



HOP FUNG GROUP

合豐集團控股有限公司

HOP FUNG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2320

ANNUAL REPORT 2020 年報



CONTENTS

目錄

Corporate Information 公司資料	2
Chairman's Statement 主席報告	4
Management Discussion and Analysis 管理層討論及分析	6
Management Profile 管理層履歷	10
Corporate Governance Report 企業管治報告	13
Environmental, Social and Governance Report 環境、社會及管治報告	31
Directors' Report 董事會報告	53
Independent Auditor's Report 獨立核數師報告	66
Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表	72
Consolidated Statement of Financial Position 綜合財務狀況表	73
Consolidated Statement of Changes in Equity 綜合權益變動表	74
Consolidated Statement of Cash Flows 綜合現金流量表	75
Notes to the Consolidated Financial Statements 綜合財務報表附註	77
Financial Summary 財務概要	156



CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Sum Ping (*Chairman*)
Mr. Hui Sum Tai (*Chief Executive Officer*)
Ms. Hui Yuen Li (*Chief Financial Officer*)

Independent Non-Executive Directors

Mr. Chee Man Sang, Eric
Mr. Wong Chu Leung
Mr. Chau Suk Ming

AUDIT COMMITTEE

Mr. Chee Man Sang, Eric (*Chairman*)
Mr. Wong Chu Leung
Mr. Chau Suk Ming

REMUNERATION COMMITTEE

Mr. Chee Man Sang, Eric (*Chairman*)
Mr. Wong Chu Leung
Mr. Chau Suk Ming
Ms. Hui Yuen Li

NOMINATION COMMITTEE

Mr. Chee Man Sang, Eric (*Chairman*)
Mr. Wong Chu Leung
Mr. Chau Suk Ming
Ms. Hui Yuen Li

AUTHORISED REPRESENTATIVES

Mr. Hui Sum Tai
Ms. Hui Yuen Li

COMPANY SECRETARY

Ms. Hui Yuen Li

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
Hong Kong

董事會

執行董事

許森平先生(*主席*)
許森泰先生(*行政總裁*)
許婉莉女士(*財務總監*)

獨立非執行董事

池民生先生
黃珠亮先生
周淑明先生

審核委員會

池民生先生(*主席*)
黃珠亮先生
周淑明先生

薪酬委員會

池民生先生(*主席*)
黃珠亮先生
周淑明先生
許婉莉女士

提名委員會

池民生先生(*主席*)
黃珠亮先生
周淑明先生
許婉莉女士

授權代表

許森泰先生
許婉莉女士

公司秘書

許婉莉女士

核數師

德勤•關黃陳方會計師行
註冊公眾利益實體核數師
香港

CORPORATE INFORMATION

公司資料

HONG KONG OFFICE

Workshops E, F and H, 22nd Floor
Superluck Industrial Centre (Phase 2)
No. 57 Sha Tsui Road and
Nos. 30–38 Tai Chung Road, Tsuen Wan
New Territories
Hong Kong

REGISTERED OFFICE

Second Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

SHARE REGISTRARS AND TRANSFER AGENTS

Principal share registrar and transfer agent in the Cayman Islands

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

Branch share registrar and transfer agent in Hong Kong

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

PRINCIPAL BANKERS

Standard Chartered Bank
DBS Bank (Hong Kong) Limited
United Overseas Bank Limited
Agricultural Bank of China Limited
Bank of China Limited

STOCK CODE

2320

WEBSITE

www.hopfunggroup.com

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股份過戶登記處

開曼群島主要股份過戶登記處

Tricor Services (Cayman Islands) Limited
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Grand Cayman KY1-1103
Cayman Islands

股份過戶登記處香港分處

卓佳雅柏勤有限公司
香港
皇后大道東183號
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主要往來銀行

渣打銀行
星展銀行(香港)有限公司
大華銀行有限公司
中國農業銀行股份有限公司
中國銀行股份有限公司

股份代號

2320

網址

www.hopfunggroup.com

CHAIRMAN'S STATEMENT

主席報告

On behalf of the board of directors (the "Board" or "Directors"), I am pleased to present the 2020 full year results to the shareholders of Hop Fung Group Holdings Limited (the "Company", and, including subsidiaries, the "Group" or "we").

The coronavirus pandemic swept the world in 2020, with pandemic prevention measures restricting economic and consumption activities. A downtrodden global economy saw numerous redundancies and corporate closures. Although many countries adopted interest rate cuts and quantitative easing policies to provide support, economic recoveries are still in fits and starts as the pandemic refuses to budge.

China's pandemic outbreak brought industrial production to a virtual halt in the first quarter of 2020, but the situation was rapidly brought under control, and by the end of the first quarter, production had resumed to a great extent across the nation and the economy started recover. That said, the rest of the world fared worse in this pandemic, and Sino-US trade relations stayed tense, resulting in slower growth for the Chinese economy in 2020 compared to previous years.

The Group's corrugated packaging business relies mainly on Chinese domestic sales. The first half of 2020 saw a collapse in domestic demand as well as a lack of raw materials due to Chinese government restrictions on imports of waste paper. As a result, the Group's revenue fell substantially in the first half of 2020 compared to the first half of 2019. In the second half of 2020, the Chinese economy gradually returned to normal, and market demand for corrugated packaging rose sharply, resulting in revenue growth for the Group in the period.

As the Group's revenue are mainly in Renminbi, but purchases of raw materials are in USD, fluctuations in the Renminbi exchange rate have an impact on the Group's profitability. The Renminbi exchange rate steadily declined in the first half of 2020 but started to rebound in the third quarter and appreciated substantially in the fourth quarter. Such fluctuations in exchange rates had a positive impact on the Group's performance.

Putting all these together, the Group recorded a loss in the first half of 2020 but rebounded to a profit in the second half of 2020, ending the full year of 2020 at a slight profit. The Group has consistently focused on containerboard and corrugated packaging products with short production cycles and maintains a roster of quality clients. Thus, the Group continues with its track record of next to no bad debts. At the end of 2020, the Group's balance sheet was at a net cash position (with total bank balances and cash exceeding total bank borrowings), maintaining our consistently robust financial position.

本人謹代表董事會欣然向各位股東提呈合豐集團控股有限公司(「本公司」，連同其附屬公司，統稱「本集團」，「集團」或「我們」)的二零二零年度全年業績報告。

於二零二零年，新冠肺炎的疫情擴散全球，各國為了防範疫情，不時推出限制措施，令經濟及消費疲弱；部分企業更大幅裁員，甚至結業，全球經濟受到重創。雖然多國都以減息及量化寬鬆政策來救市，但疫情反覆，使經濟復甦仍處於起點。

在二零二零年首季，中國疫情非常嚴峻，各地停工停產。幸而疫情防控措施很快便取得顯著成效，於季末全國大致上已復工復產，經濟逐漸復甦。但礙於環球疫情嚴重，而中美貿易關係仍然緊張，以致中國於二零二零年之經濟增長比往年少。

本集團的瓦楞包裝業務收益主要來自中國內銷，於二零二零年上半年，中國的需求大跌，加上中國政府限制廢紙進口量，使集團缺乏原材料，集團上半年之收益比去年同期大幅下跌。於二零二零年下半年，中國經濟活動回復正常，市場對瓦楞包裝需求大升，使集團下半年之收益也攀升。

由於集團之收益主要以人民幣結算，但向國外採購原材料卻以美元結算，因此人民幣匯率的波動對集團的盈利構成一定的壓力。人民幣匯率於二零二零年上半年持續下跌，但於第三季逐漸回升，於第四季更大幅上升，此匯率波動為集團帶來了正面的影響。

集團受到以上因素影響，於二零二零年上半年錄得虧損，卻於二零二零年下半年錄得盈利，總結全年集團最終錄得微利。而集團一直專注生產週期較短的箱板紙及瓦楞包裝產品，並擁有優質的客戶群，一如以往，集團壞賬率近乎零，在年底時更錄得淨現金狀況(總銀行結餘及現金高於總銀行借貸)，集團的財務狀況維持在非常穩健的水平。

CHAIRMAN'S STATEMENT

主席報告

Since the beginning of 2021, the Chinese government has prohibited imports of waste paper. To acquire enough raw materials for production, the Group located a site at a convenient location in the Philippines at the end of 2019 and leased facilities in early 2020 to install a small production line for converting waste paper into pulp, in order to ship the converted pulp to the Mainland of China as feedstock of containerboard. Trial production was completed in the second quarter of 2020 and the production line officially started production in the second half of 2020.

In addition, the Group will also lease a new facility to install a new larger pulp line, which is due to start trial operations at the end of 2021. This shift in a small part of our overall production process overseas satisfies both Chinese government import requirements as well as the business needs of our Group's upstream business, putting the Group's production volume and overall business back on track.

Looking ahead to 2021, we believe global trade and the global economy will be significantly impacted by the pandemic, and the Chinese economy will remain under pressure from the Sino-US trade war. That said, we firmly believe that the Chinese government will launch new policies and measures to counter its impact, and we remain optimistic that effective policies will allow the Chinese economy to grow at a stable pace and lift demand for corrugated packaging.

The Group will continue to improve our production process and reduce wastage, and strictly control costs to alleviate the impact of rising operating costs and provide more high-quality corrugated packaging products to our customers. We remain committed to extending our competitive advantage as a vertically integrated producer and striving for sustainable long-term growth in earnings.

Lastly, I would like to take this opportunity to thank our management team and staff, express my gratitude for their solidarity in facing adversities and various challenges, and thank our customers, suppliers, bankers and investors for their support over the years. We will continue to strive to deliver better returns to our shareholders.

Hui Sum Ping

Chairman

30th March, 2021

於二零二一年起，中國政府已開始禁止廢紙進口，為了有足夠的原材料應付生產，集團早在二零一九年年底在菲律賓實物色了合適的地點，並於二零二零年年初租賃現有廠房安裝一條小型生產線製造紙漿，將廢紙造成紙漿後運送回中國國內之現有廠房生產箱板紙，試產在二零二零年第二季已順利完成，生產線在二零二零年下半年已正式投入生產。

此外，集團將會在菲律賓租用新廠房安裝新的大型紙漿生產線，預計於二零二一年年底試產，此舉將一小部分生產工序轉移到海外處理，除了可符合中國政府之進口規定，也可滿足上游業務的原材料需要，使集團的生產量及業務重回正軌。

展望二零二一年，我們預期全球貿易及經濟繼續受疫情影響，中國經濟也會繼續受到中美貿易戰的衝擊，然而我們深信中國政府必定能推出一系列的政策來抵禦其影響，期望有效的政策能帶動中國經濟平穩增長，從而帶動市場對瓦楞包裝的需求。

集團將繼續改進生產流程及減少損耗，以及嚴格監控成本以抵抗經營成本上漲的壓力，並提供更多優質的瓦楞包裝產品予客戶。我們承諾會盡力繼續抓緊縱向整合的競爭優勢，使集團之盈利有長遠穩定的增長。

最後，本人謹藉此機會向管理層及員工致謝，感謝各位團結一致地面對逆境及重重挑戰，並感謝客戶、供應商、銀行界及投資者多年來的支持，我們定必繼續努力為股東帶來更佳回報。

主席

許森平

二零二一年三月三十日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

The coronavirus pandemic slashed demand in the domestic market in the People's Republic of China (the "PRC") for corrugated packaging in the first half of 2020, and the Group's average selling price and sales volume plunged, with revenue falling 45.7% compared to the first half of 2019. In the second half of 2020, the Group's average selling price and sales volume both rebounded on the back of the Chinese economy stabilizing, and we were able to reasonably transfer rising raw materials costs to customers. As a result, revenue in the second half of 2020 rose by 120.7% compared to the first half of 2020 and rose by 19.9% compared to the second half of 2019.

The Group's upstream containerboard business produces corrugating medium and linerboard, mainly to supply the Group's downstream corrugated packaging business manufacturing corrugated paperboards and boxes. Depending on market conditions, we may also directly sell our containerboard directly to customers. In 2020, the upstream and downstream businesses accounted for 42.5% and 57.5% of revenue. Upstream revenue fell during the year by 22.9% compared to 2019, and equipment utilization was at 50%; downstream revenue fell by 3.6% compared to 2019, with equipment utilization at 48%.

The Group's main raw materials, wastepaper and containerboard are sourced both in the domestic and overseas markets. Procurement costs fell in the first half of 2020 but rebounded in the second half, and, combined with the appreciation of the Renminbi, resulted in overall raw materials costs coming in at a slightly lower level in 2020 compared to 2019. Other than an increase in finance costs due to higher borrowing levels, selling and distribution expenses and administrative expenses both fell as a result of lower revenue, which resulted in the Group recording a slight profit for the full year.

業務回顧

於二零二零年上半年，中華人民共和國（「中國」）市場對瓦楞包裝的需求因新冠肺炎疫情而減少，集團之平均銷售價格及銷售量大幅下降，收益比二零一九年上半年下跌45.7%；而於二零二零年下半年集團之平均銷售價格及銷售量隨著中國經濟回穩而上升，加上集團可合理地轉嫁上升之原材料成本予客戶，集團下半年之收益與上半年收益相比上升120.7%，相比二零一九年下半年則上升19.9%。

集團上游箱板紙業務生產之瓦楞芯紙及牛咭，主要提供予集團下游的瓦楞包裝業務（製造瓦楞紙板及紙箱），另因應市場需求變化，箱板紙也直接售予客戶。於二零二零年，上下游業務分別佔收益的42.5%及57.5%，上游收益比去年下跌22.9%，設備使用率約50%；而下游收益比去年下跌3.6%，設備使用率約48%。

集團之主要原材料廢紙及箱板紙均在國內及海外採購，二零二零年上半年之成本下跌，下半年成本回升及人民幣升值，使整體原材料成本與二零一九年相比略低。除財務成本因增加借貸而上升外，銷售及分銷成本與行政開支因收益減少而下降，最終集團於二零二零年錄得微利。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Operating results

The Group recorded a decrease in revenue of HK\$153.7 million in 2020, representing a fall of 12.9% from HK\$1,194.1 million in 2019 to HK\$1,040.4 million in 2020. The drop in revenue was mainly attributed to the decline in sales volume resulting from the tremendous decrease in demand in China in the first half of 2020.

In addition to the decline in sales volume, the average costs of main raw materials, waste paper and containerboard fell, leading to a decrease in cost of sales by 15.4%. Cost of sales dropped from HK\$1,078.8 million in 2019 to HK\$912.5 million in 2020.

Gross profit increased from HK\$115.3 million in 2019 to HK\$127.9 million in 2020, representing an increase of 10.9%. Gross profit margin rose from 9.7% to 12.3%.

Other income increased from HK\$20.6 million in 2019 to HK\$23.1 million in 2020. Such increase was mainly contributed from valued added tax refund from the Chinese government.

Other gains and losses rose from net loss of HK\$2.3 million in 2019 to net gain of HK\$4.1 million in 2020, primarily due to exchange gains resulting from appreciation of Renminbi.

Selling and distribution costs shrank 16.6% from HK\$45.7 million in 2019 to HK\$38.1 million in 2020. The decrease was in line with the decrease in revenue.

Administrative expenses fell 4.3% from HK\$83.7 million in 2019 to HK\$80.1 million in 2020. It was mainly arisen from the fall in share-based payment.

Other expenses increased from HK\$18.2 million in 2019 to HK\$21.4 million in 2020. It was mainly due to the increase in china duty and charges and the consultancy fee paid to a bank in China.

An increase in finance costs by HK\$2.6 million, from HK\$6.2 million in 2019 to HK\$8.8 million in 2020, was owing to higher borrowing level in 2020.

財務回顧

經營業績

本集團於二零二零年錄得之收益減少153,700,000港元，由二零一九年之1,194,100,000港元減少12.9%至二零二零年之1,040,400,000港元。收益減少主要由於二零二零年上半年中國需求的大幅減少導致銷售量下降所致。

除銷量下跌外，主要原材料廢紙及箱板紙之平均成本有所下跌，導致銷售成本下降15.4%。銷售成本由二零一九年之1,078,800,000港元下降至二零二零年之912,500,000港元。

毛利由二零一九年之115,300,000港元增加10.9%至二零二零年之127,900,000港元。毛利率由9.7%上升至12.3%。

其他收入由二零一九年之20,600,000港元增加至二零二零年之23,100,000港元。有關增加主要來自中國政府退回的增值稅。

其他收益及虧損由二零一九年之淨虧損2,300,000港元增加至二零二零年之淨收益4,100,000港元，主要是由於人民幣升值產生匯兌收益。

銷售及分銷成本由二零一九年之45,700,000港元減少16.6%至二零二零年之38,100,000港元。有關減少與收益減幅一致。

行政開支由二零一九年之83,700,000港元減少4.3%至二零二零年之80,100,000港元。此乃主要由於以股份為基礎的款項下跌所致。

其他開支由二零一九年之18,200,000港元增加至二零二零年之21,400,000港元。此乃主要由於中國關稅及開支增加以及支付予中國一家銀行的顧問費用所致。

財務成本由二零一九年之6,200,000港元增加2,600,000港元至二零二零年之8,800,000港元，乃由於二零二零年內借款水平較高所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (Continued)

Operating results (Continued)

In 2020, HK\$5.1 million was charged to income tax expense, being the sum of Hong Kong Profits Tax charge of HK\$1.2 million, PRC Enterprise Income Tax charge of HK\$0.6 million and deferred tax charge of HK\$3.3 million. In 2019, income tax credit of HK\$12.8 million was recorded which comprised Hong Kong Profits Tax charge of HK\$2.0 million, PRC Enterprise Income Tax of HK\$0.2 million, PRC withholding tax of HK\$1.2 million and deferred tax credit of HK\$16.2 million.

Profit for the year of HK\$1.4 million was recorded in 2020 while loss for the year of HK\$7.9 million was recorded in 2019, representing an increase of profit by HK\$9.3 million. Profit margin rose from -0.7% to 0.1%.

Liquidity, financial and capital resources

As at 31st December, 2020, the Group's bank balances and cash were HK\$291.5 million (31st December, 2019: HK\$292.3 million). Over 80% was held in Renminbi.

All bank borrowings were unsecured, rising from HK\$216.9 million at 31st December, 2019 to HK\$282.6 million at 31st December, 2020. As at 31st December, 2020, the current unsecured bank borrowings declined HK\$44.8 million while non-current unsecured bank borrowings rose HK\$110.5 million. The group recorded a net cash level (bank balances and cash less total bank borrowings) of HK\$8.9 million (31st December, 2019: HK\$75.4 million). Gearing ratio (total bank borrowings to total equity) and net gearing ratio (total bank borrowings less bank balances and cash to total equity) were 17.4% and -0.5% respectively (31st December, 2019: 14.2% and -4.9% respectively).

As at 31st December, 2020, net current assets and current ratio of the Group were HK\$265.8 million (31st December, 2019: HK\$186.6 million) and 1.7 (31st December, 2019: 1.5) respectively.

In 2020, the Group spent HK\$36.6 million on capital expenditures for property, plant and equipment in China and spent HK\$53.4 million for paying deposit for acquisition of property, plant and equipment for the Philippines project.

Debtors, creditors and inventory turnover were 59 days (2019: 49 days), 32 days (2019: 33 days) and 53 days (2019: 84 days) respectively.

財務回顧(續)

經營業績(續)

於二零二零年，5,100,000港元已計入所得稅開支，即香港利得稅支出1,200,000港元、中國企業所得稅支出600,000港元及遞延稅項支出3,300,000港元的總和。於二零一九年，錄得所得稅抵免12,800,000港元，其中包括香港利得稅開支2,000,000港元、中國企業所得稅200,000港元、中國預扣稅1,200,000港元及遞延稅項抵免16,200,000港元。

二零二零年錄得年度利潤1,400,000港元，而二零一九年錄得年度虧損7,900,000港元，利潤增加9,300,000港元。利潤率由-0.7%上升至0.1%。

流動資金、財務及資本資源

於二零二零年十二月三十一日，本集團之銀行結餘及現金為291,500,000港元(二零一九年十二月三十一日：292,300,000港元)，超過80%以人民幣持有。

所有銀行借貸均為無抵押，由二零一九年十二月三十一日的216,900,000港元增加至二零二零年十二月三十一日的282,600,000港元。於二零二零年十二月三十一日，即期無抵押銀行借貸減少44,800,000港元，而非即期無抵押銀行借貸增加110,500,000港元。本集團錄得淨現金(銀行結餘及現金減銀行借貸總額)為8,900,000港元(二零一九年十二月三十一日：75,400,000港元)。資產負債率(銀行借款總額與權益總額之比)及淨資產負債率(銀行借款總額扣減銀行結餘及現金與權益總額之比)分別為17.4%及-0.5%(二零一九年十二月三十一日：分別為14.2%及-4.9%)。

於二零二零年十二月三十一日，本集團之流動資產淨值及流動比率分別為265,800,000港元(二零一九年十二月三十一日：186,600,000港元)及1.7(二零一九年十二月三十一日：1.5)。

於二零二零年，本集團用於中國物業、廠房及設備之資本開支為36,600,000港元，及用於支付為菲律賓項目購置物業、廠房及設備所付訂金之款項為53,400,000港元。

應收賬款、應付賬款及存貨之流轉率分別為59日(二零一九年：49日)、32日(二零一九年：33日)及53日(二零一九年：84日)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OUTLOOK

We anticipate a global economic recovery in 2021 on the back of mass vaccinations, which should drive economic growth in China and market demand for corrugated packaging. To resolve the shortfall in raw materials, the Group is actively preparing the site leasing and installation of new production facilities in the Philippines, to reduce production costs and increase sales volume. We will continue to strive for pricing power and focus on our key strategies of raising production efficiency, increasing sales volume, reducing wastage of raw materials and energy use, furthering our goal of improving the Group's earnings.

HUMAN RESOURCES

As at 31st December, 2020, the Group employed a total workforce of around 1,050 full time staff (2019: 1,000). Competitive remuneration packages were offered to employees. The Group may also grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals.

展望

我們預期二零二一年環球經濟因大規模接種疫苗而復甦，帶動中國經濟增長及市場對瓦楞包裝的需求。集團為解決原材料短缺問題，現已積極籌備於菲律賓租用新廠房安裝全新的生產線，藉此降低生產成本及增加銷售量。我們會繼續爭取在價格上的主導性，繼續以提升生產效率、增加銷量、降低原料損耗及能源消耗以抗衡成本上漲為重點策略，竭力提高集團的利潤。

人力資源

於二零二零年十二月三十一日，本集團僱用總共約1,050名全職員工(二零一九年：1,000名)。本集團向僱員提供具競爭力之薪酬方案。本集團可能亦會授出購股權及酌情花紅予合資格僱員，授出之基準按本集團及個人之表現而釐定。

MANAGEMENT PROFILE

管理層履歷

BOARD OF DIRECTORS

Executive Directors

Mr. Hui Sum Ping, aged 59, is the chairman of the Board, an executive Director of the Company and a co-founder of the Group. Mr. Hui is responsible for the business development and overall corporate planning of the Group. Mr. Hui has over 36 years of experience in the corrugated packaging industry in Hong Kong and the PRC.

Mr. Hui Sum Ping is a brother of Mr. Hui Sum Tai (executive Director and chief executive officer of the Company). Mr. Hui did not hold any other directorship in companies listed in Hong Kong or overseas in the last 3 years.

Mr. Hui Sum Tai, aged 54, is an executive Director and the chief executive officer of the Company. Mr. Hui has joined the Group since its establishment and is responsible for the strategic planning and day-to-day management of the Group. Mr. Hui has over 34 years of experience in the corrugated packaging industry in Hong Kong and the PRC.

Mr. Hui Sum Tai is a brother of Mr. Hui Sum Ping (chairman of the Board and executive Director of the Company). Mr. Hui did not hold any other directorship in companies listed in Hong Kong or overseas in the last 3 years.

Ms. Hui Yuen Li, aged 50, is an executive Director, the chief financial officer, the company secretary and a member of the Remuneration Committee and the Nomination Committee of the Company. Ms. Hui is responsible for the financial management of the Group. Ms. Hui is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Hui worked in an international accounting firm prior to joining the Group in May 1997.

Ms. Hui obtained a Degree of Bachelor of Arts with Honours in Accountancy from the City University of Hong Kong in 1992. Ms. Hui does not have any relationship with any Directors, substantial shareholders and senior management of the Company. Ms. Hui did not hold any other directorship in companies listed in Hong Kong or overseas in the last 3 years.

董事會

執行董事

許森平先生，59歲，為董事會主席兼本公司執行董事，並為本集團聯合創辦人。許先生負責本集團之業務發展及整體企業規劃。許先生於香港及中國之瓦楞包裝行業積逾三十六年經驗。

許森平先生為本公司執行董事兼行政總裁許森泰先生之兄長。許先生於過去三年並無於香港或海外上市公司出任任何其他董事職務。

許森泰先生，54歲，為本公司之執行董事兼行政總裁。許先生自集團成立起已加入本集團，負責本集團策略規劃及日常管理。許先生於香港及中國之瓦楞包裝行業積逾三十四年經驗。

許森泰先生為本公司董事會主席兼執行董事許森平先生之弟弟。許先生於過去三年並無於香港或海外上市公司出任任何其他董事職務。

許婉莉女士，50歲，為本公司之執行董事、財務總監、公司秘書以及薪酬委員會及提名委員會成員。許女士負責本集團財務管理。許女士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。許女士於一九九七年五月加盟本集團前，曾於一間國際會計師行工作。

許女士於一九九二年獲得香港城市大學會計學文學士榮譽學位。許女士與本公司之任何董事、主要股東及高級管理層概無任何關係。許女士於過去三年並無於香港或海外上市公司出任任何其他董事職務。

MANAGEMENT PROFILE

管理層履歷

BOARD OF DIRECTORS (Continued)

Independent Non-executive Directors

Mr. Chee Man Sang, Eric, aged 59, is an independent non-executive Director and the chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chee is a practising Certified Public Accountant in Hong Kong and a senior partner of Chee Chan & Co., a firm of Certified Public Accountants. Mr. Chee had worked in two international accounting firms in Canada and Hong Kong. Mr. Chee is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants of Ontario, Canada.

Mr. Chee obtained a Bachelor's Degree of Commerce (Accounting) with Honours from Birmingham University in 1984. Mr. Chee does not have any relationship with any Directors, substantial shareholders and senior management of the Company.

Mr. Chee used to be an independent non-executive director of Evershine Group Holdings Limited, a company listed on the Stock Exchange of Hong Kong Limited. Mr. Chee did not hold any other directorship in companies listed in Hong Kong or overseas in the last 3 years.

Mr. Wong Chu Leung, aged 73, is an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Wong has over 36 years of experience in enterprise management and manufacturing operation management. Mr. Wong is a shareholder and a director of a metal ware manufacturing company with manufacturing plant located in the PRC.

Mr. Wong does not have any relationship with any Directors, substantial shareholders and senior management of the Company. Mr. Wong did not hold any other directorship in companies listed in Hong Kong or overseas in the last 3 years.

Mr. Chau Suk Ming, aged 63, is an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chau is a retired businessman with more than 15 years of experience in the corrugated packaging industry. Mr. Chau was a shareholder and a director of a corrugated packaging company with manufacturing plant located in the PRC.

Mr. Chau does not have any relationship with any Directors, substantial shareholders and senior management of the Company. Mr. Chau did not hold any other directorship in companies listed in Hong Kong or overseas in the last 3 years.

董事會(續)

獨立非執行董事

池民生先生，59歲，為本公司之獨立非執行董事及審核委員會、薪酬委員會以及提名委員會之主席。池先生為香港執業會計師，及執業會計師行池陳會計師事務所之資深合夥人。池先生曾任職加拿大及香港兩間國際會計師行。池先生乃香港會計師公會及加拿大Institute of Chartered Accountants of Ontario會員。

池先生於一九八四年獲得伯明翰大學商業學士榮譽學位（主修會計）。池先生與本公司之任何董事、主要股東及高級管理層概無任何關係。

池先生曾擔任永耀集團控股有限公司之獨立非執行董事，該公司於香港聯合交易所有限公司上市。池先生於過去三年並無於香港或海外上市公司出任任何其他董事職務。

黃珠亮先生，73歲，為本公司之獨立非執行董事以及審核委員會、薪酬委員會及提名委員會成員。黃先生於企業管理及製造業務管理方面積逾三十六年經驗。黃先生為一間於中國設有生產廠房之金屬製品公司之股東及董事。

黃先生與本公司之任何董事、主要股東及高級管理層概無任何關係。黃先生於過去三年並無於香港或海外上市公司出任任何其他董事職務。

周淑明先生，63歲，為本公司之獨立非執行董事以及審核委員會、薪酬委員會及提名委員會成員。周先生為一名退休商人，於瓦楞包裝業積逾十五年經驗。周先生曾擔任一間於中國設有生產廠房之瓦楞包裝公司之股東及董事。

周先生與本公司之任何董事、主要股東及高級管理層概無任何關係。周先生於過去三年並無於香港或海外上市公司出任任何其他董事職務。

MANAGEMENT PROFILE

管理層履歷

SENIOR MANAGEMENT

Mr. Tsui Yung Wai, aged 58, is the general manager of the Group. Mr. Tsui is responsible for the supervision of procurement, logistics and human resources of the Group. Mr. Tsui has over 25 years of experience in corrugated packaging industry in Hong Kong and the PRC. Prior to joining the Group in February 2008, Mr. Tsui was a shareholder and a director of a corrugated packaging company.

Mr. Tsui is a brother-in-law of Mr. Hui Sum Ping (chairman of the Board and executive Director of the Company) and Mr. Hui Sum Tai (executive Director and chief executive officer of the Company).

Ms. Wong Yuk Kwan, aged 49, is the senior accounting and administrative manager of the Group. Ms. Wong is responsible for overseeing accounting operations of the Group. Ms. Wong obtained a Degree of Bachelor of Business Administration majoring in accounting from the University of Houston – Downtown in the United States in 1994. Ms. Wong worked in an international accounting firm prior to joining the Group in May 2002.

高級管理層

徐勇為先生，58歲，本集團總經理。徐先生負責監督本集團之採購、運輸物流及人力資源。徐先生於香港及中國之瓦楞包裝行業積逾二十五年經驗。徐先生於二零零八年二月加盟本集團之前，曾為一間瓦楞包裝公司之股東及董事。

徐先生為本公司董事會主席兼執行董事許森平先生之妹夫，以及本公司執行董事兼行政總裁許森泰先生之姐夫。

黃玉君女士，49歲，本集團高級會計及行政經理。黃女士負責監察本集團會計運作。黃女士於一九九四年獲得美國University of Houston – Downtown工商管理學士學位，主修會計。黃女士於二零零二年五月加盟本集團之前，曾於一間國際會計師行工作。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31st December, 2020.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards to safeguard the interests of shareholders and enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as the basis of the Company's corporate government practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code contained in Appendix 14 of the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Company has applied the principles set out in the CG Code.

The Board is of the view that throughout the year ended 31st December, 2020, the Company has complied with all the code provisions as set out in the CG Code, except for code provisions A.2.1, B.1.2 and C.3.3.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "Code of Conduct") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code and the Code of Conduct throughout the year ended 31st December, 2020.

The Company has also established written guidelines (the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

董事會欣然於本集團截至二零二零年十二月三十一日止年度之年報呈列本企業管治報告。

企業管治常規

董事會致力於維持高標準的企業管治，以保障股東權益、提升其企業價值、制定業務策略及政策以及加強透明度及問責。

本公司已採納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(「企管守則」)之原則及守則條文，作為本公司企業管治常規之準則。

本公司已基於上市規則附錄14所載的企管守則設立企業管治框架及一套政策及程序。該等政策及程序作為基礎，提升董事會執行管治及妥為監督本公司的業務活動及事務的能力。

本公司已應用企管守則所載之原則。

董事會認為，於截至二零二零年十二月三十一日止年度期間，本公司已遵守企管守則所載之所有守則條文，惟守則條文第A.2.1、B.1.2及C.3.3條除外。

證券交易標準守則

本公司已採納有關董事進行本公司證券交易之操守守則(「操守守則」)，其條款嚴謹程度不低於上市規則附錄10載列之上市發行人董事進行證券交易標準守則(「標準守則」)之規定。

已向所有董事作出具體查詢並獲彼等確認，彼等已於截至二零二零年十二月三十一日止年度期間遵守標準守則及操守守則之規定。

本公司亦就可能獲得本公司內幕資料之僱員進行證券交易訂立其條款嚴謹程度不低於標準守則之書面指引(「僱員書面指引」)。

就本公司所知，並無僱員未遵守僱員書面指引之事件。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS

Board Composition

The Board currently comprises six Directors, consisting of three Executive Directors and three Independent Non-executive Directors as follows:

Executive Directors

Hui Sum Ping	<i>Chairman</i>
Hui Sum Tai	<i>Chief Executive Officer</i>
Hui Yuen Li	<i>Chief Financial Officer, Company Secretary and Member of the Remuneration Committee and the Nomination Committee</i>

Independent Non-executive Directors

Chee Man Sang, Eric	<i>Chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee</i>
Wong Chu Leung	<i>Member of the Audit Committee, the Remuneration Committee and the Nomination Committee</i>
Chau Suk Ming	<i>Member of the Audit Committee, the Remuneration Committee and the Nomination Committee</i>

The relationships between the Directors are disclosed under "Management Profile" on pages 10 to 12.

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by Mr. Hui Sum Ping and Mr. Hui Sum Tai respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board and business development. The Chief Executive Officer focuses on the Company's strategic planning and daily management and operations generally.

The Board considers that the responsibilities of the Chairman and the Chief Executive Officer respectively are clear and distinctive and hence, written terms thereof are not necessary. This deviates from the code provision A.2.1 of the CG Code which stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

董事會

董事會的組成

董事會現時由六名董事組成，包括下列三名執行董事及三名獨立非執行董事：

執行董事

許森平	<i>主席</i>
許森泰	<i>行政總裁</i>
許婉莉	<i>財務總監、公司秘書、 薪酬委員會及提名委員會成員</i>

獨立非執行董事

池民生	<i>審核委員會、薪酬委員會及 提名委員會主席</i>
黃珠亮	<i>審核委員會、薪酬委員會及 提名委員會成員</i>
周淑明	<i>審核委員會、薪酬委員會及 提名委員會成員</i>

董事之間之關係已於第10至12頁之「管理層履歷」披露。

主席及行政總裁

主席及行政總裁之職位分別由許森平先生及許森泰先生擔任。主席發揮領導作用並負責董事會之有效運作及領導董事會及業務發展。行政總裁主要負責本公司之策略規劃、日常管理及一般營運。

董事會認為，主席與行政總裁各自之職責均有清楚及明確界定，故毋須以書面劃分兩者之職權範圍。此舉偏離企管守則之守則條文第A.2.1條，該條文規定應清楚地制定主席與行政總裁之職責範圍，並以書面列出。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS *(Continued)*

Independent Non-executive Directors

During the year ended 31st December, 2020, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors are independent.

Appointment and Re-election of Director

The Independent Non-executive Directors of the Company are appointed for a specific term of around two years, subject to renewal after the expiry of the current term.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election.

董事會(續)

獨立非執行董事

於截至二零二零年十二月三十一日止年度，董事會一直遵守上市規則有關委任最少三名獨立非執行董事之規定，相當於三分之一董事會成員，而其中一名獨立非執行董事須擁有適當專業資格或會計或相關財務管理專長。

本公司已根據上市規則第3.13條所載之獨立性指引，從各獨立非執行董事接獲有關彼等之獨立性之年度書面確認。本公司認為全體獨立非執行董事均為獨立人士。

委任及重選董事

本公司之獨立非執行董事之特定委任年期約為兩年，並須於現有期限屆滿後重續。

根據本公司之組織章程細則，於每屆股東周年大會上，當時三分之一的董事（或倘若董事人數並非三的倍數，則為最接近但不少於三分之一的人數）須輪值告退，惟各董事須最少每三年輪值告退一次。本公司之組織章程細則規定，就填補臨時空缺所委任之所有董事均須於獲委任後首個股東大會上接受股東選舉。退任董事符合資格膺選連任。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS *(Continued)*

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

董事會(續)

董事會及管理層之職責、問責及貢獻

董事會負責領導及控制本公司並監管本集團之業務、策略決策及表現以及集體負責透過指導及監管本公司之事務推動其成功發展。

董事會直接和間接通過其委員會，通過制定策略和監督其實施，為管理層提供引導及方向，監督本集團的營運和財務績效，並確保建立健全的內部控制和風險管理系統。

全體董事(包括獨立非執行董事)均為董事會帶來不同範疇之寶貴業務經驗、知識及專長，使其高效及有效運作。

董事須向本公司披露彼等擔任之其他職務之詳情，而董事會亦會定期審閱各董事向本公司履行其職責時作出之貢獻。

董事會負責決定所有重要事宜，當中涉及政策事宜、策略及預算、內部監控及風險管理、重大交易(特別是可能會涉及利益衝突之事宜)、財務資料、委任董事及本公司其他重大營運事宜。有關執行董事會決策、指導及協調本公司日常營運及管理之職責授予管理層。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant external training courses at the Company's expenses.

During the year ended 31st December, 2020, the Company organized two in-house briefings on updates on Listing Rules and related matters for all Directors. In addition, relevant reading materials including compliance manual, legal and regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

The records of CPD relating to Director's duties and regulatory and business development that have been received by the Directors for the year ended 31st December, 2020 are summarized as follows:

Directors	Type of Training ^{Note}
<i>Executive Directors</i>	
Hui Sum Ping	A and B
Hui Sum Tai	A and B
Hui Yuen Li	A and B
<i>Independent Non-executive Directors</i>	
Chee Man Sang, Eric	A and B
Wong Chu Leung	A and B
Chau Suk Ming	A and B

董事會(續)

董事之持續專業發展

董事應緊隨了解最新的監管發展和變化，以有效履行其職責，並確保其對董事會作出全面和相關的貢獻。

每名新任董事均於首次獲委任時獲提供入職培訓，確保新董事可適當掌握本公司業務及營運，並充分明白上市規則及相關法規下其須承擔之董事職責及責任。有關入職培訓還包括考察本公司之主要廠房場地及與本公司之高級管理層會面。

董事應參與適當的持續專業發展(「持續專業發展」)，發展並更新其知識及技能。本公司將在適當時候在公司內部為董事安排簡介並向董事提供相關課題之閱讀材料。本公司鼓勵所有董事出席相關外部培訓課程，費用由本公司繳付。

截至二零二零年十二月三十一日止年度，本公司為全體董事舉辦了兩次有關更新上市規則及相關事宜之內部簡報。此外，本公司已向董事提供相關閱讀材料以供參考及學習，包括合規手冊、最新法律及監管資料及研討會講義。

截至二零二零年十二月三十一日止年度，董事已收到有關董事職責及監管與業務發展的持續專業發展紀錄摘要如下：

董事	培訓類型 ^{附註}
<i>執行董事</i>	
許森平	A及B
許森泰	A及B
許婉莉	A及B
<i>獨立非執行董事</i>	
池民生	A及B
黃珠亮	A及B
周淑明	A及B

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

Continuous Professional Development of Directors (Continued)

Note:

Types of Training

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

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

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Chee Man Sang, Eric, Mr. Wong Chu Leung and Mr. Chau Suk Ming. Mr. Chee Man Sang, Eric is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

董事會(續)

董事之持續專業發展(續)

附註：

培訓類型

- A: 出席培訓課程，包括但不限於簡報、研討會、會議和工作坊
- B: 閱讀相關新聞重點、報紙、期刊、雜誌及相關刊物

董事委員會

董事會已設立三個委員會，即審核委員會、薪酬委員會及提名委員會，以監督本公司具體事務。本公司所有董事委員會均按書面界定之職權範圍履行工作。董事委員會之職權範圍已刊載於本公司網站及聯交所網站，並可應要求時供股東查閱。

各董事委員會之主席及成員名單載於第2頁之「公司資料」內。

審核委員會

審核委員會由三名獨立非執行董事組成，分別為池民生先生、黃珠亮先生及周淑明先生。池民生先生為審核委員會主席。

審核委員會的職權範圍不遜於企管守則所載的職權範圍。

審核委員會之主要職責為協助董事會審閱財務資料及申報程序、風險管理及內部監控制度、內部審核職能成效、審核範圍及委任外聘核數師，以及檢討安排致使本公司僱員可就本公司財務申報、內部監控或其他方面提出可能不當行為之關注。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

The Audit Committee held three meetings to review, in respect of the year ended 31st December, 2020, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor and engagement of non-audit services and relevant scope of works.

Since the Company has not engaged its auditor to review the financial information in its interim report, the Audit Committee has met with the Company's auditor once to discuss matters arising from the audit of the Company's annual results and other matters the auditor may wish to raise during the year ended 31st December, 2020. This deviates from the code provision C.3.3 of the CG Code which stipulates that the audit committee must meet, at least twice a year, with company's auditor.

Remuneration Committee

The Remuneration Committee consists of four members, namely Ms. Hui Yuen Li, Executive Director, Mr. Chee Man Sang, Eric, Mr. Wong Chu Leung and Mr. Chau Suk Ming, Independent Non-executive Directors. Mr. Chee Man Sang, Eric is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors, the remuneration policy and structure for all Directors; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee met once during the year to review the Directors' remuneration policy and structure of the Company, and the remuneration packages of the Executive Directors and the remuneration of the Non-executive Directors.

董事委員會(續)

審核委員會(續)

審核委員會共舉行了三次會議，以審閱截至二零二零年十二月三十一日止年度之中期及年度財務業績及報告以及有關財務申報、經營及合規監控、風險管理及內部監控制度以及內部審核職能之成效、委任外聘核數師及進行非審計服務及相關工作範疇之重大事宜。

由於本公司並無委聘其核數師審閱其中期報告之財務資料，截至二零二零年十二月三十一日止年度，審核委員會與本公司核數師舉行一次會議以討論審計本公司全年業績時出現之事宜及核數師可能提出之其他事宜。此偏離企管守則之守則條文第C.3.3條有關審核委員會與公司核數師須每年至少舉行兩次會議之規定。

薪酬委員會

薪酬委員會由四名成員組成，分別為執行董事許婉莉女士以及獨立非執行董事池民生先生、黃珠亮先生及周淑明先生。池民生先生為薪酬委員會主席。

薪酬委員會的職權範圍不遜於企管守則所載的職權範圍。

薪酬委員會之主要職責包括審閱個別執行董事之薪酬待遇、全體董事之薪酬政策及架構並就此向董事會提供意見；及設立透明的程序以制定薪酬政策及架構，從而確保概無董事或任何彼等之聯繫人士可參與釐定彼等自身之薪酬。

於年內薪酬委員會已舉行一次會議，以審閱本公司之董事薪酬政策及架構、執行董事之薪酬待遇及非執行董事之薪酬。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

Currently, the remuneration of the senior management is attended by the Chairman and/or the Chief Executive Officer of the Company. This deviates from the code provision B.1.2 of the CG Code which stipulates that the remuneration committee should make recommendations to the board on company's policy and structure for all the directors' and senior management remuneration.

Details of the remuneration paid to the members of the senior management by band for the year ended 31st December, 2020 are set out below:

Remuneration band	薪酬組別	Number of senior management 高級管理層數目
HK\$1,000,000–HK\$1,500,000	1,000,000港元至1,500,000 港元	2

Nomination Committee

The Nomination Committee consists of four members, namely Ms. Hui Yuen Li, Executive Director, Mr. Chee Man Sang, Eric, Mr. Wong Chu Leung and Mr. Chau Suk Ming, Independent Non-executive Directors. Mr. Chee Man Sang, Eric is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of Independent Non-executive Directors.

In reviewing and assessing the Board composition, the Nomination Committee would consider a number of aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

董事委員會(續)

薪酬委員會(續)

目前，高級管理層之薪酬由本公司主席及／或行政總裁釐定。此偏離企管守則之守則條文第B.1.2條規定薪酬委員會須就公司全體董事及高級管理層之薪酬政策及架構向董事會提出建議。

截至二零二零年十二月三十一日止年度，已付高級管理層成員之薪酬按組別劃分之詳情載列如下：

提名委員會

提名委員會由四名成員組成，分別為執行董事許婉莉女士以及獨立非執行董事池民生先生、黃珠亮先生及周淑明先生。池民生先生為提名委員會主席。

提名委員會的職權範圍不遜於企管守則所載的職權範圍。

提名委員會之主要職責包括審閱董事會之組成、制定及擬定提名及委任董事之相關程序、就董事委任及繼任計劃向董事會提供意見，以及評估獨立非執行董事之獨立性。

於審閱及評估董事會的組成時，提名委員會將考慮本公司董事會成員多元化政策所載有關董事會多元化的多個方面及因素。提名委員會會討論及協定達致董事會多元化的可計量目標並(如有需要)推薦董事會採用。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Board Diversity Policy

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. The particulars of the Board Diversity Policy of the Company are set out as follows:

1. The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.
2. In reviewing and assessing the Board diversity, a number of aspects and factors will be considered, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.
3. The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board for adoption.
4. The Nomination Committee will assess regularly the diversity profile of the Board and the progress on achieving diversity objectives, if any.
5. The Nomination Committee will review the Board Diversity Policy as appropriate and recommend revisions, if any, to the Board for consideration and approval.

董事委員會(續)

提名委員會(續)

董事會成員多元化政策

本公司認同及深信董事會成員多元化所帶來的裨益，並且認為董事會趨向多元化是維持本公司競爭優勢的重要元素。董事會成員多元化政策的詳情列載如下：

1. 提名委員會將每年檢討董事會的架構、人數及組成，並就任何為配合本公司的公司策略而對董事會作出的變動提出建議。
2. 在檢討及評估董事會成員多元化時，須考慮多個方面及因素，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及行業及地區經驗。
3. 提名委員會將會討論及協定(如有需要)為達致董事會成員多元化的可計量目標，並推薦董事會採用。
4. 提名委員會將會定期評估董事會多元化狀況及實現多元化目標的進展(如有)。
5. 提名委員會將在有需要時檢討本政策，並向董事會建議有關修訂(如有)，以供考慮及批准。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Director Nomination Policy

- The Board has adopted the Director Nomination Policy in order to (i) set out the criteria and process in the nomination and appointment of directors of the Company; (ii) ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company; and (iii) ensure the Board continuity and appropriate leadership at Board level.
- In evaluating and selecting any candidate for directorship, the following criteria should be considered:
 - Character and integrity.
 - Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy.
 - Any measurable objectives adopted for achieving diversity on the Board.
 - Independency.
 - Any potential contributions the candidate can bring to the Board.
 - Willingness and ability to devote adequate time to discharge duties as a director.
 - Such other perspectives that are appropriate to the Company's business, succession plan, etc.
- In identifying and selecting suitable candidates for directorships, the Nomination Committee will evaluate the candidates based on the prescribed criteria, rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable) and recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

董事委員會(續)

提名委員會(續)

董事提名政策

- 董事會已採取董事提名政策以達致(i)載列本公司提名及委任董事的準則及過程；(ii)確保本公司的董事會具備切合本公司業務所需的技巧、經驗及多元觀點；及(iii)確保本公司的董事會的持續性及維持其合適的領導角色。
- 在評估及挑選候選人擔任董事時，會考慮下列準則：
 - 品格與誠信。
 - 資格，包括專業資格、技巧、知識及與本公司業務及策略相關的經驗。
 - 為達致董事會成員多元化而採納的任何可計量目標。
 - 獨立性。
 - 候選人可為董事會帶來的任何潛在貢獻。
 - 是否願意及是否能夠投放足夠時間履行身為董事的職責。
 - 其他適用於本公司業務及其繼任計劃的其他各項因素。
- 在確定及挑選適當候選人擔任董事時，提名委員會會依據上述準則評估候選人，根據本公司的需要及每位候選人的證明審查(如適用)排列他們的優先次序，隨後就委任合適人選擔任董事一事向董事會提出建議(如適用)。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Director Nomination Policy (Continued)

- For re-election of retiring director, the Nomination Committee will review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board, determine whether the retiring director continues to meet the prescribed criteria and make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.
- The Nomination Committee will review regularly the nomination procedures and the process and criteria adopted for selection and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and CPD of the Directors and the senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

董事委員會(續)

提名委員會(續)

董事提名政策(續)

- 就重選退任董事，提名委員會會檢討退任董事對本公司的整體貢獻及服務，以及在董事會的參與程度及表現，確定退任董事是否仍然符合上述準則及於股東大會上重選董事的提案向股東提出建議。
- 提名委員會將會定期為提名程序、過程及甄選準則進行檢討，並在有需要時向董事會提出修訂建議，以完善企業策略及切合業務需要。

企業管治職能

董事會負責履行企管守則之守則條文第D.3.1條所載之職能。

董事會已檢討本公司之企業管治政策及常規、董事及高級管理層之培訓及持續專業發展、本公司在遵守法例及監管規定之政策及常規、遵守標準守則及僱員書面指引以及遵守企管守則及於本企業管治報告中作出的披露。

CORPORATE GOVERNANCE REPORT

企業管治報告

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board, the Board Committee meetings and the general meeting of the Company held during the year ended 31st December, 2020 is set out in the table below:

Name of Director 董事姓名	Attendance/Number of Meetings 出席／會議數目					Annual General Meeting 股東週年大會
	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會		
Hui Sum Ping 許森平	4/4	N/A 不適用	N/A 不適用	N/A 不適用		1/1
Hui Sum Tai 許森泰	4/4	N/A 不適用	N/A 不適用	N/A 不適用		1/1
Hui Yuen Li 許婉莉	4/4	N/A 不適用	1/1	1/1		1/1
Chee Man Sang, Eric 池民生	4/4	3/3	1/1	1/1		1/1
Wong Chu Leung 黃珠亮	4/4	3/3	1/1	1/1		1/1
Chau Suk Ming 周淑明	4/4	3/3	1/1	1/1		1/1

Apart from regular Board meetings, the Chairman also held meetings with the Independent Non-executive Directors without the presence of Executive Directors during the year ended 31st December, 2020.

Independent Non-executive Directors have attended the annual general meeting to gain and develop a balanced understanding of the view of shareholders.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

董事之出席會議記錄

各董事於截至二零二零年十二月三十一日止年度舉行之董事會會議、董事委員會會議及本公司股東大會之出席記錄載列於下表：

除定期董事會會議外，於截至二零二零年十二月三十一日止年度期間，主席亦與獨立非執行董事在並無執行董事出席之情況下舉行會議。

獨立非執行董事已出席股東週年大會，以對股東意見有公正見解。

風險管理及內部監控

董事會確認其有關風險管理及內部監控制度，以及檢討其成效之責任。該等制度乃旨在管理而非消除未能達成業務目標之風險，而且只能就不會有重大失實陳述或損失作出合理而非絕對保證。

董事會全權負責評估及釐定本公司為達成策略目標所願承擔的風險性質及程度，並建立及維持適當及有效的風險管理及內部監控制度。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conduct internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assesses the likelihood of risk occurrence, provides treatment plans, and monitors the risk management progress, and has reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31st December, 2020.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31st December, 2020, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

風險管理及內部監控(續)

審核委員會協助董事會領導風險管理及內部監控制度的管理及監督其構成、執行及監管情況。

本公司已制定並採用多項風險管理程序及指引，通過關鍵業務流程及辦公職能(包括項目管理、銷售及租賃、財務申報、人力資源及信息技術)明確授權實施。

所有分部／部門定期進行內部監控評估，以識別可能影響本集團業務以及主要營運及財務流程、監管合規及信息安全等方面的風險。各分部／部門於每年進行自我評估，以確認其妥善遵守監控政策。

管理層在分部／部門主管協調下，評估風險發生概率、提供應對計劃及監察風險管理進程，並向審核委員會及董事會報告所有結果及系統成效。

管理層已向董事會及審核委員會匯報截至二零二零年十二月三十一日止年度風險管理及內部監控制度的成效。

內部審計部負責獨立檢討風險管理及內部監控系統的充足性及成效。內部審計部已檢查與會計實務及所有重大監控相關的主要問題，並已向審核委員會提交其發現及作出改善的推薦意見。

董事會在審核委員會的支持下，並經參考管理層報告，檢討截至二零二零年十二月三十一日止年度之風險管理及內部監控制度(包括財務、營運及合規監控)，且認為該制度有效及足夠。年度檢討亦涵蓋財務申報及內部審計職能，以及員工資格、經驗及相關資源。

本公司已制定其披露政策，為本公司董事、高級管理層及相關僱員處理機密資料、監管信息披露及回覆查詢提供一般指引。本公司已實施監控程序，以確保嚴格禁止未經授權的獲取及使用內幕資料。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31st December, 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 66 to 71.

AUDITOR'S REMUNERATION

An analysis of the remuneration payable/paid to the external auditor of the Group, Messrs. Deloitte Touche Tohmatsu and its member firms, in respect of audit services and non-audit services for the year ended 31st December, 2020 is set out below:

Service Category	服務類別	Fees Payable/Paid 應付/已付費用 HK\$ 港元
Audit Services	審核服務	1,815,000
Non-audit Services	非審核服務	357,000
		2,172,000

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

董事有關財務報表之責任

董事確認其編製本公司截至二零二零年十二月三十一日止年度財務報表之責任。

董事並不知悉任何重大不確定因素涉及可能對本公司持續經營能力造成重大疑惑之事件或情況。

本公司獨立核數師有關其申報財務報表之責任之聲明載於第66至71頁「獨立核數師報告」內。

核數師之薪酬

就截至二零二零年十二月三十一日止年度之審核服務及非審核服務向本集團外聘核數師德勤•關黃陳方會計師行及其成員公司之應付/已付薪酬分析載列如下：

股東之權利

本公司以各種溝通渠道與股東接觸。

為保障股東之利益及權利，本公司會就各項獨立重大問題（包括選舉個別董事）於股東大會提呈獨立決議案。根據上市規則，所有於股東大會上提呈之決議案須以投票方式表決，投票結果將於進行投票表決之各股東大會舉行後在本公司及聯交所之網站上刊登。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHTS (Continued)

Convening an Extraordinary General Meeting by Shareholders

Under Article 58 of the Company's Articles of Association, any one or more shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

The Board is not aware of any provisions allowing the shareholders of the Company to put forward proposals at general meetings of the Company under the Company's Articles of Association and the Cayman Islands Companies Law. Shareholders who wish to put forward proposals at general meeting may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for shareholders to propose a person for election as a Director of the Company are published on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

股東之權利(續)

股東召開股東特別大會

根據本公司之組織章程細則第58條，一名或多名於遞呈請求當日持有不少於本公司有權於股東大會上投票之繳足股本十分之一的股東，於任何時候均有權以書面形式向本公司之董事會或公司秘書提呈請求，以要求董事會就該請求書所指定之任何事務交易召開股東特別大會，而該大會須於遞呈該請求書後兩個月內舉行。倘於有關遞呈後21日內，董事會未有召開該大會，則遞呈請求人士可以相同方式召開大會，而本公司須向遞呈請求人士償付所有由遞呈請求人士因董事會未能召開大會而產生之所有合理開支。

於股東大會上提呈議案

董事會並不知悉本公司之組織章程細則及開曼群島公司法有任何條文允許本公司股東於本公司之股東大會上提呈議案。股東擬於股東大會上提呈議案，可參照前段所述遞呈請求書以要求召開本公司股東特別大會。

有關股東提名候選董事的程序詳情已刊載於本公司網站。

向董事會作出查詢

關於向本公司董事會作出任何查詢，股東可將書面查詢發送至本公司。

附註：本公司通常不會處理口頭或匿名的查詢。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHTS (Continued)

Contact Details

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

Address: Workshops E, F and H, 22nd Floor
Superluck Industrial Centre (Phase 2)
No. 57 Sha Tsui Road and
Nos. 30–38 Tai Chung Road, Tsuen Wan
New Territories
Hong Kong
(For the attention of the Chief Executive Officer/
Company Secretary)

Fax: (852) 2414 5508

Email: hopfung@hopfunggroup.com

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

The Chairman of the Board, all the Independent Non-executive Directors, and the chairmen of all Board committees (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

During the year ended 31st December, 2020, there was no significant change in the Company's constitutional documents and these documents are available on the websites of the Company and of the Stock Exchange.

股東之權利(續)

聯絡資料

就上述而言，股東可發送其查詢或要求到下列的聯絡方法：

地址：香港
新界
荃灣沙咀道57號及
大涌道30–38號
荃運工業中心(第二期)
22樓E、F及H座
(註明收件人為行政總裁/
公司秘書)

傳真：(852) 2414 5508

電子郵件：hopfung@hopfunggroup.com

為免生疑，股東須存放及發出正式簽署之書面要求、通知或聲明或查詢(視情況而定)之正本到上述地址，並提供彼等全名、聯絡詳情及身份，以便本公司回覆。股東資料可能根據法律規定而予以披露。

與股東溝通及投資者關係

本公司深信，與股東保持有效溝通，對促進投資者關係及加深投資者對本集團業務表現及策略瞭解至為重要。本公司盡力保持與股東之間的對話，尤其是透過股東週年大會及其他股東大會。

董事會主席、全體獨立非執行董事及所有董事委員會之主席(或彼等之代表)將出席股東週年大會，與股東見面並回答彼等之提問。

截至二零二零年十二月三十一日止年度，本公司之憲章文件並無重大變動，而該等文件已刊載於本公司及聯交所網站。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS *(Continued)*

Dividend Policy

The Board has adopted a dividend policy pursuant to code provision E.1.5 of the CG Code which aims at setting out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company as follows:

- In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.
- The Company does not have any pre-determined dividend payout ratio.
- The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association of the Company and all applicable laws and regulations and the factors set out below.
- The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:
 - o financial results;
 - o cash flow situation;
 - o business conditions and strategies;
 - o future operations and earnings;
 - o capital requirements and expenditure plans;
 - o interests of shareholders;
 - o any restrictions on payment of dividends; and
 - o any other factors that the Board may consider relevant.

與股東溝通及投資者關係(續)

股息政策

董事會已根據企管守則條文第E.1.5條採納股息政策，旨在設立原則及指引供本公司應用於宣派、派付或分發純利作為本公司股東之股息，詳情如下：

- 在建議或宣派股息時，本公司應維持足夠現金儲備，以應付其營運資金需求、未來增長以及其股東價值。
- 本公司沒有預設的派息比率。
- 根據本公司組織章程細則、所有適用法規及下列因素，董事會有權宣派及分發股息予本公司股東。
- 董事會在考慮宣派股息時，應同時考慮下列有關本集團的因素：
 - o 財務業績；
 - o 現金流狀況；
 - o 業務狀況及策略；
 - o 未來營運及收入；
 - o 資金需求及支出計劃；
 - o 股東的利益；
 - o 任何派付股息的限制；及
 - o 董事會可能視為相關的任何其他因素。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS *(Continued)*

Dividend Policy *(Continued)*

- Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:
 - o interim dividend;
 - o final dividend;
 - o special dividend; and
 - o any distribution of net profits that the Board may deem appropriate.
- Any final dividend for a financial year will be subject to shareholders' approval.
- The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.
- Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Articles of Association.

與股東溝通及投資者關係(續)

股息政策(續)

- 視乎本公司及本集團的財政狀況以及上述條件及因素，董事會可在財政年度或期間建議及／或宣派下列股息：
 - o 中期股息；
 - o 末期股息；
 - o 特別股息；及
 - o 任何董事會認為合適的純利分發。
- 任何年度末期股息均須由股東批准。
- 本公司可以董事會認為合適的形式宣派及派付股息，包括現金或以股代息或其他形式。
- 任何未領取的股息應被沒收及應根據本公司組織章程細則歸屬本公司。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

1. SCOPE

The reporting period for this Environmental, Social and Governance report of the Group is from 1st January, 2020 to 31st December, 2020. It includes the operations of the Hong Kong Office (“Hong Kong Office”) and the factory and office of Green Forest (QingXin) Paper Industrial Limited (the “Qingyuan Factory”) of the Group. The business of the Qingyuan Factory includes production and selling of containerboard (corrugating medium and linerboard) and corrugated packaging products (corrugated paper boards and carton boxes). This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. COMMUNICATION WITH STAKEHOLDERS

The Company’s annual general meeting and/or other general meetings (if any) have provided an effective platform for the Board of Directors and shareholders to exchange insights. Apart from general meetings, in order to maintain a close relationship with the stakeholders, such as clients and suppliers, the Company would seek the opinions and understand the needs of the stakeholders through visits, telephone conferences, e-mails, follow-ups from customer service, questionnaires and other ways on a regular basis. The Group’s overall performance would also be reported to the investors through this annual report.

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

3.1 Environment

The Group endeavors to minimize energy consumption through its operation, reduce greenhouse gas emissions and waste emission in order to minimize its impact on the environment. The Group strengthens its management in energy conservation and emission reduction and infiltrated such practices into its various operations.

1. 範圍

集團的環境、社會及管治報告的報告期為二零二零年一月一日至二零二零年十二月三十一日，內容包含集團旗下香港辦公室(下稱「香港辦公室」)及森葉(清新)紙業有限公司(下稱「清遠廠」)的廠房及辦公室。清遠廠的業務包括製造及銷售箱板紙(瓦楞芯紙及牛咭)及瓦楞包裝產品(瓦楞紙板及瓦楞紙箱)。本報告內容是按照香港聯合交易所有限公司證券上市規則附錄27的環境、社會及管治報告指引編製。

2. 與持份者溝通

本公司每年的股東週年大會及／或其他股東大會(如有)，提供了一個有效的平台給董事會與股東交流意見。除了股東大會外，為保持與客戶、供應商等持份者的緊密關係，本公司不時透過拜訪、電話會議及電郵、客戶服務人員跟進、問卷調查及其他方式，以聆聽各持份者的意見及了解其需求。集團的整體業績表現亦透過本年報向各投資者作出匯報。

3. 環境、社會及管治表現

3.1 環境

集團致力將其營運中的能源消耗減至最少、減少溫室氣體排放及廢棄物排放，盡量減少其對環境的影響。集團加強對能源節約及減排的管理，並將該等做法滲入其各種營運中。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.1 Emissions

Non-Hazardous Waste Minimization

Minimizing waste generation from its source and, reusing and recycling waste before disposal are the principles addressed by the Group's waste management policy.

As for waste control, in order to minimize environmental impact, the Group devotes itself to reducing waste. The Qingyuan factory has established a set of fixed control procedures for wastes, and has required each department to assort wastes for collection and store any wastes generated. The recycled wastes including scrap metal, scrap pallets, scrap powder bag and waste plastic barrel are collected and reprocessed by qualified licensed collectors. In addition, the factory has collected coal ash from boilers, providing it to cement and brick factories as raw material to reduce non-hazardous wastes.

Hazardous Waste Minimization

In dealing with hazardous wastes, monitoring of the use of chemicals is of utmost importance to the Group. The Qingyuan factory has established a set of monitoring procedures for the use of hazardous chemicals. The purchase of hazardous chemicals should be based on the actual needs of production orders. They should be delivered in batches to prevent over-buying, which will lead to backlogs of inventory. The number of purchases of hazardous chemicals in 2020 was at approximately the same level as in 2019.

The Group has strictly implemented the "Cleaner Production Promotion Law" of the People's Republic of China and the relevant provisions which increase the efficiency of the utilization rate of resources, reduce and avoid the generation of pollutants and protect and improve the environment. In the procurement of raw materials, non-toxic, harmless and environmentally friendly materials should be selected to minimize the generation of hazardous waste.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.1 排放物

減少無害廢棄物

從源頭開始致力減少廢棄物的產生，並於棄掉前循環再用及回收乃集團廢棄物管理政策所採納的原則。

廢棄物控制方面，為盡量減低對環境的影響，集團致力於減少浪費。清遠廠對於廢棄物設立一套既定的控制程序，要求各部門將廢棄物進行分類以便集中貯存。可回收的廢棄物包括廢金屬、廢卡板、廢包裝袋及廢膠桶等，及後會由合資格回收商收集處理。此外，工廠亦會回收鍋爐煤灰渣供水泥廠、磚廠作為原料使用，以減少無害廢棄物。

減少有害廢棄物

對於有害廢棄物，集團最重要是監控化學品的使用，對此，清遠廠設立一套使用危險化學品的監控程序。危險化學品的採購應按生產訂單的實際需求量而定，且分批交貨，以免採購量過多，造成庫存積壓。於二零二零年，危險化學品的採購量與二零一九年相若。

集團嚴格執行《中華人民共和國清潔生產促進法》及相關規定，提高資源使用率的效能、減少及避免污染物的產生、保護及改善環境。在原材料的採購過程中，選用無毒、無害及綠色環保的物料，以減少有害廢棄物的產生。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.1 Emissions (Continued)

The Group has demonstrated the following results in the reporting period through the implementation of the aforementioned policies and measures for waste reduction:

Figure 1

Types of Wastes		Total Annual Emissions (tonnes)	
		2020 二零二零年	2019 二零一九年
Hazardous Waste	有害廢棄物	3	3
Non-hazardous Waste	無害廢棄物	242	367

Type of Wastes		Waste Intensity per Employee (tonnes/person)	
		2020 二零二零年	2019 二零一九年
Hazardous Waste	有害廢棄物	0.01	0.01
Non-hazardous Waste	無害廢棄物	0.43	0.63

Reduction in Atmospheric Emissions

The main source of gas emissions for the Group comes from the boilers which mainly consist of soot, sulfur dioxide and nitrogen oxide. In the meantime, the Group utilized a variety of technologies to control the gas emissions: exhaust gas from boiler combustion is passed to the Wet Flue Gas Spray Tower for magnesium desulfurization to minimize the sulfur dioxide in the flue gas; SNCR denitrification technology is adopted to minimize nitrogen oxide; and the soot from flue gas is minimized through bag filters.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.1 排放物(續)

透過實施上述減少廢棄物的政策及措施，集團展示報告期間的下列結果：

圖一

		Total Annual Emissions (tonnes)	
		2020 二零二零年	2019 二零一九年
Hazardous Waste	有害廢棄物	3	3
Non-hazardous Waste	無害廢棄物	242	367

		Waste Intensity per Employee (tonnes/person)	
		2020 二零二零年	2019 二零一九年
Hazardous Waste	有害廢棄物	0.01	0.01
Non-hazardous Waste	無害廢棄物	0.43	0.63

減少大氣排放物

集團主要的氣體排放物源頭為鍋爐釋出的廢氣，主要包含煙塵、二氧化硫和氮氧化物。同時，集團採用了不同技術去控制氣體排放物：於鍋爐排放的廢氣經煙氣濕法空心噴淋塔，以鎂法脫硫技術，減少煙氣中的二氧化硫；採用SNCR脫硝技術降低氮氧化物；以布袋除塵器減低煙氣中的煙塵。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.1 Emissions (Continued)

Reduction in Atmospheric Emissions (Continued)

Through these measures, the Group ensures that atmospheric emission controls meet the national emissions requirements.

Reduction Emission of Greenhouse Gases ("GHG")

Reduction of Business Trips

The Group understands that business trips increase energy consumption and lead to an increase in GHG emissions. The group uses other effective means of communication to reduce GHG emissions that arise from additional traffic, including using phone and/or video conferencing, and encouraging employees to use public transport.

During the reporting period, the number of business trips was greatly decreased due to the pandemic. Phone and video conferencing were considerably used.

Procurement from Local Suppliers

Under the same business conditions (e.g. cost, quality, technology and services, environmental and other factors), the Group would give priority to local suppliers to reduce delivery distance and its resulting carbon emissions.

Control of Indoor Air Quality

Smoking is prohibited in the Qingyuan factory and the offices to maintain good air quality. The Hong Kong office has been equipped with air freshening machine and ventilation system to improve air quality.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.1 排放物(續)

減少大氣排放物(續)

透過該等措施，集團確保大氣排放物控制達至國家排放要求。

減少溫室氣體(「溫室氣體」)排放

減少商務出差

集團明白商務出差會增加能源消耗並導致溫室氣體排放的增加。集團使用其他有效的通訊方法以減少額外交通帶來的溫室氣體排放，包括使用電話及／或視頻會議，及鼓勵僱員乘搭公共交通工具。

於報告期間，商務旅行次數因疫情而大幅減少。集團大量使用電話及視像會議。

向本地供應商進行採購

集團會在同等的商務條件下(如成本、品質、技術和服務、環境等其他因素)，本著減少運輸距離和當中引致的碳排放，優先選擇本地供應商。

室內空氣質素控制

清遠廠及辦公室實施全面禁煙，以保持良好空氣質素。香港辦公室已配備空氣清新機及抽氣系統以改善空氣質素。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.1 Emissions (Continued)

Reduction Emission of Greenhouse Gases ("GHG") (Continued)

During the reporting period, the Group has strictly complied with the relevant environmental protection regulations and no violation of environmental protection regulations was found. The sources and emission volumes of GHG generated during the period were as follows:

Figure II

GHG Emissions Sources	溫室氣體排放來源	Amount 數量	
		2020 二零二零年	2019 二零一九年
Diesel fuel consumption from stationary sources (litres)	來自固定源的柴油消耗(升)	154,578	197,132
Gasoline consumption from mobile sources (litres)	來自流動源的汽油消耗(升)	19,422	23,639
Business travel by passenger (km)	乘客差旅(公里)	3,708	241,206
Coal consumption from stationary sources (tonnes)	來自固定源的煤炭消耗(噸)	100,750	112,444
Diesel oil consumption from mobile sources (litres)	來自流動源的柴油消耗(升)	3,521	3,955
Electricity consumption by facilities (kWh)	設備耗電(千瓦時)	54,813	52,796
Total GHG emissions (tonnes carbon dioxide equivalent ("tCO ₂ e"))	溫室氣體排放總量 (噸二氧化碳當量 (「噸二氧化碳當量」))	174,199	174,542
GHG emission intensity per employee (tCO ₂ e/person)	平均每位僱員所產生溫室氣體排放密度 (噸二氧化碳當量/人)	311	296

3.1.2 Use of Resources

The Group's business belongs to green industry. Thus considerable attention is paid to environmental protection to ensure reasonable and efficient use of energy and resources.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.1 排放物(續)

減少溫室氣體(「溫室氣體」)排放(續)

於報告期間，集團嚴謹地遵從相關環境保護法規，並無違反環保法例。期內所產生溫室氣體的來源及排放量如下：

圖二

3.1.2 資源使用

集團業務屬於綠色產業，因此相當重視環境保護以確保能源及資源的合理及有效使用。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.2 Use of Resources (Continued)

Energy Conservation Measure

Basically, the Group is only equipped with low-power electrical equipment with less power consumption to reduce carbon emission. In the procurement process of electrical appliances, priority is given to energy-saving products such as refrigerators and washing machines which had grade 1 label of energy-saving logos.

Gradually all light bulbs have been replaced by LED luminaires to reduce energy consumption. They also reduce the generation of harmful waste by replacing traditional luminaires with shorter life cycle. According to the energy saving policies, lighting devices, air-conditioners and printers are temporarily switched off during lunch time to preserve energy.

Furthermore, the air-conditioning system has been set to operate only during business hours with temperature maintained at a reasonable level (e.g. 25 degrees Celsius). Energy consumption in 2020 was at approximately the same level as in 2019. Apart from facility control, energy-saving slogans have been posted at office entrances.

Water Conservation Measure

With regard to the use of water resources, the Group has carried out regular inspection to reduce water consumption. At the same time it formulates monitoring control whereby abnormal water consumption will be investigated. Water conservation slogans are also posted to raise employee awareness of water conservation and to remind employees and visitors to conserve water.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.2 資源使用(續)

節約能源措施

本集團基本上僅採用耗電少的低功耗電力設備，以減少碳排放。在電器的採購過程中，優先選擇節能產品，如擁有一級節能標誌的冰箱及洗衣機。

所有燈泡逐步被LED燈具取代，以減少能源消耗。通過取代較短壽命的傳統燈具，亦可減少有害廢棄物產生。根據節能政策，在午膳期間會暫時關掉照明設備、空調及打印機以節約能源。

此外，空調系統已設定僅在上班時間運行，且溫度維持在合理水平(例如攝氏25度)。於二零二零年，能源消耗與二零一九年相若。除設備控制外，辦公室入口已張貼節能標語。

節約用水措施

對於水資源的使用，集團進行定期檢查以減少耗水量，同時制訂監控措施，調查非正常用水的原因。集團更張貼節約用水標語以提高僱員的節約用水意識及提醒僱員和訪客節約用水。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.2 Use of Resources (Continued)

Water Conservation Measure (Continued)

In the process of manufacturing containerboard, lots of wastes and useful fibers would be extracted from waste paper. Parts of the useful fibers would be retained in water (“White Water”). The Group has adopted the reuse of White Water at the Qingyuan Factory. After processing through the White Water recycling system, wastewater reaching the standards would be returned to the production lines for use in order to minimize wastewater generation and water consumption. Moreover, it has also been equipped with effective wastewater treatment technique, anaerobic digestion. With this facility and technology, the Group has greatly reduced water consumption and hazardous substance in the wastewater. The thermal power station has been equipped with cooling system so that condensed water could be recycled for the boiler use. Technological upgrade to the facilities has increased the rate of reusing water and reduced the volume of wastewater emission.

Office Resource Conservation

The Group actively promotes electronic documentation to implement the concept of a paperless office. Computer files are used instead of hardcopies to reduce the use of paper in offices. The Group also encourages employees to adopt other recognized management practices to avoid excessive use of resources by the Hong Kong and Qingyuan offices such as (1) re-usable eating utensils instead of disposable ones, (2) using single-side printed paper as draft paper, (3) encouraging double-side printing, (4) collecting waste office paper for recycling, and (5) collecting and returning empty ink cartridges to the qualified license suppliers for recycling. Concurrently, those scrap paper and confidential documents must be shredded and stored at the recycling station, and finally passed to the qualified license recyclers on a regular basis.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.2 資源使用(續)

節約用水措施(續)

在製造箱版紙過程中，大量廢棄物及有用纖維會從廢紙中提取，部份有用的纖維會遺留在水中(「白水」)。集團於清遠廠內實行白水回用，經白水回收系統處理後達標的廢水可回收到生產線使用，以減少廢水的產生及耗水量。此外，集團亦配置高效的污水處理技術(厭氧技術)，集團藉此設施及技術大大減少耗水及在污水裡的有害物質的產生。而熱電站則安裝了冷卻系統把冷凝水回收至鍋爐循環使用。對廠內的設備進行技術改造，提高了重複用水率及減少廢水的排放量。

節約辦公室資源

集團積極提倡電子文件以貫徹無紙辦公室的概念，使用電腦文件而非紙質版以減少辦公室紙張耗材的使用。集團亦鼓勵僱員採取其他公認的管理措施以避免香港及清遠辦公室過度使用資源，如(1)可重複使用餐具取代一次性餐具；(2)單面印刷紙用作草稿紙；(3)鼓勵雙面印刷；(4)回收辦公室廢紙進行循環利用；及(5)回收並向合資格持牌供應商退還空墨盒進行循環使用。同時，該等廢紙及機密文件必須切碎並儲存在回收站，最後定期交給合資格持牌回收商。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.2 Use of Resources (Continued)

During the reporting period, the key resources consumed in the Group's operations were summarized as follows:

Figure III

Resources	資源	Total Annual Consumption 年度總消耗量	
		2020 二零二零年	2019 二零一九年
Electricity (kWh)	電力(千瓦時)	54,813	52,796
Water (cubic metre)	水(立方米)	1,948,043	2,399,407
Packaging materials (plastic) (tonne)	包裝物料(塑料)(噸)	17	17
Packaging materials (others) (tonne)	包裝物料(其他)(噸)	532	563

Figure IV

Resources	資源	Consumption Intensity per employee 每位僱員平均消耗強度	
		2020 二零二零年	2019 二零一九年
Electricity (kWh/person) (Note 1)	電力(千瓦時/人)(附註1)	98.06	89.48
Water (cubic metre/person)	水(立方米/人)	3,484.87	4,066.79
Packaging materials (plastic) (tonne/person)	包裝物料(塑料)(噸/人)	0.03	0.03
Packaging materials (others) (tonne/person)	包裝物料(其他)(噸/人)	0.95	0.95

Note:

- The data of electricity consumption only refers to the volume of purchases from outsiders. The Group mainly generates electricity from coal (refer to Figure II)

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.2 資源使用(續)

於報告期間，集團業務消耗的主要資源概述如下：

圖三

Resources	資源	Total Annual Consumption 年度總消耗量	
		2020 二零二零年	2019 二零一九年
Electricity (kWh)	電力(千瓦時)	54,813	52,796
Water (cubic metre)	水(立方米)	1,948,043	2,399,407
Packaging materials (plastic) (tonne)	包裝物料(塑料)(噸)	17	17
Packaging materials (others) (tonne)	包裝物料(其他)(噸)	532	563

圖四

Resources	資源	Consumption Intensity per employee 每位僱員平均消耗強度	
		2020 二零二零年	2019 二零一九年
Electricity (kWh/person) (Note 1)	電力(千瓦時/人)(附註1)	98.06	89.48
Water (cubic metre/person)	水(立方米/人)	3,484.87	4,066.79
Packaging materials (plastic) (tonne/person)	包裝物料(塑料)(噸/人)	0.03	0.03
Packaging materials (others) (tonne/person)	包裝物料(其他)(噸/人)	0.95	0.95

附註：

- 以上之電力使用量乃為外購電力數據，本集團主要發電源為煤炭(參考圖二)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.3 The Environment and Natural Resources

The Group understands the concerns of our society on environmental issues; thus, it has implemented the following green manufacturing and green procurement policies:

Green Procurement Policy

In Qingyuan factory, as the main material for production is recycled waste paper, it should be non-toxic and non-hazardous. The Group requires suppliers to provide a Restriction of Hazardous Substances (ROHS) test report annually to ensure that their products meet the environmental protection requirement.

Green Manufacturing Policy

The Group is committed to reducing its impact on the environment and natural resources. The Qingyuan factory has been accredited with ISO 14001 certification for its environmental management system, and continuously improves its management of the environment. Various exhausts, wastewater, solid wastes and noises from the production sites have been strictly controlled by government laws and regulations.

In addition, Qingyuan factory has set up a safety and environmental incident emergency rescue team for safety and environmental incident issue, and has conducted different emergency drills. It has also established contingency plans with corresponding emergency preparations and responses dealing with emergency to cope with various urgent environmental safety incidents. Furthermore, in delivering or storing hazardous solid wastes, it has strictly complied with the requirements of the "Standard for Pollution Control on Hazardous Waste Storage" published by the government and relevant administrative measures on hazardous waste transfer to prevent pollution.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.3 環境及自然資源

集團了解社會對環保問題的關注，因此我們提倡下列的綠色製造及綠色採購政策：

綠色採購政策

由於清遠廠的主要生產原材料為回收的廢紙，廢紙應該是無毒及無害。集團要求供應商每年提供限制使用某些有害物質指令「ROHS」檢測報告，以確保其產品符合環保要求。

綠色製造政策

集團致力於減少其對環境及自然資源的影響。清遠廠已取得ISO 14001環境管理體系的認證，並持續改進其環境管理。生產現場的各種廢氣、廢水、固體廢物以及噪音已嚴格按照政府法律法規控制。

此外，清遠廠就安全與環保事故問題成立了安全與環保事故應急救援隊伍，且已進行不同應急演練。為應付各種緊急的環境安全事故，清遠廠亦制訂了突發環境事件應急預案及相應的應急準備和回應。此外，我們對危險固體廢物在運輸或儲存環節中，已嚴格執行政府制訂的《危險廢物貯存污染控制標準》和相關的危險廢物轉移管理辦法以防止污染。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.1 Environment (Continued)

3.1.3 The Environment and Natural Resources (Continued)

Green manufacturing Policy (Continued)

Concurrently, the Group is also equipped with specialized facilities for wastewater treatment. And it has also established clear pollutant treatments and operating instructions which monitor the facilities on real-time basis and record the results in detail.

The Group would carry out regular inspections on the key pollution control facilities to ensure its normal operation. According to the provisions of the Law of Environmental Protection of the People's Republic of China, the Group makes environmental impact assessment on construction projects in the Qingyuan factory and strictly complies with government emission regulations. All pollutants after processing have been discharged in standards.

3.2 Society

3.2.1 Employment

Apart from complying with the local employment regulations, the Group has formulated relevant employment policies to ensure employees are treated in a fair and reasonable manner.

Recruitment and Promotion

The Group ensures that the recruitment process is in compliance with the legislation and free from discrimination. All candidates have been treated equally. During recruitment, it has been stipulated to prohibit discrimination against factors such as race, ethnicity, social class, nation, religion, disability, gender, sexual orientation, marital status, age, membership in trade union or political party.

3. 環境、社會及管治表現(續)

3.1 環境(續)

3.1.3 環境及自然資源(續)

綠色製造政策(續)

同時，集團亦設有專門的廢水處理設施，並建立了明確的污染物處理方法和作業指導書，實行即時監控設施並將結果詳細記錄。

集團針對廠內的重點污染控制設施進行定期的監測，保證設施的正常運行。根據《中華人民共和國環境保護法》，集團對清遠廠的建設專案進行了環境影響評估，並嚴格執行政府排放規定。排放經處理後的所有污染物均符合監管規定。

3.2 社會

3.2.1 僱傭

除了遵守當地的僱傭法規要求外，集團亦制訂相關的僱傭政策，保障僱員獲得公平合理的待遇。

招聘及晉升

集團確保招聘程序符合法律規定且無歧視。所有應徵者均平等對待。招聘中規定禁止種族、民族、社會階層、國家、信仰、殘疾、性別、性傾向、婚姻狀況、年齡、公會或政黨成員等因素的歧視。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.1 Employment (Continued)

Recruitment and Promotion (Continued)

Employees would be promoted in accordance with the Group's rules and regulations, through fair and impartial performance appraisal, to ensure equal opportunities for promotion.

Compensation and Welfare

The Group pays compensation and welfare to employees in strict compliance with relevant laws and regulations, including the statutory minimum wages, legal calculation for overtime compensation, social insurance paid for employees, statutory holidays, paid annual leave and paid maternal leave.

In addition, whenever compensation to the employee at work is required, the Group would implement in strict compliance with the relevant laws and regulations.

Employee Benefits

Employees would be entitled to insurance, medical benefits, share options as well as discretionary bonus. The Group offers holiday benefits to employees.

During the reporting period, the Group did not make any legal violation or discrimination.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.1 僱傭(續)

招聘及晉升(續)

僱員將根據集團的規章制度，透過公平公正的績效考核進行晉升，以確保晉升中獲得平等對待。

賠償及福利

本集團嚴格遵守相關法律法規向僱員支付補償金及福利，包括法定最低工資、加班補償金的合法計算、為僱員支付的社會保險，法定假日、有薪年假及有薪產假。

此外，倘需向在職員工作出補償，本集團將嚴格執行相關法律法規。

僱員福利

僱員將享有保險、醫療福利、購股權及酌情花紅。本集團會在節日發放福利。

於報告期間，本集團未發現任何違反法律或與歧視相關的違規行為。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.1 Employment (Continued)

As of 31st December, 2020, the total number and distribution of employees were summarized as below:

Figure V

		Number of Employees 僱員數目	
		2020 二零二零年	2019 二零一九年
Gender	性別		
Male	男性	450	482
Female	女性	109	108
Employment Type	僱傭類別		
Full Time	全職	559	590
Part Time	兼職	0	0
Age group	年齡組別		
18-24	18至24	27	41
25-34	25至34	174	188
35-44	35至44	165	176
45-54	45至54	153	150
55-64	55至64	36	33
>65	>65	4	2
Total	總計	559	590

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.1 僱傭(續)

於二零二零年十二月三十一日，僱員總數及分佈情況概述如下：

圖五

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.1 Employment (Continued)

Figure VI

Gender	性別	Average Monthly Employee Turnover Rate (%) 月均僱員流失率(%)	
		2020 二零二零年	2019 二零一九年
Male	男性	2.30	4.29
Female	女性	1.83	4.17

Age group	年齡組別	Average 平均值	
		2020 二零二零年	2019 二零一九年
18-24	18至24	7.72	10.98
25-34	25至34	2.83	5.98
35-44	35至44	2.32	3.36
45-54	45至54	0.93	2.11
55-64	55至64	0.23	1.01
>65	>65	0	0
Overall Average	整體平均值	2.21	4.27

3.2.2 Health and Safety

The Group has implemented an occupational health and safety management system which takes different measures to minimize the occurrence of occupational illness and industrial injury.

Occupational Health and Safety Policy

The Group has formulated a set of safety production management, including first-aid and self-help knowledge after the occurrence of an accident. In the Qingyuan factory, it has set up a safety team and provided three levels of safety training on regular basis namely Factory Level, Departmental Level and Group Level which are led by the departmental heads and safety officers.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.1 僱傭(續)

圖六

Gender	性別	Average Monthly Employee Turnover Rate (%) 月均僱員流失率(%)	
		2020 二零二零年	2019 二零一九年
Male	男性	2.30	4.29
Female	女性	1.83	4.17

Age group	年齡組別	Average 平均值	
		2020 二零二零年	2019 二零一九年
18-24	18至24	7.72	10.98
25-34	25至34	2.83	5.98
35-44	35至44	2.32	3.36
45-54	45至54	0.93	2.11
55-64	55至64	0.23	1.01
>65	>65	0	0
Overall Average	整體平均值	2.21	4.27

3.2.2 健康與安全

集團實施職業健康安全管理體系，使用不同的措施降低職業病與工傷的發生。

職業健康及安全政策

集團制訂了一套安全生產管理，包括發生事故後的緊急救護和自救常識。在清遠廠成立了安全小組，並定期提供三級安全培訓，即廠級、部門級及班組級，並由各部門負責人及安全主任領導。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.2 Health and Safety (Continued)

Occupational Health and Safety Policy (Continued)

The Qingyuan Factory is equipped with a fire engine for safety purpose. Apart from this, the Group also installs CCTV in various locations such as warehouse, materials storage to reduce the risk from any accident.

Workplace Safety Management

The Group has assessed safety risks in the workplaces and has formulated corresponding operating rules to manage the health and safety hazards posed to employees as follows:

1. Operating procedures are set up for all level positions, for example, regulations of operations management for safe work in confined space and the procedures for operating machinery to protect the safety of employees;
2. Safety officers would regularly inspect fire protection facilities and safety facilities to ensure they can function properly;
3. Protective equipment is provided to employees such as masks, earplugs, plastic gloves and anti-smashing shoes;
4. Emergency exits are kept clear to prevent obstruction.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.2 健康與安全(續)

職業健康及安全政策(續)

基於安全考慮，清遠廠裝備了一輛消防車。除此之外，集團在廠區內不同區域（如倉庫、放置物料區等）安裝了閉路電視，以減少任何意外所帶來的風險。

工作場所安全管理

集團評估了工作場所的安全風險，並制訂了相應的作業規則，以管理對僱員構成的健康及安全危害，包括以下數項：

1. 各級別崗位均有操作規程，如有限空間安全作業管理規定及操作機器系統規程，以保障僱員安全；
2. 安全主任會不時巡查消防設施及安全設施，以確保其運作正常；
3. 為僱員提供防護用品，如口罩、耳塞、膠手套及防砸鞋；
4. 保持緊急通道暢通無阻。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.2 Health and Safety (Continued)

Employee Safety Training

The Group provides suitable training to ensure effective implementation of operating rules and safe operation of equipment. Moreover, all new employees must take training in knowledge of safety. The Group also arranges fire and emergency drills in the Qingyuan Factory on a regular basis to ensure employees are familiar with procedures when dealing with accidents.

Work-life Balance Management

The Group emphasizes on employee work-life balance and has regularly organized different activities for employees after work. There are recreational facilities in Qingyuan factory like sports ground, gardens, billiard room, table tennis room and karaoke room.

During the reporting period, 26 working hours were lost due to work injuries and no work-related fatality was identified. We have strictly abided by the related safety regulations and there were no cases of prosecution due to violation of related occupational safety regulations.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.2 健康與安全(續)

僱員安全培訓

集團安排適當培訓，以確保有效地執行作業規則及設備的安全操作。此外，所有新入職人員必須接受安全知識培訓。集團亦定期安排清遠廠房進行消防及應急演練，以確保僱員熟習緊急事故的處理方法。

工作生活平衡管理

集團重視僱員的工作與生活之間的平衡，定期為僱員組織工餘活動。清遠廠內設有運動場、花園、桌球室、乒乓球室、卡拉OK房等康樂設施。

於報告期間，集團因工傷事件損失26個工時，並無發現與工作相關的死亡事件。集團嚴格遵行相關的安全法例，報告期內並無因違反與職業安全相關的法例而被起訴的案件。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.3 Development and Training

Career Development Policy

The Group has established comprehensive training system that covers factory's rules and regulations, product workmanship, environmental protection and the relevant safety training. In addition, the Group emphasizes practical experiences and thus arranges team leaders, group leaders or experienced employees to guide new recruits in their work.

During the reporting period, the total number of employees attended training and the total number of training hours provided to employees were summarized as follows:

Figure VII

Gender	性別	Total number of trained employees 參加培訓的僱員總數	
		2020 二零二零年	2019 二零一九年
Male	男性	389	650
Female	女性	78	91
Employee Category		僱員分類	
Senior Management	高級管理層	2	2
Middle Management	中層管理	5	5
Supervisor	主管	4	3
General Staff	一般員工	456	731

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.3 發展及培訓

職業發展政策

集團建立了涵蓋工廠規章制度、產品工藝、環境保護及相關安全培訓的綜合培訓體系。此外，集團強調實踐，並安排團隊負責人、小組負責人或經驗豐富的員工在工作中指導新員工。

於報告期間，參加培訓的僱員總數及僱員完成培訓的總時數概述如下：

圖七

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.3 Development and Training (Continued)

Career Development Policy (Continued)

Figure VIII

Gender	性別	Total number of training hours completed by employees (Hours) 僱員完成培訓的總時數(小時)	
		2020 二零二零年	2019 二零一九年
Male	男性	742	1,557
Female	女性	354	251
Employee Category		僱員分類	
Senior Management	高級管理層	67	65
Middle Management	中層管理	147	107
Supervisor	主管	84	88
General Staff	一般員工	798	1,548

During the reporting period, the total number of employees attended training was 467 and the total number of training hours provided to employees was 1,096. The average training hours for each employee were around 2.35 hours.

於報告期間，集團參加培訓的僱員總數為467名及全體僱員完成的培訓總時數為1,096小時。各僱員完成的平均培訓時數約為2.35小時。

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.3 發展及培訓(續)

職業發展政策(續)

圖八

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.2 Society *(Continued)*

3.2.4 Labour Standards

The Group strictly prohibits the employment of child labour and only employs individuals aged 18 or above. The Group also ensures no forced labour occurs.

During the reporting period, there was no reported case of child labour or forced labour.

3.2.5 Supply Chain Management

Supplier's Code of Conduct

The Group has developed various codes of conduct which are communicated to suppliers of the Group, to assure product quality. Prohibition on waste paper being mixed with hazardous wastes would minimize the impact on environment.

In addition, the Group has established a set of code of practices in selecting suppliers. After evaluation of factors such as product quality, price, environmental protection and social responsibility performance, the suppliers with the highest performance-to-price ratio and the best overall performance would be selected. Besides, the Group has also established evaluation system for evaluation beyond commercial interest. The system evaluates qualification of new suppliers and performance of existing key suppliers on regular basis. Evaluations are carried out in the form of on-site audits and/or document reviews on qualification and compliance.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.4 勞工準則

集團嚴格禁止僱用童工，僅僱用年齡在18歲或以上人員。集團確保沒有發生強制勞工的情況。

集團於報告期內並未出現任何童工或強制勞工的情況。

3.2.5 供應鏈管理

供應商行為守則

集團向供應商制訂不同的行為守則以確保產品質素。禁止其廢紙混有危險廢物將減少對環境的影響。

此外，集團對挑選供應商制訂一套既定的準則。在對產品質量、價格、環境保護及社會責任表現等因素進行評估後，選擇性價比最高、綜合表現最好的供應商。除此之外，集團亦建立高於商業利益的評估體系。有關係統定期評估新供應商的資質及現有主要供應商的表現。評估以現場審核及／或文件審核資格及合規性的形式來進行。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.5 Supply Chain Management (Continued)

As of 31st December, 2020, the geographical distribution of the Group's suppliers was as follows:

Figure IX

Geographical location	地理位置	Number of Suppliers 供應商數目	
		2020 二零二零年	2019 二零一九年
PRC	中國	226	220
Others	其他	33	20
Total	總計	259	240

3.2.6 Product Responsibility

Quality Assurance Policy

The Group has stringent criteria in monitoring production process. The quality of semi-finished products and finished products are examined. Moreover, the Group ensures workers to operate carefully during the production process to avoid defective products being delivered to the market.

Product Safety Policy

For assuring product safety, the finished products must pass the final inspection and testing before releasing to the market.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.5 供應鏈管理(續)

於二零二零年十二月三十一日，集團供應商的地理分佈如下：

圖九

Geographical location	地理位置	Number of Suppliers 供應商數目	
		2020 二零二零年	2019 二零一九年
PRC	中國	226	220
Others	其他	33	20
Total	總計	259	240

3.2.6 產品責任

質量保證政策

集團在監控生產過程中有嚴格的標準。半成品及成品必須接受品質檢驗。此外，集團確保工人在生產過程中謹慎作業，以免讓不良產品流出市場。

產品安全政策

為保證產品安全，成品在流出市場前必須通過最終的檢驗及測試。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.6 Product Responsibility (Continued)

Fair Marketing Policy

The Group's salespersons are required to disseminate information on the recognized competitive advantage only when promoting the products. Negative description of competitors is not allowed so as to avoid misleading customers.

After-sales Service Policy

Customer service officers and salespersons would make after-sales visits to customers on a regular basis. The Group would obtain comments for improvement according to results of customer's satisfaction survey and would follow up after-sales issues immediately. If there are severe product quality issues, the Group would recall the defective products from the market.

During the reporting year, the Group received 33 (2019: 66) complaints in relation to product quality.

Privacy Protection of Consumer's Information

Personal information of customers would properly be maintained by the Group. Relevant information has been stored at the internal specific department. Moreover, customer information can only be accessed by the authorized personnel. No one is allowed to make own copies of or store privately or get the customer information out of the offices without permission.

The Group has strictly abided by relevant regulations, and no violation of product responsibility or privacy was found during the reporting period.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.6 產品責任(續)

公平宣傳訊息政策

集團銷售人員在推廣產品時，方可發放有關已確認的競爭優勢的資訊，不允許對競爭對手有負面陳述，避免客戶被誤導。

售後服務政策

客戶服務人員及銷售人員定期對客戶進行售後回訪，以及透過客戶滿意程度調查表獲得客戶的改善意見，並立即跟進售後問題。如產品出現嚴重品質問題，集團將收回市場上的問題產品。

於報告年度，集團接獲33宗(二零一九年：66宗)有關產品質量的投訴。

消費者資料的隱私保護

集團將妥善維護客戶的個人資料。有關資料已存放於內部特定部門。此外，客戶資料只能由授權人員查閱。未經允許，任何人不得擅自複印或私下儲存客戶資料或將其帶離公司。

集團嚴格遵行相關的法例，報告期內並無違反產品責任或私隱。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.7 Anti-corruption

Corporate Governance

The Board of Directors has set up different committees, such as audit committee, nomination committee and remuneration committee, striving to maintain high standards of corporate governance to safeguard shareholders rights and interests, as well as the Group's value and accountability.

Whistle-blowing Policy

The Group has supervised the behavior of operating personnel in order to safeguard employees' legal rights and corporate interests. In addition, the Group welcomes employees to report any non-compliance and dishonest behavior. The privacy of relevant employees who report the issues would be protected.

Financial Auditing

The Group engages Deloitte Touche Tohmatsu as the independent third-party auditor to audit the Group's financial accounts. This ensures that the Group's accounts are clear and accurate, and the interests of shareholders are protected.

Declaration on Conflict of Interest

The Group stipulates that all employees must declare the conflict of interests. Directors and senior management are prohibited to transact any securities of the Group during sensitive periods.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.7 反貪污

企業管治

董事會轄下設立不同委員會，如審核委員會、提名委員會及薪酬委員會，致力維持高標準的企業管治，以保障股東權利及權益、其企業價值及問責度。

告密政策

集團已監督操作人員的行為，以保障僱員的合法權益及公司利益。此外，集團歡迎僱員舉報任何不合規和不誠實的行為，而舉報的相關僱員的私隱將會被保障。

財務審核

集團聘請德勤•關黃陳方會計師行為獨立第三方核數師，對集團的財務賬目進行審核。這確保集團賬目清晰、準確及保護了股東的利益。

利益衝突申報

集團規定全體僱員須申報利益衝突，董事及高級管理層禁止在敏感時期進行集團的證券交易。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE (Continued)

3.2 Society (Continued)

3.2.7 Anti-corruption (Continued)

Prevention of Corruption, Extortion and Fraud

The Group has established comprehensive system for internal control and formulated a set of strict policies, which prevent malpractices and unethical business practices, and also avoid the occurrence of corruption and other fraudulent behaviours.

The Group has strictly complied with the regulations on anti-corruption. No violations of any provisions were found in the reporting period.

3.2.8 Community Investment

The Group has actively participated in the community including donating funds and materials to charitable organizations.

3. 環境、社會及管治表現(續)

3.2 社會(續)

3.2.7 反貪污(續)

防止貪污、勒索及欺詐

集團建立了全面的內部控制體系，制訂了一套嚴格的政策，防止舞弊和不道德的商業行為，並防止貪污和其他欺詐行為的發生。

集團嚴格遵行防貪防賄法例，報告期內並無違反任何規定。

3.2.8 社區投資

集團曾積極參與社區團體的活動，包括定期捐款及捐物資到慈善團體，以回饋社會。

DIRECTORS' REPORT

董事會報告

The Directors have pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31st December, 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

A business review of the Group, with description of the principal risks and uncertainties and the likely future development, are set out in chairman's statement, management discussion and analysis on pages 4 to 9, this directors' report on pages 53 to 65, and in notes 4, 5, 28, 29, 31 and 32 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 72.

The Directors did not recommend the payment of a final dividend for the year.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the years from 2016 to 2020 is set out on page 156.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the consolidated financial statements.

董事欣然提呈彼等就本集團截至二零二零年十二月三十一日止年度之報告及經審核綜合財務報表。

主要業務及業務回顧

本公司為一間投資控股公司，其主要附屬公司之主要業務刊載於綜合財務報表附註34。

本集團之業務回顧，及主要風險及不明朗因素以及可能進行之未來發展之概述，載於第4頁至9頁之主席報告及管理層討論及分析及第53頁至65頁之本董事會報告以及綜合財務報表附註4、5、28、29、31及32內。

業績及分配

本集團截至二零二零年十二月三十一日止年度之業績載於第72頁之綜合損益及其他全面收益表內。

董事並不建議就本年度派付末期股息。

財務概要

本集團由二零一六年至二零二零年之業績與資產及負債概要載於第156頁。

物業、廠房及設備

有關本集團物業、廠房及設備於年內之變動詳情，載於綜合財務報表附註14。

股本

本公司股本之詳情載於綜合財務報表附註23。

DIRECTORS' REPORT

董事會報告

SHARE PREMIUM AND RESERVES

Details of the movement in the share premium and reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 74.

As at 31st December 2020, the Company's reserves available for distribution to shareholders amounted to HK\$783,382,000 (2019: HK\$765,800,000), being the aggregation of share premium and retained profits.

DIRECTORS

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

Executive Directors

Mr. Hui Sum Ping, *Chairman*
Mr. Hui Sum Tai, *Chief Executive Officer*
Ms. Hui Yuen Li, *Chief Financial Officer*

Independent Non-executive Directors

Mr. Chee Man Sang, Eric
Mr. Wong Chu Leung
Mr. Chau Suk Ming

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Chee Man Sang, Eric and Mr. Chau Suk Ming shall retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

Each of the Directors has entered into a service agreement with the Company for a term of around two years up to 31st March, 2021, which may be terminated by not less than three months' notice in writing served by either party.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

股份溢價及儲備

本集團股份溢價及儲備於年內之變動詳情載於第74頁之綜合權益變動表內。

於二零二零年十二月三十一日，本公司可供分派予股東的儲備為783,382,000港元(二零一九年：765,800,000港元)，即股份溢價及保留利潤之合計。

董事

年內及截至本報告日止，本公司之在任董事如下：

執行董事

許森平先生，*主席*
許森泰先生，*行政總裁*
許婉莉女士，*財務總監*

獨立非執行董事

池民生先生
黃珠亮先生
周淑明先生

根據本公司之組織章程細則第87(1)條，池民生先生及周淑明先生將於本公司應屆股東週年大會輪值告退，惟彼等符合資格並願膺選連任。

各董事已經與本公司訂立服務協議，任期約兩年，直至二零二一年三月三十一日止，可於任何一方發出不少於三個月書面通知後終止。

除上文披露者外，擬於本公司應屆股東週年大會重選連任之董事概無與本公司或其任何附屬公司訂立本集團如不作出賠償(法定賠償除外)則不能在一年內終止之服務合約。

DIRECTORS' REPORT

董事會報告

DIRECTORS (Continued)

The Company has received, from the Independent Non-executive Directors, annual confirmations of their independence pursuant to the Listing Rules. The Company considers the Independent Non-executive Directors are independent.

The biographical details of the Directors and senior management of the Company are set out in Management Profile on pages 10 to 12.

SHARE OPTIONS

Particulars of the share option scheme of the Company are set out in note 25 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

董事(續)

本公司已接獲獨立非執行董事根據上市規則就其獨立性作出之年度確認書。本公司認為，獨立非執行董事均為獨立人士。

本公司董事及高級管理層履歷詳情載於第10至12頁之管理層履歷。

購股權

本公司之購股權計劃之詳情載於綜合財務報表附註25。

下表披露本公司購股權於年內之變動：

Category 類別	Option type 購股權種類 (Note) (附註)	Date of grant 授出日期	Exercise price per share 每股行使價 HK\$ 港元	Outstanding at beginning of the year 年初尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Cancelled during the year 年內註銷	Outstanding at end of the year 年終尚未行使
Directors 董事								
Mr. Hui Sum Ping 許森平先生	G	15.10.2018	0.435	3,984,000	-	-	-	3,984,000
Mr. Hui Sum Tai 許森泰先生	G	15.10.2018	0.435	3,984,000	-	-	-	3,984,000
Ms. Hui Yuen Li 許婉莉女士	G	15.10.2018	0.435	3,984,000	-	-	-	3,984,000
Mr. Chee Man Sang, Eric 池民生先生	G	15.10.2018	0.435	500,000	-	-	-	500,000
Mr. Wong Chu Leung 黃珠亮先生	G	15.10.2018	0.435	1,000,000	-	-	-	1,000,000
				13,452,000	-	-	-	13,452,000
Other employees 其他僱員	G	15.10.2018	0.435	8,168,000	-	-	-	8,168,000
Total for all categories 全部類別總計				21,620,000	-	-	-	21,620,000

DIRECTORS' REPORT

董事會報告

SHARE OPTIONS (Continued)

Note:

The vesting period of the share options granted is determined by Directors at each time when the options are granted. Holders of share options granted under the Company's share option scheme may only exercise their options during the exercisable periods as follows:

Granted under scheme

根據計劃授出

Option type G

G類購股權

Maximum % of share options exercisable

可行使購股權之最高百分比

1.5.2019–30.4.2020	up to 50% 最高可達50%
1.5.2020–30.4.2021	up to 75% (to the extent not already exercised) 最高可達75% (以尚未行使者為限)
1.5.2021–30.4.2026	up to 100% (to the extent not already exercised) 最高可達100% (以尚未行使者為限)

As at 31st December, 2020, the total number of new shares which might be issued upon exercise of the options that had been granted and remained outstanding under the scheme was 21,620,000 new shares, representing approximately 2.64% of the shares of the Company in issue at that date.

購股權(續)

附註：

授出購股權之歸屬期由董事於每次授出購股權時釐定。本公司購股權計劃下購股權持有人僅可於以下行使期行使彼等之購股權：

於二零二零年十二月三十一日，根據計劃已授出且尚未行使的購股權獲行使後可能發行新股份總數為21,620,000股，佔本公司於該日已發行股份約2.64%。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

董事於股份、相關股份及債券之權益

As at 31st December, 2020, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register maintained by the Company 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, were as follows:

於二零二零年十二月三十一日，按照本公司根據證券及期貨條例（「證券及期貨條例」）第352條之規定置存之登記冊所記錄，或根據上市發行人董事進行證券交易的標準守則已知會本公司及聯交所者，董事於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有之權益及淡倉如下：

(a) Shares

(a) 股份

Name of Director	Company/ Name of associated corporation	Capacity	Number and class of securities	Approximate percentage of issued share capital 佔已發行股本 概約百分比
董事姓名	本公司／相聯法團名稱	身份	證券數目及類別	
Mr. Hui Sum Ping 許森平先生	Company 本公司	Beneficial owner 實益擁有人	126,940,681 shares Long position 126,940,681股股份 好倉	15.52%
Mr. Hui Sum Ping 許森平先生	Company 本公司	Founder of a discretionary trust/interest of controlled corporations 全權信託創立人／ 受控法團權益	107,755,400 shares Long position (Note 1) 107,755,400股股份 好倉(附註1)	13.17%
Mr. Hui Sum Ping 許森平先生	Company 本公司	Interest of spouse 配偶之權益	19,754,000 shares Long position 19,754,000股股份 好倉	2.41%
Mr. Hui Sum Tai 許森泰先生	Company 本公司	Beneficial owner 實益擁有人	150,556,430 shares Long position 150,556,430股股份 好倉	18.41%
Mr. Hui Sum Tai 許森泰先生	Company 本公司	Interest of spouse 配偶之權益	5,110,000 shares Long position 5,110,000股股份 好倉	0.62%

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued) 董事於股份、相關股份及債券之權益(續)

(a) Shares (Continued)

(a) 股份(續)

Name of Director 董事姓名	Company/ Name of associated corporation 本公司/相聯法團名稱	Capacity 身份	Number and class of securities 證券數目及類別	Approximate percentage of issued share capital 佔已發行股本 概約百分比
Ms. Hui Yuen Li 許婉莉女士	Company 本公司	Beneficial owner 實益擁有人	4,064,000 shares Long position 4,064,000股股份 好倉	0.49%
Mr. Chee Man Sang, Eric 池民生先生	Company 本公司	Beneficial owner 實益擁有人	596,000 shares Long position 596,000股股份 好倉	0.07%
Mr. Chau Suk Ming 周淑明先生	Company 本公司	Beneficial owner 實益擁有人	180,000 shares Long position 180,000股股份 好倉	0.02%
Mr. Chau Suk Ming 周淑明先生	Company 本公司	Interest of spouse 配偶之權益	1,553,007 shares Long position 1,553,007股股份 好倉	0.18%
Mr. Hui Sum Ping 許森平先生	Gong Ming Hop Fung Paper Ware Factory Limited ("Hop Fung GM") 公明合豐紙品廠有限公司 (「合豐公明」)	Founder of a discretionary trust/interest of controlled corporations/short position of controlled corporations 全權信託創立人/ 受控法團權益/ 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Note 2) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉 (附註2)	100%
Mr. Hui Sum Tai 許森泰先生	Hop Fung GM 合豐公明	Short position of a controlled corporation 受控法團淡倉	3,000,000 non-voting deferred shares of HK\$1 each Long and short positions (Note 2) 3,000,000股每股面值 1港元之無投票權 遞延股 好倉及淡倉 (附註2)	100%

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(a) Shares (Continued)

Notes:

1. The 107,755,400 shares are owned by Goldspeed Holdings Limited ("Goldspeed"). Goldspeed is wholly owned by Goldkeen Assets Management Limited ("Goldkeen") and Goldkeen is wholly owned by HSBC International Trustee Limited ("HSBC") in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include Mr. Hui Sum Ping and the family members of Mr. Hui Sum Ping. Accordingly, Mr. Hui Sum Ping is deemed to be interested in the 107,755,400 shares under the SFO.
2. Hop Fung GM is a subsidiary of the Company and therefore an associated corporation of the Company under the SFO. The entire issued share capital of Hop Fung GM is HK\$3,000,100 divided into 100 ordinary shares of HK\$1 each and 3,000,000 non-voting deferred shares of HK\$1 each. The 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM are beneficially owned by Hop Fung Group (HK) Limited ("Hop Fung Group HK") which is owned as to 50% and 50% by Mr. Hui Sum Ping and Mr. Hui Sum Tai respectively.

Under the SFO, each of Mr. Hui Sum Ping and Mr. Hui Sum Tai is deemed to be interested in the 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM.

Pursuant to an option deed dated 19th August, 2003, Hop Fung Group HK and its nominee granted to Hop Fung Group Company Limited, a wholly owned subsidiary of the Company, an option to purchase from them such 3,000,000 non-voting deferred shares of HK\$1 each in Hop Fung GM. Accordingly, each of Mr. Hui Sum Ping and Mr. Hui Sum Tai is deemed to have a short position in the underlying shares of the option granted under the option deed pursuant to the SFO.

董事於股份、相關股份及債券之權益(續)

(a) 股份(續)

附註：

1. 該 107,755,400 股股份由 Goldspeed Holdings Limited (「Goldspeed」) 擁有。Goldspeed 由 Goldkeen Assets Management Limited (「Goldkeen」) 全資擁有，而 Goldkeen 由 HSBC International Trustee Limited (「HSBC」) 以 HSP 2004 Family Trust 受託人之身分全資擁有。該信託為一項全權信託，其創立人為許森平先生，全權信託對象包括許森平先生及許森平先生之家族成員。因此，根據證券及期貨條例，許森平先生被視為擁有該 107,755,400 股股份之權益。
2. 合豐公明乃本公司之附屬公司，因此根據證券及期貨條例，屬本公司之相聯法團。合豐公明之全部已發行股本為 3,000,100 港元，分為 100 股每股面值 1 港元之普通股及 3,000,000 股每股面值 1 港元之無投票權遞延股。該 3,000,000 股每股面值 1 港元之合豐公明無投票權遞延股由合豐集團(香港)有限公司(「合豐集團香港」)實益擁有，而合豐集團香港則由許森平先生及許森泰先生分別擁有 50% 及 50%。

根據證券及期貨條例，許森平先生及許森泰先生各自被視為擁有合豐公明 3,000,000 股面值 1 港元無投票權遞延股之權益。

根據日期為二零零三年八月十九日之購股權契據，合豐集團香港及其代名人向本公司之全資附屬公司 Hop Fung Group Company Limited 授出購股權，以向彼等購買 3,000,000 股每股面值 1 港元之合豐公明無投票權遞延股。因此，根據證券及期貨條例，許森平先生及許森泰先生各自被視為擁有根據購股權契據所授出購股權涉及之相關股份之淡倉。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(b) Share options

Details of the Directors' and their associates' interests in share options of the Company are set out in the section headed "Share Options" in this report.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st December, 2020.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2020, the following shareholders had interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company:

董事於股份、相關股份及債券之權益(續)

(b) 購股權

董事及彼等之聯繫人士於本公司購股權之權益詳情載於本報告「購股權」一節。

除上文披露者外，於二零二零年十二月三十一日，董事及彼等之聯繫人士概無於本公司或其任何相聯法團之任何股份、相關股份或債券中擁有任何權益或淡倉。

主要股東於股份、相關股份及債券之權益

於二零二零年十二月三十一日，根據本公司按照證券及期貨條例第336條存置之登記冊所記錄或另行知會本公司，下列股東於本公司股份或相關股份中擁有權益或淡倉：

Name of shareholder	Capacity	Number of issued shares held	Number of share options held	Note(s)	Approximate percentage of issued share capital
股東名稱／姓名	身份	持有已發行股份數目	所持購股權數目	附註	佔已發行股本概約百分比
Mr. Hui Sum Ping 許森平先生	Beneficial owner/founder of a discretionary trust/interest of controlled corporations/interest of spouse 實益擁有人／全權信託創始人／受控法團權益／配偶之權益	254,450,081	3,984,000	1, 2	31.60%
Goldspeed	Beneficial owner 實益擁有人	107,755,400	–	2	13.17%
Goldkeen	Interest of a controlled corporation 受控法團權益	107,755,400	–	2	13.17%
HSBC	Trustee of discretionary trust 全權信託受託人	107,755,400	–	2	13.17%
Mr. Hui Sum Tai 許森泰先生	Beneficial owner/interest of spouse 實益擁有人／配偶之權益	155,666,430	3,984,000	3	19.52%
Mr. Hui Sum Kwok 許森國先生	Beneficial owner/interest of spouse 實益擁有人／配偶之權益	171,227,882	–	4	20.94%

DIRECTORS' REPORT

董事會報告

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

Notes:

- Of 258,434,081 total shares, Ms. Jian Jian Yi is directly interested in 19,754,000 shares and is deemed to be interested in 238,680,081 shares of the Company under the SFO as she is the spouse of Mr. Hui Sum Ping, a Director and a substantial shareholder of the Company.
- The entire issued share capital of Goldspeed is indirectly held by HSBC through its 100% controlled corporation, Goldkeen in its capacity as the trustee of HSP 2004 Family Trust, a discretionary trust the founder of which is Mr. Hui Sum Ping and the discretionary objects of which include Mr. Hui Sum Ping and the family members of Mr. Hui Sum Ping. Accordingly, each of Goldspeed, Goldkeen, HSBC and Mr. Hui Sum Ping is deemed to be interested in the 107,755,400 shares under the SFO.
- Of 159,650,430 total shares, Ms. Leung Pui Man is directly interested in 5,110,000 shares and is deemed to be interested in 154,540,430 shares of the Company under the SFO as she is the spouse of Mr. Hui Sum Tai, a Director and a substantial shareholder of the Company.
- Of 171,227,882 shares, Ms. Wong Mui is directly interested in 750,000 shares and is deemed to be interested in 170,477,882 shares of the Company under the SFO as she is the spouse of Mr. Hui Sum Kwok, a substantial shareholder of the Company.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2020.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31st December, 2020.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the heading "Share Options" above, at no time during the year was the Company, any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, save as disclosed above, none of the Directors, and any of their respective associates were granted any right to subscribe for the securities of the Company or had exercised any such right during the year.

主要股東於股份、相關股份及債券之權益(續)

附註：

- 於258,434,081股股份總數中，簡健儀女士直接持有本公司19,754,000股股份權益，以及由於彼為本公司之董事及主要股東許森平先生之配偶，根據證券及期貨條例，簡健儀女士被視為擁有本公司238,680,081股股份之權益。
- Goldspeed之全部已發行股本由HSBC透過其100%受控法團Goldkeen以HSP 2004 Family Trust之受託人身份間接持有。HSP 2004 Family Trust乃一項全權信託，其創立人為許森平先生；而全權信託對象包括許森平先生及許森平先生之家族成員。因此，根據證券及期貨條例，Goldspeed、Goldkeen、HSBC及許森平先生各自被視為擁有該107,755,400股股份之權益。
- 於159,650,430股股份總數中，梁佩雯女士直接持有本公司5,110,000股股份權益，以及由於彼為本公司之董事及主要股東許森泰先生之配偶，根據證券及期貨條例，梁佩雯女士被視為擁有本公司154,540,430股股份之權益。
- 於171,227,882股股份中，黃梅女士直接持有本公司750,000股股份權益，以及由於彼為本公司之主要股東許森國先生之配偶，根據證券及期貨條例，黃梅女士被視為擁有本公司170,477,882股股份之權益。

除上文披露者外，於二零二零年十二月三十一日，本公司並無獲悉任何其他人士於本公司已發行股本中擁有相關權益或淡倉。

購買、出售或贖回本公司上市股份

截至二零二零年十二月三十一日止年度，本公司或其任何附屬公司並無購買、出售或贖回本公司任何上市證券。

購買股份或債券之安排

除上文「購股權」一節披露者外，本公司、其任何控股公司、同系附屬公司或附屬公司並無於年內任何時間參與訂立任何安排，致使董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。此外，除上文披露者外，董事及彼等各自之聯繫人士亦無獲授或於年內行使任何可認購本公司證券之權利。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than the transactions set out in note 29 to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company is or was materially interested, either directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates were interested in any business apart from the Group's business, that competes or competed or are or were likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31st December, 2020 and up to the date of this report.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during 2020.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 167(1) of the Company's Articles of Association, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred by him or her in the execution and discharge of his or her duties.

The Company maintained appropriate directors and officers liability insurance during 2020 and up to the date of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

董事於交易、安排及重要合約之權益

除綜合財務報表附註29所載之交易外，本公司或其任何附屬公司概無訂立任何於本年度完結時或年內任何時間仍然生效而本公司董事於當中直接或間接擁有重大權益之交易、安排及重要合約。

董事於競爭業務的權益

截至二零二零年十二月三十一日止年度以及直至本報告日期內，董事及彼等各自之聯繫人士概無於本集團業務以外，且現時或過往直接或間接與本集團業務競爭或可能競爭的任何業務中擁有權益。

管理合同

於二零二零年，概無訂立或存在任何與本公司業務整體或任何重大部分的管理及行政有關的合同(僱傭合同除外)。

獲准許彌償條文

根據本公司組織章程細則第167(1)條，各董事應就執行及履行其職責時可能招致之所有行動、成本、費用、損失、損害及開支獲得本公司資產及溢利作出彌償保證及免受損害。

於二零二零年及直至本報告日期，本公司維持適當之董事及高級職員責任保險。

遵守法律及法規

年內，本集團並未重大違反或不遵守適用法律及法規。

DIRECTORS' REPORT

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2020, the aggregate amount of revenue attributable to the Group's five largest customers accounted for around 27% of the Group's revenue. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 27% of the Group's total purchases.

None of the Directors, their close associates and shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued shares) have any interests in the Group's five largest customers and suppliers.

CONNECTED TRANSACTIONS

During the year, the Group did not enter into any related party transactions or continuing related party transactions which fall under the definition of "Connected Transaction" or "Continuing Connected Transaction" in Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

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

DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$68,000.

主要客戶及供應商

於截至二零二零年十二月三十一日止年度，本集團五大客戶之收益合共佔本集團收益約27%。本集團五大供應商之購貨額合共佔本集團購貨總額約27%。

董事、彼等之緊密聯繫人士及就董事所知擁有本公司之已發行股份5%以上之股東概無在本集團五大客戶及供應商中擁有任何權益。

關連交易

年內，本集團並無訂立任何屬上市規則第14A章所界定「關連交易」或「持續關連交易」之關連人士交易或持續關連人士交易。

優先購買權

本公司之組織章程細則或開曼群島法例並無有關優先購買權之條文，規定本公司須按比例向現有股東提呈發售新股。

捐款

年內，本集團作出慈善捐款約68,000港元。

DIRECTORS' REPORT

董事會報告

CORPORATE GOVERNANCE

The Directors strive to maintain high standards of corporate governance to enhance shareholder value and safeguard shareholder interests. The corporate governance principles of the Company emphasise the importance of a quality Board, effective internal controls and accountability to shareholders. The Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31st December, 2020, except with the following deviations:

Code Provision A.2.1

- Code provision A.2.1 stipulates that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.
- There are no written terms on division of responsibilities between the Chairman and the Chief Executive Officer. The Directors consider that the responsibilities of the Chairman and the Chief Executive Officer respectively are clear and distinctive and hence written terms thereof are not necessary.

Code Provision B.1.2

- A deviation from the code provision B.1.2 is that the Remuneration Committee of the Company reviews and makes recommendations to the Directors on the remuneration packages of the Directors only but not the senior management.
- Currently, the remuneration of the senior management is attended by the Chairman and/or the Chief Executive Officer of the Company.

Code Provision C.3.3

- Code provision C.3.3 stipulates that the audit committee must meet, at least twice a year, with the Company's auditor.
- Since the Company has not engaged its auditor to review the financial information in its interim report, the Audit Committee has met with the Company's auditor once a year to discuss matters arising from the audit of the Company's annual results and other matters the auditor may wish to raise. The Audit Committee has met with the Company's auditor once during the year ended 31st December, 2020.

企業管治

董事致力維持高水平企業管治，以提升股東價值及保障股東權益。本公司之企業管治原則強調高質董事會、有效內部監控及向股東負責之重要性。截至二零二零年十二月三十一日止年度期間，本公司已符合聯交所證券上市規則附錄14中企業管治守則所載之守則條文，惟以下之偏離除外：

守則條文A.2.1條

- 守則條文A.2.1條規定主席與行政總裁之職責範圍應清楚地制定，並以書面列出。
- 本公司並無書面列出主席與行政總裁之職責範圍。董事認為，主席與行政總裁各自之職責均有明確界定，故毋須明文編製彼等之職權範圍。

守則條文B.1.2條

- 偏離守則條文B.1.2條為本公司薪酬委員會僅就董事而非就高級管理層之薪酬方案進行檢討及向董事作出建議。
- 目前，高級管理層之薪酬由本公司主席及／或行政總裁處理。

守則條文C.3.3條

- 守則條文C.3.3條規定審核委員會須每年與本公司核數師舉行最少兩次會議。
- 由於本公司並無委聘其核數師審閱中期報告之財務資料，審核委員會每年與本公司核數師舉行一次會議，以討論審計本公司全年業績所產生之事宜及核數師可能提出之其他事宜。截至二零二零年十二月三十一日止年度期間，審核委員會已與本公司核數師舉行一次會議。

DIRECTORS' REPORT

董事會報告

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to achieving continuous improvement in environmental performance and complying with the relevant environmental protection regulations and rules. 100% wastepaper (old containerboard cardboard) is used by the Group for producing containerboard in the upstream business.

Environmental protection measures are implemented by the Group to minimize the impact on the environment. Two of the manufacturing facilities of the Group have been accredited with the ISO 14001 certification for its environmental management system.

The environmental, social and governance ("ESG") report of the Group disclosing detailed discussion on the Group's environmental policies and performance are prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide issued by the Stock Exchange. The ESG report is disclosed in this Annual Report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

AUDITOR

Messrs. Deloitte Touche Tohmatsu has acted as auditor of the Company since its incorporation.

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

On behalf of the Board

Hui Sum Ping

Chairman

30th March, 2021

環境政策及表現

本集團承諾致力持續改善環保表現，並遵守相關環保條例及規則。本集團之上游業務使用百份百廢紙(舊箱板紙)以製造箱板紙。

本集團已實施環保方法以盡量減少對環境的影響。本集團有兩間生產廠房榮獲ISO 14001的環保管理系統認證。

本集團根據聯交所頒佈之附錄27《環境、社會及管治報告指引》編製環境、社會及管治(「環境、社會及管治」)報告，以披露有關本集團環保政策及表現的詳細討論。環境、社會及管治報告已於本年度報告中披露。

公眾持股量

根據本公司公開可得之資料及就董事所知，於本報告日，本公司至少25%之已發行股本總數乃由公眾人士持有。

核數師

德勤•關黃陳方會計師行自本公司註冊成立以來，一直擔任本公司核數師。

本公司將於應屆股東週年大會提呈續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會

主席

許森平

二零二一年三月三十日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.

德勤

**TO THE SHAREHOLDERS OF
HOP FUNG GROUP HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

致合豐集團控股有限公司全體股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Hop Fung Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 155, which comprise the consolidated statement of financial position as at 31st December, 2020, 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 31st December, 2020, 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.

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

本核數師行已審核載於第72頁至第155頁的合豐集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表，當中包括於二零二零年十二月三十一日的綜合財務狀況表及截至該日止年度的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。

本核數師行認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實且公平地反映 貴集團於二零二零年十二月三十一日的綜合財務狀況及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之披露準則妥為編製。

意見基準

本核數師行已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核工作。本核數師行於該等準則下的責任在本行的報告內核數師就審核綜合財務報表須承擔的責任部分詳述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師行獨立於 貴集團，並已遵循守則履行其他道德責任。本核數師行相信，本行所獲得的審核憑證能充足及適當地為本行的意見提供基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTER

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

Key audit matter

Impairment assessment on property, plant and equipment relating to the containerboard segment

We identified the impairment assessment of property, plant and equipment relating to the containerboard segment as a key audit matter due to its financial significance to the consolidated financial statements and the involvement of significant judgements and assumptions in estimating the recoverable amount of the cash-generating unit to which property, plant and equipment belong to.

With reference to the financial performance and market condition noted, the management considered that there may be impairment indicators of certain property, plant and equipment relating to the containerboard segment existed as at 31st December, 2020. Accordingly, the management assessed whether there was any impairment of the property, plant and equipment relating to the containerboard segment at 31st December, 2020 by preparing a value-in-use calculation to determine the recoverable amount of the cash-generating unit to which the property, plant and equipment belong to. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and suitable discount rate in order to calculate the present value.

The carrying amounts of property, plant and equipment relating to the containerboard segment for which the management have performed impairment assessment as at 31st December, 2020 are HK\$1,334,357,000, as disclosed in note 14 to the consolidated financial statements.

關鍵審核事項

根據本核數師行的專業判斷，關鍵審核事項為本行於本期間對審核綜合財務報表中最重要的事項。本核數師行在審核綜合財務報表及就此達致意見時處理此事項，而不會就此事項單獨發表意見。

關鍵審核事項

與箱板紙分部有關的物業、廠房及設備之減值評估

本核數師行就與箱板紙分部有關的物業、廠房及設備之減值評估確定為關鍵審核事項，乃由於其對綜合財務報表的財務重要性及在估計物業、廠房及設備所屬現金產生單位的可收回金額時涉及重大判斷及假設。

經參考財務表現及市場狀況，管理層認為，與箱板紙分部有關的若干物業、廠房及設備於二零二零年十二月三十一日可能存在減值跡象。因此，管理層通過計算使用價值釐定物業、廠房及設備所屬現金產生單位的可收回金額，從而評估與箱板紙分部有關的物業、廠房及設備於二零二零年十二月三十一日是否存在任何減值。使用價值的計算需要貴集團估計現金產生單位預期將產生的未來現金流量，並採用適當的折現率計算其現值。

與箱板紙分部有關的物業、廠房及設備於二零二零年十二月三十一日的賬面值為1,334,357,000港元，管理層已對其作出減值評估，乃於綜合財務報表附註14內披露。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTER (Continued)

How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment on property, plant and equipment relating to the containerboard segment included:

- Obtaining an understanding of the management's process and basis adopted in preparing the cash flow forecast, including significant assumptions;
- Challenging the key assumptions adopted by the management, including growth rates and gross margin, by referring to the industry information and the management's budget;
- Evaluating the reasonableness of the cash flow forecast by comparing against historical performance and discussing with the management on revenue growth strategies and cost initiatives in respect of the cash generating units;
- Evaluating the appropriateness of the key assumptions used in the impairment assessment, in particular the discount rate; and
- Evaluating the sensitivity analysis in respect of the growth rate, gross margin and discount rate to assess the extent of impact on the calculation of the value-in-use.

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.

關鍵審核事項(續)

本核數師行在審核過程中如何處理關鍵審核事項

本核數師行就與箱板紙分部有關的物業、廠房及設備作出的減值評估程序包括：

- 了解管理層就編製現金流量預測所採用的流程及基礎，包括重大假設；
- 參考行業資料及管理層預算對管理層採納的關鍵假設(包括增長率及毛利率)提出質疑；
- 通過對比過往表現及與管理層討論與現金產生單位有關的收入增長策略及成本措施，評估現金流量預測的合理性；
- 評估減值評估所採用的關鍵假設(尤其是折讓率)的適當性；及
- 評估與增長率、毛利率及貼現率有關的敏感度分析，以評估該等因素對使用價值計算的影響程度。

其他資料

貴公司董事負責其他資料。其他資料包括年報所載資料，惟不包括綜合財務報表及本核數師行就此發出之核數師報告。

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

當本核數師行審核綜合財務報表時，本核數師行的責任為閱讀該等其他資料，於此過程中，考慮其他資料是否與綜合財務報表或本核數師行於審核過程中所得知的情況有重大抵觸，或者有重大錯誤陳述。基於吾等已執行的工作，倘本核數師行認為該等其他資料有重大錯誤陳述，本核數師行須報告該事實。就此而言，本核數師行並無任何報告。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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.

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

董事及管治層對綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，編製真實且公平的綜合財務報表，及落實其認為編製綜合財務報表所必要的內部監控，以使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。

於編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營相關的事項，並運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。

管治層須負責監督 貴集團之財務報告程序。

核數師就審核綜合財務報表須承擔的責任

本核數師行的目標為對綜合財務報表是否不存在由欺詐或錯誤而導致的任何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。本報告乃根據委聘之協定條款僅向整體股東作出報告，並無作其他用途。本核數師行不會就本報告內容向任何其他人士負上或承擔任何責任及債務。合理核證是高水平的核證，但不能保證按香港審計準則進行的審核在某一重大錯誤陳述存在時總能發現。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據該等綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

As part of an audit in accordance with HKSA's, 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.
- 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.

核數師就審核綜合財務報表須承擔的責任(續)

本核數師行根據香港審計準則執行審核的工作之一，是在審核的過程中運用專業判斷及保持專業懷疑。本核數師行亦：

- 識別及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，設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為本核數師行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，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，惟並非旨在對 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準的恰當性作出結論，並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。倘本核數師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，則修訂本行意見。本核數師行的結論乃基於截至本核數師行的核數師報告日期止所得的審核憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公平反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。本核數師行負責集團審核的方向、監督及執行。本核數師行為審核意見承擔全部責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

(Continued)

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine that matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter 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 Del Rosario, Faith Corazon.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30th March, 2021

核數師就審核綜合財務報表須承擔的責任(續)

本核數師行與管治層溝通，其中包括審核的計劃範圍、時間安排及重大審核發現，該等發現包括本行在審核過程中識別的內部監控的任何重大缺陷。

本核數師行亦向管治層作出聲明，指出本行已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理地認為會影響本行獨立性的所有關係及其他事宜，以及消除威脅而採取的行動或應用的防範措施。

從與管治層溝通的事項中，本核數師行釐定對本期綜合財務報表審核至關重要的事項，因而構成關鍵審核事項。本核數師行在核數師報告中描述該事項，除非法律或法規不允許公開披露該事項，或在極少數情況下，倘合理預期在本行的報告中溝通某事項造成的負面後果超出產生的公眾利益，則本核數師行決定不應在報告中溝通該事項。

出具本獨立核數師報告之審核項目合夥人為羅雅媛。

德勤•關黃陳方會計師行

執業會計師

香港

二零二一年三月三十日

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 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

		NOTES	2020	2019
		附註	二零二零年 HK\$'000 千港元	二零一九年 HK\$'000 千港元
Revenue	收益	5	1,040,369	1,194,082
Cost of sales	銷售成本		(912,500)	(1,078,828)
Gross profit	毛利		127,869	115,254
Other income	其他收入	6	23,053	20,584
Other gains and losses	其他收益及虧損		4,052	(2,297)
Impairment loss under expected credit loss model, net of reversal	預期信貸虧損模式下的減值虧損，扣除撥回		-	(551)
Selling and distribution costs	銷售及分銷成本		(38,137)	(45,689)
Administrative expenses	行政開支		(80,104)	(83,662)
Other expenses	其他開支	7	(21,417)	(18,168)
Finance costs	財務成本	8	(8,813)	(6,189)
Profit (loss) before taxation	稅前利潤(虧損)		6,503	(20,718)
Income tax (expense) credit	所得稅(開支)抵免	9	(5,140)	12,799
Profit (loss) for the year, attributable to owners of the Company	本公司擁有人應佔年度利潤(虧損)	10	1,363	(7,919)
Other comprehensive income (expense) for the year:	年度其他全面收益(開支)：			
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益之項目：</i>			
Exchange differences arising from translation of foreign operations	換算海外業務之匯兌差額		87,072	(24,774)
Total comprehensive income (expense) for the year, attributable to owners of the Company	本公司擁有人應佔年度全面收益(開支)總額		88,435	(32,693)
			HK cents	HK cents
			港仙	港仙
Earnings (loss) per share	每股盈利(虧損)	13		
– basic	– 基本		0.17	(0.98)
– diluted	– 攤薄		0.17	(0.98)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AT 31ST DECEMBER, 2020

於二零二零年十二月三十一日

	NOTES 附註	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14	1,364,462	1,343,204
Right-of-use assets	使用權資產	15	29,092	28,765
Deposits and prepayments	按金及預付款	18	169,843	63,790
			1,563,397	1,435,759
Current assets	流動資產			
Inventories	存貨	16	143,471	93,861
Trade, bills and other receivables	貿易、票據及其他應收款項	17	200,055	168,833
Deposits and prepayments	按金及預付款	18	4,471	6,518
Bank balances and cash	銀行結餘及現金	19	291,561	292,299
			639,558	561,511
Current liabilities	流動負債			
Trade, bills and other payables	貿易、票據及其他應付款項	20	224,854	180,655
Taxation payable	應付稅項		2,427	3,133
Lease liabilities	租賃負債	21	7,970	7,832
Unsecured bank borrowings	無抵押銀行借貸	22	138,496	183,263
			373,747	374,883
Net current assets	流動資產淨值		265,811	186,628
Total assets less current liabilities	總資產減流動負債		1,829,208	1,622,387
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	21	-	311
Unsecured bank borrowings	無抵押銀行借貸	22	144,118	33,593
Deferred taxation	遞延稅項	24	64,034	57,200
			208,152	91,104
Net assets	資產淨值		1,621,056	1,531,283
Capital and reserves	股本及儲備			
Share capital	股本	23	81,764	81,764
Reserves	儲備		1,539,292	1,449,519
Total equity, attributable to owners of the Company	本公司擁有人應佔權益總額		1,621,056	1,531,283

The consolidated financial statements on pages 72 to 155 were approved and authorised for issue by the Board of Directors on 30th March, 2021 and are signed on its behalf by:

於第72至155頁之綜合財務報表已於二零二一年三月三十日經董事會批准及授權發表，並由下列董事代表簽署：

HUI SUM PING 許森平
DIRECTOR 董事

HUI SUM TAI 許森泰
DIRECTOR 董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

		Share capital	Share premium	Special reserve	PRC statutory reserve	Translation reserve	Share options reserve	Retained profits	Total
		股本 HK\$'000 千港元	股份溢價 HK\$'000 千港元	特別儲備 HK\$'000 千港元 (note i) (附註i)	中國 法定儲備 HK\$'000 千港元	匯兌儲備 HK\$'000 千港元	購股權 儲備 HK\$'000 千港元	保留利潤 HK\$'000 千港元	總計 HK\$'000 千港元
At 1st January, 2019	於二零一九年一月一日	79,682	481,258	(107,444)	-	(9,212)	2,392	1,103,546	1,550,222
Loss for the year	年度虧損	-	-	-	-	-	-	(7,919)	(7,919)
Exchange differences arising from translation of foreign operations	換算海外業務之匯兌差額	-	-	-	-	(24,774)	-	-	(24,774)
Total comprehensive expense for the year	年度全面開支總額	-	-	-	-	(24,774)	-	(7,919)	(32,693)
Recognition of equity-settled share-based payments	確認以股權結算以股份支付之支出	-	-	-	-	-	4,697	-	4,697
Exercise of share options	行使購股權	2,082	6,975	-	-	-	-	-	9,057
Transfer upon exercise of share options	因行使購股權而轉撥	-	4,159	-	-	-	(4,159)	-	-
At 31st December, 2019	於二零一九年十二月三十一日	81,764	492,392	(107,444)	-	(33,986)	2,930	1,095,627	1,531,283
Profit for the year	年度利潤	-	-	-	-	-	-	1,363	1,363
Exchange differences arising from translation of foreign operations	換算海外業務之匯兌差額	-	-	-	-	87,072	-	-	87,072
Total comprehensive income for the year	年度全面開支總額	-	-	-	-	87,072	-	1,363	88,435
Recognition of equity-settled share-based payments	確認以股權結算以股份支付之支出	-	-	-	-	-	1,338	-	1,338
Transfers	轉讓	-	-	-	550	-	-	(550)	-
At 31st December, 2020	於二零二零年十二月三十一日	81,764	492,392	(107,444)	550	53,086	4,268	1,096,440	1,621,056

Notes:

- (i) Special reserve represents the difference between the costs of investments in subsidiaries of the Company and the aggregate amount of the non-voting deferred share capital of the subsidiaries and the nominal value of the share capital of the subsidiaries acquired as a result of the group reorganisation in 2003.
- (ii) According to the relevant laws in the People's Republic of China ("PRC"), subsidiaries which were established in the PRC are required to transfer at least 10% of their net profit after taxation to a non-distributable reserve fund until the reserve balance reaches 50% of the respective subsidiaries' registered capital. The transfer to this reserve must be made before the distribution of dividends to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

附註:

- (i) 特別儲備指本公司於附屬公司之投資成本與附屬公司無投票權遞延股本總額及因二零零三年集團重組而收購之附屬公司之股本面值之差額。
- (ii) 根據中華人民共和國(「中國」)的相關法律，在中國成立的附屬公司須將至少10%的除稅後純利轉入不可分派儲備基金，直至儲備結餘達到附屬公司註冊資本的50%為止。轉入該儲備金必須在向所有者分派股息前進行。該儲備基金可用於彌補以前年度的虧損(如有)，除清算時外，不得分配。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Operating activities	經營活動		
Profit (loss) before taxation	稅前利潤(虧損)	6,503	(20,718)
Adjustments for:	經作出以下調整：		
Finance costs	財務成本	8,813	6,189
Impairment loss on trade receivables	貿易應收款項減值虧損	-	551
Depreciation of property, plant and equipment	物業、廠房及設備折舊	83,127	86,379
Depreciation of right-of-use assets	使用權資產折舊	8,618	8,507
Interest income	利息收入	(2,084)	(2,226)
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	(4)	(108)
Share-based payment expense	以股份支付之支出	1,338	4,697
Operating cash flows before movements in working capital	流動資金變動前營運現金流量	106,311	83,271
(Increase) decrease in inventories	存貨(增加)減少	(41,814)	164,713
(Increase) decrease in trade, bills and other receivables	貿易、票據及其他應收款項(增加)減少	(20,782)	5,289
Decrease in deposits and prepayments	按金及預付款減少	2,419	2,674
Increase (decrease) in trade, bills and other payables	貿易、票據及其他應付款項增加(減少)	62,002	(48,313)
Cash generated from operations	營運產生之現金	108,136	207,634
Income tax paid	已繳付所得稅	(2,511)	(1,784)
Net cash from operating activities	經營活動產生之現金淨額	105,625	205,850
Investing activities	投資活動		
Deposits paid for acquisition of property, plant and equipment and other assets	收購物業、廠房及設備及其他資產已付按金	(97,022)	(63,790)
Purchases of property, plant and equipment	收購物業、廠房及設備	(36,666)	(60,456)
Interest received	已收利息	2,084	2,226
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	45	158
Net cash used in investing activities	投資活動使用之現金淨額	(131,559)	(121,862)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Financing activities	融資活動		
Repayment of bank loans	償還銀行貸款	(216,857)	(100,192)
Interest on bank borrowings paid	已付銀行借貸利息	(8,507)	(6,059)
Repayment of lease liabilities	償還租賃負債	(7,926)	(7,931)
Interest on lease liabilities paid	已付租賃負債利息	(306)	(130)
New bank loans raised	新增銀行貸款	274,539	141,401
Repayment of other bank borrowings	償還其他銀行借貸	-	(45,000)
Proceeds from issue of ordinary shares	發行普通股所得款項	-	9,057
Net cash from (used in) financing activities	融資活動產生(使用)之現金淨額	40,943	(8,854)
Net increase in cash and cash equivalents	現金及現金等值增加淨額	15,009	75,134
Cash and cash equivalents at 1st January	於一月一日現金及現金等值	292,299	219,398
Effect of foreign exchange rate changes	匯率變動之影響	(15,747)	(2,233)
Cash and cash equivalents at 31st December represented by bank balances and cash	於十二月三十一日現金及現金等值 銀行結餘及現金	291,561	292,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

1. GENERAL

Hop Fung Group Holdings Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) 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 under Corporate Information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 34.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied “the Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January, 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1. 一般資料

合豐集團控股有限公司(「本公司」)根據開曼群島法例第22章公司法(一九六一年第3條法例，經綜合及修訂)於開曼群島註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司之註冊辦事處之地址載於本年報公司資料部份。

綜合財務報表均以港元(「港元」)呈列，港元為本公司之功能貨幣。

本公司為投資控股公司，其主要附屬公司之主要業務載於附註34。

2. 應用經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效之經修訂香港財務報告準則

於本年度，本集團已首次應用由香港會計師公會(「香港會計師公會」)頒佈的「香港財務報告準則概念框架指引之修訂」及以下香港財務報告準則之修訂，於二零二零年一月一日或之後開始之年度期間強制生效，以編製綜合財務報表：

香港會計準則第1號及香港會計準則第8號之修訂	重大的定義
香港財務報告準則第3號之修訂	業務的定義
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂	利率基準改革

除下文所述者外，於本年度應用「香港財務報告準則概念框架指引之修訂」及香港財務報告準則之修訂對本集團於本年度及過往年度的財務狀況及表現及/或此等綜合財務報表所載披露資料並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

2. 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

應用香港會計準則第1號及香港會計準則第8號之修訂「重大的定義」的影響

本集團於本年度首次應用香港會計準則第1號及香港會計準則第8號之修訂。該等修訂提供了一個新的重大的定義，當中載明「倘遺漏、誤報或掩蓋的資料可合理預期會影響通用財務報表的主要使用者基於該等財務報表(提供有關特定呈報實體的財務資料)所作出的決定，則有關資料屬重大」。該等修訂亦釐清重大與否視乎資料的性質或份量單獨而言或與其他資料合計對於財務報表整體而言是否屬重要而定。

於本年度應用該等修訂對綜合財務報表並無影響。

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提前應用下列已頒佈但尚未生效之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	保險合約及相關修訂 ¹
香港財務報告準則第16號之修訂	COVID-19相關租金優惠 ⁴
香港財務報告準則第3號之修訂	概念框架指引 ²
香港財務報告準則第9號、香港會計準則第39號、香港財務報告準則第7號、香港財務報告準則第4號及香港財務報告準則第16號之修訂	利率基準改革 – 第二階段 ⁵
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ³
香港會計準則第1號之修訂	負債分類為流動或非流動及香港詮釋第5號(二零二零年)的相關修訂 ¹
香港會計準則第16號之修訂	物業、廠房及設備 – 於作擬定用途前的所得款項 ²
香港會計準則第37號之修訂	虧損性合約 – 履行合約成本 ²
香港財務報告準則之修訂	香港財務報告準則二零一八年至二零二零年週期之年度改進 ²

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

- 1 Effective for annual periods beginning on or after 1st January, 2023
- 2 Effective for annual periods beginning on or after 1st January, 2022
- 3 Effective for annual periods beginning on or after a date to be determined
- 4 Effective for annual periods beginning on or after 1st June, 2020
- 5 Effective for annual periods beginning on or after 1st January, 2021

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

2. 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

- 1 於二零二三年一月一日或之後開始之年度期間生效
- 2 於二零二二年一月一日或之後開始之年度期間生效
- 3 於有待釐定日期或之後開始之年度期間生效
- 4 於二零二零年六月一日或之後開始之年度期間生效
- 5 於二零二一年一月一日或之後開始之年度期間生效

除上述香港財務報告準則之修訂外，本公司董事預期應用所有其他新訂及經修訂香港財務報告準則將不會對可預見未來的綜合財務報表產生重大影響。

香港會計準則第1號之修訂「負債分類為流動或非流動及香港詮釋第5號(二零二零年)的相關修訂」

該等修訂為延期結算權利評估提供澄清及補充指導，從報告日期起至少十二個月內將負債分類為流動負債或非流動負債，其中：

- 指定將負債分類為流動負債或非流動負債應基於報告期末已存在的權利。具體而言，該等修訂澄清：
 - (i) 分類不應受到管理層意圖或期望12個月內清償債務的影響；及
 - (ii) 倘該權利以遵守契諾為條件，即使貸款人在較後日期方測試是否符合條件，則該權利在報告期末符合條件的情況下存在。
- 闡明倘負債之條款可以由交易方選擇，則可以通過轉讓實體自身之權益工具來結算，僅當該實體將選擇權單獨確認為適用於香港會計準則第32號「財務工具：呈報下之權益工具」時，該等條款方不會影響其分類為流動或非流動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (Continued)

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 31st December, 2020, the application of the amendments will not result in reclassification of the Group’s liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2. 應用經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第1號之修訂「負債分類為流動或非流動及香港詮釋第5號(二零二零年)的相關修訂」(續)

此外，由於香港會計準則第1號之修訂，對香港詮釋第5號進行了修訂，以使相應的措詞保持一致且結論不變。

根據本集團於二零二零年十二月三十一日的未償還債務，應用該等該修訂將不會造成本集團債務的重新分類。

3. 綜合財務報表編製基準及主要會計政策

綜合財務報表編製基準

綜合財務報表已根據由香港會計師公會頒佈之香港財務報告準則而編製。就編製綜合財務資料而言，倘有關資料可合理預期將會影響主要使用者之決定，則該等資料被視為重要。此外，綜合財務報表載列聯交所證券上市規則及香港公司條例規定之適用披露。

於批准綜合財務報表時，本公司董事合理預期本集團有足夠資源於可預見未來繼續經營。因此，彼等在編製綜合財務報表時繼續採用持續經營會計基準。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of consolidated financial statements (Continued)

The consolidated financial statements have been prepared on the historical cost basis 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 accounted for in accordance with HKFRS 16 "Leases", 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".

3. 綜合財務報表編製基準及主要會計政策 (續)

綜合財務報表編製基準(續)

綜合財務報表於各報告期末按歷史成本基準編製，詳情載於下文之會計政策。

歷史成本一般按交換貨品及服務代價之公平值釐定。

公平值是指市場參與者之間在計量日進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格是直接觀察到的結果還是採用其他估值技術作出的估計。在對資產或負債的公平值作出估計時，本集團考慮了市場參與者在計量日為該資產或負債進行定價時將會考慮的資產或負債特徵。在本綜合財務報表中計量和／或披露的公平值均在此基礎上予以確定，但香港財務報告準則第2號「以股份支付之支出」範圍內的以股份支付之支出交易、根據香港財務報告準則第16號「租賃」入賬的租賃交易、以及與公平值類似但並非公平值的計量(例如，香港會計準則第2號「存貨」中的可變現淨值或香港會計準則第36號「資產減值」中的使用價值)除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of consolidated financial statements (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.

Significant accounting policies

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.

3. 綜合財務報表編製基準及主要會計政策 (續)

綜合財務報表編製基準(續)

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據的可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第二級輸入數據是資產或負債的直接或間接地可觀察之輸入數據(第一級內包括的報價除外)；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

主要會計政策

綜合基準

綜合財務報表包括本公司及受本公司及其附屬公司控制之實體之財務報表。當本公司符合以下要素時，則本公司取得控制權：

- 對被投資方具有權力；
- 因參與被投資方業務而承擔可變回報之風險或享有可變回報之權利；及
- 可對被投資方使用權力以影響其回報。

倘事實及情況顯示上文所示三項控制權因素其中一項或多項有變，則本集團會重估是否仍然控制被投資方。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Basis of consolidation (Continued)

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.

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

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

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.

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 or 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

綜合基準(續)

附屬公司之綜合入賬於本集團取得有關附屬公司之控制權起開始，並於本集團失去有關附屬公司之控制權時終止。具體而言，年內所收購或出售附屬公司之收入及開支乃自本集團取得控制權之日期起計入綜合損益及其他全面收益表，直至本集團不再控制有關附屬公司之日期為止。

如有需要，本集團會對附屬公司財務報表作出調整，以使彼等之會計政策與本集團之會計政策一致。

本集團內公司間之所有資產及負債、權益、收入、開支及有關本集團成員之間交易的現金流量，已於綜合賬目時悉數對銷。

來自客戶合約的收益

當(或於)滿足履約責任時，本集團確認收益，即於特定履約責任的相關貨品或服務的「控制權」轉讓予客戶時確認。

履約責任指不同的貨品及服務(或一組貨品或服務)或一系列不同的貨品及大致相同的服務。

控制權隨時間轉移，而倘滿足以下其中一項條件，則收益乃參照完全滿足相關履約責任的進展情況而隨時間確認：

- 隨本集團履約，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團之履約創建或強化一項資產，該資產於創建或強化之時即由客戶控制；或
- 本集團的履約並未產生對本集團有替代用途的資產，且本集團對迄今已完成履約之款項具有可執行之權利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.

The revenue of the Group is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"), revenue from manufacturing and sales of containerboard and corrugated packaging products to the Group's customers are recognised when the goods are passed to the customers, which is the point of time when the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods.

Leases

Definition of a lease

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

For contracts entered into or modified or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

來自客戶合約的收益 (續)

否則，收益於客戶獲得不同貨品或服務控制權的時間點確認，即貨品交予客戶之時間點。於貨品已付運至客戶指定地點，則屬已交付。

本集團之收益於某一時間點確認。根據香港財務報告準則第15號「來自客戶合約的收益」(「香港財務報告準則第15號」)下的控制權轉移方法，來自製造及向本集團客戶銷售箱板紙及瓦楞包裝之收益於貨品轉予客戶時確認，即當客戶有能力管理貨品的使用並獲得該貨品的絕大部分剩餘利益的某個時間點。

租賃

租賃的定義

倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約為租賃或包含租賃。

就於首次應用日期或之後訂立或修訂或來自業務合併之合約而言，本集團於開始日期、修訂日期或收購日期(如適用)按香港財務報告準則第16號項下之定義評估合約是否為租賃或包含租賃。除非合約之條款及條件其後變動，否則有關合約將不予重新評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

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, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as 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; and
- any initial direct costs incurred by the Group.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

租賃 (續)

本集團作為承租人

將代價分配至合約的各組成部分

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(包括收購一項包含租賃土地及非租賃樓宇部分的物業所有權的合約)而言,本集團根據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,惟無法可靠地作出相關分配則除外。

非租賃組成部分根據相對獨立的價格與租賃組成部分區分開來。

短期租賃

對於租期自開始日期起計為12個月或以內且並無包含購買選擇權的租賃,本集團應用短期租賃確認豁免。短期租賃的租賃付款按直線基準或另一系統化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:

- 租賃負債的初步計量金額;
- 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;及
- 本集團產生的任何初始直接成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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 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.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

使用權資產 (續)

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。

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。

本集團將使用權資產在綜合財務狀況表內作為獨立項目入賬。

可退還租賃按金

已付可退還租賃按金根據香港財務報告準則第9號「金融工具」（「香港財務報告準則第9號」）入賬，並初步按公平值計量。於首次確認的公平值調整被視為額外租賃付款及計入使用權資產成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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 only after the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, 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 Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

租賃負債

於租賃開始日期，本集團按當天尚未支付租賃付款的現值確認及計量租賃負債。於計算租賃付款現值時，倘租賃中所隱含的利率不易確定，則本集團在租賃開始日期使用增量借款利率。

於開始日期後，租賃付款僅包括固定付款，租賃負債乃通過利息增量及租賃付款進行調整。

當租期有所變動時，本集團會重新計量租賃負債（並就相關使用權資產作出相應調整），在此情況下，相關租賃負債透過使用於重新評估日期之經修訂貼現率貼現經修訂租賃付款而重新計量。

本集團將租賃負債在綜合財務狀況表內作為獨立項目入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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, less any lease incentives receivable, 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 asset. 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. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

租賃 (續)

本集團作為承租人 (續)

租賃修訂

倘出現以下情況，則本集團將租賃修訂作為一項單獨的租賃入賬：

- 該項修訂通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，增加的金額相當於租賃範圍擴大對應的單獨價格及對單獨價格進行的任何適當調整以反映特定合約的情況。

就並不以單獨租賃入賬之租賃修訂而言，本集團透過使用於修訂生效日期之經修訂貼現率貼現經修訂租賃付款減任何租賃應收優惠，按經修訂租賃之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，對租賃負債的重新計量進行會計處理。當經修訂合約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時，本集團會根據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將經修訂合約的代價分配至各項租賃組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings held for use in the production or for administrative purposes, other than construction in progress as described below, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 presented as “right-of-use assets” 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 residue 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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

物業、廠房及設備

物業、廠房及設備(包括作生產或行政用途而持有之租賃土地及樓宇,下文所述之在建工程除外)按成本減其後之累計折舊以及其後累計減值虧損(如有)於綜合財務狀況表呈列。

在建工程包括就生產或自用目的之在建物業、廠房及設備。在建工程按成本減任何已確認之減值虧損入賬。在建工程於其完成及可作擬定用途時分類為合適之物業、廠房及設備類別。此等資產之折舊乃按其他物業資產之相同基準,於可作擬定用途開始時計算。

當本集團就於物業的擁有權權益(包括租賃土地及樓宇成分)付款時,全部代價於租賃土地及樓宇成分之間按初始確認時的相對公平值的比例分配。倘相關付款分配能可靠計量時,租賃土地的權益於綜合財務狀況表「使用權資產」呈列。當代價無法在相關租賃土地的非租賃樓宇成分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。

折舊的確認方式為以直線法在估計可使用年期內撇銷資產成本(在建工程除外)減其剩餘價值。估計可使用年期、剩餘價值及折舊方法乃於各報告期末檢討,任何估計變動之影響按預先計提之基準列賬。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。出售或廢置物業、廠房及設備項目產生之任何收益或虧損乃按資產之出售所得款項及其賬面值之差額計算,並於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Inventories

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

Impairment losses on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets 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 and right-of-use 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 testing a cash-generating unit for impairment, corporate assets are allocated to individual cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate assets belong, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

存貨

存貨以成本及可變現淨值之較低者列賬。存貨成本採用先進先出法計算。可變現淨值指存貨之估計售價減完成之全部估計成本及作出銷售所需之成本。

物業、廠房及設備以及使用權資產之減值虧損

於報告期末，本集團會審閱其物業、廠房及設備以及使用權資產賬面值，以確定有否任何跡象顯示該等資產出現減值虧損。倘出現任何該等跡象，則會估計相關資產之可收回金額以釐定減值虧損(如有)之幅度。

物業、廠房及設備以及使用權資產的可收回金額將予個別評估。如不可能單獨估計可收回金額，本集團會估計該資產所屬之現金產生單位之可收回金額。

在檢測現金產生單位的減值時，於可識別合理一致的分配基準時，公司資產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。本集團會釐定公司資產所屬現金產生單位或現金產生單位組別的可收回金額，並與相關現金產生單位或現金產生單位組別的賬面值進行比較。

可收回金額乃公平值扣除出售成本與使用價值之較高者。於評估使用價值時，估計未來現金流量乃使用除稅前折現率折現至其現值，該折現率反映現行市場對貨幣時間值之評估及該資產(或現金產生單位)(其估計未來現金流未經調整)特有之風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Impairment losses on property, plant and equipment and right-of-use assets (Continued)

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 to the 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 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. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

物業、廠房及設備以及使用權資產之減值虧損(續)

倘資產(或現金產生單位)之可收回金額估計低於其賬面值,則將該資產(或現金產生單位)賬面值減至其可收回金額。就未能按合理一致的基準分配至現金產生單位的企業資產或部分企業資產,本集團會比較一個組別的現金產生單位賬面值(包括已分配至該組現金產生單位的企業資產或部分企業資產的賬面值)與該組現金產生單位的可收回金額。於分配減值虧損時,按該單位或一組現金產生單位各項資產的賬面值所佔比例分配至資產。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)及零之中的最高值。已另行分配至資產的減值虧損金額按比例分配至該單位或現金產生單位組別的其他資產。減值虧損即時於損益確認。

倘其後撥回減值虧損,則將該資產(或現金產生單位或現金產生單位組別)之賬面值增至經修訂之估計可收回金額,惟增加的賬面值不得超過假如該資產(或現金產生單位或現金產生單位組別)於過往年度未有確認減值虧損而原應釐定之賬面值。減值虧損之撥回即時於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 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 customer which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liabilities 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 liabilities, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

金融工具

當某集團實體成為工具合約條文之訂約方時，財務資產及財務負債便會在綜合財務狀況表上被確認。所有常規方式買賣的財務資產概於交易日予以確認及取消確認。常規方式買賣乃指遵循法規或市場慣例在約定時間內交付資產的財務資產買賣。

財務資產及財務負債按公平值初步計量，惟客戶合約產生的貿易應收款項除外，該等貿易應收款項根據香港財務報告準則第15號進行初始計量。首次確認時，收購或發行財務資產及財務負債產生之直接交易成本將視乎情況加入或扣除財務資產或財務負債之公平值。

實際利率法為計算財務資產或財務負債的攤銷成本以及分配相關期間的利息收入及利息開支之方法。實際利率乃於初步確認時按財務資產或財務負債的預期可使用年期或適用的較短期間內確切貼現估計未來現金收入及款項(包括構成實際利率不可或缺部分的所有已付或已收費用及點數、交易成本及其他溢價或貼現)至賬面淨值的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

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.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

金融工具(續)

財務資產

財務資產的分類及期後計量

當財務資產滿足以下條件，則其後按攤銷成本計量：

- 以收取合約現金流量為目的之經營模式下持有之財務資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

利息收入就其後按攤銷成本計量的財務資產乃使用實際利息法予以確認。利息收入乃對一項財務資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的財務資產除外(見下文)。就其後出現信貸減值的財務資產而言，自下一報告期起，利息收入乃對財務資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使財務資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對財務資產賬面總值應用實際利率予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date 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, 12-month ECL ("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.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

金融工具 (續)

財務資產 (續)

財務資產減值

本集團根據香港財務報告準則第9號就發生減值之財務資產(包括貿易應收款項、其他應收款項、按金及銀行結餘)根據預期信貸虧損(「預期信貸虧損」)模型進行減值評估。預期信貸虧損的金額於各報告日期更新，以反映自初始確認後信貸風險的變化。

全期預期信貸虧損指將相關工具的預期使用期內所有可能的違約事件產生之預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)將預期於報告日期後12個月內可能發生的違約事件導致之全期預期信貸虧損部分。評估乃根據本集團過往的信貸虧損經驗進行，並根據債務人特有的因素、一般經濟狀況以及對報告日期當前狀況的評估以及對未來狀況的預測作出調整。

本集團通常就貿易應收款項確認全期預期信貸虧損。

對於所有其他工具，本集團計量的虧損撥備等於12個月預期信貸虧損，除非自初始確認後信貸風險顯著增加，則本集團確認全期預期信貸虧損。是否應確認全期預期信貸虧損的評估乃基於自初始確認以來發生違約之可能性或風險是否顯著增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(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;
- 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

金融工具(續)

財務資產(續)

財務資產減值(續)

(i) 信貸風險顯著增加

於評估自初始確認後信貸風險是否顯著增加時，本集團將於報告日期金融工具發生之違約風險與初始確認日起金融工具發生之違約風險進行比較。在進行該評估時，本集團會考慮合理且可支持的定量和定性資料，包括過往經驗及無需付出不必要的成本或費力而可得之前瞻性資料。

具體而言，在評估信貸風險是否顯著增加時，會考慮以下資料：

- 金融工具的外部(如有)或內部信用評級的實際或預期顯著惡化；
- 外部市場信貸風險指標的顯著惡化，如信貸利差大幅增加，債務人的信用違約掉期價格顯著增加；
- 預計會導致債務人償還債務能力大幅下降的業務、財務或經濟狀況的現有或預測的不利變化；
- 債務人經營業績的實際或預期顯著惡化；
- 監管、經濟或技術環境出現實際或預期的重大不利變動，導致債務人履行債務責任的能力大幅下降。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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 foregoing, 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. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

金融工具(續)

財務資產(續)

財務資產減值(續)

(i) 信貸風險顯著增加(續)

不論上述評估之結果如何，本集團認為，當合約付款逾期超過三十天，則自初始確認以來信貸風險已顯著增加，除非本集團有合理且可支持之資料另作證明。

儘管如此，如果債務工具於報告日被認為具低信貸風險，則本集團可假設該債務工具之信貸風險自初始確認後未有顯著增加。債務工具被認為具低信貸風險假若(i)其違約風險較低；(ii)借款人在短期內絕對有能力履行其合約現金流量之責任，以及(iii)長遠之經濟和商業條件不利變化，不一定會降低借款人履行合約現金流責任之能力。當根據全球理解之定義，其內部或外部之信用評級被評為投資級別，本集團認為債務工具之信貸風險較低。

本集團定期監控用以識別信貸風險有否顯著增加的標準之效益，且修訂標準(如適當)來確保標準能在金額逾期前識別信貸風險顯著增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

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 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 reorganisation.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

金融工具 (續)

財務資產 (續)

財務資產減值 (續)

(ii) 違約定義

本集團認為當財務資產逾期超過90日已發生違約，除非本集團有合理及且可支持之資料來顯示更加滯後的違約標準更為恰當。

(iii) 信貸減值財務資產

財務資產在一項或以上事件(對該財務資產估計未來現金流量構成不利影響)出現時發生信貸減值。財務資產信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人的重大財困；
- (b) 違反合約(如違約或逾期事件)；
- (c) 借款人的貸款人因有關借款人財困的經濟或合約理由而向借款人批出一般貸款人不會考慮的讓步；
- (d) 借款人將可能陷入破產或其他財務重組。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the 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 and 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

金融工具 (續)

財務資產 (續)

財務資產減值 (續)

(iv) 撇銷政策

當資料顯示交易夥伴處於嚴重財困及無實際收回可能時(例如交易夥伴被清盤或已進入破產程序時)，本集團則撇銷財務資產。經考慮法律意見後(倘合適)，遭撇銷的財務資產可能仍須按本集團收回程序進行強制執行方式。撇銷構成取消確認事項。任何其後收回在損益中確認。

(v) 預期信貸虧損之計量及確認

預期信貸虧損之計量為違約概率、違約虧損(即違約時虧損幅度)及違約風險之函數。違約概率及違約虧損之評估乃基於過往數據及前瞻性資料。預期信貸虧損的預估乃無偏概率加權平均金額，以各自發生違約的風險為權重確定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

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.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

金融工具(續)

財務資產(續)

財務資產減值(續)

(v) 預期信貸虧損之計量及確認(續)

一般而言，預期信貸虧損為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所有現金流量之間的差額（按初始確認時釐定之有效利率貼現）。

考慮到逾期資料及相關信貸資料（如前瞻宏觀經濟資料），若干貿易應收款項之全期預期信貸虧損乃按集體基準予以考慮。

就集體評估而言，本集團將於制定組別時考慮以下特性：

- 逾期情況；
- 債務人之性質、規模及行業；及
- 可用之外部信貸評級。

歸類工作經管理層定期檢討，以確保各組別成份繼續具備類似信貸風險特性。

利息收入乃根據財務資產的總賬面值計算，除非財務資產已錄得信貸減值，其時利息收入乃根據財務資產的攤銷成本計量。

本集團就所有金融工具，透過調整其賬面值，以於損益確認減值收益或虧損，惟貿易應收款項除外，其相應調整透過虧損撥備賬確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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.

Financial liabilities and equity instruments

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 equity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade, bills and other payables and unsecured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

金融工具(續)

財務資產(續)

取消確認財務資產

僅於現金流量的合約權利屆滿時，本集團方會取消確認財務資產。

於取消確認某項按攤銷成本計量的財務資產時，該項資產賬面值與已收及應收代價總額的差額在損益確認。

財務負債及權益工具

分類為債務或權益

債務及權益工具乃根據所訂立合同安排之性質與財務負債及權益工具之定義分類為財務負債或權益。

權益工具

權益工具乃證明實體於扣減所有負債後之資產中擁有剩餘權益之任何合同。本公司所發行之權益工具乃按已收取之所得款項減直接發行成本確認。

按攤銷成本計量之財務負債

財務負債(包括貿易、票據及其他應付款項及無抵押銀行借貸)其後乃採用實際利率法按已攤銷成本計量。

取消確認財務負債

本集團僅於其責任被解除、註銷或屆滿時，才取消確認財務負債。已取消確認的財務負債的賬面值與已付或應付代價間差額於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services 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 (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 the share options reserve.

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 retained profits.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

以股份支付之支出

以權益結算以股份支付之支出交易

授予僱員之購股權

向僱員及其他提供類似服務之人士作出之以權益結算以股份支付之支出乃於授出日期按權益工具之公平值計量。

權益結算以股份支付之支出於授出日期所釐定之公平值並不考慮所有非市場歸屬條件，乃按直線法於整個歸屬期支銷，並按本集團對於最終將歸屬之權益工具之估計於權益(購股權儲備)中作相應增加。於各報告期末，本集團根據所有相關非市場歸屬條件評估修訂其預算歸屬權益工具數量。修訂原先估計之影響(如有)於損益確認，並使累計開支反映經修訂估計，及於購股權儲備中作相對應之調整。

購股權獲行使時，之前於購股權儲備中確認之數額將轉移至股份溢價。當購股權於歸屬期後被收回或於屆滿日仍未獲行使，之前於購股權儲備中確認之數額將轉撥至保留溢利內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

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/loss 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.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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, 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 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策 (續)

稅項

所得稅開支為即期應付稅項及遞延稅項之總和。

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表中的「稅前利潤／虧損」不同，乃由於有其他年度應課稅或可扣稅收入或開支，及不用課稅或不可扣稅之項目。本集團之即期稅項負債乃按報告期末已實行或實質已實行之稅率計算。

遞延稅項指就綜合財務報表資產及負債賬面值與計算應課稅溢利所用相應稅基間之暫時差額而確認。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產則一般於很可能以可扣稅暫時差額對銷應課稅溢利時就所有可扣稅暫時差額確認。如暫時差額由初次確認(業務合併除外)一項不影響應課稅溢利或會計溢利之交易之資產及負債所產生，有關資產及負債則不予確認。

遞延稅項負債按於附屬公司之投資所引致之應課稅暫時差額而確認，惟若本集團可控制暫時差額之撥回而暫時差額於可見將來應不會撥回之情況除外。與該等投資相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能產生足夠的應課稅溢利以抵銷暫時差額之得益且預計於可見將來撥回時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the 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 when 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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 taxation entity by the same taxation authority.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

稅項(續)

遞延稅項資產之賬面值於報告期末檢討，並予以相應扣減，直至並無足夠應課稅溢利以收回全部或部分遞延稅項資產為止。

遞延稅項資產及負債乃根據於報告期末已實行或實質已實行之稅率(及稅法)，按預期適用於清償負債或變現資產期間之稅率計量。

遞延稅項負債及資產之計量反映本集團預期於報告期末收回或清償其資產及負債賬面值之方式所產生之稅務結果。

為計量本集團確認使用權資產及相關租賃負債之租賃交易之遞延稅項，本集團會首先釐定稅項扣減是否歸屬於該等使用權資產或租賃負債。

就稅項扣減歸屬於租賃負債之租賃交易而言，本集團將香港會計準則第12號「所得稅」之規定整體應用於租賃交易。與使用權資產及租賃負債相關之暫時差額按淨額基準評估。使用權資產折舊超出租賃負債本金部分租賃付款之金額會產生可扣減暫時差額淨額。

倘有按法律可強制執行的權利，可將即期稅務資產與即期稅務負債抵銷，以及倘稅務資產及稅務負債涉及相同稅務機構向相同納稅實體徵收的所得稅，遞延稅項資產及負債予以抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Taxation (Continued)

Current and deferred tax is 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations 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 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.

3. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

稅項(續)

即期及遞延稅項於損益確認，除非這些稅項涉及於其他全面收入或直接於權益確認之項目，在該情況下，即期及遞延稅項亦分別於其他全面收入或直接於權益確認。

於評估所得稅處理之任何不確定性，本集團會考慮有關稅務機關是否可能接受個別集團實體於其所得稅申報中所使用或擬使用的不確定稅務處理。倘有此可能，則當期及遞延稅項一貫採用所得稅申報之稅務處理方式釐定。倘有關稅務機關不可能接受不確定稅務處理，則採用最可能的金額或預期價值反映各項不確定性的影響。

外幣

在編製個別集團實體之財務報表時，凡以其功能貨幣以外之貨幣(外幣)計算之交易，均按交易日期之匯率入賬。以外幣計值之貨幣項目於報告期末按該日之匯率重新換算；以外幣結算並按歷史成本計量之非貨幣項目則不作重新換算。

於結算及重新換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益中確認。

就呈列綜合財務報表而言，本集團業務之資產及負債乃按於各報告期末之適用匯率換算為本集團之列賬貨幣(即港元)。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，則採用於交易當日之適用匯率。所產生之匯兌差額(如有)於其他全面收入確認，並於匯兌儲備項下之權益累積。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

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. 綜合財務報表編製基準及主要會計政策 (續)

主要會計政策(續)

借貸成本

購置、建造或生產合資格資產(即需要較長時間方可用於擬定用途或銷售之資產)之直接應佔借貸成本計入該等資產之成本，直至該等資產已充份就緒並可作擬定用途或可供銷售時為止。

所有其他借貸成本乃於產生之期間於損益內確認。

僱員福利

退休福利成本

向強制性公積金計劃(「強積金計劃」)及國家管理退休福利計劃作出之供款於僱員提供服務而獲得供款之權利時列作開支確認。

短期僱員福利

當僱員提供服務，短期僱員福利按預期支付的福利的未折現金額確認。所有短期僱員福利確認為支出，惟其他香港財務報告準則規定或允許將其計入資產成本的情況則除外。

僱員福利(如工資及薪金、年假及病假)於扣除已支付之任何金額後確認為負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

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

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. 估計不明朗因素之主要來源

在應用本集團載述於附註3的會計政策時，本公司董事須對未能輕易地從其他來源確定的資產及負債賬面值作出估計及假設。該等估計及相關假設是根據過往經驗及被認為相關的其他因素而作出。實際結果或會與該等估計有所不同。

該等估計及相關假設會持續地檢討。若估計修訂只影響該時期，會計估計的修訂會於該期內確認；或如該估計修訂影響本期及未來期間，則會計估計的修訂會於修訂期及未來期間確認。

於報告期末，有關未來主要假設以及用以估計不明朗因素之其他主要來源如下，該等假設存有導致下一財政年度資產及負債賬面值需作大幅調整的重大風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment assessment of property, plant and equipment relating to the containerboard segment

In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amounts of the cash-generating units to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates, the growth rates or gross margin in the cash flow projections, could materially affect the recoverable amounts. Furthermore, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions in the Group's containerboard segment.

As at 31st December, 2020, the management of the Group performed impairment assessment on the property, plant and equipment relating to the containerboard segment with a carrying amount of HK\$1,334,357,000 as at 31st December, 2020 (2019: HK\$1,309,954,000) and determined that no impairment loss is required (2019: nil). Further details are set out in note 14.

4. 估計不明朗因素之主要來源(續)

與箱板紙分部有關的物業、廠房及設備之估計減值評估

於釐定資產是否減值時，本集團須作出判斷及估計，尤其需要評估：(1)是否發生可能影響資產價值的事件或任何跡象；(2)資產的賬面值能否以使用價值(即根據持續使用資產估計的未來現金流量之現值淨額)的可收回金額支持；及(3)估計可收回金額時所採用的適當主要假設，包括現金流量預測及適當貼現率。倘無法估計個別資產的可收回金額，本集團估計該資產所屬之現金產生單位的可收回金額(當可設立合理及一致的分配基準時，則包括分配公司資產的可收回金額)，否則由於有關公司資產已獲分配，可收回金額於現金產生單位的最小組別內確認。假設及估計(包括現金流量預測的貼現率、增長率或毛利率)變動，可能會對可收回金額產生重大影響。此外，現金流預測、增長率及貼現率於本年度受限於更大不確定性，原因為COVID-19疫情發展及演變的不確定性及金融市場的波動性，包括本集團箱板紙分部的潛在中斷。

於二零二零年十二月三十一日，由於出現減值跡象，本集團管理層對於二零二零年十二月三十一日賬面值為1,334,357,000港元(二零一九年：1,309,954,000港元)之與箱板紙分部有關的物業、廠房及設備進行減值評估，並認為毋須確認減值虧損(二零一九年：無)。進一步詳情載於附註14。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment (note 14) with respect to depreciation, the directors of the Company estimate the useful lives of various categories of property, plant and equipment according to their experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. The useful lives of property, plant and equipment are reviewed annually. If the expectations differ from the previous estimates, the changes will be accounted for prospectively as changes in accounting estimates.

Allowance for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the directors of the Company would evaluate ageing analysis of inventories and compare the carrying value of inventories to their respective net realisable values based on latest market prices and current economic conditions. A considerable amount of judgement is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate/improve, additional allowances/reversal of allowances already made may be required.

The carrying amount of inventories as at 31st December, 2020 was HK\$143,471,000 (net of allowance for inventories of HK\$2,071,000) (2019: HK\$93,861,000 (net of allowance for inventories of HK\$1,956,000)).

Provision of ECL for trade receivables

Trade receivables that are credit-impaired are assessed for ECL individually. In addition, for trade receivables that are not credit-impaired, collective assessment is performed by grouping debtors based on the aging grouping of trade receivables. The grouping is based on past due status as groupings of various debtors that have similar loss patterns taking into consideration past default experience and current past due status of the debtors. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 32 and 17 respectively.

4. 估計不明朗因素之主要來源(續)

物業、廠房及設備之可用年期

在應用有關物業、廠房及設備折舊之會計政策時(附註14)，本公司董事會根據彼等使用物業、廠房及設備之經驗，並參考相關行業於物業、廠房及設備所採用之折舊標準來評估各類物業、廠房及設備之可用年期。物業、廠房及設備之可用年期每年均會進行檢討。倘有關預期與先前之評估相異，則有關變動將作為會計評估變動，並預先進行會計處理。

存貨撥備

本公司董事在釐定陳舊及滯銷之存貨撥備金額時，會評估存貨之賬齡分析，並根據最近期之市價及目前經濟情況，比較存貨之賬面值與其相關之可變現淨值。釐定該等撥備需要作出大量判斷。倘對存貨可變現淨值有影響之情況轉壞/好轉，則可能須作出額外撥備/撥回撥備。

存貨於二零二零年十二月三十一日的賬面值為143,471,000港元(已扣除存貨撥備2,071,000港元)(二零一九年：93,861,000港元(已扣除存貨撥備1,956,000港元))。

貿易應收款項預期信貸虧損撥備

對信貸虧損的貿易應收款項進行個別評估。此外，對並無信貸虧損的貿易應收款項，則根據貿易應收款項的賬齡分組對債務人分組進行集體評估。分組的依據是具有類似虧損模式的各債務人的逾期狀況，同時考慮到債務人的過往違約經驗及目前逾期情況。於各報告日期，過往觀察到的違約比率會接受評估及前瞻性資料會予以考慮。

預期信貸虧損撥備容易受估計變更所影響。關於預期信貸虧損及本集團貿易應收款項的資料分別於附註32及17披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue by type of goods is as follows:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Sales of containerboard	箱板紙銷售	442,094	573,716
Sales of corrugated packaging	瓦楞包裝銷售	598,275	620,366
		1,040,369	1,194,082

The Group applies the practical expedient that information regarding the transaction prices allocated to the remaining performance obligation for contracts with customers is not disclosed as the original expected duration of the contracts is less than one year.

Segment information

The Group's manufacturing operations are located in the PRC.

The Group's operations are organised based on the type of products. Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance is analysed based on the type of products. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are categorised into the manufacture and sale of:

- Containerboard – corrugating medium and linerboard
- Corrugated packaging – corrugated paper boards and carton boxes

Information regarding the above segments is reported below.

5. 收益及分部資料

客戶合約收益的分拆

本集團按貨品種類的收益分析如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Sales of containerboard	箱板紙銷售	442,094	573,716
Sales of corrugated packaging	瓦楞包裝銷售	598,275	620,366
		1,040,369	1,194,082

本集團應用實際權宜方法，關於分配至客戶餘下合約履約責任的交易價格的資料，由於合約的原定預期期限少於一年，乃不予披露。

分部資料

本集團之製造業務位於中國。

本集團之業務乃按產品類別劃分。就資源分配及評估分部表現向本公司執行董事（即主要營運決策者（「主要營運決策者」）呈報之資料乃按產品類別分析。本集團之可呈報分部，並無將主要營運決策者已識別的經營分部滙合呈報。

具體而言，本集團之可呈報及經營分部可分為製造及銷售：

- 箱板紙－瓦楞芯紙及牛咭
- 瓦楞包裝－瓦楞紙板及紙箱

有關上述分部之資料呈報於下文。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31st December, 2020

5. 收益及分部資料(續)

分部資料(續)

分部收益及業績

以下為按經營及可呈報分部劃分之本集團收益及業績分析：

截至二零二零年十二月三十一日止年度

		Containerboard 箱板紙 HK\$'000 千港元	Corrugated packaging 瓦楞包裝 HK\$'000 千港元	Segment total 分部總計 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收益					
External sales	對外銷售	442,094	598,275	1,040,369	-	1,040,369
Inter-segment sales	分部間銷售	263,019	-	263,019	(263,019)	-
Total	總計	705,113	598,275	1,303,388	(263,019)	1,040,369
RESULT	業績					
Segment profit	分部利潤	24,584	19,037	43,621	-	43,621
Central administrative expenses	中央行政開支					(28,305)
Finance costs	財務成本					(8,813)
Profit before taxation	稅前利潤					6,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Segment revenues and results (Continued)

For the year ended 31st December, 2019

		Containerboard 箱板紙 HK\$'000 千港元	Corrugated packaging 瓦楞包裝 HK\$'000 千港元	Segment total 分部總計 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收益					
External sales	對外銷售	573,716	620,366	1,194,082	-	1,194,082
Inter-segment sales	分部間銷售	295,292	-	295,292	(295,292)	-
Total	總計	869,008	620,366	1,489,374	(295,292)	1,194,082
RESULT	業績					
Segment profit	分部利潤	3,900	6,826	10,726	-	10,726
Central administrative expenses	中央行政開支					(25,255)
Finance costs	財務成本					(6,189)
Loss before taxation	稅前虧損					(20,718)

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit earned by each segment without allocation of central administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

No revenue from any single customer during the year contributed over 10% of the total revenue of the Group for both years.

5. 收益及分部資料(續)

分部資料(續)

分部收益及業績(續)

截至二零一九年十二月三十一日止年度

編製可呈報分部資料時採用之會計政策與附註3所載之本集團會計政策相同。

分部利潤代表各分部所賺取之利潤，但未分配中央行政開支及財務成本。此乃為分配資源及評估表現而匯報給主要營運決策者之方法。

分部間銷售乃參照現行市價計算。

於兩個年度內，均無任何單一客戶於年內之收益貢獻超過本集團收益總額10%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Other segment information

For the year ended 31st December, 2020

Amounts included in the measurement of segment profit:

		Containerboard 箱板紙 HK\$'000 千港元	Corrugated packaging 瓦楞包裝 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Interest income	利息收入	(1,301)	(783)	(2,084)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	74,054	9,073	83,127
Depreciation of right-of-use assets	使用權資產之折舊	1,471	7,147	8,618

For the year ended 31st December, 2019

Amounts included in the measurement of segment profit:

		Containerboard 箱板紙 HK\$'000 千港元	Corrugated packaging 瓦楞包裝 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Interest income	利息收入	(681)	(1,545)	(2,226)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	77,324	9,055	86,379
Depreciation of right-of-use assets	使用權資產之折舊	1,284	7,223	8,507

5. 收益及分部資料(續)

分部資料(續)

其他分部資料

截至二零二零年十二月三十一日止年度

計算分部利潤時包括之金額：

截至二零一九年十二月三十一日止年度

計算分部利潤時包括之金額：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

Geographical information

The following table sets out information about (i) the Group's revenue from external customers by location of delivery destination of the goods and (ii) the Group's non-current assets by location of assets:

		Revenue from external customers 外來客戶收益		Non-current assets 非流動資產	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
PRC	中國	1,040,369	1,194,082	1,378,068	1,349,732
Hong Kong	香港	—	—	18,828	20,338
Macau	澳門	—	—	1,479	1,899
Philippines	菲律賓	—	—	165,022	63,790
		1,040,369	1,194,082	1,563,397	1,435,759

Segment assets and liabilities

The measure of the segment reporting of the Group reported to the CODM for the purpose of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

5. 收益及分部資料(續)

分部資料(續)

地區資料

下表載列有關(i)本集團按貨品交付目的地劃分之外來客戶收益及(ii)本集團按資產所在地區劃分之非流動資產之資料：

分部資產及負債

計算供主要營運決策者作資源分配及表現評估之用之本集團分部報告時並無計入任何資產及負債。因此，並無呈列分部資產及負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

6. OTHER INCOME

6. 其他收入

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Other income includes:	其他收入包括：		
Interest income	利息收入	2,084	2,226
Scrap sales	廢品銷售	701	1,058
Service income	服務收入	11,887	12,560
Sundry income (note)	雜項收入(附註)	8,381	4,740
		23,053	20,584

Note: For the year ended 31st December, 2020, COVID-19 related government grants amounted to HK\$842,000 was received and recognised in the profit or loss.

附註：截至二零二零年十二月三十一日止年度，已收到COVID-19相關政府撥款842,000港元，並於損益確認。

7. OTHER EXPENSES

7. 其他開支

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Other PRC taxes	其他中國稅項	7,527	6,652
Depreciation	折舊	8,105	8,936
Legal and professional fees	法律及專業費用	1,600	1,280
Others	其他	4,185	1,300
		21,417	18,168

8. FINANCE COSTS

8. 財務成本

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Interest on bank borrowings	銀行借貸之利息	8,507	6,059
Interest on lease liabilities	租賃負債之利息	306	130
		8,813	6,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

9. INCOME TAX EXPENSE (CREDIT)

9. 所得稅開支(抵免)

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current tax:	即期稅項：		
Hong Kong Profits Tax	香港利得稅	1,202	1,970
PRC Enterprise Income Tax	中國企業所得稅	638	186
PRC withholding tax	中國預扣稅	-	1,249
		1,840	3,405
Deferred tax (note 24)	遞延稅項(附註24)	3,300	(16,204)
		5,140	(12,799)

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying Group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

A portion of the Group's profits is earned by the Macau subsidiaries of the Group incorporated under the Macau SAR's Offshore Law. Pursuant to the Macau SAR's Offshore Law, such portion of profits is exempted from Macau complementary tax, which is currently at 12% of the profits. Further, in the opinion of the directors of the Company, that portion of the Group's profit is not at present subject to taxation in any other jurisdiction in which the Group operates.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards. One of the Company's PRC subsidiaries was awarded with the High and New-Tech Enterprise and entitled to preferential rate of 15% for the Group's financial year ended 31st December, 2020 and 31st December, 2019.

於二零一八年三月二十一日，香港立法會通過二零一七年稅務(修訂)(第7號)條例草案(「條例草案」)，引入兩級制利得稅率制度。條例草案於二零一八年三月二十八日簽署成為法律並於翌日刊登憲報。根據兩級制利得稅率制，合資格集團實體之首2,000,000港元溢利將按8.25%之稅率徵稅，而超過2,000,000港元之溢利則按16.5%之稅率徵稅。不符合兩級制利得稅率制資格之集團實體之溢利將繼續按16.5%之劃一稅率徵稅。

因此，合資格集團實體的香港利得稅乃按估計應課稅溢利首2,000,000港元的8.25%計算，而估計應課稅溢利超過2,000,000港元則按16.5%計算。

本集團部分利潤乃由本集團根據澳門特別行政區離岸法律註冊成立之澳門附屬公司所賺取。根據澳門特別行政區離岸法律，該部分利潤毋須繳納澳門補充稅(目前按利潤之12%徵收)。此外，本公司董事認為，目前本集團該部分利潤亦毋須於本集團經營所在之任何其他司法權區內繳納稅項。

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，自二零零八年一月一日起，中國附屬公司之稅率為25%。本公司的一間中國附屬公司於截至二零二零年十二月三十一日及二零一九年十二月三十一日止本集團之財政年度可享有高新企業15%的優惠稅率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

9. INCOME TAX EXPENSE (CREDIT) (Continued)

The tax charge for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

9. 所得稅開支(抵免)(續)

年度稅項開支與綜合損益及其他全面收益表所示稅前利潤(虧損)之對賬如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit (loss) before taxation	稅前利潤(虧損)	6,503	(20,718)
Tax at Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	按香港利得稅率16.5% (二零一九年：16.5%) 計算之稅項	1,073	(3,418)
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(235)	(98)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅務影響	3,017	1,260
Effect of tax different tax rate of the PRC subsidiaries	中國附屬公司稅率不同之影響	1,450	818
Effect of tax exemption granted to Macau subsidiaries	澳門附屬公司獲豁免稅項之影響	-	(5,107)
Tax effect of undistributed earnings of the PRC subsidiaries (note 24)	中國附屬公司未分派盈利之 稅務影響(附註24)	-	(6,089)
Income tax at concessionary rate	以優惠率繳付的所得稅	(165)	(165)
Income tax expense (credit) for the year	年度所得稅開支(抵免)	5,140	(12,799)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

10. PROFIT (LOSS) FOR THE YEAR**10. 年度利潤(虧損)**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Profit (loss) for the year has been arrived at after charging (crediting):	年度利潤(虧損)已扣除(計入)下列各項：		
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	83,127	86,379
Depreciation of right-of-use assets	使用權資產之折舊	8,618	8,507
Total depreciation	折舊總額	91,745	94,886
Less: Amount included in cost of inventories recognised as expenses	減：計入確認為開支之存貨成本金額	(75,022)	(77,443)
		16,723	17,443
Staff costs	員工成本		
Directors' emoluments (note 11)	董事酬金(附註11)	15,921	17,860
Other staff	其他員工		
– salaries and other allowances	– 薪金及其他津貼	84,407	77,616
– retirement benefit scheme contributions	– 退休福利計劃供款	6,346	11,559
– share-based payments	– 以股份支付之支出	526	1,844
		107,200	108,879
Less: Amount included in cost of inventories recognised as expenses	減：計入確認為開支之存貨成本金額	(53,698)	(53,284)
		53,502	55,595
Auditor's remuneration	核數師酬金	1,815	1,685
Cost of inventories recognised as expenses	確認為開支之存貨成本	912,500	1,078,828
Exchange (gains) losses, net	匯兌(收益)虧損·淨額	(4,048)	2,405
Gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益	(4)	(108)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

11. 董事及主要行政人員酬金及僱員薪酬

Directors

董事

	Fees	Other emoluments			2020 Total
		Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	
	袍金	薪金及其他福利	退休福利計劃供款	以股份支付之支出	二零二零年總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
<i>Executive directors:</i>					
Mr. Hui Sum Ping	–	6,890	18	250	7,158
Mr. Hui Sum Tai	–	6,513	18	250	6,781
Ms. Hui Yuen Li	–	1,082	18	250	1,350
<i>Independent non-executive directors:</i>					
Mr. Chee Man Sang, Eric	187	–	–	31	218
Mr. Wong Chu Leung	187	–	–	31	218
Mr. Chau Suk Ming	187	–	9	–	196
	561	14,485	63	812	15,921

	Fees	Other emoluments			2019 Total
		Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	
	袍金	薪金及其他福利	退休福利計劃供款	以股份支付之支出	二零一九年總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
<i>Executive directors:</i>					
Mr. Hui Sum Ping	–	6,836	18	878	7,732
Mr. Hui Sum Tai	–	6,462	18	878	7,358
Ms. Hui Yuen Li	–	1,069	18	878	1,965
<i>Independent non-executive directors:</i>					
Mr. Chee Man Sang, Eric	193	–	–	110	303
Mr. Yip Kwok Kwan (resigned on 12th January, 2019)					
	14	–	–	–	14
Mr. Wong Chu Leung	193	–	–	110	303
Mr. Chau Suk Ming (appointed on 1st January, 2019)					
	185	–	–	–	185
	585	14,367	54	2,854	17,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Directors (Continued)

Mr. Hui Sum Tai is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and Group and the independent non-executive directors' emoluments shown were for their services as directors of the Company. During the year, no emoluments were paid by the Group to these directors as an inducement to join or upon joining the Group or as compensation for loss of office and no director waived any emoluments.

Employees

Of the five individuals with the highest emoluments in the Group, three (2019: three) were directors of the Company whose emoluments are set out above. The emoluments of the two (2019: two) individuals for the year ended 31st December, 2020 amounted to HK\$2,193,000 (2019: HK\$3,435,000), representing salaries and other benefits of HK\$1,657,000 (2019: HK\$1,643,000), retirement benefits scheme contributions of HK\$36,000 (2019: HK\$36,000) and share-based payment of HK\$500,000 (2019: HK\$1,756,000), for his/her service rendered to the Group. For the year ended 31st December, 2020, emoluments paid to the two individuals fell under the band of HK\$1,000,000 to HK\$1,500,000 (2019: HK\$1,500,001 to HK\$2,000,000).

12. DIVIDENDS

No dividend was declared or proposed for the years ended 31st December, 2020 and 31st December, 2019, nor has any dividend been proposed since the end of the reporting period.

11. 董事及主要行政人員酬金及僱員薪酬(續)

董事(續)

許森泰先生亦為本公司主要行政人員，於上文所披露之酬金已包括其出任主要行政人員提供服務所享有之酬金。

上文所示的執行董事酬金乃彼等就管理本公司及本集團事務的服務酬金，所示的獨立非執行董事酬金乃彼等作為本公司董事所提供服務的酬金。年內，本集團概無支付任何酬金予此等董事作為招攬其加入或作為其加入本集團之獎勵金或作為其離職補償金，亦無董事放棄任何酬金。

僱員

本集團五位最高薪酬人士中，其中三位(二零一九年：三位)為本公司董事，彼等之薪酬已於上文載列。截至二零二零年十二月三十一日止年度，餘下兩位(二零一九年：兩位)人士之酬金為2,193,000港元(二零一九年：3,435,000港元)，包括就彼等向本集團提供服務所享有之薪金及其他福利1,657,000港元(二零一九年：1,643,000港元)、退休福利計劃供款36,000港元(二零一九年：36,000港元)及以股份支付之支出500,000港元(二零一九年：1,756,000港元)。截至二零二零年十二月三十一日止年度，支付予兩位人士之酬金介乎1,000,000港元至1,500,000港元組別(二零一九年：1,500,001港元至2,000,000港元)。

12. 股息

截至二零二零年十二月三十一日及二零一九年十二月三十一日止年度並無宣派或擬派股息，自報告期末亦無擬派任何股息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

13. 每股盈利(虧損)

本公司擁有人應佔每股基本及攤薄盈利(虧損)乃按以下數據計算：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Earnings (loss)	盈利(虧損)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	計算每股基本及攤薄盈利(虧損)之盈利(虧損)	1,363	(7,919)
		2020 二零二零年	2019 二零一九年
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	計算每股基本及攤薄盈利(虧損)之普通股加權平均數	817,644,000	810,513,864

The computation of diluted earnings (loss) per share for the year ended 31st December, 2020 and 31st December, 2019 did not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market price for shares for both 2020 and 2019.

截至二零二零年十二月三十一日及二零一九年十二月三十一日止年度的每股攤薄盈利(虧損)的計算並無假設行使本公司的購股權，因該等購股權之行使價高於二零二零年及二零一九年的股份市場平均價。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

14. PROPERTY, PLANT AND EQUIPMENT**14. 物業、廠房及設備**

		Factory premises in the PRC 中國廠房 HK\$'000 千港元	Leasehold land and buildings 租賃土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置及辦公室設備 HK\$'000 千港元	Plant, machinery and equipment 廠房、機器及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本								
At 1st January, 2019	二零一九年一月一日	450,476	23,041	71,775	18,561	1,687,538	14,635	2,598	2,268,624
Exchange adjustments	匯兌調整	(7,229)	(25)	(911)	(174)	(26,322)	(93)	(9)	(34,763)
Additions	增添	-	-	1,970	333	18,443	-	36,806	57,552
Reclassification	重新分類	846	-	1,027	-	37,125	-	(38,998)	-
Disposals	出售	-	-	-	(53)	(1,171)	-	-	(1,224)
At 31st December, 2019	二零一九年十二月三十一日	444,093	23,016	73,861	18,667	1,715,613	14,542	397	2,290,189
Exchange adjustments	匯兌調整	25,567	86	3,370	608	92,237	323	222	122,413
Additions	增添	8,718	270	862	639	12,492	22	6,479	29,472
Reclassification	重新分類	-	-	2,809	-	-	-	(2,809)	-
Disposals	出售	-	-	-	(40)	(81)	-	-	(121)
At 31st December, 2020	二零二零年十二月三十一日	478,378	23,372	80,892	19,874	1,820,261	14,887	4,289	2,441,953
DEPRECIATION	折舊								
At 1st January, 2019	二零一九年一月一日	202,439	2,987	54,112	15,009	588,758	10,788	-	874,093
Exchange adjustments	匯兌調整	(3,358)	(13)	(652)	(129)	(8,083)	(78)	-	(12,313)
Provided for the year	年度撥備	17,812	922	5,249	711	60,287	1,398	-	86,379
Eliminated on disposals	出售時註銷	-	-	-	(30)	(1,144)	-	-	(1,174)
At 31st December, 2019	二零一九年十二月三十一日	216,893	3,896	58,709	15,561	639,818	12,108	-	946,985
Exchange adjustments	匯兌調整	12,687	52	2,575	474	31,375	296	-	47,459
Provided for the year	年度撥備	17,775	982	5,415	601	57,160	1,194	-	83,127
Eliminated on disposals	出售時註銷	-	-	-	(40)	(40)	-	-	(80)
At 31st December, 2020	二零二零年十二月三十一日	247,355	4,930	66,699	16,596	728,313	13,598	-	1,077,491
CARRYING VALUES	賬面值								
At 31st December, 2020	二零二零年十二月三十一日	231,023	18,442	14,193	3,278	1,091,948	1,289	4,289	1,364,462
At 31st December, 2019	二零一九年十二月三十一日	227,200	19,120	15,152	3,106	1,075,795	2,434	397	1,343,204

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Factory premises in the PRC	4% or remaining lease term of the land element, if shorter
Leasehold land and buildings	4% or remaining lease term of the land element, if shorter
Leasehold improvements	20%
Furniture, fixtures and office equipment	10%
Plant, machinery and equipment	3 $\frac{1}{3}$ %–33 $\frac{1}{3}$ %
Motor vehicles	20%

Impairment assessment

With reference to the financial performance and unfavourable market condition noted, the management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amount of the cash-generating units of containerboard segment and corrugated packaging segment which included certain property, plant and equipment with carrying amounts of HK\$1,334,357,000 and HK\$28,816,000, respectively, as at 31st December, 2020 (2019: HK\$1,309,954,000 and HK\$30,816,000). The Group estimates the recoverable amounts of the cash-generating units to which the assets belong when it is not possible to estimate the recoverable amount of the relevant assets individually based on a value-in-use calculation.

Based on the result of the assessment, management of the Group determined that the recoverable amounts of the cash-generating units are higher than the carrying amounts as at 31st December, 2020 and no impairment loss (2019: nil) has been recognised against the carrying amount of property, plant and equipment.

14. 物業、廠房及設備(續)

上述物業、廠房及設備項目(在建工程除外)以直線法按以下年率折舊：

中國廠房	4%或土地部分之餘下租期(以較短者為準)
租賃土地及樓宇	4%或土地部分之餘下租期(以較短者為準)
租賃物業裝修	20%
傢俬、裝置及辦公室設備	10%
廠房、機器及設備	3 $\frac{1}{3}$ %–33 $\frac{1}{3}$ %
汽車	20%

減值評估

經參考財務表現及不利的市場狀況，本集團管理層認為存在減值跡象並對箱板紙分部及瓦楞包裝分部(包括若干物業、廠房及設備)的現金產生單位的可回收金額進行減值評估，於二零二零年十二月三十一日，賬面值分別為1,334,357,000港元及28,816,000港元(二零一九年：1,309,954,000港元及30,816,000港元)。當無法單獨相關資產的估計可收回金額時，本集團根據使用價值計算估計資產所屬現金產生單位的可收回金額。

根據評估結果，本集團管理層認為於二零二零年十二月三十一日現金產生單位的可回收金額高於賬面值，並無(二零一九年：無)就物業、廠房及設備的賬面值確認減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

15. RIGHT-OF-USE ASSETS**15. 使用權資產**

		Leasehold lands 租賃土地 HK\$'000 千港元	Leased properties 租賃物業 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 31st December, 2020	於二零二零年十二月三十一日			
Carrying amount	賬面值	21,293	7,799	29,092
As at 31st December, 2019	於二零一九年十二月三十一日			
Carrying amount	賬面值	20,651	8,114	28,765
For the year ended 31st December, 2020	截至二零二零年 十二月三十一日止年度			
Depreciation charge	折舊費用	542	8,076	8,618
For the year ended 31st December, 2019	截至二零一九年 十二月三十一日止年度			
Depreciation charge	折舊費用	548	7,959	8,507

		Year ended 31st December, 截至十二月三十一日止年度	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Expenses related to short-term leases	與短期租賃有關的開支	239	50
Total cash outflow for leases	租賃現金流出總額	8,232	8,061
Additions to right-of-use assets	增添使用權資產	7,329	8,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

15. RIGHT-OF-USE ASSETS (Continued)

For both years, the Group leases certain warehouse and ancillary office properties for its operations. Lease contracts are entered into with fixed monthly lease payments for fixed term of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

As at 31st December, 2020, included in the Group's right-of-use assets is HK\$1,370,000 (2019: HK\$1,354,000) prepayments under processing arrangement which represents the prepaid amount for land use rights.

16. INVENTORIES

15. 使用權資產(續)

兩年內，本集團為其營運租賃若干倉庫及輔助辦公物業。租賃合約以固定每月租賃付款訂立，期限固定為一至兩年。租期乃在個別基礎上協商，並包含各種不同的條款及條件。

此外，本集團擁有若干主要為生產廠房所在地的工業樓宇和寫字樓。本集團為該等物業權益(包括相關租賃土地)的註冊擁有人。已提前作出一次性付款以收購該等物業權益。僅當所支付的款項能可靠分配時，該等自有物業的租賃土地部分方可單獨呈列。

於二零二零年十二月三十一日，本集團之使用權資產中包括1,370,000港元(二零一九年：1,354,000港元)之加工安排預付款，為土地使用權之預付金額。

16. 存貨

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Raw materials	原材料	95,152	64,277
Work in progress	在製品	317	336
Finished goods	製成品	48,002	29,248
		143,471	93,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

17. TRADE, BILLS AND OTHER RECEIVABLES**17. 貿易、票據及其他應收款項**

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Trade and bills receivables	貿易及票據應收款項	192,473	149,495
Less: allowance for credit losses	減：信貸虧損撥備	(3,108)	(2,935)
		189,365	146,560
Other receivables (note)	其他應收款項(附註)	10,690	22,273
Total trade, bills and other receivables	貿易、票據及其他應收款項總額	200,055	168,833

Note: As at 31st December, 2020, balance included a prepaid service fee to an independent third party amounting to HK\$9,061,000, which will be utilised in year 2021 (2019: HK\$21,403,000, which will be utilised in year 2020).

The Group allows credit periods ranging from 5 to 120 days to its trade customers which may be extended to selected trade customers depending on their trade volume and history of settlement with the Group. The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice dates, which approximate the respective revenue recognition dates, at the end of the reporting period:

附註：於二零二零年十二月三十一日，結餘包括將於二零二一年使用的預付獨立第三方服務費9,061,000港元（二零一九年：將於二零二零年使用的21,403,000港元）。

本集團給予貿易客戶5至120日信貸期，且可以根據特定貿易客戶與本集團之貿易量及過往付款記錄而予以延長該信貸期。下列為於報告期末基於發票日期（與各自之收益確認日期相近）扣除信貸虧損撥備後而呈列之貿易及票據應收款項之賬齡分析：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Within 30 days	30日內	175,169	146,212
31–60 days	31至60日	13,565	348
61–90 days	61至90日	631	–
		189,365	146,560

Before accepting any new customer, the Group uses an external litigation search to assess the potential customer's credit quality and defines credit limits on a customer-by-customer basis. Limits and scoring attributed to customers are reviewed monthly.

在接納任何新顧客前，本集團會採用外部訴訟搜索，評估每名潛在客戶之信貸質素及為每名客戶設定信貸限額。顧客之信貸限額及評級會每月作出檢討。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

17. TRADE, BILLS AND OTHER RECEIVABLES (Continued)

As at 31st December, 2020, included in the Group's trade receivables balance are debtors with aggregate gross amount of HK\$26,776,000 (2019: HK\$20,061,000) which were past due as at the reporting date. Out of the past due balances, no balance (2019: nil) has been past due 90 days or more. The past due amount relates to a number of independent customers that have good trade and payment records with the Group. There has not been a significant change in credit quality of the relevant customers and the Group believes that the balances are still recoverable. The Group does not hold any collateral over these balances.

The average age of these receivables is 59 days (2019: 49 days) based on invoice dates.

Details of impairment assessment of trade and other receivables are set out in note 32.

18. DEPOSITS AND PREPAYMENTS

17. 貿易、票據及其他應收款項(續)

於二零二零年十二月三十一日，本集團之貿易應收款項結餘中包括合計總額為26,776,000港元(二零一九年：20,061,000港元)之應收款項，該等款項於報告日已逾期。已逾期結餘中，並無結餘(二零一九年：無)已逾期90日或以上。該等已逾期款項與多名和本集團保持良好貿易及付款紀錄之獨立客戶有關。該等客戶之信貸質素並無重大改變，且本集團相信仍可收回有關結餘。本集團並無就該等結餘而持有任何抵押品。

根據發票日期，該等應收款項的平均賬齡為59日(二零一九年：49日)。

有關貿易及其他應收款項減值評估之詳情載於附註32。

18. 按金及預付款

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Deposits for acquisition of property, plant and machinery	購置物業、廠房及機器之訂金	128,667	63,790
Insurance prepaid	已預付保險	1,071	1,050
Deposits for purchase of materials	購買物料之按金	-	1,855
Other prepayments and other deposits	其他預付款及其他按金	44,576	3,613
		174,314	70,308
Less: Amount due within one year shown under current assets	減：於流動資產列示之一年內到期金額	(4,471)	(6,518)
Amount due after one year shown under non-current assets	於非流動資產列示之一年後到期金額	169,843	63,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

19. BANK BALANCES AND CASH

Bank balances and cash carry interest at prevailing market rates from 0.001% to 1.600% (2019: 0.001% to 1.350%).

Included in the carrying amount of the Group's bank balances are following amount denominated in currencies other than functional currency of the relevant Group entities:

19. 銀行結餘及現金

銀行結餘及現金乃按現行市場利率0.001%至1.600%(二零一九年:0.001%至1.350%)計息。

本集團銀行結餘之賬面值包括下列以相關集團實體之功能貨幣以外之貨幣列值之金額:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
RMB	人民幣	64,743	34,527
United States dollars ("USD")	美元(「美元」)	14,951	12,552
HK\$	港元	11,053	3,116

20. TRADE, BILLS AND OTHER PAYABLES

The suppliers of the Group grant credit periods ranging from 30 to 90 days. The following is an aged analysis of trade and bills payables presented based on the invoice due dates at the end of the reporting period:

20. 貿易、票據及其他應付款項

本集團之供應商授出介乎30至90日的信貸期。下列為於報告期末基於發票到期日期而呈列之貿易及票據應付款項之賬齡分析:

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Current	即期	58,012	46,266
Overdue 1 to 30 days	逾期1至30日	1,957	351
Overdue 31 to 60 days	逾期31至60日	1,085	6
Overdue for more than 60 days	逾期60日以上	8,204	825
Trade and bills payables	貿易及票據應付款項	69,258	47,448
Payables for the acquisition of property, plant and equipment	購置物業、廠房及設備之應付款項	9,143	16,337
Other PRC tax payables	應付其他中國稅項	28,158	27,150
Accrued charges (note)	應計支出(附註)	97,518	77,630
Other payables	其他應付款項	20,777	12,090
		224,854	180,655

Note: Major items in accrued charges are accrued salaries and wages.

附註: 應計支出的主要項目為應計薪金及工資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

20. TRADE, BILLS AND OTHER PAYABLES (Continued)

The average credit period on purchases of goods is 32 days (2019: 33 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

21. LEASE LIABILITIES

20. 貿易、票據及其他應付款項(續)

購買貨物之平均信貸期為32日(二零一九年：33日)。本集團訂有財務風險管理政策，以確保所有應付款項均在信貸期限內清還。

21. 租賃負債

		31st December, 十二月三十一日	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Lease liabilities payable:	應付租賃負債：		
Within one year	一年內	7,970	7,832
Within a period of more than one year but not more than two years	於一年以上但不超過 兩年的期間內	-	311
		7,970	8,143
Less: Amount due for settlement with 12 months shown under current liabilities	減：於流動負債列示之 十二個月內到期償還金額	(7,970)	(7,832)
Amount due for settlement after 12 months shown under non-current liabilities	於非流動負債列示之 十二個月後到期償還金額	-	311

The weighted average incremental borrowing rates applied to lease liabilities range from 3.0% to 3.6% (2019: 3%).

租賃負債所採用的加權平均增量借款利率介乎3.0%至3.6%(二零一九年：3%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

22. UNSECURED BANK BORROWINGS**22. 無抵押銀行借貸**

Unsecured bank borrowings comprise:

無抵押銀行借貸包括：

		Effective interest rate 實際利率	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Bank loans	銀行貸款	1.626%–5.463% (2019: 2.446%–3.700%) 1.626%–5.463% (二零一九年： 2.446%至3.700%)	282,614	216,856
Carrying amount repayable*:	應償還賬面值*：			
Within one year	一年內		80,718	135,207
More than one year, but not exceeding two years	一年以上但不超過兩年		38,235	23,593
More than two years, but not exceeding five years	兩年以上但不超過五年		105,883	10,000
			224,836	168,800
Carrying amount of bank loans that contain a repayment on demand clause (shown under current liabilities) and repayable within one year	包含按要求償還條款 (於流動負債列示)及 應於一年內償還之 銀行貸款之賬面值		57,778	48,056
			282,614	216,856
Less: Amount due within one year shown under current liabilities	減：於流動負債列示之 一年內到期金額		(138,496)	(183,263)
Amounts due after one year shown as non-current liabilities	於非流動負債列示之 一年後到期金額		144,118	33,593

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

* 到期金額乃根據載於貸款協議之議定預定還款日期釐定。

As at 31st December, 2020 and 31st December, 2019, the unsecured bank borrowings carry interest at floating rates, thus exposing the Group to cash flow interest rate risk. The interest rates are linked to Hong Kong Interbank Offered Rate ("HIBOR") and PRC Loan Prime Rate ("LPR").

於二零二零年十二月三十一日及二零一九年十二月三十一日，無抵押銀行借貸按浮動利率計息，因此本集團須承擔現金流量利率風險。該等利率與香港銀行同業拆息（「香港銀行同業拆息」）及中國貸款市場報價利率（「貸款市場報價利率」）掛鈎。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

23. SHARE CAPITAL

23. 股本

		Number of shares 股份數目 2020 & 2019 二零二零年及 二零一九年	Share capital 股本 2020 & 2019 二零二零年及 二零一九年 HK\$'000 千港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元之普通股股份		
Authorised:	法定股本：		
At 1st January, 2019, 31st December, 2019 and 31st December, 2020	於二零一九年一月一日、 二零一九年十二月三十一日及 二零二零年十二月三十一日	1,000,000,000	100,000
Issued and fully paid:	已發行及繳足股本：		
At 1st January, 2019	於二零一九年一月一日	796,824,000	79,682
Exercise of share options	行使購股權	20,820,000	2,082
At 31st December, 2019 and 2020	於二零一九年及 二零二零年十二月三十一日	817,644,000	81,764

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

24. DEFERRED TAXATION

The followings are the deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting years:

24. 遞延稅項

以下為本集團確認之遞延稅項負債(資產)及於本報告年度及以往報告年度之變動：

		Tax losses	Accelerated tax depreciation	Undistributed earnings of the PRC subsidiaries 中國附屬公司之未分派盈利	Write-down of inventories 存貨撇減	Total
		稅項虧損 HK\$'000 千港元	加速稅項折舊 HK\$'000 千港元	未分派盈利 HK\$'000 千港元	存貨撇減 HK\$'000 千港元	總計 HK\$'000 千港元
At 1st January, 2019	於二零一九年一月一日	-	54,345	22,550	(32)	76,863
(Credit) charge to profit or loss	在損益(計入)扣除	(8,663)	(235)	(6,089)	32	(14,955)
Utilised during the year	年內已動用	-	-	(1,249)	-	(1,249)
Exchange adjustments	匯兌調整	-	(3,198)	(261)	-	(3,459)
At 31st December, 2019	於二零一九年十二月三十一日	(8,663)	50,912	14,951	-	57,200
Charge to profit or loss	在損益扣除	-	3,300	-	-	3,300
Exchange adjustments	匯兌調整	(509)	3,163	880	-	3,534
At 31st December, 2020	於二零二零年十二月三十一日	(9,172)	57,375	15,831	-	64,034

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1st January, 2008 onwards.

根據中國企業所得稅法，預扣稅乃向中國附屬公司自二零零八年一月一日起所賺取之利潤而宣派之股息徵稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

25. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company approved and adopted a share option scheme (the "Scheme") on 3rd June, 2013 for the primary purpose of providing incentive or rewards to selected participants for their contribution to the Group.

Under the Scheme, the board of directors of the Company may grant options to eligible employees, including executive or non-executive directors (including independent non-executive directors), of the Company, its subsidiaries, or any entity ("Invested Entity") in which any member of the Group holds any equity interest, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity, and any consultants, advisers, managers, officers or entities that provides research, development or other technological support to the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme must not in aggregate exceed 10% of the shares of the Company in issue as at the date of the passing of the ordinary resolution for adoption of the Scheme. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised at any time under the Scheme shall not exceed 30% of the issued share capital of the Company from time to time.

25. 以股份支付之支出

股權支付交易購股權計劃

本公司已於二零一三年六月三日批准及採納購股權計劃(「該計劃」)，主要目的為對本集團作出貢獻之指定參與者作出鼓勵或獎賞。

根據該計劃，本公司董事會可向本公司、其附屬公司或本集團任何成員公司持有任何股權之任何機構(「所投資機構」)之合資格僱員(包括執行董事或非執行董事或獨立非執行董事)授出購股權，以認購本公司股份。另外，本公司有權不時授出購股權予任何向本集團之任何成員公司或任何所投資機構提供貨物或服務之任何供應商、本集團或任何所投資機構之任何客戶，以及向本集團或任何所投資機構提供研究、開發或其他技術支援服務之任何諮詢人、顧問、經理、高級職員或機構。

根據該計劃授出之購股權獲全數行使時可予發行之股份總數，合共不得超逾採納該計劃之普通決議案獲通過當日本公司已發行股份之10%。於任何時間因行使根據該計劃授出而未行使之全部購股權而可予以發行股份之數目，不得超過本公司不時已發行股本之30%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

25. SHARE-BASED PAYMENTS (Continued)

Equity-settled share option scheme (Continued)

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders in accordance with the Scheme. Where any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates would result in the shares in the Company issued and to be issued upon exercise of all options to such person in the 12-month period up to and including the date of grant in excess of 0.1% of the shares of the Company in issue and with a value (based on the closing price of the shares of the Company at the offer date of each offer) in excess of HK\$5,000,000, such grant of options must be approved in advance by the Company's shareholders in accordance with the Scheme.

An option may be exercised at any time during the period to be determined and notified by the directors to the grantee and in the absence of such determination, from the date of acceptance of an offer of the grant of such option to the earlier of the date on which such option lapses and ten years from the date of offer of that option. A consideration of HK\$1 is payable upon acceptance of the offer.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the share; the closing price of the Company's shares on the date of offer; and the average closing price of the shares for the five business days immediately preceding the date of offer.

25. 以股份支付之支出(續)

股權支付交易購股權計劃(續)

未經本公司股東根據該計劃事先批准，向任何個人可能授出之購股權涉及之股份數目，於任何十二個月期間，均不得超過本公司於任何時間已發行股份之1%。倘向一名主要股東或獨立非執行董事或任何彼等各自之聯繫人士授出任何購股權，會導致因授予該人士之所有購股權獲行使而於截至授出日期(包括當日)止十二個月期間，已經及將予以發行之本公司股份，合共佔本公司已發行股份超過0.1%，且價值(根據本公司股份於每次授出購股權日期之收市價計算)超過5,000,000港元，則根據該計劃該項授出購股權須事先得到本公司股東批准。

購股權可於董事釐定及知會承授人之期間內隨時行使，倘未有釐定，則由接納授出購股權日期起至該購股權失效之日或授出該購股權日期起計十年之較早日期。於接納購股權時須付1港元代價。

行使價乃由本公司董事釐定，惟不得低於股份面值、本公司股份於授出日期之收市價及股份緊接授出日期前五個營業日之平均收市價之較高者。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

25. SHARE-BASED PAYMENTS (Continued)**Equity-settled share option scheme (Continued)**

The following table discloses details of the Company's share options held by the directors and other employees and movements in such holdings during the year:

Option type	Date of grant	Exercise price	Outstanding at 1.1.2019 於二零一九年一月一日 尚未行使	Exercised during the year 年內行使	Forfeited during the year 年內沒收	Outstanding at 31.12.2019 於二零一九年十二月三十一日 尚未行使	Outstanding at 31.12.2020 於二零二零年十二月三十一日 尚未行使
購股權類別	授出日期	行使價 HK\$ 港元					
Granted under Scheme 根據該計劃授出							
Option type G G類購股權	15.10.2018 二零一八年十月十五日	0.435	42,640,000	(20,820,000)	(200,000)	21,620,000	21,620,000
Exercisable at the end of the year 於年末可行使						300,000	11,060,000
Weighted average exercised price 加權平均行使價			0.435	0.435	0.435	0.435	0.435

Note:

The vesting period, which is the period from the date of grant to the exercisable date, of the share options granted is determined by directors of the Company at each time when the options are granted. Holders of share options granted under the Scheme may only exercise their options during the exercisable periods as follows:

**Option type G
G類購股權****Maximum % of share options exercisable
可行使購股權最高百分比**

Exercisable periods:

可行使期間：

1.5.2019–30.4.2020

up to 50%
最高可達50%

1.5.2020–30.4.2021

up to 75%
最高可達75%

1.5.2021–30.4.2026

up to 100% (to the extent not already exercised)
最高可達100%(以尚未行使者為限)**25. 以股份支付之支出(續)****股權支付交易購股權計劃(續)**

下表披露由董事及其他僱員持有之本公司購股權以及該等購股權於年內之變動詳情：

附註：

授出購股權之歸屬期為授出日期至可行使日期期間，乃由本公司董事於每次授出購股權時釐定。根據該計劃授出之購股權之持有人僅可於以下可行使期間行使其購股權：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

25. SHARE-BASED PAYMENTS (Continued)**Equity-settled share option scheme (Continued)**

During the year ended 31st December, 2019, 20,820,000 ordinary shares were issued on 6th May, 2019 at the subscription price of HK\$0.435 each for a cash consideration of HK\$9,057,000 upon the exercise of the share options type G. The weighted average share price at the date of exercise was HK\$0.410.

The fair values of the share options at the grant date were calculated using the Binomial model. The inputs into the model were as follows:

Share price on the date of grant	於授出日期之股價	HK\$0.42港元
Exercise price	行使價	HK\$0.435港元
Expected volatility	預期波幅	60%
Expected life from date of grant	由授出日期起計預計年期	0.5–7.5 years年
Risk free rate	無風險利率	2.42%
Expected dividend yield	預計股息率	1.78%

Expected volatility was determined by using the historical volatility of the Company's 875-day share prices before the date of grant. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised total expense of HK\$1,338,000 (2019: HK\$4,697,000) for the year ended 31st December, 2020 in relation to share options granted by the Company.

26. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements

已訂約但未於綜合財務報表
提撥之廠房及設備收購
資本開支

56,952

93,934

25. 以股份支付之支出(續)**股權支付交易購股權計劃(續)**

截至二零一九年十二月三十一日止年度，本公司於G類購股權獲行使時於二零一九年五月六日以認購價每股0.435港元發行20,820,000股普通股，現金代價為9,057,000港元。於行使日期的加權平均股價為0.410港元。

於授出日期之購股權的公平值乃使用二項式模式計算。該模式之輸入數據如下：

預期波幅根據本公司於授出日期前875日期間之股價於過往之波幅釐定。該模式使用之預計年期已按管理層就不可轉讓性、行使限制及行為代價之影響作出之最佳估計調整。

本集團確認截至二零二零年十二月三十一日止年度與本公司所授出之購股權有關之總支出為1,338,000港元(二零一九年：4,697,000港元)。

26. 資本承擔

2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
56,952	93,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

27. RETIREMENT BENEFIT SCHEME

Hong Kong

The Group has joined the MPF Scheme for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

PRC

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

During the year, the retirement benefit scheme contributions amounted to approximately HK\$6,409,000 (2019: HK\$11,613,000), the decrease in retirement benefit scheme contributions is mainly due to decrease in social insurance contribution following the local governments social insurance concessive policy due to COVID-19.

27. 退休福利計劃

香港

本集團為其香港僱員加入強積金計劃。強積金計劃根據強制性公積金計劃條例於強制性公積金計劃管理局註冊。強積金計劃之資產與本集團資產分開，並由獨立受託人控制之基金託管。根據強積金計劃規則，僱主及其僱員各自須按規則指定的比率向強積金計劃繳付供款。本集團就強積金計劃之唯一責任是向強積金計劃繳付規定的供款。

於綜合損益及其他全面收益表支銷之強積金計劃退休福利計劃供款為本集團按計劃規定之比率應付基金之供款。

中國

本集團之中國附屬公司僱員為中國政府營運之國家管理退休福利計劃成員。附屬公司須將彼等僱員之薪酬某一百分比率向國家管理之退休福利計劃供款。本集團就退休福利計劃之唯一責任為向該計劃繳付規定的供款。

年內，退休福利計劃供款約為6,409,000港元(二零一九年：11,613,000港元)，退休福利計劃供款減少主要由於地方政府因COVID-19疫情實施社會保險減免政策後，社會保險供款有所減少。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

28. CONTINGENT LIABILITIES

The Hong Kong Inland Revenue Department (the "IRD") had previously issued estimated/additional assessments to the Company and certain subsidiaries of the Company for the period from June 2006 to March 2017 amounting to HK\$60,471,000 in aggregate. The Group had lodged valid objections with the IRD against the relevant estimated/additional assessments.

The IRD further issued estimated/additional assessments to the Company and certain subsidiaries of the Company in January 2018 and January 2019 in respect of year of assessment 2011/2012 and 2012/2013 respectively, demanding for tax in dispute of HK\$12,174,000 in aggregate and HK\$4,260,000 in aggregate respectively, and the Group had lodged objections with the IRD against these estimated/additional assessments in February 2018 and February 2019.

On 28th October, 2019, a settlement proposal (the "Settlement Proposal") regarding above tax audit and the year of assessment 2013/2014 to 2018/2019 was submitted by the Company to the IRD, which was approved by the IRD on 17th December, 2019. Based on the Settlement Proposal, no additional tax provision is required to be provided by the Group and previous year's tax provision amounting to HK\$8,310,000 and interest payable of HK\$1,773,000 were settled by the tax reserve certificates of HK\$11,171,000 purchased in prior years. Further, a tax penalty of HK\$1,385,000 was charged by the IRD and recognised in profit or loss during the year ended 31st December, 2019.

28. 或然負債

香港稅務局(「稅務局」)早前於二零零六年六月至二零一七年三月期間向本公司及本公司之若干附屬公司發出估計／額外評稅，稅額合共為60,471,000港元。本集團已就相關估計／額外評稅向稅務局提出有效反對。

稅務局於二零一八年一月及二零一九年一月分別就二零一一年／二零一二年及二零一二年／二零一三年課稅年度之稅務糾紛再向本公司及本公司若干附屬公司發出估計／額外評稅合共12,174,000港元及合共4,260,000港元，而本集團已於二零一八年二月及二零一九年二月就該等估計／額外評稅向稅務局遞交反對書。

於二零一九年十月二十八日，本公司就上述稅務稽查及二零一三年／二零一四年至二零一八年／二零一九年課稅年度向稅務局提交和解建議書(「和解建議書」)，且和解建議書於二零一九年十二月十七日獲稅務局批准。根據和解建議書，本集團無須計提額外稅項撥備，而往年之稅項撥備8,310,000港元及應付利息1,773,000港元已通過於過往年度購買之11,171,000港元之儲稅券結算，此外，稅務局已徵收1,385,000港元稅款罰金，並於截至二零一九年十二月三十一日止年度內於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

29. RELATED PARTY TRANSACTIONS

The remuneration of directors, who are the key management of the Group, during the year was as follows:

29. 關連人士交易

身為本集團主要管理人員之董事於年內之酬金如下：

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Short-term benefit	短期福利	15,046	14,952
Post-employment benefit	退休金	63	54
Share-based payments	以股份支付之支出	812	2,854
		15,921	17,860

The remuneration of executive directors, who are also the key executives of the Group, is determined by the remuneration committee having regard to the performance of individuals and market trends.

執行董事亦身兼本集團主要行政人員，彼等之酬金由薪酬委員會視乎個人表現及市場趨勢釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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.

30. 融資活動之負債對賬

下表詳列本集團融資活動之負債變動，包括現金及非現金變動。融資活動產生之負債乃指其現金流量及未來現金流量於本集團綜合現金流量表中分類為融資活動現金流量之負債。

		Lease liabilities	Unsecured bank borrowings and interest payable	Total
		租賃負債	無抵押銀行借貸及應付利息	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
		(note 21)		
		(附註21)		
At 1st January, 2019	於二零一九年一月一日	7,503	221,364	228,867
Financing cash flows (note a)	融資現金流量(附註a)	(8,061)	(9,850)	(17,911)
Lease modification (note b)	租賃修訂(附註b)	8,691	-	8,691
Interest accrued	應計利息	130	6,059	6,189
Foreign exchange translation	外匯換算	(120)	(408)	(528)
At 31st December, 2019	於二零一九年十二月三十一日	8,143	217,165	225,308
Financing cash flows (note a)	融資現金流量(附註a)	(8,232)	49,175	40,943
Lease modification (note b)	租賃修訂(附註b)	7,329	-	7,329
Interest accrued	應計利息	306	8,507	8,813
Foreign exchange translation	外匯換算	424	8,076	8,500
At 31st December, 2020	於二零二零年十二月三十一日	7,970	282,923	290,893

Notes:

- (a) The cash flows represent the proceeds used for addition/repayment of bank borrowings, repayment of lease liabilities and interest paid in the consolidated statement of cash flows.
- (b) During the year, the Group renewed lease agreement for the use of leased properties for one year (2019: one year) before expiry. On the lease modification date, the Group recognised HK\$7,329,000 of right-of-use asset (2019: HK\$8,691,000) and HK\$7,329,000 lease liability (2019: HK\$8,691,000), which is a major non-cash transaction.

附註：

- (a) 現金流量指綜合現金流量表中用作增添／償還銀行借貸、償還租賃負債及已付利息的所得款項。
- (b) 年內，本集團於使用租賃物業的租賃協議屆滿前予以續期一年(二零一九年：一年)。於租賃修訂日期，本集團確認使用權資產7,329,000港元(二零一九年：8,691,000港元)及租賃負債7,329,000港元(二零一九年：8,691,000港元)，列作主要非現金交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that 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 debt, which includes the lease liabilities and unsecured bank borrowings disclosed in notes 21 and 22 respectively and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

31. 資本風險管理

為確保本集團旗下各實體可繼續持續經營，本集團對其資本實行管理，並透過使債務及股本達致最佳平衡而為股東取得最大回報。本集團的整體策略自往年起維持不變。

本集團的資本架構包括債務(當中包括附註21及22所分別披露之租賃負債及無抵押銀行借貸)以及本公司擁有人應佔權益(包括已發行股本及儲備)。

本公司董事定期檢討資本架構。作為檢討的一部分，本公司董事已考慮資金成本及每類資本的相關風險。根據本公司董事的建議，本集團將透過派付股息、發行新股、購回股份以及發行新債項或贖回現有債項，藉以平衡整體資本架構。

32. 金融工具

(a) 金融工具之類別

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
<i>Financial assets</i>			
<i>Financial assets at amortised cost</i>			
<i>Financial assets</i>	<i>財務資產</i>		
Financial assets at amortised cost	按攤銷成本計量之財務資產	483,830	441,196
<i>Financial liabilities</i>			
<i>Financial liabilities at amortised cost</i>			
<i>Financial liabilities</i>	<i>財務負債</i>		
Financial liabilities at amortised cost	按攤銷成本計量之財務負債	400,689	304,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, deposits, bank balances and cash, trade, bills and other payables, lease liabilities and unsecured bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

Non-derivative foreign currency monetary assets and monetary liabilities

A significant portion of the Group's sales is denominated in RMB and significant portion of the Group's purchases is denominated in RMB and USD. The Group's manufacturing operations are located in the PRC.

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain bank balances, trade, bills and other receivables, trade, bills and other payables and unsecured bank borrowings are denominated in the foreign currencies of the relevant group entities. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging foreign exposure should the need arise.

32. 金融工具(續)

(b) 財務風險管理目標及政策

本集團之主要金融工具包括貿易、票據及其他應收款項、按金、銀行結餘及現金、貿易、票據及其他應付款項、租賃負債以及無抵押銀行借貸。該等金融工具之詳情載於各有關附註內。該等金融工具涉及之風險包括市場風險(外幣風險及利率風險)、信貸風險及流動資金風險。下文載列降低該等風險之政策。本公司董事管理及監察該等風險，確保適時和有效地採取適當措施。

市場風險

外幣風險

非衍生外幣貨幣資產與貨幣負債

本集團大部份銷售以人民幣列值，而本集團大部份採購乃以人民幣及美元列值。本集團之製造業務位於中國。

本集團的多間附屬公司以外幣進行買賣，令本集團承受外幣風險。若干銀行結餘、貿易、票據及其他應收款項、貿易、票據及其他應付款項以及無抵押銀行借貸以相關集團實體之外幣列值。本集團現時並無外匯對沖政策。然而，本集團管理層會監察外匯風險及於有需要時考慮對沖外匯風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Non-derivative foreign currency monetary assets and monetary liabilities (Continued)

At the reporting date, the carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities are as follows:

		Assets 資產		Liabilities 負債	
		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
RMB	人民幣	64,946	34,527	-	-
HK\$	港元	12,088	4,535	68,354	65,000
USD	美元	15,431	13,374	10,548	6,906

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. Sensitivity rate of 5% represents the assessment of the directors of the Company of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates.

The sensitivity analysis below shows the impact relates to monetary assets or liabilities that are denominated in RMB, HK\$ or USD against the functional currencies of relevant group entities, HK\$ or RMB respectively.

32. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

外幣風險(續)

非衍生外幣貨幣資產與貨幣負債(續)

於報告日，本集團的有關集團實體各自以功能貨幣以外之貨幣列值的貨幣資產及貨幣負債之賬面值如下：

外幣敏感度分析

下表詳列本集團對有關集團實體之功能貨幣兌相關外幣升值及貶值5%之敏感度。敏感率5%為本公司董事對匯率可能變動之合理評估。敏感度分析僅包括以外幣計算之尚未平倉貨幣項目，並於年末調整其兌換以反映匯率之5%變動。

下文之敏感度分析顯示以人民幣、港元或美元計值之貨幣資產或負債分別兌相關集團實體功能貨幣港元或人民幣之影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****Market risk (Continued)****Foreign currency risk (Continued)**

Non-derivative foreign currency monetary assets and monetary liabilities (Continued)

Foreign currency sensitivity analysis (Continued)

In relation to monetary assets, where the functional currency of the relevant group entity strengthens 5% against the currency in which the assets are denominated, there would be a decrease in post-tax profit (2019: increase in post-tax loss) for the year. However, in relation to monetary liabilities, where the functional currency of the relevant group entity strengthens 5% against the currency in which the liabilities are denominated, there would be an increase in post-tax profit (2019: decrease in post-tax loss) for the year. A 5% weakening of the functional currency would have an equal but opposite impact on the post-tax profit (2019: post-tax loss) for the year.

32. 金融工具(續)**(b) 財務風險管理目標及政策(續)****市場風險(續)****外幣風險(續)**

非衍生外幣貨幣資產與貨幣負債(續)

外幣敏感度分析(續)

就貨幣資產而言，倘相關集團實體之功能貨幣較資產所採納計值之貨幣升值5%，則年度稅後利潤將會減少(二零一九年：稅後虧損增加)。然而，就貨幣負債而言，倘相關集團實體之功能貨幣較負債所採納計值之貨幣升值5%，則年度稅後利潤將會增加(二零一九年：稅後虧損減少)。功能貨幣貶值5%，則年度稅後利潤(二零一九年：稅後虧損)會受到相同數額但相反之影響。

	RMB Impact 人民幣之影響		USD Impact 美元之影響		HK\$ Impact 港元之影響	
	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
(Decrease) increase in post-tax profit (2019: decrease (increase) in post-tax loss)						
稅後利潤 (減少)增加 (二零一九年： 稅後虧損減少 (增加)	(2,712)	(1,441)	(204)	(270)	2,348	2,524

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

本公司董事認為，由於年末風險並不能反映年內之風險，故敏感度分析並不代表固有之外匯風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 21 for details) and cash flow interest rate risk in relation to variable-rate bank borrowings (see note 22 for details of these borrowings), bank balances and deposits. The directors consider that the interest rate risk on bank balances and deposits are minimal, accordingly, no sensitivity analysis is performed.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and LPR arising from the Group's borrowings denominated in HK\$ and RMB.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivatives instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. Increase or decrease in a 50 basis points represents the assessment of the directors of the Company of the reasonably possible change in interest rates. For the Group's exposure to interest rates on its variable-rate bank borrowings, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit (2019: loss) for the year would have decreased/increased by HK\$1,180,000 (2019: increased/decreased by HK\$905,000).

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

32. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

利率風險

本集團承受與租賃負債有關之公平值利率風險(詳情請見附註21)及與浮息銀行借貸(該等借貸之詳情請見附註22)、銀行結餘及存款有關之現金流量利率風險。董事認為，銀行結餘及存款之利率風險極低。因此，無須進行敏感度分析。

本集團承受財務負債之利率風險詳述於本附註之流動資金風險部份內。由於本集團的借貸以港元及人民幣列值，本集團的現金流量利率風險主要集中於香港銀行同業拆息及貸款市場報價利率之波動。

利率敏感度分析

敏感度分析乃根據非衍生工具所承受之利率風險而作出，此分析乃假設於報告期末未償還的金融工具乃於整個年度未償還。增加或減少50個基點為本公司董事對利率可能合理變動之評估。本集團的浮息銀行借貸面對利率風險，如利率增加/減少50個基點，而所有其他變數維持不變，則本集團之年度稅後利潤(二零一九年：虧損)將會減少/增加1,180,000港元(二零一九年：增加/減少905,000港元)。

本公司董事認為，由於年末風險並不能反映年內之風險，故敏感度分析並不代表利率風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at 31st December, 2020, 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 is arising 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

In order to minimise the credit risk, the directors of the Company has 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 receivables individually or based on a collective assessment. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas, and thus the Group does not have significant concentration of credit risk.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors with gross carrying amount of HK\$3,108,000 as at 31st December, 2020 (2019: HK\$2,935,000), the Group determines the ECL on the trade receivables that are not credit-impaired with gross carrying amount of HK\$189,365,000 as at 31st December, 2020 (2019: HK\$146,560,000) under collective assessment, grouped based on shared credit risk characteristics by reference to past default experience and current past due status of debtors.

32. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險及減值評估

於二零二零年十二月三十一日，本集團因交易夥伴未能履行責任造成本集團財務損失而面對之最高信貸風險，乃源自於綜合財務狀況表所示各自己確認財務資產之賬面值。

客戶合約產生的貿易應收款項

為盡量降低信貸風險，本公司董事已委派一組人員負責制訂信貸限額、信貸審批及其他監控程序，以確保採取跟進措施收回逾期未付之債項。此外，本集團根據預期信貸虧損模式，或根據集體評估，作出減值評估。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

貿易應收款項涉及大量客戶，並跨越不同行業以及地區，因此本集團並無重大集中之信貸風險。

就貿易應收款項而言，本集團已就香港財務報告準則第9號應用簡化方式，計量全期的預期信貸虧損的撥備。除於二零二零年十二月三十一日總賬面值為3,108,000港元(二零一九年：2,935,000港元)的款項已出現信貸減值的債務人外，本集團參考債務人的過往違約經驗及目前逾期情況，根據共有的信貸風險特徵分組，使用集體評估釐定於二零二零年十二月三十一日總賬面值為189,365,000港元(二零一九年：146,560,000港元)並未出現信貸減值的貿易應收款項的預期信貸虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers (Continued)

As part of the Group's credit risk management, the Group uses debtors' past due status to assess the impairment for its customers because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default 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.

During the year ended 31st December, 2020, no impairment allowance (2019: impairment allowance of HK\$551,000) is recognised for trade receivables.

Bank balances

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 with gross carrying amount of HK\$291,556,000 as at 31st December, 2020 (2019: HK\$292,299,000) is considered to be insignificant.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

32. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

客戶合約產生的貿易應收款項(續)

作為本集團信貸風險管理的部分，本集團使用債務人的過往逾期情況，評估其客戶的減值，因為該等客戶包括具有常見風險特徵的大量客戶，該等特徵代表客戶根據合約條款償還所有款項的能力。

估計虧損比率乃根據過往觀察到違約比率相比債務人的預期期限估計，以及就毋須付出不必要的成本或費力而取得的前瞻性資料作出調整。分組會由管理層定期檢視，確保關於債務人的相關資料已獲得更新。

於截至二零二零年十二月三十一日止年度，本集團並無就貿易應收款項確認減值撥備(二零一九年：減值撥備551,000港元)。

銀行結餘

本集團參考有關違約可能性及虧損導致違反外部信用評級機構公佈的有關信貸評級等級資料，對銀行結餘進行12個月預期信貸虧損評估。根據平均虧損率，與於二零二零年十二月三十一日總賬面值為291,556,000港元(二零一九年：292,299,000港元)的銀行結餘有關的12個月預期信貸虧損被認為並不重大。

流動資金的信貸風險有限，原因為交易對手乃獲國際信貸評級機構授予高度信貸評級的銀行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31st December, 2020, the Group assessed the ECL for other receivables and deposits with gross carrying amount of HK\$2,904,000 as at 31st December, 2020 (2019: HK\$2,337,000) was insignificant and thus no loss allowance was recognised.

Liquidity risk

In the management of the 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 fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan repayment terms.

The Group relies on bank borrowings as a significant source of liquidity. As at 31st December, 2020, the Group has available undrawn borrowing facilities of approximately HK\$129,462,000 (2019: HK\$252,941,000). The Group monitors its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions to meet the Group's liquidity requirements in the short and long term.

32. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險及減值評估(續)

其他應收款項及按金

就其他應收款項及按金而言，本公司董事根據過往償付記錄、過往經驗以及合理且具理據支持的前瞻性定量及定性資料，對其他應收款項及按金的可收回性進行定期個別評估。本公司董事認為自初始確認以來該等款項的信貸風險並無顯著增加且本集團根據12個月預期信貸虧損撥備減值。截至二零二零年十二月三十一日止年度，本集團評估於二零二零年十二月三十一日總賬面值為2,904,000港元(二零一九年：2,337,000港元)的其他應收款項及按金的預期信貸虧損並不重大，因此並無確認虧損撥備。

流動資金風險

在管理流動資金風險時，本集團監控及維持管理層認為充足之現金及現金等值水平，從而為本集團營運提供資金及減低現金流量波動之影響。管理層監控銀行借貸之動用情況，並確保符合貸款償還條款之規定。

本集團依賴銀行借貸作為其流動資金之主要來源。於二零二零年十二月三十一日，本集團有未提取的借貸融資約129,462,000港元(二零一九年：252,941,000港元)。本集團會定期監控其當前及預期流動資金需求，確保其維持充足之流動現金及從信譽良好之金融機構獲得足夠之承諾貸款額以應付本集團之短期及長期流動資金需求。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial 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 borrowings 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.

Liquidity and interest risk tables

32. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險(續)

下表詳列本集團之財務負債之剩餘合約到期期限。該表乃按本集團可被要求付款的最早到期日的財務負債未折現現金流量列示。特別是，包含按要求償還條款之銀行借貸，不論銀行會否行使其權利，均納入最早到期期間。其他非衍生財務負債之到期日則按照議定還款日期。表中包括利息及本金現金流量。

流動資金及利息風險表

	Weighted average effective interest rate	On demand or less than 1 month	1-3 month(s)	3 months to 1 year	1-2 year(s)	2-5 years	Total undiscounted cash flows	Carrying amount
	%	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
2020								
Trade, bills and other payables		118,075	-	-	-	-	118,075	118,075
Lease liabilities	3.6	762	1,524	6,576	-	-	8,862	7,970
Unsecured bank borrowings - variable rate	3.3	95,575	6,014	44,713	44,209	108,351	298,862	282,614
		214,412	7,538	51,289	44,209	108,351	425,799	408,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****Liquidity risk (Continued)**

Liquidity and interest risk tables (Continued)

	Weighted average effective interest rate 加權平均 實際利率 %	On demand or less than 1 month 按要求或 一個月內 HK\$'000 千港元	1-3 month(s) 一個月至 三個月 HK\$'000 千港元	3 months to 1 year 三個月至 一年 HK\$'000 千港元	1-2 year(s) 一年至兩年 HK\$'000 千港元	2-5 years 兩年至五年 HK\$'000 千港元	Total undiscounted cash flows 未折現現金 流量總額 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元	
2019									
二零一九年									
Trade, bills and other payables	貿易、票據及其他應付款項	-	87,566	-	-	-	-	87,566	87,566
Lease liabilities	租賃負債	3.0	693	1,460	6,044	333	-	8,530	8,143
Unsecured bank borrowings – variable rate	無抵押銀行借貸 – 浮息	3.6	153,740	6,457	25,396	24,400	10,194	220,187	216,856
			241,999	7,917	31,440	24,733	10,194	316,283	312,565

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31st December, 2020, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$57,778,000 (2019: HK\$48,056,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

包含按要求償還條款之銀行貸款均歸入上述到期日分析中的「按要求或一個月內」期間。於二零二零年十二月三十一日，該等銀行貸款的主要未折現本金額為57,778,000港元(二零一九年：48,056,000港元)。經考慮本集團財務狀況後，董事相信銀行應不會行使其可要求立即還款之酌情權利。

32. 金融工具(續)**(b) 財務風險管理目標及政策(續)****流動資金風險(續)**

流動資金及利息風險表(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

32. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****Liquidity risk (Continued)***Liquidity and interest risk tables (Continued)*

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as set out in the table below:

		Weighted average effective interest rate 加權平均 實際利率 %	Within 1 year 一年內 HK\$'000 千港元	Total undiscounted cash flows 未折現 現金流量總額 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
2020	二零二零年				
Bank loans with a repayment on demand clause	包含按按要求償還條款之銀行貸款	1.51	57,852	57,852	57,778
2019	二零一九年				
Bank loans with a repayment on demand clause	包含按按要求償還條款之銀行貸款	2.90	48,209	48,209	48,056

The amounts included above for non-derivative financial liabilities with variable interest rate are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

32. 金融工具(續)**(b) 財務風險管理目標及政策(續)****流動資金風險(續)***流動資金及利息風險表(續)*

為管理流動資金風險，管理層根據下表所載協議內之預定還款日期對包含按按要求償還條款之本集團銀行貸款的預計現金流量資料進行檢討：

倘浮動利率於報告期末之變動不同於已釐定之利率估計，則以上關於非衍生財務負債(按浮動利率)的金額須作出變更。

(c) 公平值

本公司董事認為綜合財務報表內以攤銷成本記錄之財務資產及財務負債之賬面值與其公平值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

33. 本公司財務狀況及儲備表

		2020 二零二零年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Non-current asset	非流動資產		
Interest in subsidiaries	於附屬公司之權益	1,470,163	1,838,140
Current assets	流動資產		
Deposits and prepayments	按金及預付款	321	9,667
Amounts due from subsidiaries	應收附屬公司款項	586,850	234,634
Taxation recoverable	可收回稅款	80	-
Bank balances and cash	銀行結餘及現金	10,555	7,174
		597,806	251,475
Current liabilities	流動負債		
Other payables and accrued charges	其他應付款項及應計支出	15,543	12,714
Amounts due to subsidiaries	應付附屬公司款項	1,183,012	1,225,137
Taxation payable	應繳稅項	-	1,270
		1,198,555	1,239,121
Net current liabilities	流動負債淨值	(600,749)	(987,646)
Net assets	資產淨值	869,414	850,494
Capital and reserves	股本及儲備		
Share capital	股本	81,764	81,764
Reserves	儲備	787,650	768,730
		869,414	850,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

33. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Note:

Details of the movement of reserves in the Company are set out below:

33. 本公司財務狀況及儲備表(續)

附註：

本公司之儲備變動詳情載列如下：

		Share premium 股份溢價 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Retained profits 保留利潤 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1st January, 2019	於二零一九年一月一日	481,258	2,392	251,429	735,079
Profit and total comprehensive income for the year	年度利潤及全面收益總額	-	-	21,979	21,979
Recognition of equity-settled share-based payments	確認以股權結算以股份支付之支出	-	4,697	-	4,697
Exercise of share options	行使購股權	6,975	-	-	6,975
Transfer upon exercise of share options	於行使購股權轉撥	4,159	(4,159)	-	-
At 31st December, 2019	於二零一九年十二月三十一日	492,392	2,930	273,408	768,730
Profit and total comprehensive income for the year	年度利潤及全面收益總額	-	-	17,582	17,582
Recognition of equity-settled share-based payments	確認以股權結算以股份支付之支出	-	1,338	-	1,338
At 31st December, 2020	於二零二零年十二月三十一日	492,392	4,268	290,990	787,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31st December, 2020 and 31st December, 2019 are as follows:

34. 主要附屬公司資料

於二零二零年十二月三十一日及二零一九年十二月三十一日之主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operations 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足股本/ 實繳股本	Proportion of nominal value of issued capital/registered capital and voting right held by the Company 本公司所持有 已發行股本/註冊資本 及投票權之面值比例		Principal activities 主要業務
			2020 二零二零年 %	2019 二零一九年 %	
Chun Yik (Macao Commercial Offshore) Limited (note a) 進益(澳門離岸商業服務)有限公司(附註a)	Macau 澳門	Ordinary shares MOP100,000 普通股 100,000澳門幣	100	100	Manufacturing and trading of corrugated packaging 瓦楞包裝之製造及貿易
Fung Kong Shing Fung Paper Ware Factory Limited 鳳崗誠豐紙品廠有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股2港元	100	100	Investment holding 投資控股
Green Forest (QingXin) Paper Industrial Limited (note b) 森葉(清新)紙業有限公司(附註b)	PRC 中國	Contributed capital US\$112,247,803 (equivalent to approximately HK\$764,494,899) 實繳股本 112,247,803美元 (相當於約 764,494,899港元)	100	100	Manufacturing and trading of containerboard and corrugated packaging 箱板紙及瓦楞包裝之製造及貿易
HF Industrial (Philippines) Corporation	Philippines 菲律賓	Ordinary shares Philippines Pesos 200,000,000 普通股 200,000,000 菲律賓披索	100	100	Operation not yet commenced 尚未開始營運
Hop Fung Consultants Limited 合豐顧問有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股2港元	100	100	Provision of management service 提供管理服務
Hop Fung Group Company Limited	British Virgin Islands ("BVI")/Hong Kong 英屬處女群島 (「英屬處女群島」)/ 香港	Ordinary shares US\$600 普通股 600美元	100	100	Investment holding 投資控股
Hop Fung International Enterprise Limited 合豐國際企業有限公司	Hong Kong 香港	Ordinary shares HK\$2 普通股2港元	100	100	Provision of accounting service 提供會計服務

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

34. 主要附屬公司資料(續)

Name of subsidiary 附屬公司名稱	Place of incorporation or registration/ operations 註冊成立/ 營業地點	Issued and fully paid share capital/ contributed capital 已發行及繳足股本/ 實繳股本	Proportion of nominal value of issued capital/registered capital and voting right held by the Company 本公司所持有 已發行股本/註冊資本 及投票權之面值比例		Principal activities 主要業務
			2020 二零二零年 %	2019 二零一九年 %	
Man Shung (Macao Commercial Offshore) Limited (note a) 萬順(澳門離岸商業服務)有限公司 (附註a)	Macau 澳門	Ordinary shares MOP100,000 普通股 100,000澳門幣	100	100	Manufacturing and trading of corrugated packaging 瓦楞包裝之製造及貿易
Wah Wang Paper Ware Limited 華運紙製品有限公司	Macau 澳門	Ordinary shares MOP100,000 普通股 100,000澳門幣	100	100	Trading of corrugated packaging and procurement of raw materials 瓦楞包裝之貿易及 原材料之採購
東莞進益紙品有限公司 (note b) (附註b)	PRC 中國	Contributed capital HK\$23,000,000 實繳股本 23,000,000港元	100	100	Manufacturing and trading of corrugated packaging 瓦楞包裝之製造及貿易
合豐紙品(深圳)有限公司 (note b) (附註b)	PRC 中國	Contributed capital HK\$25,000,000 實繳股本 25,000,000港元	100	100	Manufacturing and trading of corrugated packaging 瓦楞包裝之製造及貿易

Notes:

- (a) The applications for giving up the licenses for operating offshore service business in Macau were submitted to the Macao Trade and Investment Promotion Institute on 1st December, 2020 and approval was obtained on 17th December, 2020. The licenses became invalid on 31st December, 2020.
- (b) Green Forest (QingXin) Paper Industrial Limited, 東莞進益紙品有限公司 and 合豐紙品(深圳)有限公司 are wholly foreign owned enterprises.

Other than Hop Fung Group Company Limited, all subsidiaries are indirectly held by the Company.

None of the subsidiaries had any debt securities subsisting at 31st December, 2020 and 31st December, 2019 or at any time during both years.

附註:

- (a) 放棄澳門離岸服務業務經營准照的申請已於二零二零年十二月一日向澳門貿易投資促進局遞交，並於二零二零年十二月十七日獲批。有關准照於二零二零年十二月三十一日失效。
- (b) 森葉(清新)紙業有限公司、東莞進益紙品有限公司及合豐紙品(深圳)有限公司均為外商獨資企業。

除 Hop Fung Group Company Limited 外，所有附屬公司均由本公司間接持有。

於二零二零年十二月三十一日及二零一九年十二月三十一日或兩年內任何時間，各附屬公司均無任何存續的債務證券。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31ST DECEMBER, 2020

截至二零二零年十二月三十一日止年度

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Group which, in the opinion of directors of the Company, principally affected the results and assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. These subsidiaries are operated in Hong Kong, Macau, Southeast Asia, BVI or PRC. The principal activities of these subsidiaries are summarised as follows:

34. 主要附屬公司資料(續)

上表列出本公司董事認為對本集團業績及資產有重要影響之本集團附屬公司。董事認為，將其他附屬公司詳情列出會導致篇幅過於冗長。

於報告期末，本公司擁有對本集團而言不屬重大之其他附屬公司。該等附屬公司於香港、澳門、東南亞、英屬處女群島或中國營運。該等附屬公司之主要業務概要如下：

Principal activities 主要業務	Principal place of business 主要營業地點	Number of subsidiaries 附屬公司數目	
		2020 二零二零年	2019 二零一九年
Investment holding 投資控股	BVI 英屬處女群島	2	2
	Hong Kong 香港	-	1
		2	3
Inactive 閒置	BVI 英屬處女群島	1	1
	Hong Kong 香港	1	-
	PRC 中國	1	1
	Southeast Asia 東南亞	1	2
	Macau 澳門	-	1
		4	5
Provision of management services 提供管理服務	Hong Kong 香港	2	2
		8	10

FINANCIAL SUMMARY

財務概要

Year ended 31st December, 截至十二月三十一日止年度

		2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
RESULTS	業績					
Revenue	收益	1,179,444	1,523,210	1,423,860	1,194,082	1,040,369
Cost of sales	銷售成本	(911,748)	(1,117,744)	(1,223,626)	(1,078,828)	(912,500)
Gross profit	毛利	267,696	405,466	200,234	115,254	127,869
Other income	其他收入	10,963	17,692	21,191	20,584	23,053
Other gains and losses	其他收益及虧損	3,747	(5,055)	(7,563)	(2,297)	4,052
Impairment loss under expected credit loss model	預期信貸虧損模式下 的減值虧損	-	-	-	(551)	-
Selling and distribution costs	銷售及分銷成本	(67,590)	(67,123)	(51,176)	(45,689)	(38,137)
Administrative expenses	行政開支	(97,243)	(149,824)	(92,471)	(83,662)	(80,104)
Other expenses	其他開支	(24,571)	(27,493)	(23,665)	(18,168)	(21,417)
Finance costs	財務成本	(5,045)	(2,096)	(4,832)	(6,189)	(8,813)
Profit (loss) before taxation	稅前利潤(虧損)	87,957	171,567	41,718	(20,718)	6,503
Income tax expense	所得稅開支	(11,570)	(33,857)	(11,246)	12,799	(5,140)
Profit (loss) for the year, attributable to owners of the Company	本公司擁有人應佔 年度利潤(虧損)	76,387	137,710	30,472	(7,919)	1,363

At 31st December, 於十二月三十一日

		2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元	2020 二零二零年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	2,089,280	2,113,096	2,089,377	1,997,270	2,202,955
Total liabilities	總負債	(632,535)	(474,783)	(539,155)	(465,987)	(581,899)
Total equity attributable to owners of the Company	本公司擁有人應佔 權益總額	1,456,745	1,638,313	1,550,222	1,531,283	1,621,056



HOP FUNG GROUP

合豐集團控股有限公司

HOP FUNG GROUP HOLDINGS LIMITED