	0
	Injury rate/million working hours	百萬工時傷害率	0.36	0.36
	Incidence of occupational diseases	職業病發病率	0	0
	Ratio of employees accepting medical examination	接受健康檢查的僱員比例	100%	100%

According to national specifications on construction design of fire control and other relevant laws and regulations, fire detection and alarm systems as well as other fire services systems are available to cover the production equipment and office space of the Company. The existing fire safety design ensures personal and property safety of all staff members. Throughout the process design, equipment and material selection, layout and fire services access of the company, various fire protection measures are in place, including lightning protection grounding, emergency lighting, emergency communication, fire alarm, video monitoring, etc.

公司生產裝置及辦公區均根據國家建設設計防火規範及其他相關法規設有消防檢測、警報系統及其他滅火系統。公司現有消防安全設計能夠確保所有員工的人身及財產安全。公司流程設計、設備及材料選擇、佈局及消防通道設有多種消防防護措施，包括防雷接地、應急照明、應急通訊、火災警報、視頻監控等。

KPI B2.3

The Group strictly follows relevant national laws and regulations relating to occupational health. We provide free-of-charge body checkup, once a year, at hospitals qualified for occupational disease examination, to ensure our staff's physical well-being.

Aspect B3 Development and Training

The Group emphasizes staff safety training, skill training and career development education. A comprehensive training system is in place and improvement measures are formulated according to training results so as to continually enhance training effectiveness. In addition, in terms of technical positions, each newly hired employee will receive pre-employment technical training to improve his/her professional skills required for the job.

Staff training provided by the two factories of the Group free of charge in 2019:

1. Provided special operation work permit training in 35 areas, including pressure pipeline inspection and maintenance, chlorination process, safety management personnel and pressure vessel, etc., for 1,157 employees.

2. The two factories organized all employees to case study "3•21 Extremely Serious Explosion Accident of Jiangsu Xiangshui Tianjiayi Chemical Co., Ltd". The case study also inferred other things from the above fact by inspecting the storage of hazardous wastes and raw and auxiliary materials as well as the compliance of all project construction.

3. Conducted specialized technical training in production skills in the form of 'team gathering' for all production staff every month.

4. Conducted departmental skill training in at least 2 areas.

Besides, to improve the employees' professional quality and performance ability, Jiangxi L&M Chemical assigned staffs to other chloralkali enterprise in Shaanxi, so to study their advanced safety management. Based on the Company's actual production, our staffs compiled and prepared "Basic Knowledge Training Materials" for factory workers' reference and study.

關鍵績效指標 B2.3

在員工健康方面，集團嚴格按照國家職業衛生的相關法規政策，在擁有職業病體檢資質的醫院，每年為員工提供一次免費體檢，保障每位員工的身體健康。

層面B3 發展與培訓

集團非常重視員工的安全培訓、崗位技能培訓、職業發展教育等，建立了完善的培訓體系，並根據培訓效果制訂改進措施，以不斷提高培訓成效。此外，就技術職位而言，每位新聘僱員均會接受職前技術培訓，以提高工作所需的專業技能。

2019年集團兩廠免費為員工提供的培訓計劃：

1. 組織1157名員工參與了壓力管道巡檢維護、氯化工藝、安全生產管理人員、壓力容器等35項特種作業證培訓。

2. 兩廠組織全員學習「江蘇響水天嘉宜化工有限公司3•21特別重大爆炸」事故，並舉一反三，對相關危廢及原輔材料存儲，及所有專案建設合規性進行自查。

3. 每月以副班會的形式組織全體生產員工進行生產技能等專項培訓。

4. 部門技能教育訓練達2項以上。

此外，江西理文化工為提高員工的職業素養及履職能力，安排專人赴陝西某氯鹼企業學習其先進安全管理模式，結合公司生產實際，組織編製了《基礎知識培訓教材》，提供工廠員工參考學習。

KPI B3.1 & B3.2 Training Performance of Lee & Man Chemical

關鍵績效指標B3.1及B3.2 理文化工培訓表現

In 2019, the Group has arranged 1,845 employees to attend specialized training related to their work and relevant process training (In 2018, there were 1,741 employees attended such trainings).

本集團在2019年年度安排僱員參加職能培訓和相關的流程培訓共1,845人參加(2018年年度共1,741人參加)。

分類		人數	Percent of total staff number 佔總人數比例	Average training hours per person 人均培訓課時
Position 職級	Above Supervisor 主管以上	193 (178)	9.19% (9.1%)	74 (74)
	Below Supervisor 主管以下	1,652 (1,563)	78.63% (80.2%)	74 (74)
Gender 分類	Male 男	1,425 (1343)	67.82% (68.9%)	74 (74)
	Female 女	420 (398)	20.00% (20.4%)	74 (74)

* 括弧內為2018年的對比資料

2019年度部分培訓內容

Department 部門	Needs of Training 培訓需求	Target 培訓對象
Production workshop 生產車間	1. Process specification 工藝規程	Workshop staff & worker 車間職員工
	2. Specialized knowledge of equipment 設備專業知識	Workshop staff & worker 車間職員工
	3. Labor protective equipment & wearing standard 勞動防護用品規範穿戴	All factory staff & worker 工廠內全員
	4. Knowledge of laws and regulations 法律法規知識	Staff at supervisor level or above 主任級別或以上員工
	5. Special operation electrolysis process, chlorination process 特種作業電解工藝、氯化工藝	Workshop staff & worker 車間職員工
	6. Special equipment operation pressure vessel, pressure pipeline 特種設備作業壓力容器、壓力管道	Workshop staff & worker 車間職員工
	7. Special operation high voltage electrician, low voltage electrician 特種作業高壓電工、低壓電工	Workshop staff & worker 車間職員工
	8. "6S" Management "6S"管理	All factory staff & worker 工廠內全員

Department 部門	Needs of Training 培訓需求	Target 培訓對象
Office 辦公室	1. Corporate culture, work etiquette 企業文化、工作禮儀	All staff 全體員工
	2. ERP computer system operation ERP 電腦系統操作	Responsible operator 負責操作人員
	3. ISO9000/14000 Training ISO9000/14000 培訓	All staff 全體員工
	4. Financial system and tax regulations 財務制度和稅務的法規	Finance Department and related departments 財務部及相關部門
	5. Procurement process and system 採購流程及制度	Procurement department and related departments 採購部及相關部門
	6. Safety standardization specification 安全標準化規範	All staff 全體員工

The followings are pictures of the in-service employees attending training courses organized by the Company.

以下為在職員工參加由公司舉辦的培訓課程圖片：

Aspect B4 Labor Standards

Pursuant to laws and regulations such as Labour Law and Regulation on Work-Related Injury Protection, the Group has established a comprehensive remuneration system, recruitment procedure and staff career development plan, etc. We provide social security and welfare packages (5 insurances and housing fund), annual leave, festival subsidy and free meals on working days. The Group has also formulated appropriate Staff Manual and policies to clearly put forward Lee & Man Chemical's 7 corporate spirits: Integrity, fairness, attitude, efficiency, perseverance, innovation and team spirit, creating sound and harmonious labor relations for our staff.

We act in accordance with international human rights standards as stipulated in The United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights, including prohibition of employing child labor and protecting minors, prohibition of forced labor, safety and health, freedom of forming labor organizations, prohibition of discrimination, prohibition of unfair punishment, working hours and wage standards, etc.

Regarding staff complaints, the Group has established a comprehensive system. Staff can provide their feedback through the general manager's mailbox, e-mails and internal instant communication apps "DingTalk". Such feedback are to be dealt with and resolved in a timely manner.

Aspect B5 Supply Chain Management

A comprehensive supply chain management program has been built, and all of our suppliers undergo stringent entry assessment, in-service supervision, regular review and exit procedures according to supplier entry assessment system. The Group assesses the background, qualification, service quality control of similar types in the past, contract performance, project team professionalism, corporate integrity and social responsibility of its cooperative suppliers and grades them according to the assessment results every year. Well-performed suppliers are more preferred when we place orders, while those that do not pass the aforesaid evaluation are named under our list of unqualified suppliers. At the same time, a supplier exit procedure is established. For those who do not meet the requirements of the Company, the supplier qualification can be cancelled according to the procedure.

層面B4勞工準則

依照國家勞動法、工傷保護條例等法則，集團建立完善的薪酬制度、招聘流程、員工職業晉升規劃等，提供五險一金、年假、節日津貼、免費工作餐等員工福利，集團亦制定合適的《員工手冊》和政策，明確提出理文化工的七點企業精神：誠信、公平、態度、效率、毅力、創新、團隊，為僱員創建一個融洽的良好勞資關係。

按照聯合國《兒童權利公約》及《世界人權宣言》中所述之國際人權標準原則為基準，包括禁止使用童工並保護未成年人、禁止強迫性勞工、健康與安全、組織工會的自由、禁止歧視，禁止不公平懲戒、工作時間及工資標準等。

集團針對員工的投訴，制定了一個完善的體系，員工可以通過總經理信箱、郵件、內部即時通訊軟體（釘釘）等多種途徑進行反饋，並及時跟進和解決。

層面B5供應鏈管理

集團建立了完整的供應鏈管理程式，對於供應商都進行了嚴格的進入審批、過程監督、定期考核及退出程序，嚴格執行供應商准入審批制度，集團每年都對合作供應商進行考核，主要包括評估供應商的背景、資歷、過去相近類型服務質素控制、合約履約、項目團隊的專業性、企業誠信及社會責任等。並按考核結果進行評級，對優秀供應商優先給予訂單，若考核不合格者將列入不合格供應商名錄，同時建立有供應商退出程式，對於不符合公司要求單位可按程式取消其合格供應商資格。

The supplier management system has been optimized. The Group inputs the supplier's main qualification into the system which will automatically remind it when the qualification expires to avoid the situation that the qualification expires and is not updated. For long-term uncooperative units, a fixed period is set to automatically remove them from the list of qualified suppliers.

對供應商管理系統進行了優化，將供應商的主要資質錄入系統，到期自動提醒，避免資質過期未更新的情況。對於長期未合作單位，設置固定期限從合格供應商清單中自動去除。

The supplier system has been further improved. The Group sorts out materials provided by single supplier and materials with stable prices, and introduces tender competition according to actual conditions so that the factory can obtain the best materials and services.

進一步完善供應商的體系，重點對單一供應商物資、價格平穩的物資進行梳理，並根據實際情況引入招標競爭，使工廠取得最優質的物料及服務。

The framework procurement mechanism has been improved. For primary raw materials, the Group chooses and purchases the best frameworks by comparing the historical purchase cost and the formula price of framework contract which decreases the cost and improves supply stability.

完善框架採購機制，對於主要原材料，通過歷史採購成本及框架合同公式價的對比，擇優選擇框架採購，成本下降的同時也提升了供應穩定性。

The key suppliers have to undergo on-site random check every year to be conducted by departments that are respectively in charge of quality, quality control, procurement and production. Suppliers are required to correct the problems identified on site within a fixed period of time. Those who fail the assessment shall be eliminated. All incoming raw materials are tested and stored in specific places according to pre-set standards, guaranteeing that every batch of raw materials used for production is controllable and traceable.

對於重點供應商每年安排品質，品管，採購，生產等多部門進行現場抽查，對於現場發現的問題要求供應商限期整改，於考核不通過的供應商進行淘汰。所有進廠的原材料都按照規定的標準進行檢測，合格後存放於指定位置，保證生產使用的每一批次原料可控、可追溯。

In case of quality irregularity on raw materials, our procurement department, quality control department and production workshop will assign staff members to communicate with suppliers to identify and solve problems promptly, so that production can continue under the pre-set process parameters and is not interrupted.

一旦發生原料品質異常，採購部，品管部，生產車間會派員與供應商進行協商，確認問題根源，及時解決，保障生產能按規定的工藝流程參數進行，不受影響。

At present, the suppliers of main raw materials, such as raw salt, methanol and fluorite, have cooperated with the Company for many years, therefore, the company has great advantages in terms of price and supply guarantee. We have established a solid strategic partnership with the suppliers of main raw materials, so as to provide a stable guarantee for the Company's continuous production.

目前原鹽、甲醇、螢石等主要原料供應商，都與公司合作多年，無論從價格和供應保證上均有很大優勢。主要原料供應商均建立了穩固的戰略合作關係，為公司持續生產提供穩定保障。

With regard to the logistics and transport of products, only qualified transport companies will be employed by the Group to transport the hazardous chemicals. Transport companies, drivers, handling technicians and escorts have received safety education and logistics personnel from the sales department will conduct a rigorous review and evaluation to them. Vehicles must be inspected and maintained regularly to void leakage during the transportation.

在產品物流運輸方面，本集團只聘用合資格的運輸公司運送有害化學品。運輸公司、駕駛員、裝卸技術人員和押運員有接受過安全教育，銷售部物流會對其進行嚴格審查和評估。車輛必須定期檢修，確保運送途中不會出現滴漏。

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The Group possesses a comprehensive management system and undergoes annual assessment of its quality environment system and certificate renewal assessment by SGS-CSTC Standards Technical Services Co., Ltd. regularly every year. In addition, pursuant to national requirements, we have obtained safety, production and operation permit relating to hazardous chemicals and regularly undergo random testing and inspection by relevant government departments, attaining a random inspection pass rate of 100%.

集團有完整的體系管理，每年定期接受SGS通標公司對我司質量環境體系進行一年度審核和換證審核的認證，並按照國家規定取得危化品相關的安全、生產、經營等的許可證，並定期接受政府相關部門的抽檢、抽查，抽檢合格率100%。

Aspect B6 Product Quality Control and Responsibility

層面B6產品質量管控和責任

The two factories of Lee & Man Chemical have passed the certification of quality and environment management system ISO9001:2015 and ISO14001:2015, as well as Occupational Health and Safety Management System ISO45001:2018.

理文化工兩廠均通過了ISO9001：2015、ISO14001：2015質量環境管理體系的認證和ISO45001：2018職業健康安全管理體系的認證。

The certificates obtained by Jiangsu L&M Chemical:

江蘇理文化工已取得的證書

The certificates obtained by Jiangxi L&M Chemical:

江西理文化工已取得的認證書

The Company has comprehensive product execution standards and possesses advanced testing equipment (including ICP, gas chromatograph, liquid chromatograph, ion chromatograph, Karl Fischer moisture titrator, potentiometric titrator, total chlorine analyzer, near infrared spectrum, etc.), ensuring that chemical products meet the requirements under relevant production indicators and enterprise indicators in various aspects including raw materials, program control and finished products inspection.

公司有完整的產品執行標準，擁有先進的檢測設備(如ICP、氣相色譜、液相色譜、離子色譜、卡爾費休水分儀、電位滴定儀、總氯分析儀、近紅外光譜等)，來保證化學產品在原料、程式控制、成品檢測等各個環節符合生產指標、企業標準的要求。

Before delivery, every batch of products will undergo testing in accordance with our corporate standards and national standards and qualified products will undergo differential storage. Every batch of products for sale will be delivered together with a product testing report as well as hazardous chemicals SDS, emergency contact telephone number etc., to ensure traceability of product safe use, timely support from our sales department and convenient enquiry in case of after-sale problems.

產品出貨前每一批次都按照企標、國標規定的項目、指標進行檢測，合格後區分存儲。每批次銷售出去的產品隨運輸車輛附帶產品檢驗分析報告單以及危化品SDS、緊急聯繫電話等信息，保證客戶對於各批次的產品安全使用可追溯性及遇到售後問題有銷售部負責同事協助及時解決，便於諮詢。

None of the sold products have been recalled due to safety or health problems. With regard to customer complaints about product quality and service, the quality control department will organize relevant departments for meeting and discussion, find out the reasons, and propose corrective and preventive measures. The complaint contents will be summarized and the number of complaints will be counted every year.

外售產品均無因安全和健康問題而召回。針對顧客提出的產品品質和服務方面的投訴，品管部組織相關部門開會討論、查明原因，提出糾正、預防措施。每年對投訴內容進行匯總，統計投訴次數。

Chloromethane, Caustic soda and other products traditionally produced by L&M Chemical was awarded the title of Famous Product in Jiangxi in 2019. Many advanced devices have been provided for the production of two polymer materials to help improve the product quality.

理文化工傳統生產的甲烷氯化物、燒鹼等產品，在2019年榮獲江西名牌產品稱號。對於生產高份子材料的兩款產品配備了很多先進的設備，以助提升產品品質。

Analysis room of polytetrafluoroethylene (PTFE) produced by Jiangxi L&M Chemical has been equipped with total organic carbon (TOC) analyzer, which is used for the detection of TOC in ultra-pure water to ensure that the water quality meets the requirements. The Company has introduced new PTFE products according to demands of market and customers. So far, special materials for dispersion, 213X and 213T, and modified dispersion resins, 201, 202 and 203, have been developed for the production of high-end products such as extruded tubes, fibers, wires, capillaries, biaxially oriented film and heat exchanger tubes. The company's polytetrafluoroethylene resin was awarded the title of "Famous Product in Jiangxi".

江西理文化工生產的聚四氟乙烯(PTFE)，分析室配備了有機碳測定儀(TOC)，用於超純水TOC的檢測，確保水質符合要求。公司按市場和客戶所需，推出新PTFE產品，至今開發了213X、213T分散專用料和201、202、203分散改性樹脂，用於擠出管、纖維、綫纜料、毛細管、雙向拉伸膜、換熱器管等高端產品的生產。公司聚四氟乙烯樹脂榮獲「江西名牌產品」稱號。

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Laboratory of chlorinated polyvinyl chloride (CPVC) produced by Jiangsu L&M Chemical has also been provided with advanced equipment, including total chlorine analyzer, impact pendulum tester, thermal deformation vicat tester, etc., to meet requirements for various types of detection and control. CPVC blend compound products have passed UL (Underwriter Laboratories Inc.) product certification in 2018 and American NSF (National Sanitation Foundation) certification in 2019.

江蘇理文化工生產的氯化聚氯乙烯(CPVC)，實驗室同樣配備了先進的設備，包括總氯分析儀、衝擊擺錘試驗機、熱變形維卡測定儀等，滿足各類檢測控制的要求。CPVC共混料產品分別在2018年和2019年通過了UL(美國保險商試驗所)產品和美國NSF(美國全國衛生基金會)認證；

The factory has introduced new types of products, such as various types of CPVC tubes and sheets, in the existing CPVC resin production capacity. These products have obtained Manufacture License of Special Equipment for Pressure Piping Element (certificate No.: TS271097T-2022) issued by State Administration for Market Regulation, and Hygiene Permit Approval Document of CPVC Tubes for Water Supply [Approval Document No. (S.) W. S. Zi. (2018) No. 3205-0184] issued by Suzhou Health Committee.

工廠在現有的CPVC樹脂生產能力上，推出新類型產品，如各類CPVC管材和板材。這些產品取得國家市場監督總局頒發的壓力管道元件特種設備製造許可證(證書編號：TS271097T-2022)，以及蘇州衛健委頒發的給水用CPVC管材衛生許可批件[批件編號：(蘇)衛水字(2018)第3205-0184號]。

In addition, both factories of Lee & Man Chemical have obtained "Food Production License" for food additive Sodium Hydroxide, and "Hygiene Permit Approval Document for Products Related to Health and Safety of Drinking Water" for sodium hypochlorite solution. Jiangxi L&M Chemical also obtained "Hygiene Permit Approval Document for Products Related to Health and Safety of Drinking Water" for polyaluminium chloride (liquid and solid).

此外，理文化工兩廠均取得食品添加劑氫氧化鈉的《食品生產許可證》，以及次氯酸鈉溶液的《涉及飲用水衛生安全產品衛生許可批件》。江西理文化工還取得聚氯化鋁(液體和固體)的《涉及飲用水衛生安全產品衛生許可批件》。

Lee & Man Chemical attaches great importance to the safety of consumer data and information. According to the requirements of laws and regulations, it takes certain safety protection measures and also strengthens employees' understanding of the importance of protecting information through education for the purpose of protecting consumer information and privacy.

理文化工重視消費者資料資訊安全，按照法律法規要求，採取一定的安全保護措施，同時通過對員工的教育，加強員工對於保護資訊重要性的認識。盡力保護消費者的資訊和私隱。

Aspect B7 Anti-corruption Standards

The Group adheres to business integrity, abides by business ethics and resolutely resists corruption and bribery. According to the Staff Manual of Lee & Man Chemical, new employees will receive training documents to learn the Company's expectations before their admission.

In 2019, the Company formulated a <Employee Service Interest & Conflict Management System>, stipulating that money extortion, bribery and gift or reward used for bribery will be penalized by way of terminating labor contract. The general manager's mailbox has been made available and it is opened at least once a week by specific personnel. Such arrangement is considered an effective tool for preventing corruption and bribery acts.

For the year ended 31 December 2019, the Group had no corruption complaint cases.

Aspect B8 Care for Community

As well-known local enterprises, the two factories of Lee & Man Chemical in the PRC undertake social responsibilities in their production activities, taking the initiative to participate in various social activities.

In April, 2019, in order to reflect the Company's safety culture management concept and upgrade the Company's green factory image, Jiangsu L&M Chemical held the first Factory Open Day activity. The main guests of this activity are leaders of the economic & development zone, representatives of surrounding enterprises, representatives of surrounding communities and representatives of employees' family members.

層面B7反貪污準則

集團堅守誠信經營，恪守商業道德，堅決抵制貪污受賄行為。在《理文化工員工手冊》內，新員工入職前都會收到培訓學習，瞭解公司的要求。

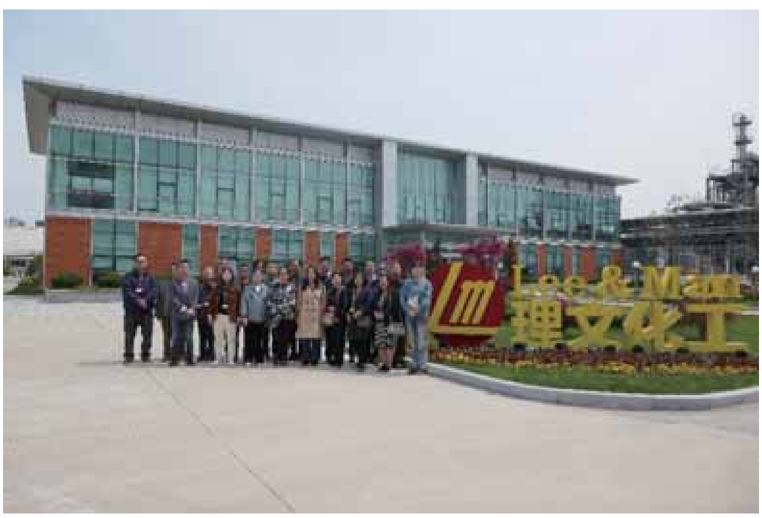
在2019年，公司制訂一份《員工服務利益衝突管理制度》，規定了勒索金錢、賄賂、不正當的禮物或報酬收受將受到解除勞動合同的處罰。集團建立了總經理信箱，指定人員每周至少開啟一次，此舉有力地杜絕了貪污受賄行為的發生。

截至2019年12月31日止年度，集團並無發生貪污投訴案件。

層面B8關愛社區

理文化工在國內兩廠，皆屬當地知名企業，在做好生產建設的同事，肩負社會責任，積極參與各種社區關懷活動。

在2019年4月，為了體現公司安全文化管理理念，提升公司的綠色工廠形象，江蘇理文化工舉辦了首屆工廠開放日活動。本次活動主要嘉賓為開發區領導、周邊企業代表、周邊社區代表及員工家屬代表。



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In June 2019 and October 2019, a charitable social activity under the theme of safe and environmentally friendly communities was held at Jiangnan Yinxiang Town and Binjiang Neighborhood Center of Changshu Economic & Technological Development Zone by the Company. We explained our concept of safety and environmental protection by putting up posters and playing promotion video of the Company. By scanning the QR code of WeChat and following the WeChat official account, people can understand the achievements in safety and environmental protection of Lee & Man Chemical.

在2019年6月及2019年10月，公司在常熟經濟開發區江南印象小鎮及濱江鄰里中心組織了安全環保社區公益活動，現場擺放宣傳海報、播放公司宣傳短片，講解公司安全、環保理念，參與活動的人員通過微信掃描二維碼，關注公司微信公眾號，從而瞭解理文化工綠色工廠在安全、環保方面做出的好成績。

Employees spotted of the charitable social activity:

員工在公益活動場上：

Jiangsu L&M Chemical always remember the original intention of charity in the process of development. The Company's labour union participated in the activity of "making donation to charity", extending a helping hand to the families in need in the local community. In March 2019, the representative of the labour union gave the donation to the deputy director of Binjiang Police Station and expressed the sincere condolences of Lee & Man Chemical.

江蘇理文化工在發展的同時不忘慈善初心，公司工會參加「獻愛心捐款」活動，向地方社區裏困難家庭伸出援助之手，2019年3月由公司工會代表將善款送至濱江派出所副所長手裏代領，並送上理文化工真摯的慰問。

Jiangxi L&M Chemical supports community development and provides public welfare support: The Company donated to Wanquan Village of Zhaochen Town through Ruichang Red Cross in January 2019 for the construction of the village's "rapeseed base" poverty alleviation project, helping poor households to get rid of poverty as soon as possible; to support poverty alleviation in Ruichang City and assist cultural poverty alleviation, the Company helped Ruichang Ganghang Law Enforcement Brigade to provide poverty alleviation aid to Longwo Village of Matou Town, and donated poverty alleviation funds for the construction of public welfare cultural corridor. Under the background of the country's vigorous promotion of national fitness, table tennis has become "National Ball". In July 2019, the Company sponsored the "Second Yangtze River Economic Belt Table Tennis Mixed Team Competition" organized by Ruichang City to encourage national fitness and actively respond to national calls.

江西理文化工助力社區發展，進行公益支持：公司於2019年1月通過瑞昌紅十字會向肇陳鎮萬泉村捐獻，用於該村「油菜基地」扶貧專案建設，幫助貧困戶儘快脱貧致富；為了支援瑞昌市扶貧事業，助力文化扶貧，2019年公司幫建由瑞昌市港航執法大隊對口扶貧的碼頭鎮龍窩村，捐獻扶貧資金用於公益文化長廊等建設。在國家大力推廣全民健身的背景下，乒乓球作為「國球」，公司於2019年7月贊助由瑞昌市組織的「第二屆長江經濟帶乒乓球混合團體賽，帶動全民健身，積極回應國家號召。

In June 2019, led by the safety and environment protection department and with the cooperation of factory administration office, general manager office, personnel department and other departments, Jiangxi L&M Chemical approached Ruichang People's Square. Through the distribution of brochures and the circular broadcasting of Lee & Man Chemical's propaganda video, it actively spread the Company's concept of safety and environmental protection and helped people in Ruichang to have a further understanding of Lee & Man Chemical.

江西理文化工在2019年6月，由安環部主導，廠務部、總經辦、人事部等部門配合，走近瑞昌市人民廣場，通過發放宣傳冊，循環播放理文化工宣傳片，積極宣傳了公司安全環保理念，使瑞昌當地市民對理文化工有了進一步的瞭解和認識。

To popularize scientific quality management methods, spread quality management knowledge, disseminate quality culture, promote the exchange and mutual learning of quality management modes and methods, and improve the quality management level, Jiangxi L&M Chemical held "Quality Month" activity in September 2019. During the period, it carried out the "Quality Open Day" activity with the theme of "setting quality benchmark and expanding innovation spirit". More than 50 people including leaders of Ruichang Administration for Market Regulation, leaders of industrial city and enterprise representatives were invited to enter the factory. Accompanied by senior management of the Company, they saw the propaganda display board, and visited the central control room, product analysis and testing center, production workshop, etc., learned the quality management mode of Jiangxi L&M Chemical and exchanged management experience.

為推廣科學品質管制方法，普及品質管制知識，傳播品質文化，促進品質管制模式方法交流互鑒，提升品質管制水準。江西理文化工於2019年9月舉行「品質月」，期間開展「樹品質標竿，拓創新精神」為主題的「品質開放日」活動，這次活動邀請瑞昌市市監局領導、工業城負責人、企業代表等50餘人走進廠區，在公司高層陪同下先後參觀宣傳展板、中央控制室、產品分析檢測中心、生產車間等，學習江西理文化工品質管制模式，互相交流管理心得。

Environmental, Social and Governance (ESG) Report
環境、社會及管治報告

The following group photo picture was taken by representatives in front of the office building of Jiangxi L&M Chemical

下圖為代表們在江西理文化工辦公樓前合影留念

During the "National Energy Saving Publicity Week" in June 2019, the "National Low Carbon Day" fell on June 19. To thoroughly implement the development concept of clean production and green development, Jiangxi L&M Chemical has carried out a series of activities, such as theme publicity, energy knowledge training, energy conservation knowledge competition, theme sign-in and energy conservation inspection, centering on the theme of "green development, energy conservation first" and "low-carbon action, blue sky protection".

2019年6月「全國節能宣傳周」，其中6月19日是「全國低碳日」。為深入貫徹清潔生產、綠色發展的發展理念，江西理文化工圍繞「綠色發展，節能先行」及「低碳行動，保衛藍天」的活動主題開展了主題宣傳、能源知識培訓、節能知識競賽、主題簽到、節能檢查等一系列活動。

Ball games and group activities, such as football game, basketball game, tug-of-war, marathon, etc., were held by Labour union of the two factories. The employees participated actively in such games and activities. The picture attached shows the "Lee & Man Chemical Cup" Men's Basketball Game held by Jiangxi L&M Chemical.

兩廠工會組織員工球類及群體活動，包括足球，籃球、拔河、馬拉松長跑活動等等，職員工皆踴躍參加。附圖為江西理文化工舉辦「理文化工杯」男子籃球賽。

In October 2019, 2019 Changshu International Half Marathon was held in Jiangsu Province. As one of the sponsoring enterprises, Lee & Man Chemical sent employee representatives to attend it. The athletes finally crossed the finish line with the tenacious spirit, challenged themselves, and carried forward the spirits of perseverance and persistence. The expression of joy on the faces of the athletes shows the spirit of marathon in the best way. The following picture shows the group photo of participants.

2019年10月在江蘇省，迎來了2019常熟國際半程馬拉松賽，理文化工是其中一家贊助企業，亦派上員工代表參加。運動員用頑強拼搏的精神最終順利衝破終點，完成了自我挑戰，發揚了堅韌不拔永不言敗的鍥而不捨精神，運動員們大家臉上溢於言表的喜悅便是馬拉松精神最好的見證。下圖為參賽人員合影。

Participating in the Premier League matches hosted by Hong Kong Football Association, the Group sponsored a football team named under Lee & Man. Considering the development of local young players as its own responsibility, Lee Man Football Club provides suitable training plans for young players under the age of 18, so that they can take care of both academic and football training. It hopes that players can stay competitive in Hong Kong Premier League, play for the Hong Kong team in the future and give play to the spirit of sports.

本集團在香港足球總會舉辦的超級聯賽中，贊助一支以理文冠名的足球隊參加比賽。理文足球會同時以培養本土年輕球員為己任，球會為年輕的18歲以下球員提供合適培訓計劃，讓他們能同時兼顧學業及足球訓練，希望球員在港超聯比賽保持一定的競爭力，亦期望他們日後能為香港隊效力，發揮體育精神。

Lee Man Football Club won the champion of Hong Kong Sapling Cup in 2019, marking a historical record of the club.

理文足球會在2019年度，取得香港菁英盃冠軍，創造了球會歷史。

Profile of Directors and Senior Management
董事及高級管理層簡介

EXECUTIVE DIRECTOR

Ms. WAI Siu Kee, aged 75, Chairman of the Group who joined the Group since its establishment in 1976. Ms. Wai has more than 54 years of experience in the manufacturing industry. She is responsible for the development of corporate strategies, corporate planning and overall management of the Group and in particular the marketing and development of the business of the Group. Ms. Wai is the honorary permanent president of the Hong Kong Baptist University Foundation. Ms. Wai is the mother of Mr. Lee Man Yan, the Executive Director and Chief Executive Officer of the Group.

Mr. LEE Man Yan, aged 42, the member of Chinese People's Political Consultative Committee of Jiangxi and Chief Executive Officer of the Group. He joined the Group in 2000. Mr. Lee is in charge of the corporate and strategic planning of the Group, and is responsible for the management operations, procurement of mechanical materials, staff management and public relations in the PRC of the business. He graduated from the University of British Columbia, Canada with a Bachelor's Degree in Commerce. Mr. Lee was awarded Young Industrialist Award of Hong Kong 2013 and Young Entrepreneur Award 2013. He is appointed as member of the Departmental Advisory Committee for the Department of Chemistry of City University of Hong Kong and Committee Member of Hong Kong Young Industrialists Council. Mr. Lee is a son of Ms. Wai Siu Kee, the Group's Chairman.

Professor CHAN Albert Sun Chi, aged 69, CPPCC National Committee, *JP*, an Executive Director and Chief Strategist of the Group. He joined the Group in 2016. He is a world-renowned organic chemist, Member of the Chinese Academy of Sciences and President Emeritus of Hong Kong Baptist University. He is responsible for the planning of the Group's overall business and long term strategies, formulating new product development directions, leading the Group's research and development team for enhancement of scientific research technology, commercializing its research results and introducing new products into the market. Professor Chan received his bachelor degree from International Christian University in Japan in 1975 and his MSc and PhD degrees from the University of Chicago respectively in 1976 and 1979. Upon graduation from the University of Chicago, he started an industrial career at the Monsanto Corporate Research Laboratories where he had worked for 13 years, rising through the ranks of Senior Research Chemist, Research Specialist, Senior Research Specialist and finally Monsanto Fellow. Since joining the Hong Kong Polytechnic University in 1994, Professor Chan had served as Chair Professor and Head of the Department of Applied Biology and Chemical Technology, Dean of the Faculty of Applied Science and Textiles, and Vice President (Research Development). He was the 4th President and Vice-Chancellor of Hong Kong Baptist University in 2010–2015. Professor Chan's research areas include the application of chiral catalysts in asymmetric syntheses and their industrial applications, development of pharmaceutical products and related processes, pharmaceutical and nutritional products based on Chinese medicines, new organic chemical processes and their industrial applications, research and industrial applications of green sciences, novel material discovery and development, etc. Elected as Member of the Chinese Academy of Sciences in 2001, Professor Chan has received numerous prestigious awards including State Natural Science Award of China (second class), Lectureship Award by The Society of Synthetic Organic Chemistry, Japan and Invitation Fellowship of Japan Society for the Promotion of Science.

執行董事

衛少琦女士，75歲，本集團主席，於本集團在1976年成立時加入。衛女士於製造業積逾54年經驗。彼負責本集團的企業策略、企業策劃及集團整體管理的發展，尤其是本集團業務的市場推廣及發展。衛女士現擔任香港浸會大學基金永遠榮譽主席。衛女士為本集團執行董事及首席執行官李文恩先生之母親。

李文恩先生，42歲，江西省政協委員會委員及本集團首席執行官。彼於2000年加入本集團。李先生負責本集團之整體策略規劃，並負責日常營運管理，機械物料採購，人事管理及維繫與國內政府機構關係工作。彼畢業於加拿大英屬哥倫比亞大學，持有商學士學位。李先生獲頒為2013年香港青年工業家及2013年青年企業家。彼現獲委任為城市大學化學系諮詢委員會委員及香港青年工業家協會執委會成員。李先生為本集團主席衛少琦女士之兒子。

陳新滋教授，69歲，全國政協委員，*太平紳士*，本集團執行董事及總參謀。彼於2016年加入本集團。陳教授是世界著名的有機化學家、中國科學院院士及香港浸會大學榮休校長。彼之主要職務涉及本集團整體業務及長遠策略規劃、制定新產品研發方向、帶領本集團研發團隊，增強科研技術、將其研究成果商品化及將新產品推出市場。陳教授於1975年在日本國際基督教大學取得學士學位，並於1976年及1979年先後獲美國芝加哥大學頒授碩士和博士學位，畢業後在美國孟山都公司任職了十三年，從高級化學研究師逐步晉升至孟山都院士。自1994年起受聘於香港理工大學，陳教授先後擔任應用生物及化學科技學系講座教授兼系主任、應用科學及紡織學院院長和副校長（科研發展）職位。他曾於2010至2015年間擔任香港浸會大學第四任校長。陳教授的研究範疇包括不對稱合成催化劑及其工業應用、醫藥產品及其相關程式的開發、以中藥為基礎的醫藥及營養產品、新有機化學程式及其工業應用、綠色科學的研究及其工業應用、新型材料的發現和開發等。陳教授於2001年榮膺中國科學院院士，並曾獲得多項獎項包括中國國家自然科學獎（二等）、日本有機合成化學會Lectureship Award和日本科學振興會邀請學人獎。

Mr. YANG Zuo Ning, aged 58, an Executive Director of the Group and General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006. He is a national acclaimed senior engineer and has 37 years of production experience in chlor-alkali industries. He is responsible for the strategic planning, general management and advisory of production engineering to the Group.

楊作寧先生，58歲，本集團執行董事及江西理文化工有限公司總經理。彼於2006年加入本集團。彼持有國家高級工程師職稱，擁有37年氯鹼化工生產技術之經驗。彼負責本集團、策略策劃，日常管理工作及提供生產技術建議。

INDEPENDENT NON-EXECUTIVE DIRECTOR

獨立非執行董事

Mr. WONG Kai Tung, Tony, aged 77, an Independent Non-Executive Director of the Group. He has been a practicing lawyer in Hong Kong since 1968 and has also been admitted as a solicitor in England and Wales. He is currently a consultant at Messrs. Hastings & Co., Solicitors and Notaries. He is also an independent non-executive director of Lee & Man Paper Manufacturing Limited (Stock Code: 2314).

王啟東先生，77歲，本集團獨立非執行董事。彼自1968年以來為香港之執業律師，亦為英格蘭及威爾斯執業事務律師。彼現任希仕廷律師行之顧問。彼亦為理文造紙有限公司(股份代號：2314)之獨立非執行董事。

Mr. WAN Chi Keung, Aaron *BBS, JP*, aged 70, an Independent Non-Executive Director of the Group. He holds a Master's Degree in Business Administration of the Chinese University of Hong Kong and a Master's Degree in Buddhist Studies of the University of Hong Kong. He is also an associate of the Institution of Business Agents, a member of the Land Institute (London), an associate of the Chartered Institute of Arbitrators, a fellow of The Institute of Administrative Accounting and a fellow of The Royal Institution of Chartered Surveyors. He is engaged in the business of property and chattel valuation and auction and has over 36 years of related experience. Mr. Wan serves as an independent non-executive director in CNC Holdings Limited (Stock Code: 8356) and Universe Printshop Holdings Limited (Stock Code: 8448).

尹志強先生*BBS，太平紳士*，70歲，本集團獨立非執行董事。彼持有香港中文大學工商管理碩士學位及香港大學佛學碩士學位。彼亦為英國商業經紀學會會員、英國倫敦土地學會會員、英國皇家仲裁學會會員、英國管理會計師學會之資深會員及英國皇家特許測量師院士。彼從事物業及動產估值及拍賣業務，並具有超過36年相關經驗。尹先生於中國新華電視控股有限公司(股份代號：8356)及環球印館控股有限公司(股份代號：8448)出任獨立非執行董事。

Mr. HENG Victor Ja Wei, aged 42, an Independent Non-Executive Director of the Group. He is a partner of Morison Heng, Certified Public Accountants. He holds a Master of Science Degree of the Imperial College of Science, Technology and Medicine, the University of London. He is a fellow of The Association of Chartered Certified Accountants and member of The Hong Kong Institute of Certified Public Accountants. Mr. Heng serves as an independent non-executive director in CIMC-TianDa Holdings Company Limited (Stock Code: 0445), Matrix Holdings Limited (Stock Code: 1005), SCUD Group Limited (Stock Code: 1399) and Best Food Holding Company Limited (Stock Code: 1488). He also serves as the company secretary and authorized representative of China Life Insurance Company Limited (Stock Code: 2628).

邢家維先生，42歲，本集團獨立非執行董事。彼為華利信會計師事務所的合夥人。彼擁有英國倫敦大學帝國理工學院理學碩士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會會員。邢先生於中集天達控股有限公司(股份代號：0445)、美力時集團有限公司(股份代號：1005)、飛毛腿集團有限公司(股份代號：1399)及百福控股有限公司(股份代號：1488)出任獨立非執行董事。彼並於中國人壽保險股份有限公司(股份代號：2628)擔任公司秘書及授權代表。

SENIOR MANAGEMENT

高級管理層

Mr. LAM Hiu Fung, aged 49, Financial Controller of the Group. He joined the Group in 2005 and has 26 years of experience in financial management. He holds a Bachelor's Degree in Accountancy from City University of Hong Kong and a Master's Degree in International Business from the Chinese University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He is responsible for the supervision on the financial matters, tax issues and general management.

林曉峰先生，49歲，本集團之財務總監。彼於2005年加入本集團，擁有26年財務管理經驗。彼持有香港城市大學會計學學士及香港中文大學國際商業碩士學位。彼為英國特許公認會計師公會之資深會員，亦為香港會計師公會會員。彼負責財務監督，稅務及日常管理工作。

Profile of Directors and Senior Management
董事及高級管理層簡介

Mr. XIA Xu Dong, aged 45, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2006 and has 23 years of production experience in chlor-alkali industries. He is responsible for the supervision and general management of production of Jiangsu Lee & Man Chemical Limited.

夏旭東先生，45歲，江蘇理文化工有限公司副總經理。彼於2006年加入本集團，擁有23年氯鹼行業生產技術之經驗。彼負責江蘇理文化工有限公司生產之監督及日常管理工作。

Dr. TSE Man Kin, aged 48, Executive Dean of Research & Development of the Group. He joined the Group in 2008 and has 25 years of experience in chemical research and research management. He holds a PhD in Chemistry from the Chinese University of Hong Kong and is a member of the American Chemical Society. He is responsible for the research and development of the Group.

謝文健博士，48歲，本集團研發部執行院長。彼於2008年加入本集團，擁有25年化學研究及研發管理經驗。彼持有香港中文大學化學博士學位及為美國化學學會成員。彼負責本集團之研發工作。

Mr. WU Zeng Long, aged 50, Deputy General Manager of Jiangsu Lee & Man Chemical Limited. He joined the Group in 2007 and has 27 years of experience in sales, marketing and business development. He holds a Bachelor's Degree in Applied Chemistry. He is responsible for sales and logistics activities of Jiangsu Lee & Man Chemical Limited.

吳增龍先生，50歲，江蘇理文化工有限公司副總經理。彼於2007年加入本集團，擁有27年銷售管理、市場推廣、業務發展工作經驗。彼持有應用化學學士學位。彼負責江蘇理文化工有限公司之銷售及物流工作。

Mr. WAI Hiu Yu, aged 34, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2008 and has 11 years of management experience in manufacturing industry. He holds a Bachelor's Degree in Engineering from The University of British Columbia, Canada. He is responsible for developing of Jiangxi Lee & Man Chemical Limited sales strategies, exploring potential markets and logistics management.

衛曉宇先生，34歲，江西理文化工有限公司副總經理。彼於2008年加入本集團，擁有11年製造業的管理經驗。彼持有加拿大英屬哥倫比亞大學工程學學士學位。彼負責江西理文化工有限公司之銷售策略，業務拓展及物流管理工作。

Mr. CHEAH Ming Huat, aged 47, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2011 and has 22 years of experience in financial management. He is a fellow member of the Association of Chartered Certified Accountants and chartered accountant of Malaysian Institute of Accountants. He is responsible for the supervision on the financial matters, treasury management, internal control, tax issues and general management.

謝銘軒先生，47歲，江西理文化工有限公司副總經理。彼於2011年加入本集團，擁有22年財務管理經驗。彼為英國特許會計師公會之資深會員及馬來西亞會計師公會之註冊會計師資格。彼負責財務監督，資金管理，內部監控，稅務及日常管理工作。

Mr. DING Yao, aged 35, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2008 and has 12 years of production engineering experience in refined chemicals and chlor-alkali industries. He is responsible for the production of fluorochemical and chlor-alkali chemical and general management of Jiangxi Lee & Man Chemical Limited.

丁堯先生，35歲，江西理文化工有限公司副總經理。彼於2008年加入本集團，擁有12年的精細化工及氯鹼行業生產技術經驗。彼負責江西理文化工有限公司之氟化工及氯鹼化工的生產及日常管理工作。

Mr. QIU Yi Lin, aged 47, Deputy General Manager of Jiangxi Lee & Man Chemical Limited. He joined the Group in 2006. He acquired qualification of mechanical engineer in 2003 and has 23 years of management experience in power station and electrical and mechanical equipment. He is responsible for the operation and general management of power station as well as facility maintenance of Jiangxi Lee & Man Chemical Limited.

邱奕淋先生，47歲，江西理文化工有限公司副總經理。彼於2006年加入本集團。彼於2003年取得機械工程師資格，擁有23年的發電站及機電設備管理經驗。彼負責江西理文化工有限公司之發電站運作及日常管理和設備保養工作。

Mr. WONG Hon Ho, aged 45, Director of Information Technology of the Group. He joined the Group in 2008 and has 23 years of experience in strategic planning of information technology. He holds a Bachelor's Degree in Engineering and a Master's Degree in Philosophy from The University of Hong Kong. He is responsible for the strategic planning and execution of information technology related matters of the Group.

黃漢浩先生，45歲，本集團之資訊科技部總監。彼於2008年加入本集團，擁有23年資訊科技策劃管理經驗。彼持有香港大學工學士學位及哲學碩士學位。彼負責整個集團資訊科技策略規劃及執行的相關事宜。

Directors' Report
董事會報告

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2019.

董事會謹此提呈本公司截至2019年12月31日止之年度報告及經審核綜合財務報表。

PRINCIPAL ACTIVITIES

主要業務

The Company is an investment holding company and the Group is principally engaged in the manufacture and sale of chemical products.

本公司為一間投資控股公司，而本集團主要從事生產及銷售化工產品。

The principal activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

其主要附屬公司之主要業務載於綜合財務報表附註42。

RESULTS AND APPROPRIATIONS

業績及分派

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 85.

本集團截至2019年12月31日止年度之業績載於第85頁之綜合損益及其他全面收益表。

An interim dividend of HK18 cents per share amounting to HK$148,500,000 in aggregate was paid to the shareholders during the year.

年內已向股東支付中期股息每股18港仙總額為148,500,000港元。

The directors now recommend the payment of a final dividend of HK15 cents per share to the shareholders whose names appear on the register of members on 7 May 2020, amounting to HK$123,750,000 in total, subject to the approval of the shareholders at the forthcoming annual general meeting.

董事現建議派發末期股息每股15港仙予於2020年5月7日名列股東名冊之股東，總額為123,750,000港元，惟須待股東於應屆股東週年大會上批准。

DISTRIBUTABLE RESERVES

可供分派儲備

As at 31 December 2019, the Company's reserves available for distribution to shareholders represented the aggregation of the share premium and retained profits of HK$955,465,000 (2018: HK$395,154,000).

於2019年12月31日，本公司可供分派給股東之儲備代表股份溢價及保留溢利合共955,465,000港元(2018:395,154,000港元)。

FIVE YEAR FINANCIAL SUMMARY

五年財務概要

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 195.

本集團近五個財政年度之業績及資產負債概要載於第195頁。

Directors' Report
董事會報告

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Ms. Wai Siu Kee *(Chairman)*
Mr. Lee Man Yan *(Chief Executive Officer)*
Mr. Yang Zuo Ning
Professor Chan Albert Sun Chi

Independent non-executive directors

Mr. Wong Kai Tung, Tony
Mr. Wan Chi Keung, Aaron *BBS JP*
Mr. Heng Victor Ja Wei

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

In accordance with the provisions of the Company's Articles of Association, Mr. Wong Kai Tung, Tony and Mr. Heng Victor Ja Wei will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Ms. Wai Siu Kee has entered into a service agreement with the Company on 1 September 2017 for a period of three years, which will continue thereafter unless and until terminated by either party by three months' prior written notice.

Mr. Lee Man Yan has renewed the service agreement with the Company for a fixed term of three years commencing 16 August 2019, which may be terminated by either party by three months' prior written notice.

Mr. Yang Zuo Ning has renewed the service agreement with the Company for a fixed term of three years commencing 27 June 2019, which may be terminated by either party by three months' prior written notice.

Professor Chan Albert Sun Chi has renewed the service agreement with the Company for a fixed term of three years commencing 9 May 2019, which may be terminated by either party by three months prior notice.

All Independent non-executive Directors entered into service contracts with the Company, for a term of approximately one year, commencing upon conclusion of the AGM of the year of signing and ending at the next annual general meeting of the Company but, in any event, no later than 30 June to the following year of signing.

None of the Directors of the Company who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

董事

於本年度及截至本報告日止，本公司之董事為：

執行董事

衛少琦女士*（主席）*
李文恩先生*（首席執行官）*
陳新滋教授
楊作寧先生

獨立非執行董事

王啟東先生
尹志強先生*BBS太平紳士*
邢家維先生

根據上市規則第3.13條，每名獨立非執行董事已向本公司確認其年度之獨立性。本公司認為所有獨立非執行董事確屬獨立人士。

根據本公司組織章程細則，王啟東先生及邢家維先生須於應屆股東週年大會告退，惟彼等均有資格並願意膺選連任。

董事之服務合約

衛少琦女士於2017年9月1日與本公司訂立服務協議，為期3年，此後一直存續，除非及直至任何一方向另一方發出三個月事前書面通知予以終止為止。

李文恩先生已與本公司重新訂立服務協議，固定年期由2019年8月16日起計為期3年，而任何一方向另一方發出三個月事前書面通知可予以終止。

楊作寧先生已與本公司重新訂立服務協議，固定年期由2019年6月27日起計為期3年，而任何一方向另一方發出三個月事前書面通知可予以終止。

陳新滋教授已與本公司重新訂立服務協議，固定年期由2019年5月9日起計為期3年，而任何一方向另一方發出三個月事前書面通知可予以終止。

所有獨立非執行董事均與本公司簽訂服務合約，彼等之任期約一年，由簽訂當年之股東週年大會結束開始直至下一次股東週年大會日期止，惟無論如何將不會遲於簽訂次年之6月30日。

擬於即將召開之股東週年大會上膺選連任之本公司董事，概無與本公司訂立不可於一年內在不予賠償（法定賠償除外）之情況下終止之服務合約。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2019, the interests and short positions of directors and chief executives of the Company and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which have been notified of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to 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") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

董事於股份及相關股份中之權益

於2019年12月31日，本公司各董事及最高行政人員及彼等之聯繫人於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份及相關股份中，擁有並須根據證券及期貨條例第XV部第7及8分部已知會本公司及香港聯合交易所有限公司(「聯交所」)的有關權益或淡倉，或已記錄乃根據證券及期貨條例第352條須存置之登記冊，或已根據聯交所證券上市規則(「上市規則」)之上市公司董事進行證券交易之標準守則(「標準守則」)知會本公司及聯交所之權益及淡倉如下：

(a) Long positions in shares of the Company (a) 於本公司股份之好倉

Ordinary shares of HK$0.10 each of the Company

本公司每股0.10港元之普通股

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	495,000,000	60%

(b) Share options (b) 購股權

Name of director 董事姓名	Capacity 身份	Number of ordinary shares subject to options granted 授出的購股權所涉及的普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行股本百分比
Mr. Lee Man Yan 李文恩先生	Beneficial owner 實益擁有人	82,500,000	10%

Other than disclosed above, none of the directors or the chief executive, or any of their associates, had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations, which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露外，概無董事或最高行政人員或彼等之聯繫人於本公司或其任何相聯法團之股份及相關股份中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所、或根據證券及期貨條例第352條須記錄於該條例所指之登記冊、或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

Directors' Report
董事會報告

SHARE OPTIONS

A share option scheme was adopted by the Company on 14 July 2017, under which the directors or the chief executive of the Company or their associates may be granted options to subscribe for shares in the Company.

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of all outstanding options granted under the share option scheme of the Company (including both exercised and outstanding options) to each participant in any twelve months period must not exceed 1% of the shares in issue for the time being.

In addition, any share options to a substantial shareholder and/or an independent non-executive Director of the Company or any of their respective associates, and where the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period exceed 0.1% of the Company's shares in issue and with an aggregate value (based on the closing price of the shares on the date of grant) in excess of HK$5 million, are subject to the Company's shareholders' approval in general meeting.

As at the date of this report, the Company has 82,500,000 share options outstanding under the Share Option Scheme, representing approximately 10% of the shares of the Company in issue.

Details of the share option scheme and movement of the share options during the year are set out in note 35 to the consolidated financial statements.

購股權

本公司於2017年7月14日採納一項購股權計劃，據此本公司之董事或最高行政人員或彼等之聯繫人可獲授予購股權以認購本公司股份。

除非股東批准，各參與者於任何十二個月期間根據本公司購股權計劃獲授之所有未行使購股權獲行使時已發行及將予發行之股份總數，不得超過當時已發行股份1%。

此外，授予本公司主要股東及／或獨立非執行董事或彼等各自之任何聯繫人士以及倘導致在任何十二個月期間內因行使已授予或將授予有關人士之所有購股權而發行或將予發行的股份總數超過本公司已發行股份之0.1%且總值(按授出日期之股份收市價計算)超過5百萬港元之任何購股權，須待本公司股東於股東大會上批准後，方可作實。

於本報告日期，根據購股權計劃，本公司共有82,500,000份購股權尚未行使，佔當日本公司已發行股份約10%。

於年內購股權計劃及購股權變動之詳情載於綜合財務報表附註35。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

購買股份或債券之安排

本公司或其任何附屬公司於本年度任何時間內，概無參與任何安排，使本公司董事藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

SUBSTANTIAL SHAREHOLDERS

At 31 December 2019, shareholders (other than directors and chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

主要股東

於2019年12月31日，股東(本公司董事及最高行政人員除外)於本公司之股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部已向本公司披露、或已記錄乃根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

Long positions

好倉

Ordinary shares of HK$0.10 each of the Company

本公司每股0.10港元之普通股

Name of shareholder 股東姓名	Capacity 身份	Number of issued ordinary shares held 普通股數目	Percentage of the issued share capital of the Company 佔已發行股本百分比
Ms. Kwok Ching Yee Lorinda 郭靜怡女士	Interest of Spouse 配偶權益	495,000,000	60%
Dr. Lee Wan Keung Patrick 李運强博士	Beneficial Owner 實益擁有人	123,750,000	15%

Other than disclosed above, as at 31 December 2019, the Company has not been notified by any persons (other than directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

除上文所披露外，於2019年12月31日，概無任何人士(本公司董事及最高行政人員除外)通知本公司，指其在本公司之股份或相關股份中，擁有任何根據證券及期貨條例第XV部第2及3分部須向本公司披露、或已記錄乃根據證券及期貨條例第336條由本公司存置之登記冊之權益及淡倉。

Directors' Report
董事會報告

CONNECTED TRANSACTIONS

Related parties transactions

During the year ended 31 December 2019, the Company and its subsidiaries (collectively, the "Group") entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. Details of the related party transactions undertaken are set out in note 40 to the consolidated financial statements.

The following related parties transactions are also connected transaction and continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company had complied with the disclosure requirements of such connected transaction and continuing connected transactions in accordance with Chapter 14A of the Listing Rules at the relevant time.

Continuing connected transactions

The names of the parties to the discloseable continuing connected transactions and connected transaction are as follows:

Jiangsu Chemical	Jiangsu Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
Jiangsu Paper	Jiangsu Lee & Man Paper Manufacturing Company Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of LMP
Jiangxi Chemical	Jiangxi Lee & Man Chemical Limited, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
LMP	Lee & Man Paper Manufacturing Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
LMP Group	LMP and its subsidiaries

關連交易

關連人士交易

於截至2019年12月31日止年度，本公司及其附屬公司(統稱「本集團」)與根據適用會計準則被視為關連人士的訂約方訂立若干交易。該等關連人士交易的進一步詳情載於綜合財務報表附註40。

以下關連人士交易根據香港聯合交易所有限公司證券上市規則(「上市規則」)亦為關連交易及持續關連交易。本公司已於有關時間根據上市規則第14A章遵守該等關連交易及持續關連交易的披露要求。

持續關連交易

須予披露的持續關連交易訂約方的名稱如下：

江蘇化工	江蘇理文化工有限公司，於中國成立之外商獨資企業，為本公司之間接全資附屬公司
江蘇造紙	江蘇理文造紙有限公司，於中國成立之外商獨資企業，為理文造紙之間接全資附屬公司
江西化工	江西理文化工有限公司，於中國成立之外商獨資企業，為本公司之間接全資附屬公司
理文造紙	理文造紙有限公司，於開曼群島註冊成立之公司，其股份於聯交所上市
理文造紙集團	理文造紙及其附屬公司

Details of the continuing connected transactions are set out below:

持續關連交易之詳情載列如下：

New Jiangsu Steam and Electricity Agreement

Date of agreement	28 March 2018
Parties	(i) Jiangsu Paper (as supplier) (ii) Jiangsu Chemical (as purchaser)
Nature of transaction and purpose	Jiangsu Paper will generate and supply steam and electricity to Jiangsu Chemical. The electricity to be generated and supplied shall be charged at RMB0.0684 (excluding VAT) per kWh. The steam to be generated and supplied shall be charged at RMB25.641 (excluding VAT) per ton measured by Jiangsu Paper's meter.
Term of agreement	3 years commencing from 1 January 2018 up to and including 31 December 2020
Annual caps	For the year ended 31 December 2018: RMB80,000,000 (approximately HK$100,000,000) For the year ending 31 December 2019: RMB80,000,000 (approximately HK$100,000,000) For the year ending 31 December 2020: RMB80,000,000 (approximately HK$100,000,000)

The actual transaction amount for the year ended 31 December 2019 was HK$71,635,000.

新江蘇蒸氣及發電協議

協議日期	二零一八年三月二十八日
訂約方	(i) 江蘇造紙(作為供應方) (ii) 江蘇化工(作為購買方)
交易性質及目的	江蘇造紙將向江蘇化工提供蒸氣及發電服務。 提供發電服務之收費將按每千瓦時人民幣0.0684元(不包括增值稅)計算。提供蒸氣服務之收費將按江蘇造紙氣量錶計算，每噸人民幣25.641元(不包括增值稅)。
協議年期	自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年
年度上限	截至二零一八年十二月三十一日止年度：人民幣80,000,000元(約100,000,000港元) 截至二零一九年十二月三十一日止年度：人民幣80,000,000元(約100,000,000港元) 截至二零二零年十二月三十一日止年度：人民幣80,000,000元(約100,000,000港元)

截至二零一九年十二月三十一日止年度的實際交易金額為71,635,000港元。

New Jiangxi Steam and Electricity Agreement

Date of agreement	28 March 2018
Parties	(i) Jiangxi Chemical (as supplier) (ii) LMP (as purchaser)
Nature of transaction and purpose	Jiangxi Chemical will generate and supply steam and electricity to LMP (or any other member of the LMP Group). The electricity to be generated and supplied shall be charged at RMB0.0684 (excluding VAT) per kWh. The steam to be generated and supplied shall be charged at RMB25.641 (excluding VAT) per ton measured by Jiangxi Chemical's meter.
Term of agreement	3 years commencing from 1 January 2018 up to and including 31 December 2020
Annual caps	For the year ended 31 December 2018: RMB90,000,000 (approximately HK$112,500,000) For the year ending 31 December 2019: RMB90,000,000 (approximately HK$112,500,000) For the year ending 31 December 2020: RMB90,000,000 (approximately HK$112,500,000)

The actual transaction amount for the year ended 31 December 2019 was HK$70,984,000.

新江西蒸氣及發電協議

協議日期	二零一八年三月二十八日
訂約方	(i) 江西化工(作為供應方) (ii) 理文造紙(作為購買方)
交易性質及目的	江西化工將向理文造紙(或理文造紙集團任何其他成員公司)提供蒸氣及發電服務。 提供發電服務之收費將按每千瓦時人民幣0.0684元(不包括增值税)計算。提供蒸氣服務之收費將按江西化工氣量錶計算，每噸人民幣25.641元(不包括增值税)。
協議年期	自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年
年度上限	截至二零一八年十二月三十一日止年度：人民幣90,000,000元(約112,500,000港元) 截至二零一九年十二月三十一日止年度：人民幣90,000,000元(約112,500,000港元) 截至二零二零年十二月三十一日止年度：人民幣90,000,000元(約112,500,000港元)

截至二零一九年十二月三十一日止年度的實際交易金額為70,984,000港元。

New Jiangsu Lease Agreement

Date of agreement	28 March 2018
Parties	(i) Jiangsu Paper (as lessor) (ii) Jiangsu Chemical (as lessee)
Nature of transaction and purpose	Jiangsu Paper (as lessor) will lease to Jiangsu Chemical (as lessee) certain properties located at Lee & Man Road, Yan Jiang Industrial Park, Changshu Economic Development Zone, Jiangsu Province, the PRC. Such properties comprise:– 1) third floor office space (at a monthly rate of RMB7,520) 2) staff quarters (at a monthly rate of RMB581 per room) 3) guestrooms (to be determined based on actual daily usage at a daily rate of RMB36 per room)
Term of agreement	3 years commencing from 1 January 2018 up to and including 31 December 2020
Annual caps	For the year ended 31 December 2018: RMB5,000,000 (approximately HK$6,250,000) For the year ending 31 December 2019: RMB5,000,000 (approximately HK$6,250,000) For the year ending 31 December 2020: RMB5,000,000 (approximately HK$6,250,000)

The actual transaction amount for the year ended 31 December 2019 was HK$1,857,000.

新江蘇租賃協議

協議日期	二零一八年三月二十八日
訂約方	(i) 江蘇造紙（作為出租人） (ii) 江蘇化工（作為承租人）
交易性質及目的	江蘇造紙（作為出租人）將出租位於中國江蘇省常熟經濟開發區沿江工業園理文路若干物業予江蘇化工（作為承租人）使用。該等物業包括： 1) 三樓辦公室（月租人民幣7,520元） 2) 員工宿舍（每個房間月租人民幣581元） 3) 客房（根據按每個房間日租人民幣36元的實際每日使用量釐定）
協議年期	自二零一八年一月一日起生效至二零二零年十二月三十一日（包括該日）止，為期三年
年度上限	截至二零一八年十二月三十一日止年度：人民幣5,000,000元（約6,250,000港元） 截至二零一九年十二月三十一日止年度：人民幣5,000,000元（約6,250,000港元） 截至二零二零年十二月三十一日止年度：人民幣5,000,000元（約6,250,000港元）

截至二零一九年十二月三十一日止年度的實際交易金額為1,857,000港元。

New Jiangxi Lease Agreement

Date of agreement	28 March 2018
Parties	(i) Jiangxi Chemical (as lessor) (ii) LMP (as lessee)
Nature of transaction and purpose	Jiangxi Chemical (as lessor) will lease to LMP (or any other member of the LMP Group) (as lessee) certain properties located at Ma Tou Industrial City, Ma Tou Town, Rui Chang City, Jiangxi Province, the PRC. Such properties comprise:– 1) staff quarters (at a monthly rate ranging from RMB581 to RMB1,566 per room) 2) guestrooms (to be determined based on actual daily usage at a daily rate of RMB36 per room).
Term of agreement	3 years commencing from 1 January 2018 up to and including 31 December 2020
Annual caps	For the year ended 31 December 2018: RMB5,000,000 (approximately HK$6,250,000) For the year ending 31 December 2019: RMB5,000,000 (approximately HK$6,250,000) For the year ending 31 December 2020: RMB5,000,000 (approximately HK$6,250,000)

The actual transaction amount for the year ended 31 December 2019 was HK$2,166,000.

新江西租賃協議

協議日期	二零一八年三月二十八日
訂約方	(i) 江西化工(作為出租人) (ii) 理文造紙(作為承租人)
交易性質及目的	江西化工(作為出租人)將出租位於中國江西省瑞昌市碼頭鎮碼頭工業城若干物業予理文造紙(或理文造紙集團任何其他成員公司)(作為承租人)使用。該等物業包括： 1) 員工宿舍(每個房間月租介乎人民幣581元至人民幣1,566元) 2) 客房(根據按每個房間日租人民幣36元的實際每日使用量釐定)。
協議年期	自二零一八年一月一日起生效至二零二零年十二月三十一日(包括該日)止，為期三年
年度上限	截至二零一八年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元) 截至二零一九年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元) 截至二零二零年十二月三十一日止年度：人民幣5,000,000元(約6,250,000港元)

截至二零一九年十二月三十一日止年度的實際交易金額為2,166,000港元。

New Chemicals Purchase Agreement

Date of agreement	28 March 2018
Parties	(i) LMP (as purchaser) (ii) the Group (as supplier)
Nature of transaction and purpose	LMP (or any other member of the LMP Group) will purchase various industrial chemical products from the Group (or any other member of the Group) at a price based on the prevailing market price per ton at the time an order is placed. The Group will be responsible for the transportation of the industrial chemical products to the LMP Group while the transportation costs will be borne by the LMP Group. There is no minimum amount of industrial chemical products required to be purchased by the LMP Group.
Term of agreement	3 years commencing from 1 January 2018 up to and including 31 December 2020
Annual caps	For the year ended 31 December 2018: RMB110,000,000 (approximately HK$137,500,000) For the year ending 31 December 2019: RMB110,000,000 (approximately HK$137,500,000) For the year ending 31 December 2020: RMB110,000,000 (approximately HK$137,500,000)

The actual transaction amount for the year ended 31 December 2019 was HK$91,566,000.

新化工採購協議

協議日期	二零一八年三月二十八日
訂約方	(i) 理文造紙（作為購買方） (ii) 本集團（作為供應方）
交易性質及目的	理文造紙（或理文造紙集團任何其他成員公司）將向本集團（或本集團任何其他成員公司）購買多種工業化工產品，價格按發出訂單時之當前每噸市價釐定。 本集團負責將工業化工產品運抵理文造紙集團，而運輸費用將由理文造紙集團承擔。 理文造紙集團購買工業化工產品並無最低金額要求。
協議年期	自二零一八年一月一日起生效至二零二零年十二月三十一日（包括該日）止，為期三年
年度上限	截至二零一八年十二月三十一日止年度：人民幣110,000,000元（約137,500,000港元） 截至二零一九年十二月三十一日止年度：人民幣110,000,000元（約137,500,000港元） 截至二零二零年十二月三十一日止年度：人民幣110,000,000元（約137,500,000港元）

截至二零一九年十二月三十一日止年度的實際交易金額為91,566,000港元。

Directors' Report
董事會報告

LMP and its subsidiaries is a group beneficially owned and controlled by the family members of Mr. Lee Man Yan, the ultimate controlling shareholder of the Company. The above transactions constitute continuing connected transactions of the Company accordingly.

理文造紙及其附屬公司是一個由李文恩先生，即本公司的最終控股股東，之家族成員實益擁有及控制的集團。因此以上交易均構成本公司的持續關連交易。

For further details of the above transactions, please refer to the joint announcement of the Company and LMP dated 28 March 2018.

以上交易的進一步詳情，請參閱本公司及理文造紙日期為2018年3月28日的聯合公布。

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company reviewed the continuing connected transactions disclosed in this report and confirmed that the transactions were entered into:

根據上市規則第14A.55條，本公司獨立非執行董事檢討本報告所披露的持續關連交易，並確認有關交易：

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(i) 乃於本集團一般及日常業務過程中訂立；

(ii) 按一般或更優惠的商業條款訂立；及

(iii) 根據規管有關交易之相關協議及按公平合理且符合本公司及股東整體利益之條款訂立。

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter to the Company's directors confirming nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions disclosed in this report:

根據上市規則第14A.56條，本公司核數師獲委聘根據香港會計師公會發佈的香港鑒證業務準則3000號(經修訂)「歷史財務資料審核或審閱以外的鑒證工作」並參考實務説明第740號「香港上市規則規定的持續關連交易的核數師函件」就本集團之持續關連交易進行報告。該核數師已向本公司董事發出一份函件，確認概無任何事宜使彼等注意而導致彼等認為本報告所披露的持續關連交易：

(i) have not been approved by the Company's board of directors;

(ii) for transactions involving the provision of goods or services by the Group, the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; or

(iv) have exceeded the annual cap as set by the Company.

(i) 未獲本公司董事會批准；

(ii) 就涉及由本公司提供貨品或服務的交易，概無於所有重大方面按照本集團的定價政策進行；

(iii) 概無於所有重大方面根據相關協議訂立；或

(iv) 超過本公司設定的年度上限。

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

除上文所披露外，並無任何其他交易須按上市規則之要求須予披露為關連交易。

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the heading "Connected transactions", no transactions, arrangements and contracts of significance to which the Company or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

董事於重要交易、安排及合約中之權益

除「關連交易」一段所披露外，本公司及附屬公司於年終或年內任何時間概無參與訂立與本公司董事有直接或間接重大權益之重要交易，安排及合約。

BUSINESS REVIEW AND PERFORMANCE

A review and outlook of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and Management Discussion and Analysis sections respectively from pages 4 to 5 and pages 6 to 10 of this Annual Report.

業務回顧及表現

於年內本公司業務回顧及前景以及本集團業績表現及財務狀況之相關重要因素的探討和分析，分別載列於本年報第4至5頁的主席報告書及第6至10頁的管理層討論及分析。

KEY RISKS AND UNCERTAINTIES

The key risks and uncertainties facing the Company as required to be disclosed pursuant to the Companies Ordinance (Chapter 622 of the laws of Hong Kong) are disclosed in Management Discussion and Analysis pages 6 to 10 of this Annual Report.

主要風險及不明朗因素

根據公司條例(香港法例第622章)需予披露本公司所面對的主要風險及不明朗因素，已在本年報「管理層討論及分析」第6至10頁披露。

GROUP'S ENVIRONMENTAL POLICIES

The Group commits to environmental protection and adopts various measures to ensure its duties of protecting the environment. The Company has established HSE department, filled with well qualified personnel, to continually follow-up on relevant environment-related laws and provisions, and to ensure that all departments within the Company comply these regulations without any violation. Particulars of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report on pages 24 to 61 of this Annual Report.

本集團的環境政策

本集團一直致力環境保護，並採取多項措施及監控方法履行對保護環境的責任。公司成立安環部，部門成員乃合資格專材，持續跟進相關環保法律，了解規定的更新條文，並確保公司各部門執行政府對環保提出的所有要求，杜絕任何違反環保法律及規定的行為。本集團之環保政策及表現詳情載列於本年報第24頁至第61頁之環境、社會及管治報告。

Directors' Report
董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were less than 30% of total turnover.

The aggregate purchases during the year attributable to the Group's five largest suppliers were approximately 48% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 27% of the Group's total purchases.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers of the Group.

主要客戶及供應商

年內，本集團五大客戶之累計銷售少於總營業額之30%。

年內本集團之五大供應商之累計購貨約佔本集團總購貨48%，而本集團最大供應商之購貨佔本集團總購貨約27%。

概無董事、彼等之聯繫人或董事所知擁有本公司已發行股本5%或以上之任何股東，擁有本集團五大客戶任何股本權益。

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

購買、出售或贖回本公司之上市證券

本公司及其任何附屬公司於年內概無購買、出售或贖回本公司之上市證券。

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

優先購股權

本公司之組織章程細則或開曼群島法例均無有關優先購股權之條文，規定本公司須按持股比例向現有股東發售新股份。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in note 35 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2019 and as at the date of this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Wai Siu Kee
Chairman
Hong Kong, 5 March 2020

酬金政策

本集團僱員之酬金政策由薪酬委員會設立，乃按僱員之功績、專業資格及才能而釐定。

本公司董事之酬金由薪酬委員會按本公司之經營業績、其個人之工作表現及相對之市場狀況而釐定。

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於綜合財務報表附註35。

足夠公眾持股量

按本公司可以得悉之公開資料所示及就董事所知悉，本公司於截至2019年12月31日止整個年度內及於本報告日期皆保持足夠公眾持股量。

獲准許彌償條文

本公司就其董事及高級管理人員可能面對因企業活動產生之法律訴訟已作適當之投保安排。基於董事利益的獲准許彌償條文根據公司條例(香港法例第622章)的規定生效。

核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會上提呈。

代表董事會

衛少琦
主席
香港，2020年3月5日

Independent Auditor's Report
獨立核數師報告

Deloitte. 德勤

TO THE SHAREHOLDERS OF
LEE & MAN CHEMICAL COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

致理文化工有限公司股東

(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Lee & Man Chemical Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 85 to 194, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

意見

本行已審核列載於第85至第194頁內之理文化工有限公司(「貴公司」)及其附屬公司(以下合稱為「貴集團」)之綜合財務報表，此綜合財務報表包括於2019年12月31日之綜合財務狀況表，截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

本行認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒布之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2019年12月31日的綜合財務狀況及 貴集團於截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥善編製。

BASIS FOR OPINION

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

意見的基礎

本行已根據香港會計師公會頒布的香港審計準則(「香港審計準則」)進行審核。本行在該等準則下承擔的責任已在本報告核數師就審核綜合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布的專業會計師道德守則(「守則」)，本行獨立於 貴集團，並已履行守則中的其他專業道德責任。本行相信，本行所獲得的審核憑證能充足及適當地為本行的審計意見提供基礎。

KEY AUDIT MATTER

關鍵審核事項

Key audit matter is those matters that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

關鍵審核事項是指根據本行的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。這些事項是在本行審核整體綜合財務報表及出具意見時進行處理的。本行不會對這些事項提供單獨的意見。

Key audit matter 關鍵審核事項	How our audit addressed the key audit matter 本審計如何處理關鍵審核事項

Valuation of the intangible assets for technical knowhow and property, plant and equipment for manufacturing a new chemical product (the "Project")
就製造新化工產品(「項目」)相關的物業、廠房及設備及技術知識的估值

Key audit matter	How our audit addressed the key audit matter
We identified the valuation of the intangible assets and property, plant and equipment for the Project as a key audit matter due to significant estimation uncertainty involved in the determination of the recoverable amount of the cash generating unit ("CGU") and the significance of the carrying amounts of the CGU to the consolidated financial statements. 本行將對屬於　貴集團項目的無形資產及物業、廠房及設備之減值評估確認為關鍵審核事項，原因為於確定現金產生單位(「現金產生單位」)的可收回金額時存在重大估計不確定性，及該現金產生單位賬面值對綜合財務報表的重要性。 As detailed in notes 4 and 19 to the consolidated financial statements, for the purpose of the impairment assessment, the carrying amounts of intangible assets and property, plant and equipment amounted to HK$94,532,000 and HK$141,268,000, respectively, as at 31 December 2019. 如綜合財務報表附註4及19所披露，就減值評估而言，於2019年12月31日，無形資產及物業，廠房及設備的賬面值分別為94,532,000港元及141,268,000港元。 The management of the Group performed impairment assessment and concluded that no impairment loss was recognised for the CGU. This impairment assessment was based on a value in use calculation that required significant estimation with respect to the underlying cash flows and discount rate. 貴集團之管理層就現金產生單位進行減值評估，並總結無須確認減值虧損。該減值評估基於使用價值計算，需要對相關現金流量和貼現率進行重大估計。	Our procedures in relation to the impairment assessment on intangible assets and property, plant and equipment relating to the Project included: 本行就項目之無形資產及物業、廠房及設備作出減值評估之程序包括： • Understanding the Group's impairment assessment process, including the valuation model adopted and key assumptions made by the management; 瞭解　貴集團之減值評估程序，包括　貴集團所採用之估值模式及所使用之關鍵假設； • Evaluating the appropriateness of the model used to calculate the recoverable amount; 評估用於計算可收回金額之模式之合適性； • Evaluating the reasonableness of the discount rate, terminal growth rate, budgeted sales, budgeted costs and gross margin of the CGU by considering the historical results of the CGU, the approved financial budgets and the available industry and market data; 透過考慮現金產生單位之過往業績、經批准之財務預算以及可用行業及市場數據，評估就現金產生單位所產生之折現率、永久增長率、預算銷售、預算銷售成本及毛利率之合理性； • Evaluating the historical accuracy of the financial budgets prepared by management by comparing the historical financial budgets with the actual performance and understanding the causes for any significant variances; and 透過比較過往財務預算與實際表現，並瞭解任何重大差異產生之原因，評估由管理層所編製之財務預算之歷史準確性；及 • Checking the mathematical accuracy of the value in use calculation. 檢查使用價值計算的準確性。

Independent Auditor's Report
獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

其他資料

貴公司董事須對其他資料負責。其他資料包括刊載於年報內的全部資料，但不包括綜合財務報表及本行的核數師報告。

本行對綜合財務報表的意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式的鑒證結論。

結合本行對綜合財務報表的審計，本行的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本行在審計過程中所了解的情況存在重大抵觸，或者似乎存在重大錯誤陳述的情況。基於本行已執行的工作，如果本行認為其他資料存在重大錯誤陳述，本行需要報告該事實。在這方面，本行沒有任何報告。

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

董事及負責管治人員就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港公司條例之披露規定編製真實而公平的綜合財務報表，以及董事釐為必須的內部監控，以使編製的綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

負責管治人員須履行監督 貴集團的財務報告過程的責任。

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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審核綜合財務報表承擔的責任

本行的目標，是對綜合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，並出具包括本行意見的核數師報告，根據協定的聘用條款僅向整體股東報告而非用作其他用途。本行概不就本報告的內容，對任何其他人士承擔任何責任及債務。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綜合財務報表使用者依據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。

在根據香港審計準則進行審核的過程中，本行運用了專業判斷並保持了專業懷疑態度。本行亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而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。

- 了解與審核相關的內部監控，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。

- 評估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。根據所獲取的審核憑證，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。如果本行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則本行應當發表非無保留意見。本行的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。

Independent Auditor's Report
獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Ip Chiu Yin.

核數師就審核綜合財務報表承擔的責任*（續）*

- 評估綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否公平反映交易和事項。

- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。本行負責指導、監督和執行集團審核。本行為審核意見承擔全部責任。

本行與 貴公司負責管治人員溝通，當中包括計劃的審核範圍、時間安排、重大審核發現等，包括本行在審核中識別出內部監控的任何重大缺陷。

本行亦向 貴公司負責管治人員提交聲明，說明本行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本行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 貴公司負責管治人員溝通的事項中，本行確定哪些事項對本期綜合財務報表的審核最為重要，因而構成關鍵審核事項。本行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，如果合理預期在本行報告中溝通某事項造成的負面後果超過產生的公眾利益，本行決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是葉超然。

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
5 March 2020

德勤 • 關黃陳方會計師行
執業會計師
香港
2020年3月5日

Consolidated Statement of Profit or Loss and Other Comprehensive Income
綜合損益及其他全面收益表

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

		Notes 附註	2019 HK$'000 千港元	2018 HK$'000 千港元
Revenue	收入	5&6	**3,476,571**	3,876,777
Cost of sales	銷售成本		**(2,090,457)**	(2,061,551)
Gross profit	毛利		**1,386,114**	1,815,226
Other income	其他收入	7	**119,402**	75,921
Other gains and losses	其他收益及虧損	8	**(408)**	9,974
Selling and distribution costs	銷售及分銷成本		**(214,988)**	(231,445)
General and administrative expenses	行政費用		**(213,088)**	(225,873)
Research and development cost	研發成本		**(138,538)**	(158,005)
Finance costs	融資成本	10	**(77,755)**	(93,530)
Net exchange loss	匯兑淨虧損		**(9,938)**	(35,445)
Share of profit of a joint venture	應佔合營企業溢利		**172**	14
Share of (loss) profit of associates	應佔聯營企業(虧損)溢利		**(58)**	96
Profit before taxation	除税前溢利		**850,915**	1,156,933
Income tax expense	所得税支出	9	**(150,144)**	(284,558)
Profit for the year	年內溢利	10	**700,771**	872,375
Other comprehensive expense	**其他全面支出**			
Items that will not be reclassified to profit or loss:	*其後不會重新分類至損益之項目：*			
Exchange differences arising on translation	因換算而產生的匯兑差額		**(88,567)**	(153,140)
Share of other comprehensive expense of a joint venture and associates	應佔合營及聯營企業其他全面支出		**(838)**	(792)
Other comprehensive expense for the year	年內其他全面支出		**(89,405)**	(153,932)
Total comprehensive income for the year	年內全面收益總額		**611,366**	718,443
Profit (loss) for the year attributable to:	年度溢利(虧損)歸屬於：			
Owners of the Company	本公司擁有人		**700,771**	872,641
Non-controlling interests	非控股權益		**–**	(266)
			700,771	872,375
Total comprehensive income (expense) for the year attributable to:	**年度全面收益(支出)總額歸屬：**			
Owners of the Company	本公司擁有人		**611,366**	719,044
Non-controlling interests	非控股權益		**–**	(601)
			611,366	718,443
Earnings per share	每股盈利：	11		
Basic (HK cents)	基本(港仙)		**84.9**	105.8
Diluted (HK cents)	攤薄(港仙)		**84.9**	104.3

Consolidated Statement of Financial Position
綜合財務狀況表

At 31 December 2019 於2019年12月31日

		Notes 附註	2019 HK$'000 千港元	2018 HK$'000 千港元
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	15	**4,083,068**	3,847,762
Prepaid lease payments	預付租賃款項	16	**–**	143,511
Right-of-use assets	使用權資產	17	**142,998**	–
Intangible assets	無形資產	18	**95,405**	100,618
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金		**76,644**	67,958
Interests in joint ventures	合營企業之權益	20	**16,462**	16,665
Interests in associates	聯營企業之權益	21	**19,619**	18,552
Loan to a joint venture	合營企業之貸款	22	**97,755**	97,755
Deferred tax assets	遞延税項資產	9	**22,335**	23,233
Goodwill	商譽	23	**2,622**	2,682
			4,556,908	4,318,736
CURRENT ASSETS	**流動資產**			
Inventories	存貨	24	**550,384**	585,919
Properties under development for sale	待出售的發展中物業	25	**263,163**	145,842
Prepaid lease payments	預付租賃款項	16	**–**	4,259
Trade and other receivables	應收貿易及其他款項	26	**290,527**	266,143
Bills receivable	應收票據		**156,105**	113,020
Amount due from a joint venture	應收合營企業款項	22	**14,120**	14,946
Amount due from an associate	應收聯營企業款項	22	**1,199**	526
Amounts due from related companies	應收關連公司款項	27	**16,138**	12,115
Bank balances and cash	銀行結餘及現金	28	**246,404**	593,074
			1,538,040	1,735,844
CURRENT LIABILITIES	**流動負債**			
Trade and other payables	應付貿易及其他款項	29	**366,898**	377,799
Bills payable	應付票據		**131,763**	84,377
Contract liabilities	合約負債	30	**55,157**	50,690
Amount due to a related company	應付關連公司款項	27	**15,307**	757
Taxation payable	應付税項		**85,677**	100,845
Lease liabilities	租賃責任	31	**1,850**	–
Bank borrowings – due within 1 year	銀行借款－1年內到期	32	**587,538**	926,519
			1,244,190	1,540,987
NET CURRENT ASSETS	**流動資產淨值**		**293,850**	194,857
TOTAL ASSETS LESS CURRENT LIABILITIES	**總資產減流動負債**		**4,850,758**	4,513,593

		Notes 附註	2019 HK$'000 千港元	2018 HK$'000 千港元
NON-CURRENT LIABILITIES	**非流動負債**			
Other payables	應付其他款項	*29*	**40,747**	47,659
Contract liabilities	合約負債	*30*	**9,877**	–
Deferred tax liabilities	遞延稅項負債	*9*	**38,697**	39,576
Bank borrowings – due after 1 year	銀行借款－1年後到期	*32*	**910,914**	947,693
			1,000,235	1,034,928
NET ASSETS	**資產淨值**		**3,850,523**	3,478,665
CAPITAL AND RESERVES	**資本及儲備**			
Share capital	股本	*33*	**82,500**	82,500
Reserves	儲備		**3,768,023**	3,396,165
TOTAL EQUITY	**權益總額**		**3,850,523**	3,478,665

The consolidated financial statements on pages 85 to 194 were approved and authorised for issue by the Board of Directors on 5 March 2020 and are signed on its behalf by:

第85頁至第194頁所載之綜合財務報表已於2020年3月5日經董事會通過及授權刊發並由下列董事代表簽署：

Wai Siu Kee
衛少琦
CHAIRMAN
主席

Lee Man Yan
李文恩
CHIEF EXECUTIVE OFFICER
首席執行官

Consolidated Statement of Changes in Equity
綜合權益變動表

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

		Equity attributable to owners of the Company 本公司擁有人應佔權益											
		Share capital 股本 HK$'000 港幣千元	Share premium 股份溢價 HK$'000 港幣千元	Non-distributable reserve 不可分派儲備 HK$'000 港幣千元 (note i) (附註i)	Safety fund reserve 安全基金儲備 HK$'000 港幣千元 (note iii) (附註iii)	Translation reserve 匯兑儲備 HK$'000 港幣千元	Share options reserve 購股權儲備 HK$'000 港幣千元	Special reserve 特別儲備 HK$'000 港幣千元 (note ii) (附註ii)	Other reserve 其他儲備 HK$'000 港幣千元 (note iv) (附註iv)	Accumulated profits 累計溢利 HK$'000 港幣千元	Sub-Total 合計 HK$'000 港幣千元	Non-controlling interests 非控股權益 HK$'000 港幣千元	Total 權益總額 HK$'000 港幣千元
At 1 January 2018	於2018年1月1日	82,500	20,307	416,140	2,455	32,029	15,313	(97,362)	–	2,610,991	3,082,373	12,061	3,094,434
Other comprehensive expense for the year	年內其他全面支出	–	–	–	–	(153,597)	–	–	–	–	(153,597)	(335)	(153,932)
Profit (loss) for the year	年內溢利(虧損)	–	–	–	–	–	–	–	–	872,641	872,641	(266)	872,375
Total comprehensive (expense) income for the year	年內全面(支出)收益總額	–	–	–	–	(153,597)	–	–	–	872,641	719,044	(601)	718,443
Cash dividends recognized as distribution	已確認之現金股息分派	–	–	–	–	–	–	–	–	(354,750)	(354,750)	–	(354,750)
Transfer to non-distributable reserve	轉入不可分派儲備	–	–	115,474	–	–	–	–	–	(115,474)	–	–	–
Transfer from safety fund reserve	釋出安全基金儲備	–	–	–	(1,242)	–	–	–	–	1,242	–	–	–
Recognition of equity-settled share based payments	確認以股份結算之付款	–	–	–	–	–	32,684	–	–	–	32,684	–	32,684
Changes in ownership interests in subsidiaries without change of control *(note iv)*	獲取附屬公司之額外權益 *(附註iv)*	–	–	–	–	–	–	–	(686)	–	(686)	(11,460)	(12,146)
At 31 December 2018	於2018年12月31日	82,500	20,307	531,614	1,213	(121,568)	47,997	(97,362)	(686)	3,014,650	3,478,665	–	3,478,665
Transitional adjustment on initial adoption of HKFRS 16	首次採用香港財務報告準則第16號之過渡調整	–	–	–	–	–	–	–	–	58	58	–	58
At 1 January 2019 (as adjusted)	於2019年1月1日 (經調整)	82,500	20,307	531,614	1,213	(121,568)	47,997	(97,362)	(686)	3,014,708	3,478,723	–	3,478,723
Other comprehensive expense for the year	年內其他全面支出	–	–	–	–	(89,405)	–	–	–	–	(89,405)	–	(89,405)
Profit for the year	年內溢利	–	–	–	–	–	–	–	–	700,771	700,771	–	700,771
Total comprehensive (expense) income for the year	年內全面(支出)收益總額	–	–	–	–	(89,405)	–	–	–	700,771	611,366	–	611,366
Cash dividends recognized as distribution	已確認之現金股息分派	–	–	–	–	–	–	–	–	(272,250)	(272,250)	–	(272,250)
Transfer to non-distributable reserve	轉入不可分派儲備	–	–	82,598	–	–	–	–	–	(82,598)	–	–	–
Transfer from safety fund reserve	釋出安全基金儲備	–	–	–	(1,213)	–	–	–	–	1,213	–	–	–
Recognition of equity-settled share based payments	確認以股份結算之付款	–	–	–	–	–	32,684	–	–	–	32,684	–	32,684
At 31 December 2019	於2019年12月31日	82,500	20,307	614,212	–	(210,973)	80,681	(97,362)	(686)	3,361,844	3,850,523	–	3,850,523

Notes:

i. According to the relevant laws in the People's Republic of China ("PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve can be used to offset the previous years' losses, if any. The non-distributable reserve is non-distributable other than upon liquidation.

ii. The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to a group reorganisation in December 2001.

iii. Pursuant to the relevant regulation in the PRC, certain subsidiaries of the Company are required to provide for safety reserve based on revenue.

iv. In November 2018, the Group acquired the remaining 30% equity interests in a subsidiary from its non-controlling shareholder at a consideration of RMB10,500,000 (equivalent to approximately HK$12,146,000). The difference between the carrying amount of the net assets acquired and the fair value of the consideration has been recognised directly to equity as "other reserve".

附註：

i. 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須結轉最少10%除税後溢利(根據中國會計規定釐定)至不可分派儲備，直至儲備結餘達到註冊資本50%。必須在分派股息給股東前結轉該儲備。不可分派儲備可用作抵銷過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。

ii. 本集團之特別儲備乃本公司透過2001年12月之集團重組所收購之附屬公司之股本面值與本公司已發行股本面值之差額。

iii. 根據中國相關政策，部份本公司之子公司需根據收入計提安全基金儲備。

iv. 於2018年11月，本集團向一家附屬公司之非控股股東收購該間附屬公司餘下30%股權，總代價為人民幣10,500,000元(約等於12,146,000港元)。所收購資產淨值之賬面金額超出所付代價之公平值之數額已直接於權益中確認為其他儲備。

Consolidated Statement of Cash Flows
綜合現金流量表

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

		2019 HK$'000 千港元	2018 HK$'000 千港元
OPERATING ACTIVITIES	**經營業務**		
Profit before taxation	除稅前溢利	**850,915**	1,156,933
Adjustments for:	調整：		
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	**42,318**	36,237
Depreciation of right-of-use assets	使用權資產折舊	**4,395**	–
Finance costs	融資成本	**77,755**	93,530
Amortisation of prepaid lease payments	預付租賃款項之攤銷	**–**	3,485
Amortisation of intangible assets	無形資產之攤銷	**39**	3,598
Loss on termination of lease arrangements	終止租賃安排損失	**152**	–
Loss on disposal of property, plant and equipment	處置物業、廠房及設備損失	**3,998**	4,311
Net gain from fair value changes of financial assets at fair value through profit or loss	按公平值計入損益之金融資產公平值變動之淨收益	**(3,742)**	(14,285)
Interest income	利息收入	**(4,890)**	(7,055)
Share-based payment expense	股權支付款項開支	**32,684**	32,684
Share of (profit) loss of associates	應佔聯營企業(溢利)虧損	**58**	(96)
Share of profit of a joint venture	應佔合營企業溢利	**(172)**	(14)
Operating cash flows before movements in working capital	營運資金變動前之經營業務現金流量	**1,003,510**	1,309,328
Decrease in inventories	存貨減少	**330,708**	150,802
Increase in properties under development for sale	待出售的發展中物業增加	**(117,321)**	(56,544)
Increase in trade and other receivables	應收貿易及其他款項增加	**(24,384)**	(38,657)
(Increase) decrease in amounts due from related companies	應收關連公司款項(增加)減少	**(4,023)**	3,616
(Increase) decrease in bills receivable	應收票據(增加)減少	**(43,085)**	171,742
Decrease in trade and other payables	應付貿易及其他款項減少	**(45,883)**	(5,771)
Increase in bills payable	應付票據增加	**47,386**	84,377
Increase (decrease) in contract liabilities	合約負債增加(減少)	**14,344**	(37,434)
Increase in amounts due to related companies	應付關連公司款項增加	**14,550**	757
Cash generated from operations	經營業務所得現金	**1,175,802**	1,582,216
Income tax paid	已付所得稅金	**(165,632)**	(220,109)
NET CASH FROM OPERATING ACTIVITIES	**經營業務所得現金淨額**	**1,010,170**	1,362,107

Consolidated Statement of Cash Flows
綜合現金流量表

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

		2019 HK$'000 千港元	2018 HK$'000 千港元
INVESTING ACTIVITIES	**投資業務**		
Purchase of property, plant and equipment	購置物業、廠房及設備	**(425,661)**	(281,046)
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金	**(221,522)**	(243,088)
Acquisition of/capital injection into interests in an associate	向一間聯營公司收購/增資一間聯營公司	**(1,588)**	(17,292)
Advance to an associate	聯營公司之借款	**–**	(526)
Repayment from joint ventures	合營企業之還款	**–**	378
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	**842**	1,191
Interest received	已收利息	**4,890**	7,055
Net proceeds from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產所得款項淨額	**3,742**	14,285
Purchase of intangible assets	購置無形資產	**–**	(201)
NET CASH USED IN INVESTING ACTIVITIES	**投資業務所用現金淨額**	**(639,297)**	(519,244)
FINANCING ACTIVITIES	**融資業務**		
Bank borrowings raised	籌集銀行借款	**979,457**	526,040
Repayment of bank borrowings	償還銀行借款	**(1,345,479)**	(779,211)
Repayment of lease liabilities	償還租賃責任	**(3,195)**	–
Dividends paid	已付股息	**(272,250)**	(354,750)
Interest paid	已付利息	**(77,755)**	(93,823)
NET CASH USED IN FINANCING ACTIVITIES	**融資業務所用現金淨額**	**(719,222)**	(701,744)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**現金及現金等價物(減少)增加**	**(348,349)**	141,119
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**年初之現金及現金等價物**	**593,074**	467,506
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	**匯率變動之影響**	**1,679**	(15,551)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**年末之現金及現金等價物,即銀行結餘及現金**	**246,404**	593,074

Notes to the Consolidated Financial Statements
綜合財務報表附註

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

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law (Revised) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is disclosed in the section "Corporate Information" to the annual report.

The functional currency of the Company is Renminbi ("RMB"), while the consolidated financial statements are presented in Hong Kong dollars ("HK dollars") as the Company is listed in Hong Kong.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in note 42.

1. 一般資料

本公司根據開曼群島公司法(經修訂)第22章於開曼群島註冊成立為一家上市有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處地點於年報「公司資料」中披露。

本公司的功能貨幣為人民幣。由於本公司股份在聯交所上市，故綜合財務報表乃以港元呈列。

本公司為一間投資控股公司。其主要附屬公司之主要業務載於附註42。

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效的新訂及經修訂香港財務報告準則

本集團於本年度首次應用以下由香港會計師公會(「香港會計師公會」)頒布之新訂及經修訂香港財務報告準則：

香港財務報告準則第16號	租賃
香港(國際財務報告詮釋委員會)－詮釋第23號	所得税處理的不確定性
香港財務報告準則第9號(修訂本)	具不賠償條款的預付款
香港會計準則第19號(修訂本)	計劃修訂、削減或清償
香港會計準則第28號(修訂本)	於聯營及合營企業的長期權益
香港財務報告準則(修訂本)	2015年至2017年週期香港財務報告準則的年度改進

除下文所述，本年度應用新訂及經修訂香港財務報告準則對本集團於本年度及過往年度之財務表現及狀況及／或載於綜合財務報表之披露並無重大影響。

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) at transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)*(續)*

香港財務報告準則第16號租賃

本集團於本年度首次應用香港財務報告準則第16號。香港財務報告準則第16號取代香港會計準則第17號*租賃*(「香港會計準則第17號」)及相關詮釋。

租賃之定義

本集團選用權宜方案，對過往應用香港會計準則第17號及香港(國際財務報告詮釋委員會)詮釋第4號*釐定一項安排是否包含租賃*所識別為租賃之合約應用香港財務報告準則第16號，而對過往並非識別為包含租賃的合約則不會應用此準則。因此，本集團並無重新評估在初始應用日期之前已經存在之合約。

就於2019年1月1日或之後訂立或修改之合約，本集團應用按照香港財務報告準則第16號所載規定為租賃之定義去評估一項合約是否包含租賃。

作為承租人

本集團已追溯應用香港財務報告準則第16號並於初始應用日期，即2019年1月1日確認累計影響。

於2019年1月1日，本集團於過渡期應用香港財務報告準則第16號C8(b)(ii)以相關租賃負債之相等金額確認額外之租賃負債及使用權資產。於初始應用日期之任何差額於期初留存盈利確認及比較數字並無重列。

當於過渡期根據香港財務報告準則第16號應用修改追溯方法時，本集團對過往根據香港會計準則第17號分類為經營租約之租賃，以逐項租賃之基礎上，在各自的租賃合約相關範圍內應用以下權宜方案：

- 選擇對租期在初始應用日期12個月內完結之租賃不會確認使用權資產及租賃負債；

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)*(續)*

As a lessee *(Continued)*

- excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the People's Republic of China (the "PRC") was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.75%.

作為承租人*(續)*

- 於初始應用日期計量使用權資產時撇除初始直接成本；
- 就剩餘租期相近之類似經濟環境的類似級別相關資產的租賃組合應用單一折現率。尤其是，就若干位於中華人民共和國(「中國」)之物業租賃折現率乃按組合基準釐定。

當就過往分類為經營租約之租賃確認租賃負債時，本集團應用相關集團實體於初始應用日期之漸進借貸率。應用之承租人加權平均漸進借貸率為4.75%。

		1 January 2019 **2019年1月1日** **HK$'000** **千港元**
Operating lease commitments disclosed as at 31 December 2018	於2018年12月31日披露之經營租約承擔	7,757
Lease liabilities discounted at relevant incremental borrowing rate as at 1 January 2019	於2019年1月1日按相關漸進借款利率折現之租賃負債	7,469
Less:	減：	
Recognition exemption – short term leases	確認豁免－短期租賃	(1,151)
Lease liabilities as at 1 January 2019	於2019年1月1日之租賃負債	6,318
Analysed as:	分析為：	
Current	流動	3,439
Non-current	非流動	2,879
		6,318

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)*(續)*

As a lessee *(Continued)*

作為承租人*(續)*

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

於2019年1月1日使用權資產之賬面值包含以下：

		Right-of-use assets 使用權資產 HK$'000 千港元
Right-of use assets relating to operating leases recognised upon application of HKFRS16	當應用香港財務報告準則第16號確認經營租約有關之使用權資產	6,376
Reclassified from prepaid lease payments *(note)*	從預付租賃款項重新分類*(備註)*	147,770
		154,146
By class:	按級別：	
Leasehold land	租賃土地	147,770
Buildings	樓宇	6,376
		154,146

note: Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$4,259,000 and HK$143,511,000 respectively were reclassified to right-of-use assets.

*備註：*中國之租賃土地之預付款於2018年12月31日乃分類為預付租賃款項。當應用香港財務報告準則第16號時，預付租賃款項分別為4,259,000港元及143,511,000港元之流動及非流動金額乃重新分類至使用權資產。

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)*(續)*

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

The following table summarises the impact of transition to HKFRS 16 on accumulated profits at 1 January 2019.

作為出租人

按照香港財務報告準則第16號過渡條文，本集團毋須就本集團作為出租人之租賃過渡作出調整，惟須就租賃於初始應用日期按照香港財務報告準則第16號入賬，因此比較數字並無重列。

以下概述過渡至香港財務報告準則第16號對二零一九年一月一日的累計溢利的影響。

		Impact of adopting HKFRS 16 At 1 January 2019 於二零一九年一月一日採用香港財務報告準則第16號的影響 **HK$'000** 千港元
Accumulated profits	累計溢利	58

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)*(續)*

As a lessor *(Continued)*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

作為出租人*(續)*

以下為對於2019年1月1日之綜合財務狀況表中確認之金額作出之調整。沒有受變動影響之項目並不包括在內。

		Carrying amounts previously reported at 31 December 2018 過往於2018年12月31日呈報之賬面值 HK$'000 千港元	Adjustments 調整 HK$'000 千港元	**Carrying amounts under HKFRS 16 at 1 January 2019 根據香港財務報告準則第16號於2019年1月1日的賬面值 HK$'000 千港元**
Non-current Assets	**非流動資產**			
Prepaid lease payments	預付租賃款項	143,511	(143,511)	**–**
Right-of-use assets	使用權資產	–	154,146	**154,146**
Current Assets	**流動資產**			
Prepaid lease payments	預付租賃款項	4,259	(4,259)	**–**
Current Liabilities	**流動負債**			
Lease liabilities	租賃負債	–	3,439	**3,439**
Non-current Liabilities	**非流動負債**			
Lease liabilities	租賃負債	–	2,879	**2,879**
Capital and Reserves	**資本及儲備**			
Reserves	儲備	3,396,165	58	**3,396,223**

note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

*備註：*根據間接方法就呈報截至2019年12月31日止年度從經營業務所得現金流量，計算營運資金變動已按上表所載之綜合財務狀況表於2019年1月1日之期初數字計算。

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

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

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

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

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)*(續)*

已頒布但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒布但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約[1]
香港財務報告準則第3號(修訂本)	業務的定義[2]
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營或合營企業之間的資產出售或注資[3]
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義[4]
香港會計準則第9號，香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革[4]

1 於2021年1月1日或之後開始之年度期間生效。

2 適用於收購日期為2020年1月1日或之後開始的首個年度期間開始當日或之後進行的業務合併及資產收購。

3 於待定日期或之後開始之年度期間生效。

4 於2020年1月1日或之後開始的年度期間生效。

除上文之新訂及經修訂香港財務報告準則外，2018年頒布了經修訂香港財務報告之概念框架。其重大修訂、香港財務報告準則之概念框架指引之修訂，將於2020年1月1日或之後開始的年度期間生效。

本公司董事預期應用所有新訂及經修訂香港財務報告準則於可見未來將不會對本集團綜合財務報表產生重大影響。

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKFRS 16 *Leases* (since 1 January 2019) or HKAS 17 *Leases* (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. 主要會計政策

綜合財務報表乃根據會計師公會頒布之香港財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則(「上市規則」)及香港公司條例規定之適用披露事項。

綜合財務報表乃按歷史成本基準編製，惟若干按各報告期末之公平值計算之金融工具則除外，其會計政策於下文解釋。

歷史成本一般基於交換商品及服務時之代價公平值。

公平值是於計量日市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付之價格，而不論該價格是否可直接觀察或使用其他估值方法估計。於估計資產或負債之公平值時，本集團會考慮市場參與者於計量日對資產或負債定價時所考慮之資產或負債特點。該等綜合財務報表中作計量及／或披露用途之公平值乃按此基準釐定，惟於香港財務報告準則第2號*以股份為基礎之付款*範圍內之以股份為基礎付款交易、於香港財務報告準則第16號*租賃*(自2019年1月1日起)或香港會計準則第17號*租賃*(應用香港財務報告準則第16號前)範圍內之租賃交易及與公平值類似但並非公平值之計量(如香港會計準則第2號*存貨*中之可變現淨值或香港會計準則第36號*資產減值*之使用價值)除外。

非金融資產公平值之計量計及市場參與者可透過按該資產之最高及最佳用途使用該資產，或將該資產售予另一可按該資產之最高及最佳用途使用該資產之市場參與者，從而產生經濟利益之能力。

就按公平值交易的金融工具及投資物業以及於其後期間計量公平值時使用不可觀察輸入數據之估值方法而言，估值方法會予以校準以使初步確認時估值方法結果與交易價格相等。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. 主要會計政策*（續）*

此外，就財務匯報而言，公平值計量根據公平值計量輸入數據之可觀察程度及輸入數據對公平值整體計量之重要性被分類為第1、第2或第3級，載述如下：

- 第1級輸入數據為實體於計量日期可取得之相同資產或負債於活躍市場之報價（未經調整）；
- 第2級輸入數據為就資產或負債直接或間接可觀察之輸入數據，包括於第一級內之報價除外；及
- 第3輸入數據為資產或負債之不可觀察輸入數據。

主要會計政策載列於下文。

綜合基準

本綜合財務報表包含本公司以及由本公司及其附屬公司控制之實體之財務報表。取得控制權指本公司：

- 對被投資方行使權力；
- 因參與被投資方之業務而獲得或有權獲得可變回報；及
- 有能力行使其權力以影響該等回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本公司將重估是否仍然控制被投資方。

當本集團取得附屬公司之控制權，便開始將該附屬公司綜合入賬；當本集團失去附屬公司之控制權，便停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收益表，直至本集團對該附屬公司之控制權終止當日為止。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. 主要會計政策*(續)*

綜合基準*(續)*

損益及其他全面收益各項目乃歸於本公司擁有人及非控股權益。附屬公司之全面收益總額乃歸於本公司擁有人及非控股權益，儘管此導致非控股權益產生虧絀結餘。

如有需要，附屬公司之財務報表將作出調整，以使其會計政策與本集團之會計政策一致。

所有集團內成員間有關資產及負債、權益、收入、支出及現金流之交易均於綜合入賬時全數對銷。

附屬公司的非控股權益與本集團的權益分開呈列，而該等權益代表其持有人於清盤時有權按相關附屬公司的淨資產比例分配的現有所有權權益。

本集團於現有附屬公司之權益之變動

本集團於現有附屬公司之權益之變動(而並無導致本集團失去對附屬公司之控制權)當作股本交易入賬。本集團權益之相關部份及非控股權益之賬面值均予以調整，以反映於附屬公司之相對權益之變動，包括按照本集團與非控股權益之權益比例，將本集團與非控股權益之間之相關儲備重新歸屬。

非控股權益之調整額與所支付或收取代價公平值之間之任何差額，均直接於權益中確認，並歸屬於本公司擁有人。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. 主要會計政策*（續）*

業務合併

收購業務採用收購法入賬。於業務合併中所轉讓之代價按公平值計量，乃按本集團所轉讓資產，本集團向被收購方前擁有人產生之負債及本集團為換取被收購方控制權發行之股本權益於收購日期之公平期總和而計算。收購相關成本一般於產生時在損益中確認。

於收購日期，所收購之可識別資產及負債乃按公平值確認，除了以下：

- 遞延税項資產或負債，以及與僱員福利安排有關的資產或負債分別根據香港會計準則第12號*所得税*及香港會計準則第19號*僱員福利*的確認及計量；
- 負債或被收購方以股份支付相關的負債或權益工具或以本集團訂立股份支付的安排取代被收購方以股份為基礎之付款安排需於購買日期根據香港財務報告準則第2號*以股份為基礎之付款*計量（見下面的會計政策）；
- 根據香港財務報告準則第5號*持有待售的非流動資產及終止經營*分類為持作出售的資產（或出售組別）按該準則計量；及
- 租賃負債按租賃付款餘額的現值（定義見香港財務報告準則第16號）確認和計量，猶如購入租賃於收購日期為新租賃，惟租賃期在收購日期後12個月內終止的租賃除外。使用權資產的確認和計量與相關租賃負債的金額相同，並進行調整以反映租賃條款與市場條款相比的有利或不利條件。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If recoverable amount of the unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. 主要會計政策*(續)*

業務合併*(續)*

商譽乃以所轉讓代價、被收購方所佔之任何非控股權益金額及收購方以往持有之被收購方股權公平值(如有)之總和超出所收購可識別資產及所承擔負債於收購日期之淨值之部份計量。倘經過重新評估後，所收購可識別資產及所承擔負債之淨值超出所轉讓代價、被收購方所佔之任何非控股權益金額以及收購方以往持有之被收購方權益公平值(如有)之總和，則超出部份即時於損益確認為議價收購收益。

屬現時擁有權權益且於清盤時賦予其持有人按比例分佔有關附屬公司資產淨值之非控股權益，可初步按非控股權益應佔被收購方可識別資產淨值之已確認金額比例計量。

商譽

因收購業務而產生的商譽，按於收購業務當日之成本(見上述會計政策)減累計減值虧損(如有)計值。

就減值測試而言，商譽會分配至預期可從該組合的協同效應中獲益的本集團各現金產生單位(或現金產生單位組別)，而該組合的協同效益代表商譽受內部管理監控的最低級別，且不大於經營分部。

已分配商譽的現金產生單位(或現金產生單位組別)每年會進行減值測試，或在有跡象顯示該單位可能出現減值時更頻密地進行減值測試。就於報告期內收購產生的商譽而言，已分配商譽的現金產生單位(或現金產生單位組別)於該報告期末前會進行減值測試。倘該單位之可收回金額低於其賬面值，則減值虧損首先被分配以減少任何商譽的賬面值，然後根據該單位(或現金產生單位組別)各項資產的賬面值按比例減值至其他資產。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Goodwill *(Continued)*

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of an associate and joint ventures is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the joint arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity method purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. Changes in net assets of the associates or joint ventures other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of associates or joint ventures exceeds the Group's interests in that associates or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investments in associates or joint ventures), the Group discontinues from recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of associates or joint ventures.

3. 主要會計政策*（續）*

商譽*（續）*

於出售有關現金產生單位時，會包括商譽應佔金額之確定出售事項之損益金額（或本集團監控商譽之現金產生單位組別內之任何現金產生單位）。

下文描述本集團收購一間聯營企業及合營企業產生的商譽政策。

於聯營企業及合營企業之投資

聯營企業乃指本集團對其具有重大影響力之一個實體。重大影響力乃指有權力參與被投資方財務及營運政策決定，但不能控制或共同控制該等政策。

合營企業乃指一項聯合安排，而對該聯合安排擁有聯合控制之各方擁有該項聯合安排的淨資產的權利。聯合控制是指按照合同約定分享對安排的控制權，只有在相關活動的決定需要共享控制權的各方一致同意時才存在。

聯營企業及合營企業之業績及資產及負債乃以權益法計入綜合財務報表。以權益法處理之聯營企業及合營企業財務報表乃按本集團就於類似情況下之交易及事件所採用者相同之會計政策編製。根據權益法，於聯營企業或合營企業的投資最初按成本於綜合財務狀況表確認，並於其後作出調整，以確認本集團應佔聯營企業或合營企業的損益及其他全面收益。聯營企業或合營企業淨資產變動（損益及其他全面收益除外）不會入賬，除非該等變動導致本集團持有的所有權權益出現變動。倘本集團分佔聯營企業或合營企業之虧損超過本集團於該聯營企業及合營企業之權益（包括實質上構成本集團於聯營企業或聯營企業投資淨額一部分之任何長期權益），本集團不再確認其分佔進一步虧損。額外虧損僅在本集團產生法定或推定責任或代表聯營企業或合營企業付款的情況下確認。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Investments in associates and joint ventures *(Continued)*

Investments in associates or joint ventures are accounted for using the equity method from the date on which the investees becomes associates or joint ventures. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any assets, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interests in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interests if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. 主要會計政策*(續)*

於聯營企業及合營企業之投資*(續)*

於被投資方成為一家聯營企業或合營企業當日，對聯營企業或合營企業之投資採用權益法入賬。於收購一間聯營企業或合營企業之投資時，投資成本超過本集團分佔該被投資方可識別資產及負債公平值淨額之任何部分乃確認為商譽，並計入投資之賬面值。倘本集團所佔可識別資產及負債於重新評估後之公平值淨額高於投資成本，則會於收購投資之期間即時在損益確認。

本集團評估是否有客觀證據證明聯營企業或合營企業的權益可能出現減值。當存在任何客觀證據時，投資的整個賬面值(包括商譽)將根據香港會計準則第36號作為單項資產進行減值測試，方法是比較其可收回金額(使用價值與公平值減去出售成本之較高者)及其賬面金額。確認的任何減值虧損不會分配到任何資產，包括商譽，其構成投資賬面金額的一部分。而該減值虧損的任何撥回乃根據香港會計準則第36號確認，惟按投資的可收回金額隨後增加幅度為限。

當本集團降低其於聯營企業或合營企業的所有權權益，但本集團繼續使用權益法時，本集團將先前於其他全面收益中確認的收益或虧損的比例重分類至損益，如果該收益或虧損將在出售相關資產或負債時重新分類至損益，所有權權益將會被減少。

當集團實體與本集團的聯營企業或合營企業進行交易時，與聯營企業或合營企業進行交易所產生的利潤及虧損於本集團的綜合財務報表中確認，但僅限於與本集團無關的聯營企業或合營企業的權益。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Interest in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. 主要會計政策*（續）*

於合營業務之權益

合營業務乃指一項聯合安排，而對該安排擁有聯合控制之各方（即共同經營者）擁有該項聯合安排的資產權利和負債義務。聯合控制是指按照合同約定分享對安排的控制權，只有在相關活動的決定需要共享控制權的各方一致同意時才存在。

本集團根據適用於特定資產，負債，收入及開支的香港財務報告準則，計入與其合營業務權益有關的資產，負債，收入及開支。

當集團實體與集團實體作為共同經營者的合營業務進行交易時（如銷售或注入資產），本集團被視作與合營業務的其他各方進行交易，交易所產生的收益或虧損於本集團的綜合財務報表中確認，但僅限於與合營業務的其他各方的權益。

當集團實體與集團實體作為共同經營者的合營業務進行交易時（如購入資產），本集團並不確認其損益份額，直至其將該等資產轉售予第三方為止。

客戶合約收入

當履約責任獲履行時，即當特定履約責任相關之商品或服務之「控制權」轉移予客戶時，本集團確認收入。

履約責任是指一項不同的商品或服務（或一籃子商品或服務），或一系列基本相同的不同商品或服務。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. 主要會計政策*(續)*

客戶合約收入*(續)*

倘滿足以下任何一個標準，控制權是為隨著時間轉移，參照滿足相關履約責任的進度而於一段時間內確認收入；

- 客戶同時接收及消耗本集團履約時所提供的利益；
- 本集團履約時創造並增強客戶控制的資產；或
- 本集團履約時不會產生對本集團有替代用途的資產，而本集團對於已完成之履約具有可執行的付款權利。

否則，於客戶取得不同商品或服務之控制權時之時間點確認收入。

合約負債指就本集團已自客戶收取代價（或代價已到期）時本集團須向客戶轉讓商品或服務之責任。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

3. 主要會計政策*（續）*

租賃

租賃的定義（按照附註2之過渡條文應用香港財務報告準則第16號後）

倘合約賦予權利可於一段時間內控制可識別資產的用途以換取代價，則該合約為租賃或包含租賃。

就於在首次應用日期或之後訂立或修訂的合約而言，本集團會於開始或修訂日期根據香港財務報告準則第16號項下的定義評估合約是否為租賃或包含租賃。有關合約將不會被重新評估，除非合約中的條款與條件隨後被改動。

本集團作為承租人（按照附註2之過渡條文應用香港財務報告準則第16號後）

將代價分配至合約組成部分

就包含租賃組成部分以及一項或多項額外租賃或非租賃組成部分的合約而言，本集團按租賃組成部分的相對獨立價格及非租賃組成部分的合計獨立價格基準將合約代價分配至各項租賃組成部分。

作為一項可行權宜方法，本集團不將非租賃組成部分與租賃組成部分拆開，反而將租賃組成部分及任何有關的非租賃組成部分作為一項單獨租賃組成部分入賬。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of inventory is presented within "properties under development for sale".

3. 主要會計政策*(續)*

本集團作為承租人(按照附註2之過渡條文應用香港財務報告準則第16號後) *(續)*

短期租賃及低價值資產租賃

對於租期為自開始日期起計12個月或以內且並無包含購買選擇權的辦公室物業租賃，本集團應用短期租賃應用豁免確認條款。本集團亦對低價值資產租賃應用豁免確認條款。短期租賃及低價值資產租賃的租賃付款按直線基準或其他有序基準於租期內確認為開支。

使用權資產

使用權資產的成本包括：

- 租賃負債的初始計量金額；
- 於開始日期或之前作出的任何租賃付款，減任何已收租賃優惠；
- 本集團產生的任何初始直接成本；及
- 本集團在拆除及移除相關資產、復原其所在地或將相關資產復原至租賃的條款及條件所要求的狀況而產生的估計成本。

使用權資產乃按成本計量，減去任何累計折舊及減值虧損，並就租賃負債的任何重新計量作出調整。

如本集團合理確定在租賃期結束時將可獲得相關租賃資產的擁有權，則該使用權資產自開始日期起至使用年期結束時計提折舊。否則，使用權資產按直線基準於其估計可使用年期及租期(以較短者為準)內計提折舊。

本集團於綜合財務狀況表中將使用權資產呈列為單獨項目。符合存貨定義的使用權資產呈列為「待出售的發展中物業」。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value and subsequently at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. 主要會計政策*（續）*

本集團作為承租人（按照附註2之過渡條文應用香港財務報告準則第16號後） *（續）*

可退還租賃按金

已付的可退還租賃按金根據香港財務報告準則第9號*金融工具*入賬及並初始按公平值而隨後按攤銷成本計量。對初始確認的公平值作出的調整被視為額外租賃付款，並計入使用權資產的成本。

租賃負債

於租賃開始日期，本集團按當日尚未支付的租賃付款的現值確認及計量租賃負債。於計算租賃付款的現值時，倘租賃隱含的利率難以釐定，則本集團應用租賃開始日期的增量借款利率計算。

租賃付款包括：

- 固定付款（包括實質性的固定付款）減任何應收租賃優惠；
- 取決於指數或利率的可變租賃付款，其以在開始日期使用該指數或利率進行初始計量；
- 本集團預計根據餘值保證應支付的金額；
- 倘本集團合理確定會行使購買選擇權，行使購買選擇權的行使價；及
- 如果租賃期限反映本集團行使選擇權終止租賃，終止租賃的罰款。

於開始日期後，租賃負債根據利息增量及租賃付款進行調整。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

Lease liabilities (Continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. 主要會計政策*（續）*

本集團作為承租人（按照附註2之過渡條文應用香港財務報告準則第16號後） *（續）*

租賃負債（續）

倘出現以下情況，本集團會重新計量租賃負債（並對有關使用權資產作出相應調整）：

- 倘租期有變動或行使購買選擇權的評估發生變化，則相關租賃負債透過使用重新評估日期的經修訂折現率對經修訂租賃付款折現而重新計量。
- 倘租賃付款因市場租金審閱後市場租金出現變化而跟隨發生變化，則相關租賃負債透過使用初始折現率對經修訂租賃付款折現而重新計量。

本集團於綜合財務狀況表中將使用權負債呈列為單獨項目。

租賃修訂

倘存在下列情形，則本集團將租賃修訂單獨入賬：

- 該項修訂透過增加使用一項或多項相關資產的權利擴大租賃範圍；及
- 增加租賃的代價，增加的金額相當於範圍擴大對應的獨立價格，並按照特定合約的實際情況對獨立價格進行的任何適當調整。

對於不入賬為單獨租賃的租賃修訂，本集團使用修訂生效日期的經修訂折現率對經修訂租賃付款折現，以根據經修訂租賃的租期重新計量租賃負債。

本集團通過對相關使用權資產進行相應調整，計入重新計量租賃負債。就包含租賃組成部分以及一項或多項額外租賃或非租賃組成部分的合約而言，本集團按租賃組成部分的相對獨立價格及非租賃組成部分的合計獨立價格基準將合約代價分配至各項租賃組成部分。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The Group as a lessee (prior to 1 January 2019)

Operating lease payments, including the cost of acquiring/and held under operating leases, are recognised as an expense on a straight line basis over the lease term.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. 主要會計政策*（續）*

本集團作為承租人（於2019年1月1日前）

經營租賃，包括收購和持有經營租賃的成本，款項乃按租賃年期以直線法確認為費用。

本集團作為出租人

本集團作為出租人的租賃分類為融資或經營租賃。實質上轉移了與資產所有權有關的全部風險及報酬的租賃為融資租賃。融資租賃以外的其他租賃為經營租賃。

來自經營租賃的租金收入以直線法於有關租期內於損益確認。磋商安排經營租賃的初期直接成本計入租賃資產賬面值，以直線法於租賃期內確認為開支。

本集團作為出租人（按照附註2之過渡條文應用香港財務報告準則第16號後）

將代價分配至合約組成部分

當合約包括租賃及非租賃組成部分，本集團應用香港財務報告準則第15號，將合約的代價分配至租賃及非租賃組成部分。非租賃組成部分根據其相對獨立售價與租賃組成部分分開。

可退還租賃按金

已收到的可退還租賃按金根據香港財務報告準則第9號入賬及按公平值初始計量。對初始確認的公平值作出的調整被視為來自承租人的額外租賃付款。

租賃修訂

本集團於修訂生效日期起將經營租賃的修訂列為新租賃，並將任何與原租賃有關的預付或累計租賃付款視作新租賃的租賃付款。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement of the monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operation are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK dollars) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

3. 主要會計政策*(續)*

外幣

編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易按其各自之功能貨幣於交易日期之適用匯率入賬。於報告期末，以外幣計值之貨幣項目按該日期之適用匯率重新換算。以外幣計值並按公平值列賬之非貨幣項目乃按釐定公平值當日之適用匯率重新換算。以外幣歷史成本計量之非貨幣項目不會重新換算。

結算及重新換算貨幣項目所產生之匯兌差額於其產生期間於損益內確認，惟源自其結算並無計劃及不大可能出現的應收或應付境外業務之貨幣項目的匯兌差額(因此組成境外業務淨投資之一部分)除外，該差額初步於其他全面收益表確認及當出售或部分出售本集團之聯營／合營企業權益時重新由權益分類至損益。

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於報告期末之適用匯率換算為本公司之列賬貨幣(即港元)，而收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論。於此情況下，則採用於換算當日之適用匯率。所產生之匯兌差額(如有)於匯兌儲備項下為其他全面收益及累計於權益中確認。

與將本集團的人民幣淨資產重新換算為本集團的列賬貨幣(即港元)相關的匯兌差額會直接於其他全面收益中確認，並累計在匯兌儲備中。匯兌儲備中累計的匯兌差額隨後不會重新分類至損益。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Foreign currencies *(Continued)*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowings that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. 主要會計政策*(續)*

外幣*(續)*

由出售海外業務時(出售本集團海外業務所有權益或出售附屬公司而失去控制權，並包括海外業務，出售共同合作公司之部分權益且保留權益為財務資產並包括海外業務)，所有累計於權益之匯兑差額且與本公司擁有人應佔權益乃重新分類至損益。

此外，有關出售部份附屬公司且不會引致本集團失去附屬公司控制權，按比例份額之累計匯兑差額會再分配到非控股權益及不會於損益中確認。所有其他部分出售(聯營企業或合營企業之部份出售且不引致本集團失去聯營企業重大影響或合營企業控制)，按比例份額之累計匯兑差額會重新分類至損益。

借貸成本

直接源自收購、建造或生產的合資格資產，而有關資產需要一段長時間方可供作擬定用途或出售之借貸成本會計入該等資產成本部分，直至該資產大致上可供作擬定用途或出售為止。

在相關資產達至其擬定用途或出售後仍未償還的任何特定借貸，會計入一般借款池以計算一般借貸的資本化率。尚未用於合資格資產之特定借貸作短期投資賺取之投資收入，於合資格資本化之借貸成本中扣除。

所有其他借貸成本均於產生期間在損益內確認。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they are reasonably certain to become receivable.

Retirement benefit costs and termination benefits

Payments to the Mandatory Provident Fund Scheme and national statutory social security insurance scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. 主要會計政策*(續)*

政府補貼

在合理地保證本集團會遵守政府補助的附帶條件以及收到補助後，政府補助方會予以確認。

政府補貼於本集團確認有關成本為開支期間有系統地於損益內確認，該補貼擬用於補償相關成本。尤其是政府補貼之主要條件是指本集團購買、建設或收購非流動資產並確認於綜合財務狀況表中的相關資產之賬面值中延遲收入扣除及按有關資產之使用期限有系統及理性地轉移至損益內。

作為補償已產生開支或虧損或旨在為本集團提供實時財務資助(而無未來相關成本)之應收政府補貼，乃於應收期間確認為損益。

退休福利成本和終止合約福利

向強制性公積金計劃和國家法定社會保障保險計劃支付的費用在員工提供服務使其有權獲得供款時確認為費用。

當本集團不能再提取離職福利及已確認為相關重組成本，離職福利的負債需及早確認。

短期員工福利

短期員工福利於預期支付福利和僱員提供服務時以未折現金額確認。除非其他香港財務報告準則要求或准許福利包括在資產的成本內之外，所有短期員工福利會確認為支出。

提供給員工的福利(如工資及薪金、年假及病假)扣除已付的金額後會確認為負債。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to a director

Equity-settled share-based payments to a director are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity under the heading of "share options reserve". At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. 主要會計政策*(續)*

以股份為基礎的付款安排

以權益結算以股份為基礎的付款交易

授予一位董事之購股權

向本公司董事及本集團其他僱員作出的以權益結算以股份為基礎的付款交易乃按權益工具於授出日期之公平值計量。

以授出當日(並無考慮非市場性質的歸屬條件)之公平值來釐定的以權益結算股份支付款項，按集團估計權益工具將會最終歸屬的期間以直線法支銷，並於權益中(以股份支付款項儲備內)作相應增加。於報告期末，就附帶非市場表現歸屬條件之購股期權，集團會根據所有相關非市場性質的歸屬條件的評估，修正其預計歸屬購股期權數量之估算。從修改原有估算產生在歸屬期內之影響(如有者)於損益內確認，其累計開支反映已修正之估算，而以股份支付款項儲備亦作相應調整。就可於授權當日即時行駛的購股權，該購股權需以公平值以費用形式在損益反映。

當購股權獲行使時，先前於購股權儲備確認的款額將轉撥至股份溢價。當購股權於歸屬日期後被沒收或於到期日仍未行使，先前於購股權儲備確認的款額將轉撥至累計溢利。

稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項根據該年度的應課稅溢利計算。應課稅溢利有別於綜合損益及全面收益表內所呈報的除稅前溢利，此乃由於其並無計入其他年度的應課稅或可扣稅收支項目，亦無計入日後的毋須課稅及不可扣稅的項目。本集團的即期稅項負債乃按已於各報告期末訂定或大致訂定的稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such defined assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. 主要會計政策*(續)*

稅項*(續)*

遞延稅項乃就綜合財務報表內的資產與負債賬面值與計算應課稅溢利所採用的相應稅基間的暫時性差額確認。遞延稅項負債一般就所有應課稅暫時性差額予以確認，而遞延稅項資產則於可能動用應課稅溢利以抵銷可扣稅的暫時性差額予以確認。倘因初步確認一項既不影響應課稅溢利亦不影響會計溢利的交易的商譽或其他資產與負債而產生暫時性差額，則有關資產與負債不予確認。

遞延稅項負債乃就附屬公司投資及合營企業和聯營企業之權益所產生的應課稅暫時性差額確認，惟倘本集團能控制暫時性差額的撥回以及暫時性差額有機會不會於可見將來撥回除外。與該等投資及權益相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額之益處且預計於可見將來可以撥回時確認。

遞延稅項資產的賬面值乃於各報告期末進行檢討，並於不大可能動用足夠應課稅溢利以收回全部或部分資產時予以扣減。

遞延稅項按預期於清償負債或變現資產的期間內應用的稅率，以報告期末已生效或實質上已生效之稅率(及稅法)為基準計算。

遞延稅項負債及資產的計算，反映了本集團於報告期末所預期對收回或償還其資產及負債之賬面值的方式所產生的稅務結果。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Taxation *(Continued)*

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of investment properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production of goods or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. 主要會計政策*(續)*

稅項*(續)*

為了測量使用公平值模式計量的投資物業的遞延稅項，該投資物業的賬面金額假設通過銷售完全收回，除非該假設被推翻。當投資物業可折舊時，該推定被推翻，並在商業模式中持有，其目的是隨著時間的推移而不是通過銷售消耗投資物業的所有經濟利益。

對於稅項抵免可歸因於租賃負債的租賃交易，本集團分別對使用權資產及租賃負債應用香港會計準則第12號*所得稅*規定。由於採用初始確認豁免，於初始確認有關使用權資產及租賃負債時產生的暫時性差異將不予確認。由於重新計量租賃負債及租賃修訂而產生其後修改使用權資產及租賃負債賬面值(不受初始確認豁免所規限)的暫時性差異於重新計量或修訂日期確認。

當有法定行使權可將當期稅項資產與當期稅項負債抵銷，並涉及與同一稅務機關向同一應課稅實體徵收的所得稅，則遞延稅項資產與負債互相抵銷。

即期及遞延稅項於損益內確認，惟倘遞延稅項涉及於其他全面收益或直接在權益確認項目，則即期及遞延稅項亦會分別於其他全面收益或直接於權益內確認。

物業、廠房及設備

物業、廠房及設備，包括持作生產或作行政用途之建築物及租賃土地(在建工程除外)按成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表呈列。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Property, plant and equipment *(Continued)*

Properties, plant and machinery in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of HKFRS 16) or "prepaid lease payments" (before application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 主要會計政策*(續)*

物業、廠房及設備*(續)*

為生產或行政用途而建的在建物業、廠房及設備按成本減任何已確認減值虧損列值。成本包括使資產達到能夠按照管理層擬定的方式開展經營所必要的位置及條件而直接產生的任何成本及就合資格資產而言根據本集團會計政策資本化的借款成本。該等資產於資產可投入擬定用途時開始按與其他物業資產相同的基準計算折舊。

租賃土地及樓宇所有權權益

本集團就同時包括租賃土地及樓宇成分的物業之所有權權益作出付款時，全部代價於租賃土地及樓宇組成之間按初始確認的相對公平值比例進行分配。

在相關付款可作可靠分配的情況下，租賃土地權益於綜合財務狀況表中呈列為使用權資產(應用香港財務報告準則第16號後)或預付租賃款項(應用香港財務報告準則第16號前)。當代價無法在相關租賃土地的非租賃樓宇組成及未分割權益之間可靠分配時，整項物業分類為物業、廠房及設備。

折舊乃利用直線法確認以撇銷資產(在建工程除外)成本，減去資產於其估計可使用年期的剩餘價值。估計可使用年期、剩餘價值及折舊方法於各報告期末作檢討，相關估計之任何變動影響於日後反映。

物業、廠房及設備項目於出售時或當預期繼續使用該資產不會產生任何日後經濟利益時解除確認。出售或報廢物業、廠房及設備項目產生的收益或虧損乃按出售該資產所得款項與賬面值間的差額釐定並於損益中確認。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. 主要會計政策（續）

無形資產

單獨收購的無形資產

單獨收購且具有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損入賬。具有限可使用年期的無形資產的攤銷於其估計可使用年期內按直線基準確認。估計可使用年期及攤銷法於各報告期末檢討，而相關估計之任何變動影響於日後反映。

無形資產於出售時或預期使用或出售不會產生未來經濟利益時解除確認。解除確認無形資產所產生的收益及虧損，其按出售所得款項淨額與資產賬面值之間的差額計量，於解除確認資產時於損益中確認。

物業、廠房及設備，使用權資產及無形資產的減值

於報告期末，本集團審閱其物業、廠房及設備，使用權資產以及無形資產的賬面值，以確定是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何該等跡象，則估計該資產的可收回金額以釐定減值虧損的程度（如有）。

物業、廠房及設備，使用權資產以及無形資產的可收回金額乃獨立估算。如不可能估計個別資產的可收回金額，則本集團會估計資產所屬現金產生單位的可收回金額。

此外，本集團對是否有跡象顯示企業資產可能出現減值進行評估。倘存在有關跡象，於可識別合理一致的分配基準時，企業資產亦會分配至個別現金產生單位，否則有關資產會分配至可識別合理一致分配基準的現金產生單位最小組別。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 主要會計政策*(續)*

物業、廠房及設備，使用權資產及無形資產的減值*(續)*

可收回金額為公平值減出售成本與使用價值兩者的較高者。於評估使用價值時，估計未來現金流量按稅前折現率折現至其現值，稅前折現率反映貨幣時間價值的現時市場評估及資產或現金產生單位的特定風險(未來現金流量估計並無就此類風險作出調整)。

倘資產(或現金產生單位)的估計可收回金額低於其賬面值，則資產(或現金產生單位)的賬面值會被調低至其可收回金額。就未能按合理一致基準分配至現金產生單位的企業資產或一部分企業資產而言，本集團會將一組現金產生單位的賬面值(包括分配至該現金產生單位組別的企業資產或一部分企業資產的賬面值)與該組現金產生單位的可收回款項作比較。於分配減值虧損時，首先分配減值虧損以減少任何商譽(如適用)的賬面值，隨後按比例根據該單元或該組現金產生單位各資產的賬面值分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本(如可計量)、其使用價值(如可釐定)及零之最高者。本應另行分配至該資產之減值虧損金額按比例分配至該單元或該組現金產生單位的其他資產。減值虧損乃即時於損益確認。

倘減值虧損其後撥回，則資產(或現金產生單位或一組現金產生單位)的賬面值會上調至其經修訂估計可收回金額，但經上調的賬面值不得超出倘資產(或現金產生單位或一組現金產生單位)於過往年度並無確認減值虧損時原應確定的賬面值。減值虧損撥回即時確認為損益。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Properties under development for sale

Properties under development for sale which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to properties for sale upon completion.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策*（續）*

存貨

存貨乃按成本及可變現淨值之較低者列賬。存貨成本按先入先出法釐定。可變現淨值指存貨估計售價減估計完成所需之全部成本以及銷售所需成本。

待出售的發展中物業

擬於竣工後時出售的待出售的發展中物業及待售物業被分類為流動資產。除租賃土地部分外，其自應用香港財務報告準則第16號後根據使用權資產的會計政策以成本模型計量，待出售的發展中物業乃以成本及可變現淨值兩者之較低值入賬。成本乃按特定辨識基準釐定並包括分攤於發展相關之支出及在適當的情況下資本化之借貸成本。可變現淨值指於一般業務過程中物業之估計售價減估計完成成本及行銷必須之估計成本。

待出售的發展中物業會於竣工後轉出至待售物業。

金融工具

當集團實體成為工具合約條文之訂約方，則確認金融資產及金融負債。所有日常購買或出售之財務資產均按交易日／結算日基準確認及解除確認。日常購買或出售指按於市場規則或慣例確立之時限內交付資產之財務資產購買或出售。

金融資產及金融負債初步按公平值計量，惟自2018年1月1日起按照香港財務報告準則第15號初步計量之客戶合約產生之貿易應收賬款除外。因收購或發行金融資產及金融負債（不包括按公平值透過損益列賬之金融資產及金融負債）而直接產生之交易成本，於初次確認時加入金融資產或金融負債（如適用）之公平值，或自金融資產或金融負債（如適用）之公平值扣除。收購按公平值透過損益列賬之金融資產或金融負債時，直接產生之交易成本即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest and dividend income are presented as other income.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. 主要會計政策*(續)*

金融工具*(續)*

實際利率法為計算金融資產或金融負債的攤銷成本以及在有關期間內分配利息收入及利息開支的方法。實際利率是將估計未來現金收支(包括已支付或收取並構成實際利率組成部分之所有費用和貼息、交易費以及其他溢價或折讓)透過金融資產或金融負債的預計年期或(倘適用)更短期間準確折現至初步確認時的賬面淨值的利率。

利息及股息收入列報為其他收入。

金融資產

金融資產之分類及其後計量

符合下列條件之金融資產其後按攤銷成本計量：

- 在其目標為收回合約現金流之業務模式內持有之金融資產；及
- 合約條款為僅於特定日期產生支付本金及未償付本金之利息之現金流。

符合下列條件之金融資產其後按公平值計入其他全面收益(「按公平值計入其他全面收益」)計量：

- 在其目標為收回合約現金流及出售之業務模式內持有之金融資產；及
- 合約條款為僅於特定日期產生支付本金及未償付本金之利息之現金流。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at fair value through profit and loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. 主要會計政策*(續)*

金融工具*(續)*

金融資產*(續)*

金融資產之分類及其後計量(續)

所有其他金融資產其後按公平值計入損益(「按公平值計入損益」)，惟於初始應用香港財務報告準則第9號／初始確認金融資產日期，倘該股本投資既非持作買賣亦非由收購方按香港財務報告準則第3號*業務合併*適用之業務合併內確認之或然代價，本集團則可不可撤銷地選擇將股本投資公平值之其後變動呈列在其他全面收益(「其他全面收益」)內。

若符合下列情況之一，金融資產為持作買賣：

- 收購金融資產之目的主要為於近期內出售；
- 於初步確認時，該金融資產為由本集團共同管理之已識別金融工具組合之一部份，並且最近有可短期獲利之實際模式；或
- 其為一種未被指定而又不足有效為對沖工具之衍生工具。

此外，倘如此可消除或大幅減少會計錯配，本集團可以不可撤銷地將須按攤銷成本或須按公平值計入其他全面收益之金融資產指定為按公平值計入損益之金融資產。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Receivables measured as at FVTOCI

Subsequent changes in the carrying amounts for receivables measured as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. 主要會計政策*（續）*

金融工具*（續）*

金融資產（續）

金融資產之分類及其後計量（續）

(i) 攤銷成本及利息收入

就其後按攤銷成本計量之金融資產及其後按公平值計入其他全面收益之債務工具／應收賬款使用實際利息法確認利息收入。就購買或原始之信貸減值金融資產以外的金融工具而言，利息收入透過對金融資產總賬面值應用實際利率而計算，惟其後成為信貸減值之金融資產除外（參見下文）。就其後成為信貸減值之金融資產而言，利息收入透過對金融資產自下一報告期起計之攤銷成本應用實際利率予以確認。倘信貸減值金融工具之信貸風險改善以致金融資產不再信貸減值，利息收入將於對金融資產在釐定資產不再信貸減值後之報告期開始起按總賬面值應用實際利率予以確認。

(ii) 按公平值計入其他全面收益之應收賬款

因使用實際利息法計算利息收入而產生之按公平值計入其他全面收益之應收賬款賬面值之其後變動於損益內確認。減值撥備於損益內確認，並相應調整其他全面收益，而毋須減少該等應收賬款之賬面值。於損益內確認之金額與倘該等應收賬款按攤銷成本計量原本於損益內確認之金額相同。當該等應收賬款解除確認時，先前於其他全面收益內確認之累計收益或虧損重新分類至損益。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the heading of "other gains and losses".

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on lease receivables and financial assets (including trade and other receivables, loan to a joint venture, amounts due from a joint venture/an associate/related companies and bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. 主要會計政策*（續）*

金融工具*（續）*

金融資產*（續）*

金融資產之分類及其後計量（續）

(iii) 按公平值計入損益之金融資產

對並不符合按攤銷成本列賬或按公平值計入其他全面收益或指定按公平值計入其他全面收益之金融資產按公平值計入損益。

按公平值計入損益之金融資產按每個報告期末之公平值計量，並在損益內確認任何公平值收益或虧損。在損益內確認之收益或虧損淨額不包括任何股息或金融資產賺取之利息及計入單列項目「其他收益及虧損」內。

金融資產減值

本集團就根據香港財務報告準則第9號須減值之應收租賃款及金融資產（包括貿易應收賬款，其他應收賬款，合營企業之貸款，應收合營企業／聯營企業／關連公司款項及銀行結餘及現金）按預期信貸虧損（「預期信貸虧損」）模型進行減值評估。預期信貸虧損金額於每個報告期末予以更新，以反映自初步確認後信貸風險之變動。

終身預期信貸虧損指因有關工具預期年期內所有可能違約事件造成的預期信貸虧損。相比之下，12個月預期信貸虧損指預期可能於報告日期後12個月內可能發生之違約事件而產生的終身預期信貸虧損部分。根據本集團之過往信貸虧損經驗並調整應收賬款特有的因素，一般經濟條件及評估報告日期之現時條件以及預測未來條件進行評估。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables and bills receivable. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

3. 主要會計政策*(續)*

金融工具*(續)*

金融資產*(續)*

金融資產減值(續)

本集團就貿易應收賬款及應收票據總是確認終身預期信貸虧損。該等資產之預期信貸虧損乃為重大應收賬款結餘單獨評估或使用具有適當組別的一個撥備矩陣集體評估。

就所有其他工具而言，本集團計量相等於12個月之預期信貸虧損之虧損撥備，除非自初步確認起信貸風險出現顯著增加，則本集團確認終身預期信貸虧損。評估是否確認終身預期信貸虧損乃基於自初步確認以來發生違約風險可能性之大幅增加。

(i) 信貸風險之顯著增加

在評估自初步確認以來信貸風險是否顯著增加時，本集團將報告日期金融工具發生之違約風險與初步確認日期之金融工具發生之違約風險進行比較。在作出此項評估時，本集團考慮合理及可支持之定量及定性資料，包括過往經驗及無需過度成本或精力之前瞻性資料。

尤其在評估信貸風險是否顯著增加時會考慮下列資料：

- 金融工具之外部(如有)或內部信貸評級之實際或預期顯著惡化；
- 信貸風險外部市場指標之顯著惡化，如信貸利差，應收賬款之信貸違約掉期價格之大幅上升；
- 預期造成債務人清償債務能力大幅下跌之業務、財務或經濟條件之現有或預期不利變動；

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. 主要會計政策*（續）*

金融工具*（續）*

金融資產*（續）*

金融資產減值（續）

(i) 信貸風險之顯著增加（續）

- 債務人經營業績之實際或預期顯著惡化；

- 造成債務人清償債務能力大幅下降之債務人之政策、經濟或技術環境之實際或預期重大不利變動。

不論上述評估之結果，本集團假定當約定付款逾期30日以上時，則為自初步確認以來信貸風險顯著增加，除非本集團另有其他合理及可支持資料。

儘管有以上所述，如債務工具於報告日期的信貸風險釐定為偏低，則本集團假定債務工具之信貸風險自初步確認以來尚未顯著增加。倘i)其違約之風險偏低，ii)借款人擁有於近期清償其合約現金流承擔之雄厚能力及iii)長期經濟及商業條件之不利變動或會但不一定降低借款人履行合約現金流義務的能力，則債務工具被釐定為於報告日期信貸風險較低。當其擁有全球理解之定義為「投資等級」之內部或外部信貸評級時，本集團將債務工具視為擁有偏低之信貸風險。

本集團定期監察用作識別是否信貸風險存在大幅增加標準之有效性及將其修訂（如適用）以確保該標準能夠在款項逾期之前識別信貸風險之大幅增加。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. 主要會計政策*(續)*

金融工具*(續)*

金融資產*(續)*

金融資產減值(續)

(ii) 違約之定義

就內部信貸風險管理而言，當內部制訂或自外部來源取得之資料顯示債務人不大可能悉數償付其債權人(包括本集團)時(本集團並無持有任何抵押品)，本集團視為違約事件發生。

不計以上所述，當金融資產逾期90日以上時，本集團視為違約發生，除非本集團有合理及可支持資料顯示更滯後的違約標準乃屬適當。

(iii) 信貸減值金融資產

當對金融資產之估計未來現金流量產生損害影響之一個或多個違約事件發生時，該金融資產為信貸減值，證明金融資產信貸減值的證據包括有關下列事件之可觀察數據：

(a) 發行人或借款人遇到嚴重財務困難；

(b) 違反合約，例如拖欠或逾期事件；

(c) 借款人之貸款人因借款人財務困難相關之經濟或合約理由，已向借款人授出貸款人原本不會另外考慮之優惠；

(d) 借款人有可能破產或進行其他財務重組；或

(e) 由於財務困難而導致該金融資產之活躍市場消失。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised directly in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, the loss given default (i.e. the magnitude of loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For lease receivables, the cash flows used for determining the ECL are consistent with the cash flows used in measuring the lease receivables in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

3. 主要會計政策*（續）*

金融工具（續）

金融資產（續）

金融資產減值（續）

(iv) 撇銷政策

當有資料顯示交易對手處於嚴重財務困難及概無復蘇的現實前景，例如，當交易對手已處於清盤當中或進入破產程序，則本集團撇銷金融資產。經考慮法律意見後，如適用，已撇銷之金融資產可能根據本集團之收款程序而繼續法律行動。撇銷構成一項解除確認事件。任何其後之收回在損益內確認。

(v) 預期信貸虧損之計量及確認

預期信貸虧損的計量為違約可能性、違約虧損率（即出現違約時的損失幅度）及違約風險的函數。違約可能性及違約虧損率的評估乃按照歷史數據進行，並就前瞻性資料作出調整。預期信貸虧損的估計反映無偏頗並已計及按各個違約風險的或然加權金額。

一般而言，預期信貸虧損乃根據合約應付本集團之所有合約現金流量與本集團預期收取之現金流之間之差額，於初步確認時釐定之實際利率進行折現。就租賃應收款而言，用於釐定預期信貸虧損之現金流量與根據香港財務報告準則第16號（自2019年1月1日起）或香港會計準則第17號（於2019年1月1日前）計量租賃應收款所用之現金流量貫徹一致。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

3. 主要會計政策*（續）*

金融工具*（續）*

金融資產（續）

金融資產減值（續）

(v) 預期信貸虧損之計量及確認（續）

當預期信貸虧損按集體基準計量或迎合個別工具層級之證據可能尚不適用之個案時，金融工具按以下基準分組：

- 金融工具之性質（如本集團之貿易及其他應收賬款及應收客戶款項均為按獨立組別各自評估。關連人士之貸款按個別基準評估預期信貸虧損）；
- 逾期狀態；
- 債務人之性質﹐規模及行業；及
- 外部信貸評級（如適用）。

管理層定期審閱分組，以確保每個組別之組成繼續分享相若之信貸風險特徵。

利息收入乃按金融資產之總賬面值計算，除非金融資產已信貸減值，在該情況下，利息收入按該金融資產之攤銷成本計算。

就金融擔保合約而言，按照根據香港財務報告準則第9號釐定之虧損撥備金額及初步確認之金額減去於整個擔保期確認之累計收入金額（如適用）之較高者確認虧損撥備。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

For undrawn loan commitments, the loss allowances are the present value of the difference between:

(a) the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan: and

(b) the cash flows that the Group expects to receive if the loan is drawn down.

Except for bills receivable that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account. For bills receivable, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivable, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

3. 主要會計政策*（續）*

金融工具*（續）*

金融資產*（續）*

金融資產減值（續）

(v) 預期信貸虧損之計量及確認（續）

就未提款之貸款承擔而言，虧損撥備為以下兩者差額之現值：

(a) 倘貸款承擔之持有人提取貸款，應付本集團之合約現金流；

(b) 倘貸款被提取，本集團預期收取之現金流。

除按公平值計入其他全面收益之應收票據外，本集團就所有金融工具於損益內確認減值收益或虧損，並調整其賬面值，惟貿易應收賬款除外，其會透過確認虧損撥備賬戶作出相應調整。就應收票據而言，虧損撥備乃於其他全面收益內確認及於公平值透過其他全面收益儲備內累計，毋須減低該等應收賬款之賬面值。

解除確認金融資產

只有當從財務資產收取現金流之合約權利到期，或本集團轉讓財務資產，而資產所有權之絕大部份風險及回報已轉移至另一實體時，本集團才會解除確認財務資產。倘本集團並無轉移或保留所有權之絕大部份風險及回報並繼續控制所轉讓資產，則本集團確認其於資產之保留權益及就其可能須支付金額確認相關負債。倘本集團保留所轉讓財務資產所有權之絕大部份風險及回報，則本集團繼續確認該財務資產，亦就已收取之款項確認有抵押借貸。

當解除確認按攤銷成本列賬之財務資產時，資產賬面值與已收及應收代價之差額須於損益中確認。

當解除確認應收票據時，先前於按公平值計入損益儲備中積累的累計收益或虧損將重新分類至損益。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

3. 主要會計政策*(續)*

金融工具*(續)*

金融負債及權益

分類為負債或權益

由集團實體發行的債務及權益工具乃按所訂立的合約安排性質，以及金融負債及權益工具的定義而分類為金融負債或權益。

權益工具

權益工具為證明本集團經扣除所有負債之後資產的剩餘權益的任何合約。本集團所發行的權益工具乃按已收款項(扣除直接發行成本)確認。

本公司購回本身股本工具予以確認並直接於權益內扣除。購買,出售,發行或註本公司本身股本工具概無於損益內確認收益或虧損。

金融負債

本集團的所有金融負債均以實際利率法按攤銷成本或按公平值透過損益列賬計量。

按公平值計入損益之財務負債

倘財務負債為(i)持作買賣；(ii)指定為按公平值透過損益列賬；或(iii)收購方可能支付之或然代價(作為香港財務報告準則第3號適用之業務合併之一部份)之財務負債，則有關財務負債分類為按公平值透過損益列賬。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at FVTPL (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. 主要會計政策*(續)*

金融工具*(續)*

金融負債及權益*(續)*

按公平值計入損益之財務負債(續)

若符合下列情況之一，財務負債將歸類為持作買賣：

- 取得負債之目之主要為於近期內購回；或
- 於最初確認時，該財務負債為由本集團共同管理之可識別金融工具組合之一部份，並且最近有可短期獲利之實際趨勢；或
- 該財務負債為金融擔保合約或被指定為有效對沖工具之衍生工具以外之衍生工具。

若符合下列情況之一，持作買賣財務負債以外之財務負債或收購方可能支付之或然代價(作為業務合併之一部份)可於首次確認時指定為按公平值透過損益列賬之財務負債：

- 該指定抵銷或大幅減低可能出現之計量或確認不一致之情況；或
- 財務負債組成一組財務資產或財務負債各部份或兩者，並根據本集團既定風險管理或投資策略，按公平值基準管理及評估其表現，而經營分類則按該基準由內部提供；或
- 財務負債組成包含一種或以上隱含衍生工具之合約部份，而香港財務報告準則第9號允許整份合併合約(資產或負債)指定為按公平值透過損益列賬。

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at FVTPL (Continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bills payable, amounts due to a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. 主要會計政策*（續）*

金融工具*（續）*

金融負債及權益（續）

按公平值計入損益之財務負債（續）

就指定按公平值透過損益列賬之金融負債而言，歸屬於金融負債信貸風險變動之該項負債公平值變動金額於其他全面收益內確認。除非確認該負債於其他全面收益內之信貸風變動之影響將會產生或加大於損益內之會計錯配。已於其他全面收益內確認之歸屬於金融負債信貸風險變動之公平值變動其他並不重新分類至損益；相反，彼等於金融負債解除確認後轉撥至保留溢利。

按攤銷成本列賬之財務負債

財務負債（包括貿易及其他應付賬款、應付票據、應付關連公司款項及銀行借款）乃隨後採用實際利率法按攤銷成本計量。

衍生金融工具

衍生工具初步按訂立衍生工具合約日期的公平值確認及其後於各報告期末重新計量至公平值。由此產生的收益或虧損即時於損益內確認，除非衍生工具被指定為有效對沖工具，在此情況下，於損益內確認的時間取決於對沖關係的性質。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverable amount of the intangible assets and property, plant and equipment for manufacturing a new chemical product (the "Project")

Determining whether intangible assets and property, plant and equipment under the Project are impaired requires an estimation of recoverable amount of the CGU to which these assets have been allocated, which is based on the value in use of that CGU. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The key assumptions used for the discounted cash flow projections include discount rate, terminal growth rate, budgeted sales, budgeted costs and gross margin of the CGU. The discount rate applied was determined by using the weighted average cost of capital plus specific risk premium and the growth rate applied was determined based on the expected long-term inflation in, while other key assumptions relating to the estimation of cash inflows/outflows were determined by taking into account the financial budgets approved by the directors of the Company, past performance of the CGU and management expectation on the market development.

4. 重要會計判斷和估計不確定性的主要來源

在應用本集團於附註3所述的會計政策時，本公司董事須就其他來源不明顯的資產及負債賬面值作出判斷，估計及假設。估計和相關假設是基於歷史經驗和其他被認為相關的因素。實際結果可能與這些估計有所不同。

估計和相關假設會持續檢討的。如果修訂僅影響該期間，則會計估計的修訂在修訂估計的期間內確認，如果修訂同時影響當期和未來期間，則在修訂期間和未來期間確認。

估計不確定性的關鍵來源

以下是關於未來的主要假設，以及報告期末估計不確定性的其他主要來源，可能在下個財政年度內有重大風險導致資產和負債賬面金額發生重大調整。

用於製造新化工產品的無形資產和物業，廠房和設備(「項目」)的可收回金額

為確定項目，其作為本集團所屬的無形資產及物業，廠房及設備是否已減值，需要估計已獲分配該等資產的現金產生單位，其基於該現金產生單位的使用價值的可收回金額。使用價值之計算要求本集團估計預期從該現金產生單位產生的未來現金流及合適的貼現率以計算現值。用於該現金產生單位的折現現金流量預測的主要假設包括折現率，永續增長率，預算銷售額，預算成本和毛利率。所採用的折現率乃使用加權平均資金成本加特定風險溢價釐定，而所應用的增長率乃根據預期長期通脹釐定，而其他與有關現金流入／流出估計的主要假設則經考慮本公司董事批准的財務預算，現金產生單位的過往表現及管理層對市場發展的預期而釐定。

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

Key sources of estimation uncertainty *(Continued)*

Recoverable amount of the intangible assets and property, plant and equipment for manufacturing a new chemical product (the "Project") *(Continued)*

Further details are set out in Note 19. Where the actual cash flows are less than expected or there are changes in facts and circumstances which result in downward revision of future cash flows, a material impairment loss may arise. As at 31 December 2019, the carrying amounts of intangible assets for technical knowhow and property, plant and equipment relating to the Project are approximately HK$94,532,000 and HK$141,268,000, respectively.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 26 and 44, respectively.

Useful lives of intangible assets

The Group determines the estimated useful lives for its intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charge where useful lives are materially different from those previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in the period over which the related costs are amortised and therefore amortisation expenses in the future periods.

4. 重要會計判斷和估計不確定性的主要來源*（續）*

估計不確定性的關鍵來源*（續）*

用於製造新化工產品的無形資產和物業，廠房和設備（「項目」）的可收回金額 *（續）*

進一步詳情載於附註19。倘實際現金流量低於預期或導致未來現金流量向下修訂的實際情況，則可能產生重大減值虧損。於2019年12月31日，與項目有關的技術知識的無形資產及物業，廠房及設備賬面值分別約為94,532,000港元及141,268,000港元。

應收貿易賬款預期信貸虧損撥備

本集團就應收貿易賬款採用撥備矩陣計算預期信貸虧損。撥備率根據具備類似虧損模式的不同債務人組合作內部信貸評級。撥備矩陣為本集團根據過往的違約率並考慮合理且可支持並無須花費不必要的成本和努力的前瞻性資料。於每一報告日期，會再次評估過往觀測的違約率並考慮前瞻性資料的變化。此外，具重大結餘及信貸減值的應收貿易賬款會被個別評估預期信貸虧損。

預期信貸虧損撥備對估計的變化相當敏感。有關預期信貸虧損及本集團應收貿易賬款的資料分別載於附註26及44。

無形資產的使用壽命

本集團參照本集團擬從使用該等資產中取得未來經濟利益的估計期間釐定其無形資產的估計使用壽命。當使用壽命與先前估計有重大出入，管理層將修改攤銷費用。實際經濟壽命可能與估計使用壽命不同。定期檢討可能會導致相關成本攤銷的期間發生變化，而導致未來期間攤銷費用的變化。

5. REVENUE

5. 收入

All the Group's revenue for the year is derived from manufacture and sale of chemical products.

本集團年內所有收入均源自製造及銷售化工產品。

(i) Disaggregation of revenue

(i) 收入分類

		2019 HK$'000 千港元	2018 HK$'000 千港元
Types of goods or service	**產品與服務種類**		
Manufacture and sale of chemical products	製造和銷售化工產品		
Caustic soda	燒鹼	**1,395,256**	1,684,170
Chloromethane products	甲烷氯化物	**993,162**	949,344
Polymers	高分子材料	**421,070**	477,405
Hydrogen peroxide	過氧化氫	**264,796**	334,085
Fluorochemical products	氟化工產品	**121,792**	196,247
Styrene acrylic latex surface sizing agent	苯丙施膠劑	**44,136**	68,123
Others	其他	**236,359**	167,403
Total	合計	**3,476,571**	3,876,777

For the years ended 31 December 2019 and 2018, no revenue is recognised from the sale of properties.

截至2019年12月31日和2018年12月31日止年度，概無確認物業銷售收益。

All of the Group's revenue is recognised at a point in time and derived from the PRC.

本集團所有收入均於某一時點確認並源自中國。

(ii) Performance obligations for contracts with customers

(ii) 與客戶合約之履約義務

Manufacture and sale of chemical products with product delivery services

製造和銷售化工產品附帶產品交付服務

The Group manufactures and sells chemical products directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specified location (delivery). The normal credit term is 7 to 60 days upon delivery.

本集團製造及直接銷售化工產品予客戶。當產品運抵客戶指定地點（交付），產品的控制權即獲轉移而收入即被確認。正常賒賬期為自交付後7至60天。

5. REVENUE *(CONTINUED)*

(ii) Performance obligations for contracts with customers *(Continued)*

Sale of properties

For contracts entered into with customers for sale of properties, the Group's performance does not create an asset with alternative use to the Group. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the management has concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to the customers. Revenue from sale of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreements with the remainder within 90 days from the date of agreements. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

For manufacture and sale of chemical products with product delivery services, the performance obligation is expected to be completed within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

For sales of properties, the transaction price allocated to the remaining performance obligations as at 31 December 2019 was HK$9,877,000 (2018: nil) and expected to recognise revenue in 2021.

6. SEGMENT INFORMATION

(a) Operating segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), being the Chairman of the Company, in order to allocate resources to segments and to assess their performance. The CODM reviews the Group's profit as a whole, which is generated solely from the manufacture and sale of chemical products and determined in accordance with the Group's accounting policies, for performance assessment. Therefore no separate segment information is prepared by the Group.

5. 收入*(續)*

(ii) 與客戶合約之履約義務*(續)*

物業銷售

對於與客戶訂立的物業銷售合同，本集團的履約行為不會產生具可替代用途的資產。經考慮相關合同條款，法律環境和相關法律先例後，管理層總結本集團在將相關物業轉讓給客戶之前，沒有可強制執行的付款權。因此，物業銷售收入於已竣工物業被轉讓至客戶的某一時點確認，亦即客戶取得已竣工物業之控制權，而本集團擁有即時的付款權和而可能收取購價之時。

本集團與客戶在簽訂買賣協議時，一般收取客戶若干百分比合同金額作為訂金，餘款則於合同日期後 90 天內支付。然而，根據市場情況，如客戶同意在施工進行期間儘早支付購價之餘額，與銷售價單比較下，本集團可能向客戶提供折扣。由訂金和預付款計劃產生之合約負債於整個物業工程期間確認，並於客戶取得已竣工物業之控制權時轉出。

(iii) 分配到與客戶合約的剩餘履約義務的交易價格

就製造和銷售化工產品附帶產品交付服務而言，其履約義務預期將在一年內完成。誠如香港財務報告準則第15號所允許，分配至該等未償付履約責任的交易價格並無披露。

就銷售物業而言，分配至餘下履約責任的交易價格於2019年12月31日為9,877,000港元(2018：無)，其預期於2021年確認為收入。

6. 分部資料

(a) 經營分部

香港財務報告準則第8號規定經營分部應以內部報告有關本集團的構成要素作分類，而本集團主要營運決策人(「主要營運決策人」)，即本公司主席定期檢閱內部報告，以作出資源分配及評核分部表現。主要營運決策人檢討本集團的整體溢利，而本集團溢利僅來自生產及銷售化工產品，並按照本集團的會計政策評估表現。因此，本集團並無編製任何單獨的分部資料。

6. SEGMENT INFORMATION *(CONTINUED)*

(b) Geographical information

The Group's operations are located in the PRC. Most of the non-current assets are located in the PRC. All the Group's revenue from external customers is derived from the PRC for both years.

(c) Information about major customers

No customer contributed over 10% of the total revenue of the Group in both years.

6. 分部資料（續）

(b) 地區資料

本集團的業務位於中國。本集團大部分非流動資產均位於中國。本集團於兩個年度內所有來自外部客戶之收入均源自中國。

(c) 有關主要客戶資料

於兩個年度內概無客戶貢獻超過本集團總收入超過10%。

7. OTHER INCOME 7. 其他收入

		2019 HK$'000 千港元	2018 HK$'000 千港元
Bank interest income	銀行利息收入	**4,368**	6,567
Interest income from a joint venture	合營公司之利息收入	**522**	488
Government grants	政府補貼	**76,256**	27,544
Scrap sales	廢品收入	**7,776**	7,266
Electricity and steam income	電力及蒸氣收入	**27,296**	29,537
Rental income	租金收入	**2,260**	2,526
Others	其他	**924**	1,993
		119,402	75,921

8. OTHER GAINS AND LOSSES 8. 其他收益及虧損

		2019 HK$'000 千港元	2018 HK$'000 千港元
Net gain from changes in fair value of financial assets at fair value through profit or loss	按公平值計入損益之金融資產公平值變動之淨收益	**3,742**	14,285
Loss on disposal of property, plant and equipment	處置物業、廠房及設備損失	**(3,998)**	(4,311)
Loss on termination of lease arrangements	終止租賃安排損失	**(152)**	–
		(408)	9,974

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

9. INCOME TAX EXPENSE

9. 所得稅支出

		2019 HK$'000 千港元	2018 HK$'000 千港元
The charge comprises:	支出包括：		
Current tax	本期稅項		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅	**144,451**	202,044
PRC withholding tax on dividend income	中國股息收入預扣稅	**14,348**	90,869
Overprovision in prior years – EIT	以前年度多提中國企業所得稅	**(9,044)**	(8,563)
Deferred tax	遞延稅項		
Current year	本年度遞延稅項	**389**	208
		150,144	284,558

The Group's major business is in the PRC. Under the Law of the PRC on EIT and its Implementation Regulation, the tax rate of the PRC subsidiaries is 25%.

本集團的主要業務位於中國。根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率為25%。

For the years ended 31 December 2018 and 2019, Jiangsu Lee & Man Chemical Limited ("Jiangsu L&M") and Jiangxi Lee & Man Chemical Limited ("Jiangxi L&M") are entitled to a favourable EIT rate of 15% as they have been qualified as High and New Technology Enterprise.

於截至2018年12月31日止及2019年12月31日止年度，因江蘇理文化工有限公司(「江蘇理文」)及江西理文化工有限公司(「江西理文」)取得高新科技企業資格，所以享有15%優惠企業所得稅率。

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

其他司法權區之稅項乃按有關司法權區之課稅率而計算。

No provision for Hong Kong Profits Tax is made for both years since there are no assessable profits.

由於無應評稅利潤，故該兩個年度並無提撥香港利得稅。

9. INCOME TAX EXPENSE *(CONTINUED)*

9. 所得稅支出*(續)*

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

年內稅項開支與綜合損益及其他全面收益表所列除稅前利潤對賬如下：

		2019 **HK$'000** **千港元**	2018 HK$'000 千港元
Profit before taxation	除稅前溢利	**850,915**	1,156,933
Tax at the domestic income tax rate of 25% (2018: 25%)	按本地所得率25%之稅項（2018：25%）	**212,729**	289,233
Tax effect of share of profit/loss of joint ventures and an associate	應佔合營企業和聯營企業溢利／虧損之稅務影響	**(28)**	(28)
Tax effect of expenses not deductible in determining taxable profit	釐定應課稅溢利時不可扣稅支出之稅務影響	**26,494**	122,070
Tax effect of income not taxable in determining taxable profit	釐定應課稅溢利時毋須應課稅收入之稅務影響	**(2,384)**	(3,006)
Effect of concessionary rate granted to PRC subsidiaries	中國附屬公司獲優惠稅率之影響	**(96,107)**	(216,850)
Effect of different tax rate of subsidiaries operating in other jurisdictions	其他司法權區的稅率差異之影響	**4,136**	10,833
Overprovision in respect of prior year	以前年度多提	**(9,044)**	(8,563)
Withholding tax on dividend income	股息收入預扣稅	**14,348**	90,869
Income tax expense for the year	年內所得稅支出	**150,144**	284,558

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At the end of the reporting period, the Group has accumulated profits of the PRC subsidiaries amounting to HK$1,285,176,000 (2018: HK$825,904,000). Deferred tax liabilities has been recognised in respect of HK$555,560,000 (2018: HK$568,182,000) of such accumulated profits. No deferred tax liabilities has been recognized in respect of the remaining HK$729,616,000 (2018: HK$257,722,000) of such accumulated profits as it is the intention of the Directors of the Group to retain certain earnings within these subsidiaries.

根據中國企業所得稅法，自2008年1月1日起，就中國附屬公司所賺取的溢利所宣派的股息徵收預扣稅。於報告期末，本集團之中國附屬公司的累計溢利計有1,285,176,000港元（2018：825,904,000港元）。其已就該等累計溢利中的555,560,000港元（2018：568,182,000港元）確認遞延稅項負債。由於本集團董事有意留存若干盈利於該等附屬公司，故並無就該等累計溢利中之剩餘部份729,616,000港元（2018：257,722,000港元）確認遞延稅項負債。

9. INCOME TAX EXPENSE *(CONTINUED)*

9. 所得稅支出*(續)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

以下為遞延稅項餘額分析：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Deferred tax assets	遞延稅項資產	**22,335**	23,233
Deferred tax liabilities	遞延稅項負債	**(38,697)**	(39,576)
		(16,362)	(16,343)

The following are the major deferred tax liabilities (assets) recognised and movement thereon during the current and prior reporting period:

以下為主要遞延稅項負債(資產)於年內及去年期間確認及變動：

		Revaluation of investment property 投資物業之重估 HK$'000 千港元 *(note)* *(附註)*	Deferred income in respect of subsidy received for acquisition of prepaid lease payments/right-of-use assets 關於預付租賃款項／使用權資產收取補貼之遞延收益 HK$'000 千港元	Undistributable profits of the PRC subsidiaries 中國子公司之未分配利潤 HK$'000 千港元	Total 合計 HK$'000 千港元
At 1 January 2018	於2018年1月1日	11,699	(24,893)	30,116	16,922
Charged (credited) to profit or loss	扣除(計入)至損益	–	554	(346)	208
Exchange realignment	匯兌調整	(532)	1,106	(1,361)	(787)
At 31 December 2018	於2018年12月31日	11,167	(23,233)	28,409	16,343
Charged to profit or loss	扣除至損益	–	389	–	389
Exchange realignment	匯兌調整	(248)	509	(631)	(370)
At 31 December 2019	於2019年12月31日	10,919	(22,335)	27,778	16,362

note: The investment property with carrying amount of HK$72,619,000 was transferred to properties under development for sale during prior years.

*附註：*賬面值72,619,000港元之投資物業已於以前年度調撥至待出售的發展中物業。

10. PROFIT FOR THE YEAR

10. 年內溢利

		2019 HK$'000 千港元	2018 HK$'000 千港元
Profit for the year has been arrived at after charging (crediting):	年內溢利已扣除(計入):		
Directors' emoluments *(note 13)*	董事薪酬*(附註13)*	**50,695**	52,489
Other staff costs:	其他員工成本:		
Salaries and other benefits (excluding directors)	薪金及其他福利(董事除外)	**252,305**	233,034
Retirement benefit schemes contributions (excluding directors)	退休福利計劃供款(董事除外)	**14,419**	15,286
Total staff costs	員工成本總額	**317,419**	300,809
Finance costs:	融資成本:		
Interest on bank borrowings	銀行借款之利息支出	**77,533**	93,823
Lease liabilities	租賃責任	**222**	–
Less: amounts capitalised to property, plant and equipment *(note)*	減:於物業、廠房及設備資本化之金額*(附註)*	**–**	(293)
		77,755	93,530

		2019 HK$'000 千港元	2018 HK$'000 千港元
Auditors' remuneration	核數師酬金:		
– Audit services	－審計服務	**1,850**	1,575
– Non-audit services	－非審計服務	**225**	225
Cost of inventories recognised as expenses	已確認為支出的存貨成本	**2,090,457**	2,061,551
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	**332,343**	348,730
Depreciation of right-of-use assets	使用權資產折舊	**6,530**	–
Amortisation of prepaid lease payments	預付租賃款項攤銷	**–**	3,485
Amortisation of intangible assets	無形資產攤銷	**3,052**	3,598
Total depreciation and amortisation	折舊及攤銷合計	**341,925**	355,813
Capitalised in inventories	已計入存貨之金額	**(295,173)**	(312,493)
		46,752	43,320

note: During the year ended 31 December 2018, certain borrowing costs capitalised arose from specific borrowings and were calculated by applying a capitalisation rate of 4.75% per annum to expenditures on qualifying assets.

*附註:*截至2018年12月31日,部分資本化的借貸成本由指定借款產生及採用符合資本化條件的資產支出按每年資本化率4.75%計算。

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit for the year attributable to owners of the Company of HK$700,771,000 (2018: HK$872,641,000) and 825,000,000 (2018: 825,000,000) shares in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect caused by the share options granted under the share option scheme.

Weighted average number of ordinary shares (diluted)

		2019 **'000 Shares** **千股**	2018 '000 Shares 千股
Weighted average number of ordinary shares for the purpose of basic earnings per share	就計算每股基本盈利而言之普通股加權平均數	**825,000**	825,000
Effect of deemed issue of shares under the Company's share option scheme	根據本公司的購股權計劃被視作為已發行股份之影響	**–**	11,071
Weighted average number of ordinary shares for the purpose of diluted earnings per share	就計算每股攤薄盈利而言之普通股加權平均數	**825,000**	836,071

The computation of diluted earnings per share for 2019 did not assume the exercise of the Company's share options because the adjusted exercise price of those share options was higher than the average market price for shares in that year.

11. 每股盈利

每股基本及攤薄盈利乃按本公司擁有人之年內溢利700,771,000港元(2018：872,641,000港元)及825,000,000股(2018：825,000,000股)作計算。

每股攤薄盈利計算乃根據本公司股東應佔溢利及已發行加權平均普通股股數，再就根據購股權計劃授出的購股權所造成的潛在攤薄影響作出調整。

加權平均普通股股數(已攤薄)

2019年每股攤薄盈利的計算並不假設行使本公司的購股權，因為該等購股權的行使價高於當年股份的平均市價。

12. DIVIDENDS

12. 股息

		2019 HK$'000 千港元	2018 HK$'000 千港元
Dividends recognised as distributions during the year:	年內已確認分派之股息：		
Final dividend of HK15 cents per share for the year ended 31 December 2018	截至2018年12月31日止年度末期股息每股15港仙	**123,750**	–
Interim dividend of HK18 cents per share for the year ended 31 December 2019	截至2019年12月31日止年度中期股息每股18港仙	**148,500**	–
Final dividend of HK20 cents per share for the year ended 31 December 2017	截至2017年12月31日止年度末期股息每股20港仙	**–**	165,000
Interim dividend of HK23 cents per share for the year ended 31 December 2018	截至2018年12月31日止年度中期股息每股23港仙	**–**	189,750
		272,250	354,750

A final dividend of HK15 cents (2018: HK15 cents) per share amounting to HK$123,750,000 (2018: HK$123,750,000) in respect of the year ended 31 December 2019 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

董事會已建議派發截至2019年12月31日止年度之末期股息每股15港仙(2018：15港仙)共123,750,000港元(2018：123,750,000港元)，惟須待股東於即將舉行之週年大會上批准。

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13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

13. 董事及主要行政人員薪酬

Directors' and chief executives' emoluments for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

董事及主要行政人員於本年度之薪酬根據適用上市規則及香港公司條例披露如下：

		Fees 袍金 HK$'000 千港元	Salaries and other benefits 薪金及其他福利 HK$'000 千港元	Contributions to retirement benefit schemes 退休福利計劃供款 HK$'000 千港元	Discretionary bonus payments 酌情獎金支付 HK$'000 千港元 (note) (附註)	Share-based performance related incentive 基於股份的績效相關獎勵 HK$'000 千港元 (note 34) (附註34)	Total 合計 HK$'000 千港元
Year ended 31.12.2019	**截至2019年12月31日止年度**						
Executive directors	*執行董事*						
Ms. Wai Siu Kee	衛少琦女士	960	1,200	–	7,007	–	9,167
Mr. Lee Man Yan ("Mr. Lee")#	李文恩先生(「李先生」)#	1,200	1,141	–	–	32,684	35,025
Mr. Yang Zuo Ning	楊作寧先生	–	950	12	–	–	962
Professor Chan Albert Sun Chi	陳新滋教授	–	5,001	–	–	–	5,001
Independent non-executive directors	*獨立非執行董事*						
Mr. Wan Chi Keung, Aaron *BBS* JP	尹志強先生 *BBS*太平紳士	180	–	–	–	–	180
Mr. Wong Kai Tung, Tony	王啟東先生	180	–	–	–	–	180
Mr. Heng Victor Ja Wei	邢家維先生	180	–	–	–	–	180
		2,700	8,292	12	7,007	32,684	50,695

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS *(CONTINUED)* 13. 董事及主要行政人員薪酬*(續)*

		Fees 袍金 HK$'000 千港元	Salaries and other benefits 薪金及其他福利 HK$'000 千港元	Contributions to retirement benefit schemes 退休福利計劃供款 HK$'000 千港元	Discretionary bonus payments 酌情獎金支付 HK$'000 千港元 *(note)* *(附註)*	Share-based performance related incentive 基於股份的績效相關獎勵 HK$'000 千港元 *(note 35)* *(附註35)*	Total 合計 HK$'000 千港元
Year ended 31.12.2018	**截至2018年12月31日止年度**						
Executive directors	*執行董事*						
Ms. Wai Siu Kee	衛少琦女士	960	1,200	–	8,724	–	10,884
Mr. Lee Man Yan ("Mr. Lee")#	李文恩先生(「李先生」)#	1,200	1,163	–	–	32,684	35,047
Mr. Yang Zuo Ning	楊作寧先生	–	994	25	–	–	1,019
Professor Chan Albert Sun Chi	陳新滋教授	–	5,032	–	–	–	5,032
Independent non-executive directors	*獨立非執行董事*						
Mr. Wan Chi Keung, Aaron *BBS* JP	尹志強先生 *BBS*太平紳士	169	–	–	–	–	169
Mr. Wong Kai Tung, Tony	王啟東先生	169	–	–	–	–	169
Mr. Heng Victor Ja Wei	邢家維先生	169	–	–	–	–	169
		2,667	8,389	25	8,724	32,684	52,489

\# Mr. Lee is also the chief executive officer of the Company

\# 李先生同時亦為本公司之首席執行官

The executive directors' and non-executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group and for their services as directors of the Company respectively.

上述執行董事及獨立非執行董事之酬金主要就他們分別為本公司及本集團管理事務及作為本公司董事的服務酬金。

Note:

Other performance related incentive payments were determined with regards to individual performance. None of the directors waived any emoluments in both years.

附註:

根據個人績效確定其他與績效相關的獎勵支付。所有董事均沒有在該兩年內放棄任何薪酬。

14. FIVE HIGHEST PAID INDIVIDUALS

Of the five highest paid individuals of the Group during the year, three (2018: four) were directors of the Company, details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining two (2018: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

14. 首五名最高薪酬人士

年內，本集團五名最高薪酬人士中，3名（2018：4名）為本公司董事，其酬金詳情載於附註13。餘下2名最高薪酬僱員（2018：1名）為非本公司董事或行政總裁。其年薪詳情如下：

		2019 **HK$'000** **千港元**	2018 HK$'000 千港元
Salaries and other benefits	薪金及其他福利	**2,323**	1,254

Their remuneration fell within the following bands: 其薪酬於以下範圍：

		2019 **Number of individuals** **人數**	2018 Number of individuals 人數
HK$1,000,001 to HK$1,500,000	HK$1,000,001至HK$1,500,000	**2**	1

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Leasehold land and buildings and leasehold improvements 租賃土地及樓宇和租賃物業裝修 HK$'000 千港元	Furniture fixtures and equipment 傢俬、裝置及設備 HK$'000 千港元	Motor vehicles 汽車 HK$'000 千港元	Plant and machinery 廠房及機器 HK$'000 千港元	Construction in progress 在建工程 HK$'000 千港元	Total 合計 HK$'000 千港元
COST	**成本**						
At 1 January 2018	於2018年1月1日	537,438	34,622	17,302	4,459,542	86,530	5,135,434
Exchange realignment	匯兑調整	(28,566)	(1,937)	(810)	(203,165)	(11,042)	(245,520)
Acquisition of a subsidiary	收購一間子公司	–	–	–	–	23	23
Additions	添置	–	6,810	2,537	39,732	497,710	546,789
Disposals	註銷	–	(458)	(1,514)	(10,923)	–	(12,895)
Transfer	轉撥	154	743	–	38,110	(39,007)	–
At 31 December 2018	於2018年12月31日	509,026	39,780	17,515	4,323,296	534,214	5,423,831
Exchange realignment	匯兑調整	(11,420)	(1,115)	(429)	(137,163)	(9,487)	(159,614)
Additions	添置	–	7,738	1,984	98,214	556,535	664,471
Disposals	出售	–	(685)	(497)	(19,651)	–	(20,833)
Transfer	轉撥	56,224	1,086	–	799,273	(856,583)	–
At 31 December 2019	於2019年12月31日	553,830	46,804	18,573	5,063,969	224,679	5,907,855
DEPRECIATION	**折舊**						
At 1 January 2018	於2018年1月1日	76,990	14,878	10,706	1,207,107	–	1,309,681
Provided for the year	本年撥備	24,146	6,035	1,884	316,665	–	348,730
Exchange realignment	匯兑調整	(5,864)	(914)	(471)	(67,700)	–	(74,949)
Elimination on disposal	出售時對銷	–	(406)	(1,247)	(5,740)	–	(7,393)
At 31 December 2018	於2018年12月31日	95,272	19,593	10,872	1,450,332	–	1,576,069
Provided for the year	本年撥備	23,170	5,771	1,784	301,618	–	332,343
Exchange realignment	匯兑調整	(2,657)	(614)	(270)	(64,091)	–	(67,632)
Elimination on disposal	出售時對銷	–	(445)	(444)	(15,104)	–	(15,993)
At 31 December 2019	於2019年12月31日	115,785	24,305	11,942	1,672,755	–	1,824,787
CARRYING VALUE	**賬面值**						
At 31 December 2019	於2019年12月31日	438,045	22,499	6,631	3,391,214	224,679	4,083,068
At 31 December 2018	於2018年12月31日	413,754	20,187	6,643	2,872,964	534,214	3,847,762

Notes to the Consolidated Financial Statements
綜合財務報表附註

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

15. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings and leasehold improvements	5% – 7.5%
Furniture, fixtures and equipment	20%
Motor vehicles	25%
Plant and machinery	5% – 20%

As at 31 December 2019, the Group's leasehold land and buildings represent buildings on land use rights in the PRC and leasehold land and building located in Hong Kong amounted to HK$432,568,000 and HK$5,477,000 (2018: HK$407,852,000 and HK$5,902,000) respectively.

As at 31 December 2019, the buildings include an amount of HK$14,144,000 (2018: HK$15,430,000) shared from a joint operation as set out in note 34 to the consolidated financial statements.

15. 物業、廠房及設備*(續)*

上述物業、廠房及設備項目乃以直線法按下列年率折舊：

租賃土地及樓宇及租賃物業裝修	5% – 7.5%
傢俬、裝置及設備	20%
汽車	25%
廠房及機器	5% – 20%

本集團的租賃土地及樓宇代表中國土地使用權上的樓宇，位於香港的租賃土地及樓宇分別為432,568,000港元及5,477,000港元(2018：407,852,000港元及5,902,000港元)。

於2019年12月31日，樓宇之賬面金額包括了合營業務中應佔之14,144,000港元(2018：15,430,000港元)，詳情載於綜合財務報表附註34。

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold land in the PRC.

16. 預付租賃款項

本集團之預付租賃款項是指中國境內之中期租賃土地。

		2018 HK$'000 千港元
Analysed for reporting purposes as:	分析呈報如下：	
Non-current asset	非流動資產	143,511
Current asset	流動資產	4,259
		147,770

Note: As at 31 December 2018, government grants in respect of acquisition of prepaid lease payments with an aggregate amount of HK$84,482,000 was deducted from the carrying amount of prepaid lease payments.

*附註：*於2018年12月31日，政府補貼有關收購之預付租賃款項總額為84,482,000港元已由預付租賃賬面值中扣除。

As at 31 December 2018, the prepaid lease payments include an amount of HK$2,310,000 shared from a joint operation as set out in note 34 to the consolidated financial statements.

截至2018年12月31日止，預付租賃款項之賬面金額包括了合營業務中應佔之2,310,000港元詳情載於綜合財務報表附註34。

17. RIGHT-OF-USE ASSETS

17. 使用權資產

		Leasehold land 租賃土地 HK$'000 千港元	Buildings 樓宇 HK$'000 千港元	Total 合計 HK$'000 千港元
At 1 January 2019	**於2019年1月1日**			
Carrying amount	賬面值	147,770	6,376	154,146
At 31 December 2019	**於2019年12月31日**			
Carrying amount	賬面值	141,232	1,766	142,998
For the year ended 31 December 2019	**截至2019年12月31日止年度**			
Charged for the year	當年折舊	3,332	3,198	6,530
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	自首次應用香港財務報告準則第16號之日起12個月內終止的短期租賃及其他具有租賃條款的租賃的相關費用			1,151
Total cash outflow for leases	租賃現金流出總額			4,568

For both years, the Group leases buildings for its operations. Lease contracts are entered into for fixed term of three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

於兩個年度，本集團均租賃樓宇以經營其業務。租賃合同的固定期限為3年。租賃條款是根據個別情況協商確定的，其中包含各種不同的條款和條件。本集團在確定租賃期限和評估不可撤銷的期限時，採用合同的定義並確定合同可強制執行的期限。

The Group has obtained the land use right certificates for all leasehold lands.

本集團已取得所有租賃土地的土地使用權證。

As at 31 December 2019, the right-of-use assets include an amount of HK$2,206,000 shared from a joint operation as set out in note 34 to the consolidated financial statements.

於2019年12月31日，使用權資產之賬面金額包括了合營業務中應佔之2,206,000港元，詳情載於綜合財務報表附註34。

Restrictions or covenants on leases

租賃的限制和契諾

In addition, lease liabilities of HK$1,850,000 are recognised with related right-of-use assets of HK$1,766,000 as at 31 December 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

此外，於2019年12月31日，租賃負債1,850,000港元和其相關使用權資產1,766,000港元經已確認。租賃協議除出租人持有的租賃資產中的抵押權益外不施加任何契諾。租賃資產不得用作借貸擔保。

18. INTANGIBLE ASSETS 18. 無形資產

		Technical knowhow 技術知識 HK$'000 千港元	Software 軟件 HK$'000 千港元	Total 合計 HK$'000 千港元
COST	**成本**			
At 1 January 2018	於2018年1月1日	119,721	–	119,721
Additions	添置	–	201	201
Exchange realignment	匯兑調整	(5,442)	(9)	(5,451)
At 31 December 2018	於2018年12月31日	114,279	192	114,471
Exchange realignment	匯兑調整	(2,540)	(4)	(2,544)
At 31 December 2019	於2019年12月31日	111,739	188	111,927
AMORTISATION	**攤銷**			
At 1 January 2018	於2018年1月1日	10,888	–	10,888
Provided for the year	本年度攤銷	3,565	33	3,598
Exchange realignment	匯兑調整	(632)	(1)	(633)
At 31 December 2018	於2018年12月31日	13,821	32	13,853
Provided for the year	本年度攤銷	3,014	38	3,052
Exchange realignment	匯兑調整	(381)	(2)	(383)
At 31 December 2019	於2019年12月31日	16,454	68	16,522
CARRYING VALUE	**賬面值**			
At 31 December 2019	於2019年12月31日	95,285	120	95,405
At 31 December 2018	於2018年12月31日	100,458	160	100,618

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Technical knowhow	10 to 39 years
Software	5 years

上述無形資產有既定使用年限。該等無形資產乃按直線法於以下年期內予以攤銷：

技術知識	10 至 39 年
軟件	5年

19. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

For the purposes of impairment testing, certain intangible assets set out in note 18 and property, plant and equipment in note 15 have been allocated to the Project, which is an individual CGU. As at 31 December 2019, the carrying amounts of intangible assets for technical knowhow and property, plant and equipment relating to the project are approximately HK$94,532,000 and HK$141,268,000.

No impairment for the intangible assets and property, plant and equipment has been recognised as at 31 December 2019.

The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below.

The recoverable amount of this CGU is determined based on its value in use, and assessed by the management of the Group based on valuation performed by the Group. The calculation uses cash flow projections based on the financial budgets approved by the Directors, and pre-tax discount rate of 10.7% that is determined by the weighted average cost of capital plus specific risk premium for new projects, which is within level 3 fair value hierarchy. The cash flows beyond the three-year period are extrapolated using a terminal growth rate of 3% per annum. This growth rate is determined based on the expected long-term inflation in the PRC. Other key assumptions relate to the estimation of cash inflows/outflows which include budgeted sales, budgeted cost and gross margin generated from the CGU, is determined based on the past performance of the CGU and management's expectations on the market development.

19. 無形資產及物業、廠房及設備之減值測試

就減值測試而言，附註18所載列之若干無形資產以及附註15所載列之若干物業、廠房及設備已被分配至該項目，其為個別現金產生單位。於2019年12月31日，與項目有關的技術知識的無形資產及物業，廠房及設備賬面值分別約為94,532,000港元及141,268,000港元。

於2019年12月31日，無形資產以及物業、廠房及設備並無出現減值。

上述現金產生單位可收回金額之基準及主要相關假設概述如下：

該現金產生單位之可收回金額乃按照使用價值計算釐定。計算採用以董事所批准財務預算為依據之現金流量預測並屬於公平值架構第三級範圍內之税前折現率10.7%。三年期間外之現金流量乃採用永續年增長率3%進行推算。此增長率根據中國之預期長期通脹而釐定。其他主要假設與現金流入／流出(包括預算銷售額、預算成本及 現金產生單位產生之毛利率)估計有關，該估計乃基於現金產生單位之過往表現及管理層對市場發展之預期而釐定。

20. INTERESTS IN JOINT VENTURES 20. 合營企業之權益

		2019 HK$'000 千港元	2018 HK$'000 千港元
Cost of unlisted investments in joint ventures	非上市合營企業之投資成本	**24,177**	24,177
Exchange realignment	匯兌調整	**(2,105)**	(1,730)
Share of loss and other comprehensive expense	應佔虧損及其他全面支出	**(5,610)**	(5,782)
		16,462	16,665

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

截至報告期末，本集團於每間合營企業的詳情載列如下：

Name of entity 實體名稱	Form of entity ventures 合營企業實體之形式	Place of establishment/ incorporation 成立地點	Class of shares held 所持股票類型	Proportion of ownership interest held by the Group 本集團間接持有的已發行及繳足資本比例 2019	2018	Principal activity 主要業務
常熟東港置業有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	**40%**	40%	Provision of port facilities 提供港口設施
Southern Hill Company Limited 南峰有限公司	Limited incorporated 有限公司成立	Hong Kong 香港	Ordinary 普通股	**50%**	50%	Investment holding 投資控股
Wholly owned subsidiary of Southern Hill Company Limited: *其全資附屬公司*						
Ruichang Lee & Man Logistics Company Limited ("Ruichang L&M") 瑞昌理文物流有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	**50%**	50%	Provision of port facilities 提供港口設施

20. INTERESTS IN JOINT VENTURES *(CONTINUED)*

20. 合營企業之權益*（續）*

The joint ventures are accounted for using the equity method in the consolidated financial statements.

合營企業乃以權益法計入綜合財務報表。

Summarised financial information in respect of each of the Group's joint ventures are set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

有關本集團每個投資合營企業之財務資料，概述如下。以下財務資料代表合營企業財務報表之金額是按香港財務準則編製。

常熟東港置業有限公司

		2019 HK$'000 千港元	2018 HK$'000 千港元
Current assets	流動資產	**12,112**	8,358
Non-current assets	非流動資產	**59,409**	64,605
Current liabilities	流動負債	**(30,366)**	(31,300)

The above amounts of assets and liabilities include the following:

以上資產及負債金額包括以下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Cash and cash equivalents	現金及現金等價物	**11,669**	7,997
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債（不包括應付貿易及其他款項及撥備）	**(27,778)**	(28,409)

		2019 HK$'000 千港元	2018 HK$'000 千港元
Revenue	收入	**11,257**	10,942
Profit for the year	年內溢利	**430**	36
Other comprehensive expense for the year	年內其他全面支出	**(938)**	(1,986)
Total comprehensive expense for the year	年內全面支出	**(508)**	(1,950)

20. INTERESTS IN JOINT VENTURES *(CONTINUED)*

20. 合營企業之權益*(續)*

常熟東港置業有限公司*(Continued)*

常熟東港置業有限公司*(續)*

The above profit for the year includes the following:

上述年內溢利包括以下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Depreciation	折舊	**(4,068)**	(4,530)
Interest income	利息收入	**220**	140

Reconciliation of the above summarised financial information to the carrying amount of the interest in 常熟東港置業有限公司 recognised in the consolidated financial statements:

以上有關常熟東港置業有限公司之權益賬面金額的財務資料計入綜合財務報表之對賬：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Net assets of 常熟東港置業有限公司	常熟東港置業有限公司之淨資產	**41,155**	41,663
Proportion of the Group's ownership interest in 常熟東港置業有限公司	本集團持有常熟東港置業有限公司擁有權之部份	**40%**	40%
Carrying amount of the Group's interest in 常熟東港置業有限公司	本集團投資於常熟東港置業有限公司之賬面金額	**16,462**	16,665

Southern Hill Company Limited and its subsidiary

南峰有限公司及其附屬公司

		2019 HK$'000 千港元	2018 HK$'000 千港元
Current assets	流動資產	**6,036**	6,297
Non-current assets	非流動資產	**222,111**	224,926
Current liabilities	流動負債	**(253,137)**	(247,249)

20. INTERESTS IN JOINT VENTURES *(CONTINUED)* 20. 合營企業之權益*(續)*

Southern Hill Company Limited and its subsidiary *(Continued)* 南峰有限公司及其附屬公司*(續)*

The above amounts of assets and liabilities include the following: 以上資產及負債金額包括以下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Cash and cash equivalents	現金及現金等價物	**1,032**	1,492
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	**(252,920)**	(247,054)

		2019 HK$'000 千港元	2018 HK$'000 千港元
Revenue	收入	**–**	–
Loss for the year	年內虧損	**(6,173)**	(1,973)
Other comprehensive expense for the year	年內其他全面支出	**(2,791)**	(7,252)
Total comprehensive expense for the year	年內全面支出	**(8,964)**	(9,225)

The above loss for the year include the following: 上述年內虧損包括以下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Depreciation and amortisation	折舊及攤銷	**(3,846)**	(34)
Interest income	利息收入	**1**	1

20. INTERESTS IN JOINT VENTURES *(CONTINUED)*

20. 合營企業之權益*（續）*

Southern Hill Company Limited and its subsidiary *(Continued)*

南峰有限公司及其附屬公司*（續）*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Southern Hill Company Limited and its subsidiary recognised in the consolidated financial statements:

以上有關的財務資料計入於南峰有限公司及其附屬公司之權益賬面金額確認於綜合財務報表之對賬：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Net liabilities of Southern Hill Company Limited	南峰有限公司之淨負債	**(24,990)**	(16,026)
Proportion of the Group's ownership interest in Southern Hill Company Limited	本集團持有南峰有限公司擁有權之部份	**50%**	50%
		(12,495)	(8,013)
Unrecognised share of loss and other comprehensive income	未確認應佔虧損及其他全面收入	**12,495**	8,013
Carrying amount of the Group's interest in Southern Hill Company Limited	本集團投資於南峰有限公司之賬面金額	**–**	–

		2019 HK$'000 千港元	2018 HK$'000 千港元
The unrecognised share of loss and other comprehensive income of a joint venture for the year	未確認年內應佔合營企業虧損及其他全面收入	**2,618**	4,612
Cumulative unrecognised share of loss of a joint venture	累計應佔合營企業虧損	**10,631**	8,013

21. INTERESTS IN ASSOCIATES

21. 聯營企業之權益

		2019 HK$'000 千港元	2018 HK$'000 千港元
Cost of unlisted investment in associates	非上市合營企業之投資成本	**20,033**	18,445
Exchange realignment	匯兌調整	**(447)**	16
Share of profit and other comprehensive income	應佔溢利及其他全面收入	**33**	91
		19,619	18,552

Details of the Group's associates at the end of the reporting period are as follows:

截止本報告期間，本集團之聯營企業之詳細資料如下：

Name of entity 實體名稱	Form of entity 實體形式	Place of establishment 成立地點	Class of shares held 所持股票類型	Proportion of ownership interest held by the Group 本集團所佔的權益比例 2019	2018	Principal activity 主要業務
瑞昌市碼頭熱力有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	**49%**	49%	Sale of steam, construction and maintenance of steam pipelines, sale of heat-supply equipment and appliance 銷售蒸汽，建造及維護蒸汽管道，銷售提供熱力之設備及器具
江蘇新效材料科技有限公司	Limited incorporated 有限公司成立	PRC 中國	Registered capital 註冊資本	**28%**	N/A	Research and product development 研發及產品開發

The associates are accounted for using the equity method in these consolidated financial statements.

聯營企業乃以權益法計入綜合財務報表。

Summarised financial information in respect of each of the Group's associates are set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

有關本集團每個聯營企業之財務資料、概述如下。以下財務資料代表聯營企業財務報表之金額是按香港財務準則編製。

瑞昌市碼頭熱力有限公司

瑞昌市碼頭熱力有限公司

		2019 HK$'000 千港元	2018 HK$'000 千港元
Current assets	流動資產	**6,883**	8,015
Non current assets	非流動資產	**34,800**	30,440
Current liabilities	流動負債	**(2,451)**	(594)

21. INTERESTS IN AN ASSOCIATE *(CONTINUED)* 21. 聯營企業之權益*(續)*

The above amounts of assets and liabilities included the followings:

以上資產及負債金額包括以下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Cash and cash equivalents	現金及現金等價物	**2,219**	4,304
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債(不包括應付貿易及其他款項及撥備)	**–**	–
Revenue	收入	**7,320**	2,032
(Loss) profit for the year	年度(虧損)溢利	**(18)**	196
Other comprehensive (expense) income for the year	年度其他全面(支出)收入	**(922)**	4
Total comprehensive (expense) income for the year	年度全面(支出)收入	**(940)**	200

Reconciliation of the above summarised financial information to the carrying amount of the interest in 瑞昌市碼頭熱力有限公司 recognised in the consolidated financial statements:

以上有關瑞昌市碼頭熱力有限公司之權益賬面金額的財務資料計入綜合財務報表之對賬：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Net assets of 瑞昌市碼頭熱力有限公司	瑞昌市碼頭熱力有限公司之淨資產	**39,232**	37,861
Proportion of the Group's ownership interest in 瑞昌市碼頭熱力有限公司	本集團持有瑞昌市碼頭熱力有限公司擁有權之部份	**49%**	49%
Carrying amount of the Group's interest in 瑞昌市碼頭熱力有限公司	本集團投資於瑞昌市碼頭熱力有限公司之帳面金額	**19,224**	18,552

21. INTERESTS IN AN ASSOCIATE *(CONTINUED)*

21. 聯營企業之權益*(續)*

江蘇新效材料科技有限公司

江蘇新效材料科技有限公司

		2019 HK$'000 千港元
Current assets	流動資產	**1,431**
Current liabilities	流動負債	**(21)**

The above amounts of assets and liabilities included the followings:

以上資產及負債金額包括以下：

		2019 HK$'000 千港元
Cash and cash equivalents	現金及現金等價物	**614**
Current financial liabilities (excluding trade and other payables and provisions)	流動財務負債（不包括應付貿易及其他款項及撥備）	**–**
Revenue	收入	**–**
Loss for the year	年內虧損	**(175)**
Other comprehensive income for the year	年內其他全面收入	**23**
Total comprehensive expense for the year	年內全面支出	**(152)**

Reconciliation of the above summarised financial information to the carrying amount of the interest in 江蘇新效材料科技有限公司 recognised in the consolidated financial statements:

以上有關江蘇新效材料科技有限公司之權益賬面金額的財務資料計入綜合財務報表之對賬：

		2019 HK$'000 千港元
Net assets of 江蘇新效材料科技有限公司	江蘇新效材料科技有限公司之淨資產	**1,410**
Proportion of the Group's ownership interest in 江蘇新效材料科技有限公司	江蘇新效材料科技有限公司擁有權之部份	**28%**
Carrying amount of the Group's interest in 江蘇新效材料科技有限公司	江蘇新效材料科技有限公司之賬面金額	**395**

22. LOAN TO A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE/AN ASSOCIATE

The loan to a joint venture represented shareholder's loan to Southern Hill Company Limited. As at 31 December 2018 and 2019, the amount was unsecured and interest-free and formed part of the net investment in the joint venture. The loan is denominated in US dollars which is a currency other than the functional currency of the relevant group entity.

As at 31 December 2019 and 2018, the amount due from a joint venture represented the loan to 常熟東港置業有限公司 for construction of a pier. As at 31 December 2018, the amount was unsecured, interest-bearing and repayable in October 2019. The loan agreement was renewed in 2019 and as at 31 December 2019 the loan is unsecured, interest-bearing and repayable in October 2020.

The amount due from an associate is unsecured, interest-free and repayable on demand.

For the year ended 31 December 2019, the Group performed impairment assessment on loan to a joint venture, amount due from a joint venture and an associate and expected that such loans can be recovered in full and accordingly no allowance for credit losses is provided.

22. 合營企業之貸款／應收合營企業／聯營企業款項

該合營企業貸款是股東向南峰有限公司的貸款。於2018年及2019年12月31日，該金額為無抵押及無利息，及成為合營企業淨投資的一部分。貸款以美元計價，是相關集團實體功能貨幣以外的貨幣。

於2019年及2018年12月31日，應收合營企業款項為常熟東港置業有限公司的借款。於2018年12月31日，該金額為無抵押，計息及於2019年10月償還。貸款協議於2019年續期，截至2019年12月31日，該貸款無抵押，計息及在2020年10月償還。

應收聯營公司款項為無抵押，免息及按要求償還。

截至2019年12月31日止年度，本集團對合營企業貸款，應收合營企業及聯營企業款項進行減值評估，並預期此等貸款可全額收回，故未為信貸損失作出提撥。

23. GOODWILL
23. 商譽

		HK$'000 千港元
COST AND CARRYING VALUES	**成本及賬面值**	
At 1 January 2018	在2018年1月1日	2,809
Exchange realignment	匯兑調整	(127)
At 31 December 2018	在2018年12月31日	2,682
Exchange realignment	匯兑調整	(60)
At 31 December 2019	於2019年12月31日	2,622

24. INVENTORIES
24. 存貨

		2019 **HK$'000** **千港元**	2018 HK$'000 千港元
Raw materials and consumables	原材料及耗用品	**394,661**	388,544
Work in progress	在製品	**22,780**	40,938
Finished goods	製成品	**132,943**	156,437
		550,384	585,919

25. PROPERTIES UNDER DEVELOPMENT FOR SALE

The properties under development for sale are located in the PRC, and expected to be completed after more than one year from the end of the reporting period.

As at 31 December 2019, the carrying amount of leasehold land included in properties under development for sale was HK$67,778,000 (1 January 2019: HK$69,318,000). Effective from 1 January 2019, the carrying amount of leasehold lands is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal values of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2019.

25. 待出售的發展中物業

待出售的發展中物業位於中國及預期在報告期末的一年之後完成。

於2019年12月31日，待出售的發展中物業所包括的租賃土地的賬面值為67,778,000港元（2019年1月1日：69,318,000港元）。自2019年1月1日起，租賃土地的賬面值根據香港財務報告準則第16號以成本減去任何累計折舊和任何減值損失計量。剩餘價值確定為租賃土地部分的估計處置價值。考慮到截至2019年12月31日的估計殘值，未對租賃土地計提折舊費用。

26. TRADE AND OTHER RECEIVABLES

26. 應收貿易及其他款項

The Group generally allows its trade customers a credit period ranged from 7 to 60 days.

本集團一般給予貿易客戶之賒賬期為7至60天。

Included in the balance are trade receivables of HK$115,432,000 (2018: HK$103,288,000), and the ageing analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

應收貿易及其他款項包括應收貿易賬款為115,432,000港元(2018：103,288,000港元)，應收貿易賬款於報告期末按發票日之賬齡分析如下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Not exceeding 30 days	不超過30天	**103,929**	94,910
31–60 days	31至60天	**8,376**	7,107
61–90 days	61至90天	**2,748**	477
91–120 days	91至120天	**81**	184
Over 120 days	超過120天	**298**	610
Trade receivables	貿易應收款	**115,432**	103,288
Prepayments	預付款	**102,014**	101,798
Deposits to suppliers	付供應商訂金	**18,983**	23,401
Value-added tax receivables	應收增值税項	**36,950**	20,885
Other receivables	其他應收款	**17,148**	16,771
Total trade and other receivables	應收貿易及其他款項合計	**290,527**	266,143

As at 1 January 2018, trade receivables from contracts with customers amounted to HK$95,724,000.

於2018年1月1日，來自客戶合約的貿易應收款為95,724,000港元。

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating its historical credit record and then defines its credit limit. Trade receivables that are neither past due nor impaired are considered to be recovered bases on historical experience.

於接納任何新客戶前，本集團透過調查客戶之過往信貸記錄評估其潛在信貸質量並隨後界定其信貸額度。按過往經驗，既無過期亦無減值之應收貿易賬款會被視作可收回。

At 31 December 2019, trade receivables of HK$12,413,000 (2018: HK$12,546,000) was past due. The Group does not hold any collateral over the overdue balance.

於2019年12月31日，計有12,413,000港元(2018：12,546,000港元)應收貿易賬款逾期。本集團並無就逾期結餘持有任何抵押品。

Details of impairment assessment are set out in note 44.

減值評估詳情載於附註44。

27. AMOUNTS DUE FROM (TO) RELATED COMPANIES

27. 應收(應付)關連公司款項

		2019 HK$'000 千港元	2018 HK$'000 千港元
Amounts due from Lee & Man Paper Manufacturing Limited and its subsidiaries ("LMP Group")	應收理文造紙有限公司及其附屬公司(「理文造紙」)	**16,138**	12,115
Amount due to LMP Group	應付理文造紙	**(15,307)**	(757)

note: LMP Group is beneficially owned and controlled by Mr. Lee's family member. The amount represents a trade balance which is unsecured, interest-free bearing and aged within 90 days.

*附註：*理文造紙由李先生家族成員實益擁有和控制。款項為貿易餘額，無抵押，免息並於90天內到期。

For the year ended 31 December 2019 the Group performed impairment assessment on amount due from related companies and concluded that the probability of defaults of the counterparties is insignificant and accordingly no allowance for credit losses is provided.

截至2019年12月31日止年度，本集團對應收關連公司款項進行減值評估，並認為交易對手違約概率並不重大，故未為信貸損失作出提撥。

28. BANK BALANCES AND CASH

28. 銀行結餘及現金

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The deposits carry prevailing market interest rates which range from 0.30% to 3.40% (2018: 0.26% to 3.90%) per annum.

銀行結餘及現金包括本集團持有之現金及原本為3個月或少於3個月到期之短期銀行存款。該等存款按市場年息率由0.30%至3.40%(2018：0.26%至3.90%)計息。

For the year ended 31 December 2019, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly no allowance for credit losses is provided.

截至2019年12月31日止年度，本集團對銀行結餘進行減值評估，並認為交易對手違約概率並不重大，故未為信貸損失作出提撥。

29. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period obtained for trade purchases is 7 to 45 days.

Included in trade and other payables is trade payables of HK$107,160,000 (2018: HK$121,102,000). The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

29. 應付貿易及其他款項

應付貿易及其他款項主要包括貿易購貨及持續開支成本之未付款項。貿易購貨之賒賬期為7至45天。

應付貿易及其他款項包括應付貿易賬款為107,160,000港元（2018：121,102,000港元），應付貿易賬款於報告期末按發票日之賬齡分析如下：

		2019 **HK$'000** **千港元**	2018 HK$'000 千港元
Not exceeding 30 days	不超過30天	**62,624**	69,264
31–60 days	31至60天	**16,807**	26,261
61–90 days	61至90天	**3,692**	6,977
Over 90 days	90天以上	**24,037**	18,600
Trade payables	貿易應付款	**107,160**	121,102
Construction costs payables and accruals	應付工程款及預提費用	**137,338**	109,268
Value-added tax accruals	應付增值税項	**16,136**	40,741
Other payables	其他應付款	**103,872**	108,265
Other accruals	其他預提費用	**43,139**	46,082
Total trade and other payables	應付貿易及其他款項合計	**407,645**	425,458
Analysed for reporting purposes as:	作報告分析用途：		
Non-current liabilities	非流動負債	**40,747**	47,659
Current liabilities	流動負債	**366,898**	377,799
		407,645	425,458

29. TRADE AND OTHER PAYABLES *(CONTINUED)*

As at 31 December 2019, the balance of other payables included a non-current deferred income, amounting to HK$29,080,000 (2018: HK$35,728,000), received from the PRC government for an innovative technology project. The amounts will be utilise to the relevant research and development expenses.

As at 31 December 2019, the balance of other payable included the consideration of RMB10,500,000 (equivalent to HK$11,667,000) (2018: RMB10,500,000 (equivalent to HK$11,931,000))on acquisition of the remaining 30% equity interest in a subsidiary and the amount was repayable after one year after the reporting period.

29. 應付貿易及其他款項*(續)*

於2019年12月31日，收取了中國政府給予之創新科技項目金額為29,080,000港元(2018：35,728,000港元)之非流動遞延收入已包含在其他應付款中。這筆款項將用於相應的研發費用。

於2019年12月31日，其他應付款包含本集團向一家附屬公司之非控股股東收購該間附屬公司餘下30%股權，總代價為人民幣10,500,000元(約等於11,667,000港元)(2018：人民幣10,500,000元(約等於11,931,000港元))，該款項在報告期後一年後償還。

30. CONTRACT LIABILITIES

30. 合約負債

		2019 HK$'000 千港元	2018 HK$'000 千港元
Manufacture and sale of chemical products with product delivery service	製造和銷售化工產品附帶產品交付服務	**55,157**	50,690
Sale of properties	物業銷售	**9,877**	–
		65,034	50,690
Analysed for reporting purposes as:	作報告分析用途：		
Non-current liabilities	非流動負債	**9,877**	–
Current liabilities	流動負債	**55,157**	50,690
		65,034	50,690

As at 1 January 2018, contract liabilities amounted to HK$88,124,000.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

於2018年1月1日，合約負債為88,124,000港元。

合約負債，其預期不會在本集團正常經營週期內結清，則根據本集團最早向客戶轉移商品或服務的義務，分為流動負債和非流動負債。

下表列示於本年度之收入確認中，有多少屬合約負債結轉及有多少屬過往期間已完成之履約責任。

30. CONTRACT LIABILITIES *(CONTINUED)* 30. 合約負債*(續)*

		2019 HK$'000 千港元	2018 HK$'000 千港元
Manufacture and sale of chemical products with product delivery service	製造和銷售化工產品附帶產品交付服務	**46,857**	79,582

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

對已確認合約負債之數額造成影響之一般付款條款如下：

Manufacture and sale of chemical products with product delivery service

製造和銷售化工產品附帶產品交付服務

Contract liabilities represent receipts in advance from customers for incompleted performance obligations on sale of chemical products and are recognised as revenue when the Group performs its obligations under the contracts. Performance obligation is expected to be satisfied within one year from the inception of contracts.

合約負債是指客戶因銷售化工產品而未履行的履約義務的預收款項，其於本集團履行合約義務時確認為收入。預期自合約訂立之日起一年內履行履約義務。

Sale of properties

物業銷售

The Group receives the consideration in advance from sale of properties to customers. The advance receipts result in contract liabilities being recognised until the customer obtains control of the completed property.

本集團自客戶收取物業銷售預收款項。由預收款項產生之合約負債會於客戶取得已竣工物業之控制權前確認。

31. LEASE LIABILITIES 32. 租賃責任

		2019 HK$'000 千港元
Lease liabilities payable:	**應付租賃責任：**	
Within one year	一年內	**1,850**

Lease obligations are denominated in RMB.

租賃責任乃以人民幣計值。

32. BANK BORROWINGS

32. 銀行借款

		2019 HK$'000 千港元	2018 HK$'000 千港元
Unsecured bank loans	無抵押銀行借款	**1,498,452**	1,874,212
Carrying amount of bank borrowings based on scheduled repayment dates set out in the loan agreements:	按借款協議所列預計還款日期之銀行借款的賬面值：		
Within one year	一年內	**587,538**	926,519
More than one year, but not exceeding two years	超出一年但不超出兩年	**640,914**	857,641
More than two years but not more than five years	超出兩年但不超出五年	**270,000**	90,052
		1,498,452	1,874,212
Less: Amounts due within one year shown under current liabilities	減：一年內到期的金額於流動負債下列示	**(587,538)**	(926,519)
Amounts shown under non-current liabilities	於非流動負債下列示	**910,914**	947,693

The exposure of the Group's borrowings are as follows:

本集團之固定利率借款及合約到期日如下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Fixed-rate borrowings	定息借款	**559,064**	853,178
Variable-rate borrowings	浮息借款	**939,388**	1,021,034
		1,498,452	1,874,212

As at 31 December 2019, the Group's variable-rate borrowings carry interests at 0.7% to 2.2% over Hong Kong Interbank Offered Rate ("HIBOR") (2018: 1% to 2.2% over HIBOR).

於2019年12月31日，本集團的浮息借款按香港銀行同業拆息上浮0.7%至2.2%計息（2018：香港銀行同業拆息上浮1%至2.2%）。

Notes to the Consolidated Financial Statements
綜合財務報表附註

32. BANK BORROWINGS *(CONTINUED)*

32. 銀行借款（續）

The ranges of effective interest rates per annum on the Group's borrowings are as follows:

本集團借款之實際年利率範圍如下：

		2019	2018
Effective interest rates:	實際利率：		
Fixed-rate borrowings	定息借款	**4.35% to 4.75%**	4.71% to 4.82%
Variable-rate borrowings	浮息借款	**0.7% to 2.2% over HIBOR 香港銀行同業拆息上浮**	0.1% to 2.2% over HIBOR 香港銀行同業拆息上浮

The following amounts of bank borrowings are denominated in currency other than the functional currency of the relevant group entities.

以下金額的銀行借款以相關集團實體的功能貨幣以外的貨幣計值。

		2019 HK$'000 千港元	2018 HK$'000 千港元
HK dollars	港元	**939,388**	1,021,034

33. SHARE CAPITAL

33. 股本

		Number of ordinary shares 普通股份數目	Amount 金額 HK$'000 千港元
Ordinary shares of HK$0.10 each:	每股面值0.10港元之普通股：		
Authorised:	法定：		
At 1 January 2018, 31 December 2018 and 31 December 2019	於2018年1月1日、2018年12月31日及2019年12月31日	5,000,000,000	500,000
Issued and fully paid:	發行及繳足：		
At 1 January 2018, 31 December 2018 and 31 December 2019	於2018年1月1日、2018年12月31日及2019年12月31日	825,000,000	82,500

There was no movement in the Company's share capital for both years.

本公司之股本於該兩個年度內並無變動。

34. INVESTMENT IN A JOINT OPERATION

34. 合營業務投資

The joint operation was constituted from 50% shareholding of Hong Kong Baptist University Investment Limited operating a research center located in Changshu, Jiangsu, the PRC.

本合營業務由香港浸大投資50%股權組成，於中國江蘇省常熟市營運一個研究中心。

At 31 December 2019 and 2018, the aggregate amounts of assets and expenses recognised in the consolidated financial statements relating to the Group's interests in this joint operation are as follows:

於2019年及2018年12月31日，本集團就有關合營業務之權益在綜合財務報表確認的資產及費用總金額如下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
Property	物業	**14,144**	15,430
Prepaid lease payments	預付租賃款項	**–**	2,310
Right-of-use assets	使用權資產	**2,206**	–
		16,350	17,740
Expenses	費用	**1,318**	1,066

35. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 14 July 2017 for the purpose of providing incentives to directors and eligible persons (the "Participants"). The Scheme has a term of 10 years from the date which the Board of Directors resolved to offer the options to the Participants, i.e. 13 June 2017, and therefore it expires on 12 June 2026. On 14 July 2017, 82,500,000 share options with an aggregate market value of HK$154,200,000 were granted and the provision of the Scheme shall remain in full force and the holder of all options granted under the Scheme prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of the Scheme until expiry of the said options.

The purpose of the Scheme is to reward the Participants who has contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Scheme expressly provides that the Board of Directors may, with respect to each grant of options, determine the subscription price, the minimum period (if any) for which an option must be held before it can be exercised, performance targets (if any) and other conditions that apply to the options.

The options granted on 14 July 2017 will vest on 1 April 2022. They will be exercisable by Mr. Lee during the period from 1 April 2022 to 31 March 2027 if the Group achieves the following performance targets:

(i) all the 82,500,000 options will be exercisable from 1 April 2022 to 31 March 2027 (both dates inclusive) if the net profit for the Group's financial year ending 31 December 2021 equals or exceeds 150% of the net profit for the Group's financial year ended 31 December 2016 of HK$216,195,000; or

35. 購股權計劃

本公司之購股權計劃(「計劃」)乃根據於2017年7月14日通過之決議案採納，旨在為董事及合資格人士(「參與者」)提供獎勵。該計劃自董事會決議向參與者提供期權(即2017年6月13日)起計10年，因此於2026年6月12日屆滿。於2017年7月14日，82,500,000購股權以市值154,200,000港元已獲授出，而該計劃的條款將繼續全面生效，而於終止前根據該計劃授出的所有購股權持有人有權根據計劃條款行使尚未行使購股權，直至該等計劃屆滿為止。

該計劃旨在獎勵曾經或將為本集團作出貢獻之參與者，並鼓勵參與者為本公司及其股東之整體利益，致力於提升本公司及其股份之價值。該計劃明確訂明，就每次授出購股權而言，董事會可釐定認購價(遵照上市規則第17.03(9)條)，於購股權可予行使前必須持有購股權之最短期限(如有)，表現目標(如有)及適用於購股權之其他條件。

於2017年7月14日授出的購股權將於2022年4月1日歸屬。倘本集團達致以下表現目標，該等購股權將可由李先生於2022年4月1日至2027年3月31日期間內予以行使：

(i) 倘本集團截至2021年12月31日止財政年度之淨利潤等於或超過本集團截至2016年12月31日止財政年度淨利潤216,195,000港元之150%，則82,500,000份購股權將可由2022年4月1日至2027年3月31日(首尾兩天包括在內)獲悉數行使；或

35. SHARE OPTION SCHEME *(CONTINUED)*

(ii) if the net profit for the Group's financial year ending 31 December 2021 cannot be achieved as per (i) above, the 82,500,000 options will be exercisable from 1 April 2023 to 31 March 2027 (both dates inclusive) if the net profit for the Group's financial year ending 31 December 2022 equals or exceeds 160% of the net profit for the Group's financial year ended 31 December 2016 of HK$216,195,000.

The exercise price of the options granted to Mr. Lee is HK$3.72, which was determined at the Board meeting on 13 June 2017 by reference to the highest of (i) HK$0.10, being the par value of a share in the Company, (ii) HK$3.72, being the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the above Board meeting approving the exercise price and the grant, and (iii) the average closing price of the shares in the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of the above Board meeting approving the exercise price and the grant.

The following table discloses movements of the Company's share options during the years ended 31 December 2019 and 2018:

35. 購股權計劃*(續)*

(ii) 倘本集團截至2021年12月31日止財政年度之淨利潤無法按上文(i)所述達致，則若本集團截至2022年12月31日止財政年度之淨利潤等於或超過本集團截至2016年12月31日止財政年度淨利潤216,195,000港元之160%，則82,500,000份購股權將可由2023年4月1日至2027年3月31日(首尾兩天包括在內)獲行使。

有條件授予李先生之購股權之行使價為3.72港元，已於2017年6月13日的董事會會議上參考下列三者之價格(以最高者為準)釐定：(i) 0.10港元，即股份面值，(ii)於批准行使價及有關授出之上述董事會會議當日在聯交所發出之每日報價表所列之股份收市價3.72港元，及(iii)於緊接就批准行使價及有關授出而召開上述董事會會議當日前五個交易日在聯交所發出之每日報價表所列之股份平均收市價。

截至2019年及2018年12月31日止年度內，本公司購股權變動呈列如下：

Director 董事	**Date of grant** 授出日期	**Exercise price** 行使價 HK$ 港元	**Exercisable period** 行使期	**Number of share options** 購股權數目 Outstanding at 1.1.2018, 31.12.2018, and 31.12.2019
Mr. Lee 李先生	14.7.2017	3.72	1.4.2022–31.3.2027	82,500
Exercisable at the end of the year 於年末可予行使				–

35. SHARE OPTION SCHEME *(CONTINUED)*

35. 購股權計劃*(續)*

The estimated fair value of the share options granted under the Scheme on 14 July 2017 was approximately HK$154,200,000, calculated using the Binomial Model (the "Model"). The inputs into the Model at the date of grant were as follows:

於2017年7月14日所授出購股權之估算公平價值為154,200,000港元，乃採用二項式模型(「模型」)釐定。模型的輸入數據如下：

		Share options with an exercisable period from 購股權之行使期由 1.4.2022 to 31.3.2027
Share price at date of grant	於授出日期股價	HK$4.44
Exercise price	行使價	HK$3.72
Expected volatility	預期波幅(每年)	44.29% per annum
Expected life of share options	購股權預期年期	9.7 years
Expected dividend yield	預期股息率	3.24%
Risk-free rate	無風險利率	1.52%
Fair value of share option	購股權之公平值	HK$1.87

Fair values of the share options were with reference to the valuation carried out by an independent firm of professional valuers.

購股權之公平價值乃參考由專業獨立估值師之評估。

Expected volatility was determined by using the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

預期波幅按過去五年公司股價之歷史波幅釐定。模式所採用預期年期已就不可轉讓、行使限制及行行為考慮之影響按管理層最佳估計調整。

The risk free interest rate was estimated based on the yield of 5-year exchange fund note issued by the Hong Kong Monetary Authority as of the grant date.

無風險利率按香港金融管理局之五年期外匯基金債券率於授出日期估計。

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

變數及假設用作計算購股權之公平價值乃按董事最佳估計。購股權價值由若干主觀假設之不同變數而變更。

The Group recognises the total expense of HK$32,684,000 for the year ended 31 December 2019 (2018: HK$32,684,000) in relation to share options granted by the Company.

就本公司授出之購股權，截至2019年12月31日止年度本集團已確認32,684,000港元之費用(2018：32,684,000港元)。

36. OPERATING LEASES

36. 經營租約

		2018 HK$'000 千港元
Minimum lease payments paid under operating leases in respect of office premises during the year	年內有關辦公室物業經營租約之最低租賃付款	6,022

At 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

於2018年12月31日，本集團承諾不可撤銷的未來最低租賃付款額到期如下：

		2018 HK$'000 千港元
Within one year	一年內	4,551
In the second to fifth year inclusive	第二至第五年	3,206
		7,757

Included in the commitments above, HK$3,707,000 was related to commitment for future minimum lease payments under non-cancellable operating leases with LMP Group (note 40).

在上述承諾中，與理文造紙所訂立不可撤銷經營租約之未來最低租賃付款為3,707,000港元（附註40）。

The commitments for operating lease payments represent rentals payable by the Group for office properties. Leases are negotiated for an average term of three years. Rentals are based on the terms specified in the lease agreements.

經營租賃付款承擔指本集團就其辦公室物業應付之租金。租賃之平均租期為三年，租金乃根據租賃協議內之指定條款釐定。

37. CAPITAL COMMITMENTS

37. 資本承擔

		2019 HK$'000 千港元	2018 HK$'000 千港元
Acquisition of property, plant and equipment	購置物業廠房及設備	**239,036**	337,526
Acquisition of prepaid lease payment	購置預付租賃款項	**–**	22,152
Acquisition of right-of-use assets	購置使用權資產	**21,660**	–
		260,696	359,678

38. OTHER COMMITMENT

At the end of the reporting period, the Group had commitments for granting shareholder's loan of HK$27,045,000 (2018: HK$27,045,000) to Southern Hill Company Limited to cover the initial costs and expenses of undertaking the pier construction in Jiangxi, the PRC.

38. 其他承擔

於報告期末，本集團承諾給予27,045,000港元(2018：27,045,000港元)的股東貸款予南峰有限公司用作承擔興建江西碼頭至今之最初成本及支出。

39. RETIREMENT BENEFIT SCHEMES

Defined contribution scheme

The Group operates the Mandatory Provided Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly the lower of HK$1,500 or 5% of the relevant monthly payroll costs to the MPF Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The PRC subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to profit or loss of HK$14,431,000 (2018: HK$15,311,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

39. 退休福利計劃

界定供款計劃

本集團為所有合資格的僱員設立一項強積金計劃(「強積金計劃」)。強積金計劃之資產與本集團之資產分開持有，並由受託人控制。本集團向強積金計劃供款1,500港元或有關每月薪酬成本之5%(以較低者為準)，而僱員之供款比率相同。

本集團之中國附屬公司之僱員均為中國政府管理之國營退休福利計劃之成員，該等中國附屬公司須按薪酬開支之若干百分比向退休福利計劃供款，本集團對有關退休福利計劃之責任是作出指定之供款。

於會計年度內，本集團在這些計劃中的應付供款額為14,431,000港元(2018：15,311,000港元)，總費用已在損益中列賬。

40. RELATED PARTY TRANSACTIONS AND BALANCES

40. 關連交易及結餘

Apart from the balances with related parties as set out in notes 22 and 27, the Group had significant transactions with related parties during the year as follows:

除附註22及27所列載之關連人士結餘外，本集團與關連人士於年內所進行之重大交易如下：

Name of related party 關連方名稱	**Relationship 關係**	**Nature of transactions 交易性質**	**2019 HK$'000 千港元**	2018 HK$'000 千港元
LMP Group 理文造紙	A Group beneficially owned and controlled by Mr. Lee's family members 由李先生家族成員實益擁有及控制之公司	Electricity and steam fee paid 已付發電及蒸氣費	**71,635**	74,997
		Rental expense paid 已付租金費用	**1,857**	1,939
		Sale of chemical products 銷售化工產品	**91,566**	108,796
		Electricity and steam fee received 已收發電及蒸氣費	**70,984**	72,247
		Rental income received 已收租金收入	**2,166**	2,524
常熟東港置業有限公司	A joint venture 合營企業	Management fee paid 已付管理費	**4,132**	4,282
		Interest received 已收利息	**552**	488
瑞昌市碼頭熱力有限公司	An associate 聯營企業	Steam fee received 已收蒸氣費	**5,839**	1,812

40. RELATED PARTY TRANSACTIONS AND BALANCES *(CONTINUED)*

40. 關連交易及結餘*(續)*

Except for the related party transactions and balances described above, the Group has entered into a joint venture arrangement with LMP Group. Details of the joint venture and the commitment to the joint venture are set out in notes 20, 22 and 38 respectively.

除上文所述關連人士交易及結餘外，本集團與理文造紙訂立合營企業安排。合營企業及對合營企業之其他資本承擔詳情分別載於附註20、22及38。

The remuneration of directors and other members of key management during the year was as follows:

董事及其他主要管理層成員於年內之酬金如下：

		2019 **HK$'000** **千港元**	2018 HK$'000 千港元
Short-term employee benefits	短期員工福利	**56,921**	58,991
Post-employment benefits	退休福利	**112**	236
		57,033	59,227

41. MAJOR NON-CASH TRANSACTIONS

41. 主要非現金交易

During the year ended 31 December 2019, the Group's acquisition of property, plant and equipment of HK$210,740,000 (2018: HK$265,450,000) was settled through transfer of deposits paid in the prior years.

截至2019年12月31日止年度，本集團通過轉讓過往年度已付按金而收購物業，廠房及設備210,740,000港元（2018：265,450,000港元）。

In November 2018, the Group acquired the remaining 30% equity interest in a subsidiary from its non-controlling shareholder at a consideration of RMB10,500,000 (equivalent to HK$12,146,000) which is to be settled after one year after the ending of the reporting period.

於2018年11月，本集團向一家附屬公司之非控股股東收購該間附屬公司餘下30%股權，總代價為人民幣10,500,000元（約12,146,000港元），並於報告期後一年後償還。

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

42. 本公司主要附屬公司

Particulars of the Company's principal subsidiaries at 31 December 2019 and 2018 are as follows:

於2019年及2018年12月31日本公司之主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地點	Nominal value of issued and fully paid share capital/paid-in capital 已發行及繳足股本面值／實繳股本	Attributable equity interest 所佔權益 2019	 2018	Principal activities# 主要業務*
Jiangsu L&M *(note 1)* 江蘇理文化工有限公司*(附註1)*	PRC 中國	Paid-in capital – US$78,750,000 實繳股本 －78,750,000美元	**100%**	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品
Jiangxi L&M *(note 1)* 江西理文化工有限公司*(附註1)*	PRC 中國	Paid-in capital – US$285,190,000 實繳股本 －285,190,000美元	**100%**	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品
Lee & Man (International) Investment Limited 理文(國際)投資有限公司	Hong Kong 香港	Ordinary shares – HK$100 普通股 －100港元	**100%**	100%	Investment holding 投資控股
Lee & Man Chemical Investment Limited 理文化工投資有限公司	British Virgin Islands 英屬處女群島	Share – US$1 股份 －1美元	**100%**	100%	Investment holding 投資控股
Changshu Yunhong Realty Limited 常熟運鴻置業有限公司	PRC 中國	Paid-in capital – RMB120,000,000 實繳股本 －人民幣120,000,000元	**100%**	100%	Property development 物業發展
Guangzhou Lee & Man Technology Company Limited 廣州理文科技有限公司	PRC 中國	Paid-in capital – RMB11,000,000 實繳股本 －人民幣11,000,000元	**100%**	100%	Research and product development 科研及產品開發

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(CONTINUED)*

42. 本公司主要附屬公司*(續)*

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地點	Nominal value of issued and fully paid share capital/paid-in capital 已發行及繳足股本面值/實繳股本	Attributable equity interest 所佔權益 2019	 2018	Principal activities# 主要業務*
Zhuhai Lee & Man Materials Science Company Limited 珠海理文新材料有限公司	PRC 中國	Paid-in capital – RMB120,325,000 (2018: RMB74,022,000) 實繳股本 一人民幣120,325,000元(2018:人民幣74,022,000元)	**100%**	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品
Ruichang Liwen Xingchang Environmental Protection Co. Ltd 瑞昌理文興昌環保有限公司 ("Xingchang") *(note 2)*	PRC 中國	Paid-in capital – RMB35,000,000 實繳股本 一人民幣35,000,000元	**N/A**	100%	Manufacture and sale of industrial chemical products 生產及銷售工業化工產品

\# The principal place of operation of each company is the same as its place of incorporation unless otherwise stated.

* 除非另有說明，否則每家公司的主要營業地點與其註冊地點相同。

notes:

1. These companies are registered in the form of wholly-owned foreign investment enterprise.

2. The company was deregistered on 12 March 2019.

附註：

1. 該等公司均以外商獨資企業形式註冊。

2. 該公司於2019年3月12日取消註冊。

Only Lee & Man Chemical Investment Limited is directly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results and/or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year.

只有理文化工投資有限公司是由本公司直接持有。

董事認為上表載列之本公司附屬公司，乃主要影響本集團之業績或資產之公司。董事認為若提供其他附屬公司之詳情將導致篇幅冗長。

概無附屬公司於年終或年內任何時間持有任何未贖回之債務證券。

43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 32, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

43. 資本風險管理

本集團進行資本管理，以確保本集團旗下各實體能夠持續經營業務，同時透過優化債務及股本結餘爭取股東最大回報。本集團的整體策略自上年度保持不變。

本集團的資本結構包括淨負債(其中包括附註32所披露的銀行借款並扣除銀行結餘及現金)及本公司權益持有人應佔權益(包含已發行股本及各項儲備)。

本公司董事定時檢討資本架構。作為該項檢討的一部分，董事會考慮資本成本及各類資本的相關風險。根據董事的建議，本集團將透過派付股息、發行新股以及發行新債以平衡其整體資本架構。

44. FINANCIAL INSTRUMENTS

44. 金融工具

43a. Categories of financial instruments

43a. 金融工具之類別

		2019 HK$'000 千港元	2018 HK$'000 千港元
Financial assets	*金融資產*		
Financial assets at amortised cost	按攤銷成本之金融資產	**605,950**	838,475
Debt instruments at FVTOCI	按公平值計入其他全面收益之債務工具	**156,105**	113,020
Financial liabilities	*金融負債*		
Financial liabilities at amortised cost	按攤銷成本之金融負債	**2,022,420**	2,262,253

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivable, loan to a joint venture, amounts due from (to) a joint venture, an associate, related companies, bank balances and cash, trade and other payables, bills payable and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC and the exposure in exchange rate risks mainly arises from fluctuations of foreign currencies, including HK dollars and US dollars against the functional currency of the relevant group entities. Material transactions and balances that are not denominated in the functional currency of the relevant entities give rise to foreign currency exposure as follows:

(i) US dollars – in terms of loan to a joint venture and bank balances and cash.

(ii) HK dollars – in terms of bank balances and cash and bank borrowings.

Exchange rate fluctuations and market trend have always been the concern of the Group. Management will monitor the foreign currency exposure closely and consider the use of hedging instruments when the need arises.

44. 金融工具*（續）*

44b. 財務風險管理目標及政策

本集團之主要金融工具包括應收貿易及其他款項、應收票據、合營企業貸款、合營企業、聯營企業及關連公司之應收（應付）款項、銀行結餘及現金、應付貿易及其他款項，應付票據及銀行借款。該等金融工具詳情於相關附註披露。該等金融工具的相關風險包括市場風險（貨幣風險及利率風險），信貸風險及流動資金風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當之措施。

市場風險

(i) 貨幣風險

本集團主要於中國經營業務，匯率風險主要由外幣（包括美元及港元）兑換相關集團實體功能貨幣波動時所產生。並非以相關實體功能貨幣列值之重大交易及結餘產生之外幣風險如下：

(i) 美元－於合營企業之貸款及銀行結餘及現金。

(ii) 港元－於銀行結餘及現金及銀行借款。

本集團一向關注匯率波動及市場趨勢。管理層會密切監控外匯風險並適時採用對沖工具。

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44. 金融工具*（續）*

44b. Financial risk management objectives and policies *(Continued)*

44b. 財務風險管理目標及政策*（續）*

Market risk (Continued)

市場風險（續）

(i) Currency risk *(Continued)*

(i) 貨幣風險*（續）*

Non-derivative foreign currency financial assets and financial liabilities

非衍生外幣金融資產及金融負債

At the end of the reporting period, the carrying amount of the Group's financial assets and financial liabilities denominated in currencies other than the functional currency of the relevant group entities are as follows:

於報告期末，本集團除以相關實體功能貨幣以外之貨幣記賬的金融資產及金融負債，其賬面值如下：

		2019 **HK$'000** **千港元**	2018 HK$'000 千港元
Assets	**資產**		
HK dollars	港元	**24,325**	216,087
US dollars	美元	**103,708**	111,155
Liabilities	**負債**		
HK dollars	港元	**939,388**	1,021,034

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

(i) Currency risk *(Continued)*

Non-derivative foreign currency financial assets and financial liabilities (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% appreciation and depreciation in the functional currency of the relevant group entities (i.e. RMB and HK dollars) against the above foreign currencies. 5% is the sensitivity rate and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the period end for a 5% change in foreign currency rates. A strengthening of the functional currency of the relevant group entities against the above foreign currencies would give rise to the following impact to post-tax profit for the year and vice versa.

44. 金融工具*(續)*

44b. 財務風險管理目標及政策*(續)*

市場風險(續)

(i) 貨幣風險*(續)*

非衍生外幣金融資產及金融負債(續)

敏感性分析

下表詳細載列就本集團內相關集團實體功能貨幣(即人民幣及港元)兑換上述外幣時上升及下降5%之敏感度。5%的敏感度亦代表管理層評估外幣匯率的合理可能變化。在期末時5%的外幣匯率轉變，有關的匯兑差額將在敏感性分析中作出調整。當相關集團實體之功能貨幣兑換上述外幣處強勢時，將令年度除税後溢利有所影響，反之亦然。

		2019 HK$'000 千港元	2018 HK$'000 千港元
Financial assets and liabilities:	貨幣性資產及負債：		
Increase (decrease) on post-tax profit for the year	年度除税後溢利增加(減少)		
– HK dollars	－港元	**45,753**	40,247
– US dollars	－美元	**(5,185)**	(5,558)

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

Non-derivative financial assets and liabilities

The Group's cash flow interest rate risks mainly relate to its variable rate borrowings (see note 32 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate so as to minimise the cash flow interest rate risk. The Group's bank balances also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

The Group is exposed to fair value interest rate risk in relation to fixed rate bank borrowings (see note 32 for detail of these borrowings). The Group aims at keeping borrowings at variable rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's HK dollars denominated borrowings.

44. 金融工具*(續)*

44b. 財務風險管理目標及政策*(續)*

市場風險*(續)*

(ii) 利率風險管理

非衍生金融資產及負債

本集團之現金流利率風險主要與其浮息借款有關(該等借款詳情見附註32)。本集團之政策是維持借款的固定利率，以將現金流利率風險減至最少。本集團的銀行結餘亦因應市場銀行結餘利率波動，而須面對現金流利率風險。

本集團面對利率風險之公充值乃由於固定利率之銀行借貸(該等借款詳情見附註32)本集團期望銀行借貸維持不同利率。

本集團對金融負債利率的風險詳見本附註的流動性風險管理部分。本集團現金流量利率風險主要集中於本集團港元及美元計值借款產生的香港銀行同業拆息及外幣拆借利率波動。

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk *(Continued)*

Non-derivative financial assets and liabilities (Continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. For variable rate bank borrowings, to the extent that they are not hedged by effective instruments, and bank balances, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout both years in the case of instruments that have floating rates. 10 (2018: 10) basis point and 50 (2018: 50) basis point increase or decrease are used by the management for the assessment of the possible change in interest rates of variable rate bank balances and variable rate borrowings, respectively.

If interest rates had been 10 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would increase or decrease by HK$223,000 (2018: HK$372,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances.

If interest rates had been 50 basis point higher or lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would decrease or increase by HK$4,697,000 (2018: HK$5,105,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings.

44. 金融工具*(續)*

44b. 財務風險管理目標及政策*(續)*

市場風險*(續)*

(ii) 利率風險管理*(續)*

非衍生金融資產及負債(續)

敏感性分析

以下敏感性分析是根據非衍生金融工具於本報告期末之利率風險釐定。就浮息銀行借款而言，倘並無透過有效工具及銀行結餘進行對沖，分析將按假設於財務年度開始時已出現所訂明之變動並於兩年內維持不變(如屬以浮動利率計息之工具)而編製。10(2018：10)基點及50(2018：50)基點的增減是管理層作分別對浮動利率的銀行存款及借款有關利率變動可能性的評估時使用。

倘利率增加或減少10個基點且所有其他可變因素維持不變，則本集團截至2019年12月31日止年度之除税後溢利將增加或減少223,000港元(2018：372,000港元)，此乃由於附帶浮動利息銀行結餘而令本集團面對利率風險。

倘利率增加或減少50個基點且所有其他可變因素維持不變，則本集團截至2019年12月31日止年度之除税後溢利將減少或增加4,697,000港元(2018：5,105,000港元)。此乃由於銀行借款附帶浮動利息而令本集團面對利率風險。

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

As at 31 December 2019 and 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers and bills receivable

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances and bills receivables based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Credit risk on bills receivable is limited because the counterparties are mainly from the banks with high credit ratings assigned by international credit-rating agencies. For the years ended 31 December 2019 and 2018, the Group assessed the ECL for trade receivables and bills receivable were insignificant and thus no loss allowance was recognised.

The Group has concentration of credit risk as 15% (2018: 17%) and 33% (2018: 48%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

Other receivables, loan to a joint venture and amounts due from a joint venture/an associate/related companies

The Group assessed the impairment for its other receivables, loan to a joint venture and amounts due from a joint venture/an associate/related companies individually based on internal credit rating and ageing of these debtors which, in the opinion of the directors of the Company, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. For the years ended 31 December 2019 and 2018, the Group assessed the 12m ECL for other receivables, loan to a joint venture and amounts due from a joint venture/an associate/related companies were insignificant and thus no loss allowance was recognised.

44. 金融工具*（續）*

44b. 金融風險管理目標及政策*（續）*

信貸風險及減值評估

於2019年及2018年12月31日，本集團所面對的可導致本集團綜合財務狀況表的每類金融資產賬面值產生財務虧損之最大信貸風險乃是交易對手或債務人未能履行責任。

客戶合約產生之貿易應收賬款及應收票據

為了最大程度地降低信貸風險，本公司董事會已經委派一個團隊負責釐定信貸限額、信貸批准及其他監控規程，以確保後續措施可以收回逾期債務。此外，本集團根據預期信貸虧損模式對貿易結餘及應收票據基於撥備矩陣進行減值評估。在此方面，本公司董事會認為，本集團的信貸風險已經明顯地減低。應收票據的信貸風險有限是因為交易對手主要來自國際信用評級機構指定的信用評級較高的銀行。截至2019年12月31日及2018年12月31日止年度，本集團經評估後認為貿易應收賬款和應收票據的預期信貸虧損並不重大，故無提撥任何虧損準備。

本集團的信貸集中風險分別為貿易應收賬款總額的15%（2018：17%）和33%（2018：48%），分別來自本集團的最大客戶和五個最大客戶。

其他應收款項，合營企業之貸款及應收合營企業／聯營公司／關連公司款項

本集團根據個別內部信用評級和債務人之賬齡，分別對其他應收款項，合營企業之貸款及應收合營企業／聯營公司／關連公司款項進行減值評估。本公司董事認為，自初始確認以來，信貸風險並無顯著增加。預期信貸虧損乃按債務人於預計年期內觀察所得之過往違約率進行估算，並就毋須付出不必要成本或努力即可獲得之前瞻性資料作出調整。截至2019年12月31日和2018年12月31日止年度，本集團經評估後認為其他應收款項，合營企業之貸款及應收合營企業／聯營公司／關連公司款項的十二個月預期信貸虧損並不重大，故無提撥任何虧損準備。

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Bank balances and cash

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant.

The Group's internal credit risk grading assessment comprises the following categories:

44. 金融工具*(續)*

44b. 金融風險管理目標及政策*(續)*

信貸風險及減值評估(續)

銀行結餘及現金

由於往來銀行均為國際信用評級機構指定的信用評級較高的銀行，故銀行結餘之信貸風險有限。本集團評估銀行結餘的十二個月預期信貸虧損時參考與外部信用評級機構發佈的相應信用評級等級的違約概率和違約虧損。根據平均虧損率，銀行結餘之十二個月預期信貸虧損被認為並不重大。

本集團內部信貸風險評級等級評估包括以下各個類別：

Category 類別	**Description 概述**	**Trade receivables 貿易應收賬款**	**Other financial assets 其他金融資產**
Performing	The counterparty has a low and have no past due amounts	Lifetime ECL– not credit-impaired	12m ECL
履約	交易對手擁有偏低及並無逾期款項	終身預期信貸虧損－非信貸減值	12個月預期信貸虧損
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
可疑	信貸風險自初始確認以來大幅增加	終身預期信貸虧損－非信貸減值	終身預期信貸虧損－非信貸減值
In default	There is evidence indicating that the asset is credit-impaired	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
違約	有證據指出該資產出現信貸減值	終身預期信貸虧損－非信貸減值	終身預期信貸虧損－非信貸減值
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amounts are written off	Amounts are written off
撇銷	有證據指出債務人正面對嚴重財政困難且本集團並無實際把握收回款項	撇賬金額	撇賬金額

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44. 金融工具*(續)*

44b. Financial risk management objectives and policies *(Continued)*

44b. 金融風險管理目標及政策*(續)*

Credit risk and impairment assessment *(Continued)*

信貸風險及減值評估(續)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

下表詳列本集團對於需受預期信貸風險評估的金融資產的信貸風險：

	Notes 附註	Internal credit rating 內部信貸評估	12-month or lifetime ECL 12個月或終身預期信貸虧損	Gross carrying amount 總賬面值 2019 HK$'000 千港元	 2018 HK$'000 千港元
Bills receivable at FVTOCI **按公平值計入其他全面收益之應收票據**	N/A 不適用	Performing 履約	Lifetime ECL – not credit-Impaired 終身預期信貸虧損－非信貸減值	**156,105**	113,020
Financial assets at amortised costs **按攤銷成本之金融資產**					
Trade receivables 應收貿易款	26	Performing 履約	Lifetime ECL – not credit-impaired 終身預期信貸虧損－非信貸減值	**115,432**	103,288
Other receivables 其他應收款	26	Performing 履約	12-month ECL 12個月預期信貸虧損	**17,148**	16,771
Loan to a joint venture 合營企業之貸款	22	Performing 履約	12-month ECL 12個月預期信貸虧損	**97,755**	97,755
Amount due from a joint venture 應收合營企業款項	22	Performing 履約	12-month ECL 12個月預期信貸虧損	**14,120**	14,946
Amount due from an associate 應收聯營企業款項	22	Performing 履約	12-month ECL 12個月預期信貸虧損	**1,199**	526
Amounts due from related companies 應收關連公司款項	22	Performing 履約	12-month ECL 12個月預期信貸虧損	**16,138**	12,115
Bank balances 銀行結餘	28	Performing 履約	12-month ECL 12個月預期信貸虧損	**246,404**	593,074

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The estimated loss rates are estimated based on historical observed defaulted rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort the grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Liquidity risk

In the management of the Group's liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group also has available unutilised banking facilities (note 32) of approximately HK$4,518,479,000 (2018: HK$4,041,153,000) to meet its short-term working capital requirements. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The table includes both interest and principal cash outflows. To the extent that interest flows are at floating rate, the discounting rate and the undiscounted amount is derived from interest rates at the end of the reporting period.

44. 金融工具*(續)*

44b. 財務風險管理目標及政策*(續)*

信貸風險及減值評估(續)

估計虧損率乃基於應收賬款於預期年期的過往觀察所得的違約率估計，並按毋需花費過多成本或精力可取得的前瞻性資料調整，管理層定期審閱組別，以確保特定債務人之有關資料獲得更新。

當有資料顯示交易對手處於嚴重財務困難及金額無可收回的現實前景，例如，當交易對手已處於清盤當中或進入破產程序，或貿易應收賬款逾期兩年以上(無論遲早發生)時，則本集團撇銷項貿易應收賬款。

流動資金風險

在管理本集團流動資金風險時，本集團監控及維持管理層認為足夠的現金及現金等價物水平，為本集團的業務營運提供資金並減輕現金流量波動的影響。本集團亦有可動用之銀行備用信貸額(附註32)約4,518,479,000港元(2018：4,041,153,000港元)，以應付短期營運資金需求。管理層監控銀行借款的使用狀況及確保遵守貸款契約。

下表詳列本集團非衍生金融負債和租賃負債的餘下合約到期日，乃根據本集團可能被要求還款的最早日期金融負債的未折現現金流量編製。具體而言，載有按要求償還條文之銀行貸款，被包括在最早時限之內，不論銀行是否選擇行使其權利。其他非衍生金融負債之到期日根據議定的還款日期計算。該表皆包括利息及本金之現金流量。於報告期末，某程度上其利息流為浮動利率，而其未折現金額則根據利率計算。

該表包括利息和本金兩者的現金流出。就浮息利息流出而言，折現率及未折現金額是根據報告期末的利率得出的。

44. FINANCIAL INSTRUMENTS *(CONTINUED)*

44. 金融工具*（續）*

44b. Financial risk management objectives and policies *(Continued)*

44b. 財務風險管理目標及政策*（續）*

Liquidity risk *(Continued)*

流動資金風險（續）

		Weighted average effective interest rate 實際利率加權平均數 % %	0–30 days 0–30天 HK$'000 千港元	31–60 days 31–60天 HK$'000 千港元	61–90 days 61–90天 HK$'000 千港元	91–365 days 91–365天 HK$'000 千港元	Over 1 year 超過1年 HK$'000 千港元	Total undiscounted cash flows 未折現現金流量總計 HK$'000 千港元	Carrying amount 賬面值 HK$'000 千港元
As at 31 December 2019	**於2019年12月31日**								
Trade and other payables	應付貿易及其他款項	**–**	**365,231**	**–**	**–**	**–**	**11,667**	**376,898**	**376,898**
Bills payable	應付票據	**–**	**–**	**24,666**	**26,129**	**80,968**	**–**	**131,763**	**131,763**
Amount due to a related company	應付關連公司款項	**–**	**15,307**	**–**	**–**	**–**	**–**	**15,307**	**15,307**
Lease liabilities	租賃責任	**4.75**	**159**	**158**	**158**	**1,423**	**–**	**1,898**	**1,850**
Fixed-rate borrowings	定息借款	**4.81**	**–**	**54,412**	**–**	**424,513**	**92,254**	**571,179**	**559,064**
Variable-rate borrowings	浮息借款	**3.14**	**93,000**	**–**	**–**	**23,804**	**906,731**	**1,023,535**	**939,388**
			473,697	**79,236**	**26,287**	**530,708**	**1,010,652**	**2,120,580**	**2,024,270**

		Weighted average effective interest rate 實際利率加權平均數 % %	0–30 days 0–30天 HK$'000 千港元	31–60 days 31–60天 HK$'000 千港元	61–90 days 61–90天 HK$'000 千港元	91–365 days 91–365天 HK$'000 千港元	Over 1 year 超過1年 HK$'000 千港元	Total undiscounted cash flows 未折現現金流量總計 HK$'000 千港元	Carrying amount 賬面值 HK$'000 千港元
As at 31 December 2018	**於2018年12月31日**								
Trade and other payables	應付貿易及其他款項	–	290,976	–	–	–	11,931	302,907	302,907
Bills payable	應付票據	–	57,455	26,922	–	–	–	84,377	84,377
Amount due to a related company	應付關連公司款項	–	757	–	–	–	–	757	757
Fixed-rate borrowings	定息借款	4.75	45,628	3,435	–	433,962	411,565	894,590	853,178
Variable-rate borrowings	浮息借款	3.14	–	55,005	103,320	312,183	585,430	1,055,938	1,021,034
			394,816	85,362	103,320	746,145	1,008,926	2,338,569	2,262,253

44c. Fair value measurements of financial instruments

Fair value of financial instruments that are recorded at amortized cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values at the end of the reporting period, except for the derivative financial instrument measured at fair value through profit or loss, of which the directors of the Company are of the opinion that the fair value cannot be measured reliably because the range of reasonable fair value estimates is so significant.

44c. 金融工具的公平值計量

以成本攤銷入賬的金融工具的公平值

本公司董事認為，於綜合財務報表中按攤銷成本列賬的金融資產及金融負債的賬面值與報告期末的公平值相若，惟按公平值計入損益的衍生金融工具除外，本公司董事認為其公平值不能可靠地計量，因為合理公平值估計的範圍如此重大。

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

45. 由融資活動所產生負債之對賬

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債是現金流量或未來現金流量將在本集團綜合現金流量表中分類為融資活動現金流量的負債。

		Bank borrowings 銀行借貸 HK$'000 千港元	Accrued interest 已計提利息 HK$'000 千港元	Lease liabilities 租賃責任 HK$'000 千港元	Dividend payables 應付股息 HK$'000 千港元	Total 合計 HK$'000 千港元
At 1 January 2018	於2018年1月1日	2,170,783	–	–	–	2,170,783
Financing cash flows	融資現金流	(253,171)	(93,823)	–	(354,750)	(701,744)
Dividends recognised as distribution	已確認之股息分派	–	–	–	354,750	354,750
Finance costs recognised	已確認之財務費用	–	93,530	–	–	93,530
Finance costs capitalised in construction in progress	在建工程資本化之財務費用	–	293	–	–	293
Exchange realignment	匯兑調整	(43,400)	–	–	–	(43,400)
At 31 December 2018	於2018年12月31日	**1,874,212**	**–**	**–**	**–**	**1,874,212**
Adjustment *(Note 2)*	調整*(附註2)*	**–**	**–**	**6,318**	**–**	**6,318**
At 1 January 2019	於2019年1月1日	**1,874,212**	**–**	**6,318**	**–**	**1,880,530**
Financing cash flows	融資現金流	**(361,104)**	**(77,533)**	**(3,417)**	**(272,250)**	**(714,304)**
Dividends recognised as distribution	已確認之股息分派	**–**	**–**	**–**	**272,250**	**272,250**
Finance costs recognised	已確認之財務費用	**–**	**77,533**	**222**	**–**	**77,755**
Termination of lease arrangement	終止租賃安排	**–**	**–**	**(1,230)**	**–**	**(1,230)**
Exchange realignment	匯兑調整	**(14,656)**	**–**	**(43)**	**–**	**(14,699)**
At 31 December 2019	**於2019年12月31日**	**1,498,452**	**–**	**1,850**	**–**	**1,500,302**

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

46. 本公司財務狀況表

A summarised information statement of financial position of the Company as at 31 December 2019 and 31 December 2018 is as follows:

本公司於2019年12月31日及2018年12月31日之財務狀況表概述如下：

		2019 HK$'000 千港元	2018 HK$'000 千港元
ASSETS	**資產**		
Investments in a subsidiary	附屬公司投資	**53,799**	55,022
Prepayments	預付款項	**352**	370
Bank balances	銀行結餘	**1,124**	1,662
Amounts due from subsidiaries	應收附屬公司款項	**985,261**	382,560
		1,040,536	439,614
LIABILITIES	**負債**		
Other payables	其他應付款	**9,037**	9,883
Amount due to a subsidiary	應付附屬公司款項	**8,214**	28
		17,251	9,911
		1,023,285	429,703
Capital and reserves	**資本及儲備**		
Share capital	股本	**82,500**	82,500
Reserves	儲備	**940,785**	347,203
		1,023,285	429,703

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(CONTINUED)*

46. 本公司財務狀況表*(續)*

Movement of the reserves

儲備變動

		Share premium 股份溢價 HK$'000 千港元	Contributed surplus 實繳盈餘 HK$'000 千港元	Translation reserve 匯兑儲備 HK$'000 千港元	Share options reserve 購股權儲備 HK$'000 千港元	Retained profits 累計溢利 HK$'000 千港元	Total 合計 HK$'000 千港元
At 1 January 2018	於2018年1月1日	20,307	(102,808)	5,562	15,313	781,483	719,857
Loss for the year	年內虧損	–	–	–	–	(51,886)	(51,886)
Exchange differences arising from translation	因換算而產生之匯兑差額	–	–	1,298	–	–	1,298
Total comprehensive expense for the year	年內全面支出總款	–	–	1,298	–	(51,886)	(50,588)
Dividends	股息	–	–	–	–	(354,750)	(354,750)
Recognition of equity-settled share based payments	確認以股份結算之付款	–	–	–	32,684	–	32,684
At 31 December 2018	於2018年12月31日	**20,307**	**(102,808)**	**6,860**	**47,997**	**374,847**	**347,203**
Profit for the year	年內溢利	**–**	**–**	**–**	**–**	**832,561**	**832,561**
Exchange differences arising from translation	因換算而產生之匯兑差額	**–**	**–**	**587**	**–**	**–**	**587**
Total comprehensive income for the year	年內全面收益總款	**–**	**–**	**587**	**–**	**832,561**	**833,148**
Dividends	股息	**–**	**–**	**–**	**–**	**(272,250)**	**(272,250)**
Recognition of equity-settled share based payments	確認以股份結算之付款	**–**	**–**	**–**	**32,684**	**–**	**32,684**
At 31 December 2019	**於2019年12月31日**	**20,307**	**(102,808)**	**7,447**	**80,681**	**935,158**	**940,785**

The contributed surplus of the Company represents the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company pursuant to a group reorganisation in December 2001 and the nominal value of the Company's shares issued for the acquisition.

本公司之實繳盈餘乃本公司於2001年12月之集團重組所收購之附屬公司之有形資產淨值總和與本公司因該收購而發行股本面值之差額。

Financial Summary
財務概要

		Year ended 31 December 截至十二月三十一日止年度				
		2015 HK$'000 千港元	2016 HK$'000 千港元	2017 HK$'000 千港元	2018 HK$'000 千港元	**2019 HK$'000 千港元**
RESULTS	**業績**					
Revenue	收入	1,705,879	1,813,851	2,973,747	3,876,777	**3,476,571**
Profit before taxation	除稅前溢利	355,944	339,950	930,961	1,156,933	**850,915**
Income tax expenses	所得稅支出	(86,266)	(123,755)	(227,940)	(284,558)	**(150,144)**
Profit for the year	年內溢利	269,678	216,195	703,021	872,375	**700,771**

		At 31 December 於十二月三十一日				
		2015 HK$'000 千港元	2016 HK$'000 千港元	2017 HK$'000 千港元	2018 HK$'000 千港元	**2019 HK$'000 千港元**
ASSETS AND LIABILITIES	**資產及負債**					
Total assets	資產總額	4,622,040	4,752,065	5,855,475	6,054,580	**6,094,948**
Total liabilities	負債總額	(2,275,762)	(2,410,040)	(2,761,041)	(2,575,915)	**(2,244,425)**
		2,346,278	2,342,025	3,094,434	3,478,665	**3,850,523**
Equity attributable to owners of the Company	本公司擁有人應佔權益	2,346,278	2,342,025	3,082,373	3,478,665	**3,850,523**
Non-controlling interests	非控股權益	–	–	12,061	–	**–**
		2,346,278	2,342,025	3,094,434	3,478,665	**3,850,523**

Schedule of Property
物業資料

PROPERTIES UNDER DEVELOPMENT FOR SALE 待出售的發展中物業

Location 地點	Area 面積	Existing Land use 現時土地用途	Stage of Completion 完成階段	Anticipated completion 預期完成日
No.156 Jiangnan Avenue, No. 9 Jiangang Road, Changshu Economic Development Zone, Jiangsu, PRC	16,606M^2	Commercial/ Residential	Superstructure in progress	December 2021
中國江蘇省常熟經濟技術開發區江南大道156號，金港路9號	16,606平方米	商業／住宅	上蓋工程施工中	二零二一年十二月

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