



**SHOUGANG CONCORD CENTURY  
HOLDINGS LIMITED**  
首長寶佳集團有限公司

股份代號 Stock Code : 103

Annual Report  
**2019**  
年報



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# CORPORATE PROFILE

## 公司概況

**Shougang Concord Century Holdings Limited** (“Shougang Century”; together with its subsidiaries, collectively the “Group”) has been listed on the Stock Exchange since April 1992. Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission) and its controlled corporations, Bekaert and Li Ka Shing Foundation are the substantial Shareholders of Shougang Century.

The Group is primarily involved in the following activities:

1. manufacturing of steel cords for radial tyres
2. manufacturing of sawing wires

### CORPORATE’S GOAL

- strive for a successful “Eastern” brand awareness and recognition in Steel cord industry
- be one of the top three independent manufacturers in China Steel cord industry
- become a diversified metal product manufacturer capable of consistently purveying premium quality wire related products

*To learn more about Shougang Century, please visit <http://www.shougangcentury.com.hk>.*

首長寶佳集團有限公司（「首長寶佳」；及其附屬公司，統稱為「本集團」）於一九九二年四月在聯交所上市。首鋼集團有限公司（北京國有資產監督管理委員會直接監督之國有企業）與其主要受控法團，Bekaert及李嘉誠基金會為首長寶佳之主要股東。

本集團主要從事下列業務：

1. 製造子午線輪胎用鋼簾線
2. 製造切割鋼絲

### 公司的目標

- 爭取在鋼簾線行業中一個得到認可的成功「東方」品牌
- 成為中國鋼簾線行業的三大獨立生產商之一
- 成為一個能夠持續提供優質鋼絲相關產品之多元化的金屬產品製造商

*欲知悉首長寶佳更多資訊，請瀏覽 <http://www.shougangcentury.com.hk>。*

# CORPORATE INFORMATION

## 公司資料

As at 24 March 2020 於二零二零年三月二十四日

### BOARD OF DIRECTORS

#### Executive Directors

Su Fanrong (*Chairman and Managing Director*)  
Tang Cornor Kwok Kau (*Deputy Managing Director*)  
Ye Qian  
Li Jinping

#### Non-executive Director

Liao Jun

#### Independent Non-executive Directors

Yip Kin Man, Raymond  
Lam Yiu Kin  
Feng Yaoling

### AUDIT COMMITTEE

Yip Kin Man, Raymond (*Chairman*)  
Lam Yiu Kin  
Feng Yaoling

### REMUNERATION COMMITTEE

Yip Kin Man, Raymond (*Chairman*)  
Su Fanrong (*Vice Chairman*)  
Lam Yiu Kin  
Feng Yaoling

### NOMINATION COMMITTEE

Su Fanrong (*Chairman*)  
Yip Kin Man, Raymond (*Vice Chairman*)  
Lam Yiu Kin  
Feng Yaoling

### AUTHORISED REPRESENTATIVES

Tang Cornor Kwok Kau  
Cheung Wa Ying

### COMPANY SECRETARY

Cheung Wa Ying

### 董事會

#### 執行董事

蘇凡榮 (*董事長兼董事總經理*)  
鄧國求 (*董事副總經理*)  
葉芊  
李金平

#### 非執行董事

廖駿

#### 獨立非執行董事

葉健民  
林耀堅  
馮耀嶺

#### 審核委員會

葉健民 (*主席*)  
林耀堅  
馮耀嶺

#### 薪酬委員會

葉健民 (*主席*)  
蘇凡榮 (*副主席*)  
林耀堅  
馮耀嶺

#### 提名委員會

蘇凡榮 (*主席*)  
葉健民 (*副主席*)  
林耀堅  
馮耀嶺

#### 授權代表

鄧國求  
張華瑛

#### 公司秘書

張華瑛

# CORPORATE INFORMATION

## 公司資料

As at 24 March 2020 於二零二零年三月二十四日

### PRINCIPAL BANKERS

Agricultural Bank of China  
Bank of China  
Bank of China (Hong Kong) Limited  
China CITIC Bank  
Fubon Bank  
Industrial and Commercial Bank of China

### 主要往來銀行

中國農業銀行  
中國銀行  
中國銀行(香港)有限公司  
中信銀行  
富邦銀行  
中國工商銀行

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and Registered PIE Auditor*

### 核數師

羅兵咸永道會計師事務所  
執業會計師及註冊公眾利益實體核數師

### INTERNAL AUDITOR

Moore Advisory Services Limited

### 內部核數師

大華國際諮詢有限公司

### SHARE REGISTRAR

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

### 股份過戶登記處

卓佳登捷時有限公司  
香港皇后大道東183號  
合和中心54樓

### REGISTERED OFFICE

Room 1215, 12/F., Honour Industrial Centre,  
6 Sun Yip Street, Chai Wan,  
Hong Kong

### 註冊辦事處

香港柴灣新業街6號  
安力工業中心12樓1215室

### COMPANY'S WEBSITE

<http://www.shougangcentury.com.hk>

### 公司網址

<http://www.shougangcentury.com.hk>

### WEBSITE FOR PUBLISHING LISTING RULES RELATED ANNOUNCEMENTS AND OTHER DOCUMENTS

<http://www.irasia.com/listco/hk/sccentury/>

### 發放有關上市規則的公告及其他文件 之網址

<http://www.irasia.com/listco/hk/sccentury/>

### HKEX STOCK CODE

103

### 聯交所股份代號

103

### LISTING DATE

9 April 1992

### 上市日期

一九九二年四月九日

# FINANCIAL HIGHLIGHTS

## 財務概要

		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元	Change 變動
Revenue from continuing operations	來自持續經營業務之營業額	2,141,380	2,122,933	+0.9%
Gross profit from continuing operations	來自持續經營業務之毛利	377,944	267,104	+41.5%
Gross profit margin from continuing operations	來自持續經營業務之毛利率	17.6%	12.6%	+5.0pp百分點
Adjusted EBITDA (Note (a))	經調整EBITDA (附註(a))	273,740	183,114	+49.5%
Profit/(loss) for the year	本年度溢利/(虧損)	108,344	(8,681)	N/A不適用
Earnings/(loss) per share for profit/(loss) for the year attributable to the owners of the Company (HK cents)	本公司擁有人應佔本年度溢利/(虧損)之每股盈利/(虧損) (港仙)			
Basic	基本	5.63	(0.45)	N/A不適用
Diluted	攤薄	5.22	(0.45)	N/A不適用
Total equity	權益總額	1,415,072	1,339,150	+5.7%
Proposed final dividend per share (HK cents)	建議末期每股股息 (港仙)	1	-	N/A不適用
Gearing ratio (Note (b))	負債比率 (附註(b))	50.8%	71.4%	-20.6pp百分點

### Notes:

- (a) Adjusted EBITDA, a non-HKFRS measure, represents profit before income tax, loss from discontinued operation, finance costs (excluding foreign exchange losses on borrowings and Convertible Bonds), depreciation, amortisation and change in fair value of a financial liability at fair value through profit or loss.
- (b) Gearing ratio represents total interest bearing borrowings less bank balances and cash (including pledged bank deposits) is divided by total equity.

### 附註:

- (a) 經調整EBITDA (非香港財務報告準則指標)指扣除所得稅、來自已終止經營業務之虧損、財務成本(不包括貸款及可換股債券之外幣匯兌虧損)、折舊、攤銷及按公平值計入損益之金融負債公平值之變動前溢利。
- (b) 負債比率指計息貸款總額減銀行結存及現金(包括已抵押銀行存款)除以權益總額。



# INFORMATION FOR INVESTORS

## 給投資者的資料

### SHARE INFORMATION

Board lot size: 2,000 Shares

Shares issued as at the last trading day of 2019: 1,922,900,556 Shares

Market capitalisation as at the last trading day of 2019: HK\$386,503,012

Closing share price as at the last trading day of 2019: HK\$0.201

Basic earnings per Share for 2019:

Interim : HK1.83 cents

Final : HK5.63 cents

Dividend for 2019:

Interim Dividend : Nil

Final Dividend : HK1 cent per Share

### KEY DATE

Payment Date of 2019 Final Dividend: 26 June 2020

2020 Annual General Meeting: 27 May 2020

Closure of Register of Members Dates for 2020 Annual General Meeting: 21 to 27 May 2020

Announcement of 2019 Final Results: 24 March 2020

### INVESTOR RELATIONS CONTACT

Address : Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong

Telephone : (852) 2527 2218

Fax : (852) 2861 3527

E-mail address : business\_link@shougangcentury.com.hk  
ir@shougangcentury.com.hk

scchl@shougangcentury.com.hk

Website : <http://www.shougangcentury.com.hk>

### SHAREHOLDER ENQUIRIES

Any matters relating to your shareholding, e.g. transfer of Shares, change of name or address, lost share certificates and dividend warrants, should be sent in writing to:

#### Tricor Tengis Limited

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

Telephone : (852) 2980 1333

Fax : (852) 2810 8185

E-mail address : is-enquiries@hk.tricorglobal.com

Website : <http://www.tricoris.com>

### 股份資料

買賣單位 : 2,000股

於二零一九年最後交易日之發行股數 : 1,922,900,556股

於二零一九年最後交易日之市值 : 港幣386,503,012元

於二零一九年最後交易日之收市價 : 港幣0.201元

二零一九年年度每股基本盈利:

中期 : 港幣1.83仙

末期 : 港幣5.63仙

二零一九年年度之股息:

中期股息 : 無

末期股息 : 每股港幣1仙

### 重要日期

派發二零一九年度末期股息日期: 二零二零年六月二十六日

二零二零年股東周年大會: 二零二零年五月二十七日

就二零二零年股東周年大會之暫停辦理股份過戶登記日期: 二零二零年五月二十一日至二十七日

二零一九年末期業績公告: 二零二零年三月二十四日

### 投資者聯絡查詢

地址 : 香港柴灣新業街6號安力工業中心12樓1215室

電話 : (852) 2527 2218

傳真 : (852) 2861 3527

電郵地址 : business\_link@shougangcentury.com.hk  
ir@shougangcentury.com.hk

scchl@shougangcentury.com.hk

網址 : <http://www.shougangcentury.com.hk>

### 股東查詢

如閣下對所持股份有任何查詢，例如股份轉讓、轉名或更改地址、報失股票及股息單，請致函如下：

#### 卓佳登捷時有限公司

地址 : 香港皇后大道東183號合和中心54樓

電話 : (852) 2980 1333

傳真 : (852) 2810 8185

電郵地址 : is-enquiries@hk.tricorglobal.com

網址 : <http://www.tricoris.com>

# BUSINESS CONTACTS

## 業務查詢



### Jiaxing Eastern Steel Cord Co., Ltd. 嘉興東方鋼簾線有限公司

Address: 1 Dong Fang Road, Jiaxing Economic Development Zone  
地址: Zhejiang Province, PRC  
中國浙江省嘉興市經濟開發區東方路1號

Postal code: 314003  
郵編:

Telephone: (86) 573 8222 2790  
電話:

Fax: (86) 573 8221 3500  
傳真:

Website: <http://www.jesc.com.cn>  
網址:

E-mail address: [jesc@jesc.com.cn](mailto:jesc@jesc.com.cn)  
電郵地址:



### Tengzhou Eastern Steel Cord Co., Ltd. 滕州東方鋼簾線有限公司

Address: 1 Dong Fang Road, Tengzhou Economic Development Zone  
地址: Shandong Province, PRC  
中國山東省滕州市經濟開發區東方路1號

Postal code: 277500  
郵編:

Telephone: (86) 632 525 2100  
電話:

Fax: (86) 632 525 2111  
傳真:

Website: <http://www.tesc.com.cn>  
網址:

E-mail address: [tesc@tesc.com.cn](mailto:tesc@tesc.com.cn)  
電郵地址:



### 首長寶佳(上海)管理有限公司

Address: Room 2505, Tower 1, SOHO Tianshan Plaza  
No.421 Ziyun Road, Shanghai, PRC  
地址: 中國上海市長寧區紫雲路421號SOHO天山廣場T1-2505室

Postal code: 200051  
郵編:

Telephone: (86) 21 6291 8806  
電話:

Fax: (86) 21 6291 8805  
傳真:



# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

**Mr. Su Fanrong**, aged 52, joined the Group as a deputy general manager of the Company in January 2015 and was appointed as the executive deputy managing Director on 1 December 2015. Mr. Su has re-designated as the chairman of the Company and acted as the chairman and vice-chairman of the nomination committee and remuneration committee of the Company respectively since 18 January 2018, and he has been appointed as the managing Director on 31 January 2018. At present, he holds directorship in all wholly owned subsidiaries of the Company. He also acts as the deputy general manager of Shougang HK. He holds a Master degree in Business Administration from Missouri State University and Bachelor degree specialising in Pressure Processing from University of Science and Technology Beijing. He joined Shougang Group in 1990 and had been working in various companies under Shougang Group during the period from the same year to 2014. Mr. Su has over 25 years of sales and management experience in the steel industry.

Other than his directorship and position disclosed above, Mr. Su does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Su does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Su and the Company for a term commencing from 1 January 2018 and ending on 31 December 2020 to act as an executive deputy managing Director. Following his re-designation as a Chairman of the Company, Mr. Su entered into a service contract for a term commencing from 18 January 2018 and ending on 31 December 2020. The service contract may be terminated by either party by giving to other party not less than three months' notice without payment of any compensation (other than statutory compensation). However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. Mr. Su's monthly salaries is entitled to HK\$220,000 at present. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

蘇凡榮先生，年五十二歲，於二零一五年加入本集團為本公司副總經理，並於二零一五年十二月一日獲委任為董事常務副總經理。蘇先生自二零一八年一月十八日起獲調任為本公司董事長及分別擔任本公司提名委員會主席及薪酬委員會副主席，並於二零一八年一月三十一日獲委任為董事總經理。目前，蘇先生擔任本公司所有全資附屬公司之董事職位。彼亦擔任首控香港之副總經理。彼持有美國密蘇里州立大學工商管理碩士及北京科技大學壓力加工專業學士學位。彼於一九九零年加入首鋼集團及於同年至二零一四年期間，任職於首鋼集團旗下多間公司。蘇先生在鋼鐵行業有逾二十五年的銷售及管理經驗。

除上述所披露之董事職務及職位外，蘇先生於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。蘇先生與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。蘇先生與本公司簽訂作為公司董事常務副總經理之服務合約，期限由二零一八年一月一日起至二零二零年十二月三十一日止，蘇先生其後調任為本公司董事長後，與本公司簽訂之服務合約，期限由二零一八年一月十八日起至二零二零年十二月三十一日止。服務合約可由任何一方給予另一方不少於三個月通知期而終止，而無須支付任何賠償（法定賠償金則除外）。惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。蘇先生目前可獲收取每月港幣220,000元之薪金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Save as disclosed above, there are no other matters relating to Mr. Su's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Tang Cornor Kwok Kau** (Former name: Tang Kwok Kau), aged 59, joined the Group in 1998 and was appointed as the deputy managing Director in March 2000. At present, he holds directorship in all wholly owned subsidiaries of the Company. He holds a Bachelor and a Master degrees in Business Administration from York University in Canada. Prior to joining the Group, Mr. Tang had held senior positions with various international investment banks. He also has over 15 years' experience in corporate and investment banking.

Other than his directorship disclosed above, Mr. Tang does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas and does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he beneficially owns 10,480,000 Shares and in which of 200,000 Shares are jointly owned by his wife within the meaning of Part XV of the SFO. Mr. Tang is entitled to receive a HK\$165,000 monthly salary at present under his service contract with the Company. The service contract may be terminated by either party by giving to other party not less than three months' notice without payment of any compensation (other than statutory compensation). There is no specified or proposed length of service for Mr. Tang with the Company. However, he will also be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters relating to Mr. Tang's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

除上文所披露者外，蘇先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

**鄧國求先生**，年五十九歲，於一九九八年加入本集團，並於二零零零年三月獲委任為董事副總經理。目前，彼亦擔任本公司所有全資附屬公司之董事職位。彼持有加拿大約克大學工商管理學士及碩士學位。加入本集團前，鄧先生曾於數間國際投資銀行擔任高層職位。彼並在企業及投資銀行界擁有超過十五年經驗。

除上述所披露之董事職務外，鄧先生於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務，且與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼實益擁有10,480,000股股份，而其中200,000股股份則與其妻子共同實益擁有。根據彼與本公司訂立之服務合約，鄧先生目前可獲收取每月港幣165,000元之薪金。該服務合約可由任何一方給予另一方不少於三個月通知期而終止，而無須支付任何賠償（法定賠償金則除外）。本公司與鄧先生簽訂之服務合約中並無註明任期或建議任期，惟彼亦須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

除上文所披露者外，鄧先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

**Mr. Ye Qian**, aged 35, was appointed as a non-executive Director on 28 June 2019. Mr. Ye has re-designated as an executive Director since 1 January 2020. He graduated from the University of Wales with a Master degree in Business Administration. Prior to joining Shougang Fund, Mr. Ye had held senior positions in Great Wall Motor Company Limited, China Chamber of International Commerce and Representative Office in Hong Kong & Macao of China Council for the Promotion of International Trade. Since Mr. Ye joined Shougang Fund in 2014, he had served as an assistant to general manager of Beijing West Fund Management Co., Ltd. and a deputy director of PPP Fund of Shougang Fund. He has participated in establishment and investment of numerous funds. He currently serves as an executive director of Shougang Fund and a general manager of Beijing Shouyuan Xinneng Investment Management Co., Ltd.. In all, Mr. Ye has rich experience in automobile OEM industry, government authorities and foreign-related business management department and also in corporate services and project investment.

Other than his directorship disclosed above, Mr. Ye has not previously held any position with the Group and does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Ye does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. Following Mr. Ye's re-designation as an executive Director, the service contract made between him as a non-executive Director and the Company was terminated. A new service contract was entered into between Mr. Ye and the Company for a term commencing from 1 January 2020 and ending on 31 December 2022 to act as an executive Director. However, he will hold office until the annual general meeting of the Company, at which time he will be eligible for re-election in accordance to the Articles and thereafter will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. Mr. Ye has voluntarily declined any director's emoluments. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

葉芊先生，年三十五歲，於二零一九年六月二十八日獲委任為非執行董事。葉先生自二零二零年一月一日起獲調任為執行董事。彼畢業於威爾士大學，持有工商管理碩士學位。在加入首鋼基金前，葉先生曾於長城汽車股份有限公司、中國國際商會及中國國際貿易促進委員會駐香港澳門代表處擔任高級職位。自葉先生於二零一四年加入首鋼基金以來，他曾擔任北京京西創業投資基金管理有限公司總經理助理及首鋼基金PPP基金副總監。他曾參與多項基金的設立和投資。彼目前擔任首鋼基金執行董事及北京首元新能投資管理有限公司總經理。總括而言，葉先生於汽車主機廠行業、政府機關、涉外業務管理部門、企業服務和項目投資擁有豐富經驗。

除上述所披露之董事職務外，葉先生從前並無於本集團擔任任何職位，且於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。葉先生與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。葉先生調任為執行董事後，彼作為非執行董事與本公司訂立之服務合約已被終止。葉先生作為執行董事與本公司簽訂之新服務合約，期限由二零二零年一月一日起至二零二二年十二月三十一日止。根據章程細則規定，惟彼之任期將於股東周年大會屆滿及將有資格重選連任及後可根據章程細則於股東周年大會上輪值告退及重選連任。葉先生已自願放棄接受任何董事酬金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。



# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Save as disclosed above, there are no other matters relating to Mr. Ye's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Li Jinping**, aged 43, was appointed as an executive Director with effect from 1 January 2020. Mr. Li was graduated from Shandong University of Finance and Economics with a Master degree in Accounting. He is a senior accountant and a Public Valuer. Mr. Li had worked in Beijing Supervision Bureau of Ministry of Finance of PRC (formerly known as "Office of the Financial Supervision Commissioner of the Ministry of Finance of the People's Republic of China in Beijing") for approximately 18 years and held various senior positions including the deputy division director and division director. He was principally engaged in the work relating to supervision, inspection, risk control management and so on. In 2019, Mr. Li joined Shougang HK and currently serves as a financial controller of Shougang HK. In all, Mr. Li has extensive experience and expertise in financial supervision and risk control.

除上文所披露者外，葉先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

**李金平先生**，年四十三歲，於二零二零年一月一日獲委任為執行董事。李先生畢業於山東財經大學，持有會計學碩士學位。彼為高級會計師及資產評估師。李先生曾於中國財政部北京監管局（前稱「中華人民共和國財政部駐北京市財政監察專員辦事處」）工作約十八年，並擔任多個高級職位包括副處長和處長。彼主要從事監督檢查和風控管理等工作。李先生於二零一九年加入首控香港，目前擔任首控香港財務總監。總括而言，李先生於財務監管及風險控制領域擁有豐富經驗和專業知識。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Other than his directorship disclosed above, Mr. Li has not previously held any position with the Group and does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Li does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Li and the Company for a term commencing from 1 January 2020 and ending on 31 December 2022. However, he will hold office until the annual general meeting of the Company, at which time he will be eligible for re-election in accordance to the Articles and thereafter will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. Mr. Li has voluntarily declined any director's emoluments. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters relating to Mr. Li's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

除上述所披露之董事職務外，李先生從前並無於本集團擔任任何職位，且於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務，李先生與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。李先生與本公司簽訂服務合約，期限由二零二零年一月一日起至二零二二年十二月三十一日止。根據章程細則規定，惟彼之任期將於股東周年大會屆滿及將有資格重選連任及後可根據章程細則於股東周年大會上輪值告退及重選連任。李先生已自願放棄接受任何董事酬金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

除上文所披露者外，李先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

**Mr. Liao Jun**, aged 57, was appointed as a non-executive Director on 25 February 2015. Mr. Liao holds a Bachelor and a Master degrees in Science in Physical Metallurgy from Central South Mining and Metallurgy Institute and Central South University of Technology respectively in China. He further achieved his Doctor of Philosophy in Materials Science in College of Engineering, University of Michigan and Master of Business Administration in University of Michigan Ross School of Business Management.

Mr. Liao was appointed as Divisional CEO Specialty Businesses in March 2019, he now also acts as the Executive Vice President North Asia in Bekaert group and a member of the Bekaert Group Executive. Prior to joining Bekaert group, he had held various management positions of several reputable multinational corporations such as Dow Corning and Solvay. In all, Mr. Liao has over 15 years of experience in sales and management in industrial chemicals and polymers businesses.

Other than his directorship disclosed above, Mr. Liao has not previously held any position with the Group and does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Liao does not have any relationship with any other Directors, senior management or substantial Shareholders or controlling Shareholders. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. There is no service contract between Mr. Liao and the Company since he was nominated by Bekaert group as a non-executive Director according to the subscription agreement entered into by the Company and Bekaert dated 22 September 2006 and further agreement between Bekaert and the Company on 24 February 2015. However, he will also be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$150,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

廖駿先生，年五十七歲，於二零一五年二月二十五日獲委任為非執行董事。廖先生分別於中國中南礦冶學院及中南大學取得物理冶金學專業學士及碩士學位。彼亦取得密歇根大學工程學院材料科學博士學位及密歇根大學羅斯商學院工商管理碩士學位。

廖先生於二零一九年三月獲委任為Bekaert集團專門業務分區首席執行官，彼現時亦擔任Bekaert集團北亞區執行副總裁及Bekaert集團執行之成員。於加入Bekaert集團之前，彼於數間具聲譽的跨國公司（例如道康寧及索爾維）擔任多個管理層職位。總括而言，廖先生於工業專用化學品及聚合物之業務擁有超過十五年之銷售及管理經驗。

除上述所披露之董事職務外，廖先生從前並無於本集團擔任任何職位，且於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。廖先生與其他董事、高級管理人員或主要股東或控股股東概無任何關係。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。廖先生與本公司並無服務合約，基於根據本公司於二零零六年九月二十二日與Bekaert簽訂之認購協議及於二零一五年二月二十四日Bekaert與本公司的進一步協議而獲Bekaert集團委派為非執行董事。惟彼亦須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣150,000元之董事袍金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。



# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Save as disclosed above, there are no other matters relating to Mr. Liao's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Yip Kin Man, Raymond** (Alias: Ip Kin Man), aged 73, holds a Bachelor degree in Arts with honors from the University of Hong Kong. He was appointed as an independent non-executive Director in 1993. He also serves as the chairman of each of the audit committee and remuneration committee and acts as the vice-chairman of the nomination committee of the Company since 18 May 2018. Mr. Yip has also acted as an independent non-executive director of Shougang Grand from January 2007 until 31 December 2019. He also acts as an independent non-executive director of BeijingWest Industries since 27 January 2014. Mr. Yip is a practising solicitor, notary public and China-Appointed Attesting Officer. He has extensive experience in legal profession.

Other than the directorship disclosed above, Mr. Yip has not previously held any position with the Group, and is independent of and not connected with the Directors, chief executives or substantial Shareholders or controlling Shareholders of the Company or the subsidiaries of the Company or an associate of any of them, and he does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Yip and the Company for a term of three years commencing from 1 January 2020. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$240,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

除上文所披露者外，廖先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

**葉健民先生**，年七十三歲，持有香港大學榮譽文學士學位。彼於一九九三年獲委任為獨立非執行董事。彼亦分別擔任本公司審核委員會及薪酬委員會之主席以及自二零一八年五月十八日起擔任本公司提名委員會副主席。葉先生亦自二零零七年一月起擔任首長四方之獨立非執行董事，直至二零一九年十二月三十一日為止。自二零一四年一月二十七日起，彼獲委任為京西重工之獨立非執行董事。葉先生乃執業律師、國際公證人及中國委託公證人，彼在法律專業有豐富的經驗。

除上述所披露之董事職務外，葉先生從前並無於本集團擔任任何職位，亦獨立於及與本公司或其附屬公司之董事、最高行政人員或主要股東或控股股東或彼等之聯繫人概無關連。葉先生於過去三年內亦無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。葉先生與本公司簽訂為期三年之服務合約，由二零二零年一月一日起生效，惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣240,000元之董事袍金，董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Save as disclosed above, there are no other matters relating to Mr. Yip's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Lam Yiu Kin**, aged 65, is a fellow member of each of the Association of Chartered Certified Accountants (ACCA), the Institute of Chartered Accountants in England & Wales (ICAEW), the Chartered Accountants of Australia and New Zealand (CAANZ) and Hong Kong Institute of Certified Public Accountants (HKICPA). He graduated from The Hong Kong Polytechnic University ("Polytechnic University") with a higher diploma in Accountancy in 1975. He was conferred an Honorary Fellow of Polytechnic University in 2002. Mr. Lam was appointed as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company in August 2015. He is also an independent non-executive director of each of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Limited, Vital Innovations Holdings Limited (formerly known as "Vital Mobile Holdings Limited"), Spring Real Estate Investment Trust, Global Digital Creations Holdings Limited, COSCO SHIPPING Ports Limited, Nine Dragons Paper (Holdings) Limited, WWPKG Holdings Company Limited, CITIC Telecom International Holdings Limited, Bestway Global Holding Inc. and Mason Group Holdings Limited, which he held directorship until 24 May 2017. On 26 September 2019, he was appointed as an independent non-executive director of Topsports International Holdings Limited which was listed on the Main Board of the Stock Exchange on 10 October 2019 (Stock code: 6110). Mr. Lam had taken the position of an adjunct professor in the School of Accounting and Finance of Polytechnic University until 31 August 2016. He was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, a partner of PricewaterhouseCoopers from 1993 to 2013 and a member of the Finance Management Committee of the Hong Kong Management Association until 7 July 2016. In all, Mr. Lam has over 40 years of extensive experience in accounting, auditing and business consulting.

除上文所披露者外，葉先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

**林耀堅先生**，年六十五歲，分別為英國特許公認會計師公會(ACCA)、英格蘭及威爾斯特許會計師公會(ICAEW)、澳洲及新西蘭特許會計師公會(CAANZ)及香港會計師公會(HKICPA)之資深會員。彼於一九七五年畢業於香港理工大學(「理工大學」)，取得會計學高級文憑。彼並於二零零二年獲頒授理工大學榮譽院士。林先生於二零一五年八月獲委任為獨立非執行董事及分別為審核委員會、提名委員會及薪酬委員會之成員。彼亦分別為上海復旦張江生物醫藥股份有限公司、維太創科控股有限公司(前稱「維太移動控股有限公司」)、春泉產業信託、環球數碼創意控股有限公司、中遠海運港口有限公司、玖龍紙業(控股)有限公司、縱橫遊控股有限公司、中信國際電訊集團有限公司、榮威國際控股有限公司及茂宸集團控股有限公司(彼於此持有董事職位直至二零一七年五月二十四日止)之獨立非執行董事。彼亦於二零一九年九月二十六日獲委任為滔搏國際控股有限公司(於二零一九年十月十日在聯交所主板上市(股份代號:6110))之獨立非執行董事。林先生曾為理工大學會計及金融學院的客席教授，直至二零一六年八月三十一日。彼曾於一九九七年至二零零三年擔任聯交所上市委員會成員及財務匯報諮詢小組成員，於一九九四年至二零零九年擔任香港會計師公會委員會委員，於一九九三年至二零一三年擔任羅兵咸永道會計師事務所合夥人，及直至二零一六年七月七日止擔任香港管理專業協會財務管理委員會委員。總括而言，林先生擁有超過四十年於會計、審核及業務諮詢豐富經驗。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Other than his directorship disclosed above, Mr. Lam has not previously held any position with the Group, and is independent of and not connected with the Directors, chief executives or substantial Shareholders or controlling Shareholders of the Company or the subsidiaries of the Company or an associate of any of them. Save as disclosed above, he does not have any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. At the date of this annual report, he does not have any interest in the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Lam and the Company for a term commencing from 1 January 2018 and ending on 31 December 2020. However, he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. He will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$240,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters relating to Mr. Lam's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Feng Yaoling**, aged 62, was appointed as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company with effect from 1 January 2020. Mr. Feng was a professor-level senior engineer who is awarded special government subsidy by the State Council of PRC as a specialist. He graduated from Beijing University of Chemical Technology with a Bachelor degree in Engineering in January 1982.

除上述所披露之董事職務外，林先生從前並無於本集團擔任任何職位，亦獨立於及與本公司或其附屬公司之董事、最高行政人員或主要股東或控股股東或彼等之聯繫人概無關連。除上文所披露者外，彼於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何權益。林先生與本公司簽訂服務合約，期限由二零一八年一月一日起至二零二零年十二月三十一日止。惟彼須按章程細則規定於本公司之股東周年大會上輪值告退及膺選連任。彼將收取不時由本公司釐訂之董事袍金。現時，彼每年收取港幣240,000元之董事袍金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

除上文所披露者外，林先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

**馮耀嶺先生**，年六十二歲，獲委任為獨立非執行董事及分別為審核委員會、提名委員會及薪酬委員會之成員，由二零二零年一月一日起生效。馮先生為教授級高級工程師，獲中國國務院授予作為專家之政府特殊津貼。彼於一九八二年一月畢業於北京化工學院，持有工學學士學位。



# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Mr. Feng is currently a chief engineer of Eve Rubber Institute Co., Ltd. and he has over 35 years of extensive experience in the tyre manufacturing industry. Mr. Feng was previously the chief engineer, senior engineer, deputy general manager cum chief engineer and director of Aeolus Tyre Co., Ltd. (“Aeolus Tyre”) (formerly known as “Henan Tyre Factory” and “Henan Tyre Co., Ltd.”) from 1982 to 2017. Aeolus Tyre was listed on the Main Board of the Shanghai Stock Exchange in October 2003 (Stock code: 600469).

The following particulars relating to Mr. Feng are disclosed pursuant to Rule 13.51(2)(n)(iv) of the Listing Rules:

On 6 March 2015, Aeolus Tyre received the administrative penalty decision including warnings and a fine of RMB600,000 from the Henan regulatory bureau of the China Securities Regulatory Commission, due to its misstatement of accounting information in the 2011 and 2012 annual reports which violated the “Measures for the Administration of Information Disclosure of Listed Companies”. Mr. Feng, as a then senior management of Aeolus Tyre, among others, also received the “Decision to Impose Training Order to Zheng Yuli, Fan Rende and others in Total 7 Persons” and the “Decision to Issue Warning Letters to Zheng Yuli, Fan Rende and others in Total 10 Persons” (the “Decisions”). Pursuant to the Decisions, Mr. Feng needed to participate in the training of laws and regulations related to listed companies, and was warned and recorded in the Integrity Archive of Securities and Futures. Mr. Feng confirms that (i) remedial actions have been taken by Aeolus Tyre which include correcting and restating figures in the relevant annual reports; (ii) the proceedings regarding the aforesaid matter has been completely settled; and (iii) the Decisions have been fully complied with and no further administrative penalties or liabilities were outstanding by Aeolus Tyre or Mr. Feng regarding the aforesaid matter.

馮先生現為怡維怡橡膠研究院有限公司總工程師，彼在輪胎製造行業擁有超過三十五年的豐富經驗。馮先生於一九八二年至二零一七年在風神輪胎股份有限公司（「風神輪胎」）（前稱「河南輪胎廠」及「河南輪胎股份有限公司」）曾擔任總工程師、高級工程師、副總經理兼總工程師及董事。風神輪胎股份有限公司在二零零三年十月於上海證券交易所主板上市（股份代號：600469）。

根據上市規則第13.51(2)(n)(iv)條，以下披露有關馮先生的詳情：

於二零一五年三月六日，風神輪胎收到中國證券監督管理委員會河南監管局的行政處罰決定，包括警告和罰款人民幣600,000元，因其在二零一一年及二零一二年之年度報告中，於會計信息存在虛假記載，違反了《上市公司信息披露管理辦法》。馮先生（作為風神輪胎的其中時任高級管理人員）亦收到《關於對鄭玉力、範仁德等七人實施責令參加培訓措施的決定》和《關於對鄭玉力、範仁德等十人實施出具警示函措施的決定》（「該等決定」）。根據該等決定，馮先生需要參加上市公司相關法律法規培訓，並被警告並記入證券期貨誠信檔案。馮先生確認：(i)風神輪胎已採取補救措施，包括在相關年度報告中更正和重申數字；(ii)與上述事項有關的訴訟已完全解決；以及(iii)該等決定已完全得到遵守，風神輪胎或馮先生就上述事項沒有進一步的行政處罰或任何未償付責任。

# BIOGRAPHICAL DETAILS OF DIRECTORS

## 董事簡歷

Other than his directorship disclosed above, Mr. Feng has not previously held any position with the Group and is independent of and not connected with the Directors, chief executives or substantial Shareholders or controlling Shareholders of the Company or the subsidiaries of the Company or an associate of any of them. Save as disclosed above, Mr. Feng does not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. At the date of this annual report, he does not have any interest in securities of the Company within the meaning of Part XV of the SFO. A service contract was entered into between Mr. Feng and the Company for a term commencing from 1 January 2020 and ending on 31 December 2022. However, he will hold office until the next following general meeting of the Company, at which time he will be eligible for re-election in accordance to the Articles and thereafter will be subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. Mr. Feng will receive a director's fee as the Company may determine from time to time. At present, he receives a director's fee of HK\$240,000 per annum. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there are no other matters relating to Mr. Feng's particulars as being a Director that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

除上述所披露之董事職務外，馮先生從前並無於本集團擔任任何職位，亦獨立於及與本公司或其附屬公司之董事、最高行政人員或主要股東或控股股東或彼等之聯繫人概無關連。除上文所披露者外，馮先生於過去三年內並無於香港或海外任何證券市場上市的公眾公司擔任任何董事職務。於本年報之日期，就證券及期貨條例第XV部涵義，彼並無持有本公司任何證券權益。馮先生與本公司簽訂服務合約，期限由二零二零年一月一日起至二零二二年十二月三十一日止。根據章程細則規定，彼之任期將於下一次股東大會屆滿及將有資格重選連任及後可根據章程細則於股東周年大會上輪值告退及重選連任。彼將收取不時由本公司釐訂之董事袍金，現時，彼每年收取港幣240,000元之董事袍金。董事之酬金按本公司之業績及盈利狀況，亦以業界及當時市場環境而釐訂。

除上文所披露者外，馮先生並無有關彼作為董事之任何其他事宜須知會股東，以及並無其他須根據上市規則第13.51(2)(h)條至(v)條披露的資料。

# MAIN OPERATIONAL STRUCTURE

## 主要業務架構

As at 24 March 2020 於二零二零年三月二十四日



**Shougang  
Concord Century  
Holdings Limited**

首長寶佳集團有限公司

<http://www.shougangcentury.com.hk>

**Manufacturing  
of Steel Cords  
for Radial Tyres**  
製造子午線輪胎  
用鋼簾線

**JESC**

**Jiaxing Eastern  
Steel Cord Co., Ltd.**

(Zhejiang, PRC)

嘉興東方鋼簾線

有限公司

(中國，浙江)

<http://www.jesc.com.cn>

**TESC**

**Tengzhou Eastern  
Steel Cord Co., Ltd.**

(Shandong, PRC)

滕州東方鋼簾線

有限公司

(中國，山東)

<http://www.tesc.com.cn>

**Provision of  
Management and  
Consulting Services  
in the Mainland  
(for Steel Cord  
Segment) to the Group**

向本集團提供國內

(於鋼簾線分部)

管理和諮詢服務



**首長寶佳(上海)管理  
有限公司**

(Shanghai, PRC)

(中國，上海)

# CHAIRMAN'S STATEMENT

## 董事長報告書

Dear Shareholders,

### RESULTS FOR THE YEAR

On behalf of the fellow members of the Board, I am pleased to present the audited annual results of the Group for the year ended 31 December 2019.

During the year under review, trade tension between China and the United States has increased the uncertainty in global economic growth and as such the economic sentiment has been under significant pressure. As for China, its annual growth rate of GDP in 2019 fell to 6.1%, down 0.5 percentage point from that of the previous year. In addition, unilateralism and trade protectionism prevailed which hampered export growth rate. According to data released by the China Association of Automobile Manufacturers in January 2020, the total national car sales also fell by 8.2% to approximately 25,769,000 units in 2019, attesting automobiles sales in China dropped for a second consecutive year since 1990.

Notwithstanding the above adversities, the Group's profit for the year ended 31 December 2019 has significantly improved and reversed the net loss position of the Group for the year ended 31 December 2018. This is mainly attributable to the tireless effort made by our sales team. We were able to increase sales tonnage in Steel cords and achieve a commensurate drop in production cost during the year. The Group's gross profit margin from the continuing operations increased by 5.0 percentage points to 17.6%. As a consequence of the increase in gross profit margin and the reversal of impairment losses on land use rights, the Group attained a net profit of HK\$108,344,000 when comparing with the loss of HK\$8,681,000 last year.

The Group's net asset value was HK\$0.736 per Share at 31 December 2019, increased by 5.7% as compared to HK\$0.696 at the end of 2018. The Group recorded its basic earnings per Share of HK5.63 cents for the year when compared to its loss per Share of HK0.45 cent for the previous year.

致列位股東：

### 本年度業績

本人謹代表董事會成員欣然提呈本集團截至二零一九年十二月三十一日止年度之經審核年度業績。

於本年度回顧，中美之間的貿易緊張增加全球經濟增長的不確定性，景氣度顯著承壓。至於中國，於二零一九年其GDP年增長率下降至6.1%，比上年下降0.5個百分點。此外，單邊主義和貿易保護主義盛行，阻礙了出口增長。根據中國汽車工業協會二零二零年一月發佈的數據，二零一九年全國汽車總銷量也下降8.2%至約25,769,000輛，表明中國汽車銷量自一九九零年以來連續第二年下降。

儘管存在上述逆境，本集團截至二零一九年十二月三十一日止年度之溢利已大幅改善，並扭轉本集團截至二零一八年十二月三十一日止年度的淨虧損狀況。這主要基於我們的銷售團隊作出的不懈努力。在本年度，我們能夠增加鋼簾線的銷售量，並實現了相應的生產成本下降。本集團來自持續經營業務的毛利率上升5.0個百分點至17.6%。由於毛利率上升及土地使用權減值損失撥回，本集團淨溢利達到港幣108,344,000元，相對去年則為虧損港幣8,681,000元。

於二零一九年十二月三十一日，本集團的資產淨值為每股港幣0.736元，較二零一八年底的港幣0.696元增加5.7%。與去年每股虧損港幣0.45仙相比，本集團於本年度錄得每股基本盈利港幣5.63仙。



# CHAIRMAN'S STATEMENT

## 董事長報告書



### DIVIDEND

The Board recommended the payment of a final dividend of HK1 cent per Share for the year ended 31 December 2019.

### THE WAY FORWARD

Looking ahead to 2020, the outbreak of coronavirus disease together with the continual trade negotiation between the United States and China, I am of the view that this year will still be full of challenges. Faced with such complex situations and increasingly competitive landscape in domestic and foreign markets, we have to stay committed to optimize our product mix and improve upon our product quality at competitive prices to meet the demanding requirements of our tyre customers. Congruently, we will continue to sharpen our competitive edge and grasp opportunities in both the local and international markets by adding to our product innovation, research and development efforts. The management believes that the Group is well-poised for the challenges ahead and is determined to strive for higher returns to the Shareholders.

### 股息

董事會建議派發截至二零一九年十二月三十一日止年度之末期股息每股港幣1仙。

### 未來路向

展望二零二零年，冠狀病毒疫情的爆發以及中美之間持續的貿易談判，本人認為今年仍將充滿挑戰。面對國內外市場如此複雜的情況和日益激烈的競爭格局下，我們必須繼續致力於優化產品組合，以具有競爭力的價格提高產品質量，以滿足輪胎客戶的嚴格要求。一概而言，我們將通過增加產品創新，研發工作以繼續提高我們的競爭優勢，抓住國內和國際市場的機遇。管理層認為，本集團已做好應對未來挑戰的充分準備，並決心為股東爭取更高的回報。

# CHAIRMAN'S STATEMENT

## 董事長報告書

### APPRECIATION

On behalf of the Board, I would like to express sincere gratitude to all Shareholders, suppliers and customers for their longstanding support. I would also like to thank my fellow members on the Board and the staff members of the Group for their unwavering commitment to the Group's business. I am confident that the Group will continue to capture opportunities in the coming year and beyond.

By order of the Board

**Su Fanrong**

*Chairman and Managing Director*

Hong Kong, 24 March 2020

### 致謝

本人謹代表董事會對所有股東、供應商和客戶的長期支持表示衷心感謝。我還要感謝董事會成員和本集團僱員對本集團業務的堅定承諾。我相信，本集團將繼續在來年及以後抓住機遇。

承董事會命

*董事長兼董事總經理*

**蘇凡榮**

香港，二零二零年三月二十四日

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析



### BUSINESS REVIEW

#### Business model and strategy

Our mission is to be one of the top tier Steel cord and wire products manufacturers in the PRC capable of consistently purveying premium quality Steel cords and wire products; and the evolution into a diversified metal product manufacturer benefiting from a successful “Eastern” brand recognition in the PRC and worldwide markets. Further details in respect of the business model and strategy of the Company, please refer to the section “**REPORT OF THE DIRECTORS**” of this annual report.

### 業務回顧

#### 業務模式及策略

我們的使命是要成為在中國鋼簾線及鋼絲產品的頂級製造商之一，能夠持續提供優質鋼簾線及鋼絲產品；以及受惠於一個在中國及世界各地市場得到成功認可的「東方」品牌而晉身為一個多元化的金屬產品製造商。就本公司業務模式及策略的詳情，請參閱本年報「**董事會報告書**」一節。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Review of operations

The Group is principally engaged in the manufacturing of steel cords for radial tyres and sawing wires. For the year ended 31 December 2019, the Group recorded a revenue from the continuing operations of HK\$2,141,380,000 (2018: HK\$2,122,993,000), representing a slight increase of approximately 0.9% as compared with that of the previous year. Besides, the Group's profit for the year ended 31 December 2019 has significantly improved and turned around to HK\$108,344,000 from the net loss position of HK\$8,681,000 for the year ended 31 December 2018. The Board considers that the aforesaid turnaround from loss to profit position is primarily attributable to the increase in gross profit with the following factors:

- the growth in sales volume of the Steel cords;
- the reduction in production cost; and
- the increase in export sales volume of the Steel cords.

### Continuing operations of Steel cord segment

#### Revenue

The PRC recorded the fourth-quarter of 2019 GDP economic growth of 6.0%, which is same as that in the previous quarter and matching market expectations. This remained the weakest growth rate since the first quarter of 1992 amid trade pressure from the United States and sluggish demand from home and abroad. Considering the full year 2019, the economy grew just by 6.1%. However, our sales team made every effort to expand our coverage on large-scale and multinational tyre manufacturers and fine-tune our sales mix to flexibly meet our customers' requirements, thus the Steel cord segment was able to achieve a growth in volume of 4.9% over that of the previous year. In respect of export sales volume, we were able to follow closely with our customers' realignment of their respective products and production facilities and hence, successfully managed to attain a material increase of 13.3% during the year.

### 經營回顧

本集團主要從事製造子午線輪胎之鋼簾線及切割鋼絲。截至二零一九年十二月三十一日止年度，本集團錄得來自持續經營業務之營業額港幣2,141,380,000元（二零一八年：港幣2,122,993,000元），較上一年度輕微增長約0.9%。此外，本集團截至二零一九年十二月三十一日止年度之溢利已大幅改善，由截至二零一八年十二月三十一日止年度的淨虧損狀況港幣8,681,000元扭轉至溢利港幣108,344,000元。董事會認為，上述由虧損轉為盈利主要歸因於毛利的增加，並有以下要素：

- 鋼簾線的銷售量增長；
- 生產成本降低；及
- 鋼簾線的出口銷售量增加。

### 持續經營業務之鋼簾線分部

#### 營業額

中國於二零一九年第四季度錄得GDP經濟增長為6.0%，與上一季度持平及符合市場預期。由於美國的貿易壓力以及國內外需求低迷，這仍然是自一九九二年第一季度以來最弱的增長率。考慮到二零一九年全年，經濟增長僅6.1%。但是，我們的銷售團隊竭盡全力拓展我們在大型和跨國輪胎製造商的覆蓋範圍，並對我們的銷售組合進行微調，靈活地滿足客戶的需求，因此鋼簾線分部能夠較上一年度實現了4.9%的銷量增長。在出口銷售量方面，我們能夠密切地跟隨客戶對其各產品及生產設施的調整，因此於本年度成功地獲得了13.3%的重大增長。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

This segment sold 194,006 tonnes of Steel cord during the year, increased by 4.9% as compared to 184,910 tonnes last year. In respect of the sales of sawing wire products, it increased substantially by 100.0% from 80 tonnes to 160 tonnes for last year, reflecting our focus in selling thicker construction types. There was a 17.5% decrease in the sales of our other steel wires from 11,100 tonnes to 9,152 tonnes for last year as we chose to preserve our brass wire resources to meet the increased demand for Steel cord. The sales volume of this segment for the year is set out below:

於本年度，此分部銷售194,006噸鋼簾線，較去年報184,910噸上升4.9%。在切割鋼絲產品的銷售方面，銷售量從去年的80噸大幅上升100.0%至160噸，反映了我們重點銷售較厚的建造類型。由於我們選擇保留我們的黃絲資源，以滿足對鋼簾線日益增長的需求，所以我們其他鋼絲的銷售額從去年的11,100噸下降到9,152噸，降幅為17.5%。本年度此分部的銷售量分析如下：

		Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年		2018 二零一八年		
		Sales volume (Tonne)	% of total sales volume of Steel cord 佔鋼簾線總銷售量百分比(%)	Sales volume (Tonne)	% of total sales volume of Steel cord 佔鋼簾線總銷售量百分比(%)	% change 變動(%)
Steel cords for	鋼簾線用於：					
- truck tyres	- 載重輪胎	130,080	67.0	123,205	66.7	+5.6
- off the road truck tyres	- 工程輪胎	6,506	3.4	4,333	2.3	+50.2
- passenger car tyres	- 轎車輪胎	57,420	29.6	57,372	31.0	+0.1
<b>Total for Steel cords</b>	<b>鋼簾線合計</b>	<b>194,006</b>	<b>100.0</b>	<b>184,910</b>	<b>100.0</b>	<b>+4.9</b>
Sawing wire products	切割鋼絲產品	160		80		+100.0
Other steel wires	其他鋼絲	9,152		11,100		-17.5
<b>Total</b>	<b>總計</b>	<b>203,318</b>		<b>196,090</b>		<b>+3.7</b>

The sales volume for all aforesaid types of Steel cords recorded growth. In respect of sales mix, the proportion of sales of Steel cords for truck tyres accounted for 67.0% of total sales volume of Steel cords for the year, similar to that for last year. We are pleased to see that our effort in expanding the sales of “off the road” Steel cords has begun to flourish with an increase of 50.2% for the year.

所有上述鋼簾線類型的銷售量均錄得增長。在銷售組合方面，鋼簾線銷售中載重輪胎用鋼簾線佔本年度鋼簾線總銷售量67.0%，與去年相若。我們很高興看到我們擴大「工程輪胎」鋼簾線銷售的努力，其銷售量開始蓬勃發展，並於本年度增長了50.2%。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

In respect of sales of Steel cords by region, the volume of export sales amounted to 40,134 tonnes for the year, increased by 13.3% as compared to 35,435 tonnes for last year. The volume of export sales represented 20.7% of total sales volume for the year, compared to 19.2% for last year, signalling the increasing recognition of our brand to the international tyres manufacturers. The breakdown of sales volume of Steel cords for the year by geographical location is as follows:

鋼簾線銷售按地區而言，於本年度出口銷售量共40,134噸，比去年報35,435噸，上升13.3%。出口銷售量佔本年度總銷售量20.7%，而去年則為19.2%，顯示出我們的品牌逐漸得到國際輪胎製造商的認可。本年度鋼簾線按地區的銷售量明細如下：

		Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年		2018 二零一八年		% change
		Sales volume (Tonne) 銷售量 (噸)	% of total sales volume of Steel cord 佔鋼簾線 總銷售量 百分比(%)	Sales volume (Tonne) 銷售量 (噸)	% of total sales volume of Steel cord 佔鋼簾線 總銷售量 百分比(%)	
PRC	中國	153,872	79.3	149,475	80.8	+2.9
Export sales:	出口銷售：					
Asia (other than PRC)	亞洲(中國除外)	24,059	12.4	19,074	10.3	+26.1
EMEA (Europe, Middle East and Africa)	EMEA(歐洲、中東和非洲)	9,506	4.9	11,022	6.0	-13.8
North America	北美洲	4,103	2.1	3,594	1.9	+14.2
South America	南美洲	2,466	1.3	1,745	1.0	+41.3
Total export sales	出口銷售總數	40,134	20.7	35,435	19.2	+13.3
Total	總計	194,006	100.0	184,910	100.0	+4.9

The overall sales volume growth of 4.9% in Steel cords caused the revenue of this segment to slightly increase by 0.9% over last year's to HK\$2,139,930,000 (2018: HK\$2,121,189,000) for the year because the Group's major income is denominated in RMB, but the financial statement is presented in Hong Kong dollars. During the year, exchange rate of RMB depreciated against HKD, this decreased the total amount of revenue in Hong Kong dollars.

基於整體鋼簾線銷售量錄得4.9%增幅，令到於本年度此分部的營業額比去年的輕微上升0.9%至港幣2,139,930,000元(二零一八年：港幣2,121,189,000元)，因為本集團的主要收入以人民幣計值，但財務報表以港幣列示。於本年度人民幣兌港幣匯率貶值，以至減少了以港元計算的總營業額。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Gross profit

Gross profit of this segment increased by 41.9% over last year's to HK\$376,502,000 (2018: HK\$265,397,000) for the year. Gross profit margin improved from 12.5% last year's to 17.6% for the year attesting to the benefit of economy of scale and our incessant effort in controlling production costs. Hence, EBITDA also increased from last year of HK\$228,646,000 to HK\$308,269,000 for the year.

### Discontinued operation of Copper and brass products business

#### Overall performance

In view of generating greater managerial focus and releasing internal resources for the Group to prioritise the profitable Steel cord business, the Group ceased all the operation of the Copper and brass products segment in September 2019. This business in 2019 contributed no revenue (2018: HK\$131,177,000) and recorded the loss of HK\$3,400,000 (2018: HK\$4,028,000), mainly due to the impairment loss on receivables.

## FINANCIAL REVIEW

### Revenue

Revenue for the continuing operations of the Group amounted to HK\$2,141,380,000 (2018: HK\$2,122,993,000) for the year, slightly increased by 0.9% over last year. The breakdown of revenue for the continuing operations of the Group for the year is as follows:

### 毛利

於本年度此分部之毛利比去年的上升41.9%至港幣376,502,000元(二零一八年:港幣265,397,000元)。毛利率由去年報12.5%改善至本年度的17.6%，這證明了規模經濟的好處和我們在控制生產成本方面的不懈努力。因此，EBITDA亦由去年的港幣228,646,000元增加至本年度港幣308,269,000元。

### 已終止經營之銅及黃銅材料業務

#### 整體表現

於二零一九年九月，考慮到集中本集團更多管理關注及釋放本集團內部資源以優先考慮具盈利的鋼索業務，本集團停止經營銅及黃銅材料分部的全部業務。該業務於二零一九年沒有營業額產生(二零一八年:港幣131,177,000元)及錄得虧損港幣3,400,000元(二零一八年:港幣4,028,000元)，主要由於應收款項減值損失。

### 財務回顧

#### 營業額

於本年度，本集團來自持續經營業務之營業額報港幣2,141,380,000元(二零一八年:港幣2,122,993,000元)，比去年同期輕微增加0.9%。於本年度本集團來自持續經營業務之營業額明細如下：

#### Year ended 31 December

截至十二月三十一日止年度

		2019 二零一九年		2018 二零一八年		% change 變動 (%)
		HK\$'000 港幣千元	% of total revenue 佔總營業額 百分比(%)	HK\$'000 港幣千元	% of total revenue 佔總營業額 百分比(%)	
Steel cord	鋼索	2,139,930	99.9	2,121,189	99.9	+0.9
Property rental	物業租賃	1,450	0.1	1,804	0.1	-19.6
Total	總計	2,141,380	100.0	2,122,993	100.0	+0.9

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Gross profit

Gross profit for the continuing operations of the Group increased by 41.5% over last year's to HK\$377,944,000 (2018: HK\$267,104,000), which was mainly due to the increase of gross profit of Steel cord segment. Gross profit margin for the continuing operations of the Group also increased significantly by 5.0 percentage points to 17.6% for the year as compared to that of last year. The breakdown of gross profit for the continuing operations of the Group for the year is as follows:

### 毛利

本集團來自持續經營業務之毛利比去年上升41.5%至港幣377,944,000元(二零一八年:港幣267,104,000元),主要是由於鋼簾線分部的毛利上升所致。於本年度本集團來自持續經營業務之毛利率亦比去年同期大幅上升5.0個百分點至17.6%。於本年度本集團來自持續經營業務之毛利明細如下:

		Year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年		2018 二零一八年		
		Gross profit margin (%) 毛利率 (%)	Gross profit margin (%) 毛利率 (%)	Gross profit margin (%) 毛利率 (%)	Gross profit margin (%) 毛利率 (%)	% change 變動 (%)
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	
Steel cord	鋼簾線	376,502	17.6	265,397	12.5	+41.9
Property rental	物業租賃	1,442	99.4	1,707	94.6	-15.5
Total	總計	377,944	17.6	267,104	12.6	+41.5

### Distribution and selling expenses

Distribution and selling expenses for the continuing operations amounted to HK\$90,033,000 (2018: HK\$67,786,000) for the year, increased by 32.8% over last year's, mainly due to the increase in sales of Steel cords particularly in the export markets, in which the United States imposed a 25% tariff on our products in 2019.

### 分銷及銷售費用

於本年度本集團來自持續經營業務之分銷及銷售費用報港幣90,033,000元(二零一八年:港幣67,786,000元),比去年增加32.8%,主要是由於鋼簾線分部的銷售上升,特別是在出口市場,當中美國在二零一九年向我們的產品徵收25%的關稅。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Administrative expenses

Administrative expenses for the continuing operations amounted to HK\$54,429,000 (2018: HK\$56,782,000) for the year, decreased by 4.1% as compared to last year. This decrease was mainly due to stricter cost control.

### Research and development expenses

Research and development expenses for the continuing operations of the Group amounted to HK\$74,493,000 for the year, decreased by 3.2% as compared to HK\$76,941,000 for last year. Such expenses were all incurred by the Steel cord segment and whilst reduced during the year under review, our research and development effort has been able to align with the requirements from our tyres manufacturing customers.

### Other income

Other income for the continuing operations of the Group increased by 349.7% from HK\$3,756,000 for the year ended 31 December 2018 to HK\$16,891,000 for the year ended 31 December 2019. This increase was primarily due to an increase in the government grants for supporting the enterprises.

### Other losses, net

Other losses, net for the continuing operations of the Group increased by 229.3% from HK\$4,002,000 for the year ended 31 December 2018 to HK\$13,179,000 for the year ended 31 December 2019. This increase was primarily due to (i) an increase of HK\$9,745,000 in impairment losses on property, plant and equipment of producing certain products; and (ii) an increase of HK\$5,944,000 in fair value loss on Convertible Bonds. However, the increase was offset in part by the increase in net fair value gains on foreign currency hedging contracts.

### 行政費用

於本年度本集團來自持續經營業務之行政費用報港幣54,429,000元(二零一八年:港幣56,782,000元),比去年減少4.1%,主要是由於成本控制更為嚴格。

### 研發費用

於本年度本集團來自持續經營業務之研發費用報港幣74,493,000元,比去年報港幣76,941,000元下降3.2%。該等費用全都是鋼簾線分部所產生,儘管於本年度有所減少,但我們的研發工作已能夠滿足輪胎製造客戶的要求。

### 其他收入

本集團來自持續經營業務之其他收入由截至二零一八年十二月三十一日止年度的港幣3,756,000元增加349.7%至截至二零一九年十二月三十一日止年度的港幣16,891,000元。該增長主要由於政府補貼增加以支持企業。

### 其他虧損,淨額

本集團來自持續經營業務之其他虧損,淨額由截至二零一八年十二月三十一日止年度的港幣4,002,000元增加229.3%至二零一九年十二月三十一日止年度的港幣13,179,000元。該增加主要由於(i)生產若干產品的物業、廠房及設備之減值損失增加港幣9,745,000元;及(ii)可換股債券之公平值虧損增加港幣5,944,000元。但該增加因外匯對沖合約之公平值收益淨額增加而被部分抵銷。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Reversal of impairment losses on land use rights

Reversal of impairment losses on land use rights amount to HK\$17,456,000 for the year ended 31 December 2019 due to the commencement of the construction work of TESC Phase II Project in November 2019.

### TREASURY AND FUNDING POLICIES

The treasury and funding policies of the Group concentrate on the management of liquidity and the monitoring of financial risks, including interest rate risk, currency risk and counterparty risks. The objectives are to ensure the Group has adequate financial resources to maintain business growth with a viable financial position.

Surplus funds of the Group are generally placed on short term deposits denominated in HKD, RMB or USD with reputable banks in Hong Kong and the PRC. The financing of the Group principally comprises short to medium term loans from banks. The loan portfolio takes into consideration of the liquidity of the Group and interest costs.

### SHARE CAPITAL, LIQUIDITY AND FINANCIAL RESOURCES

#### Share capital and net asset value

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can maintain a sustainable growth and providing a long-term reasonable return to its Shareholders.

The total number of issued shares of the Company remained at 1,922,900,556 Shares at 31 December 2018 and 2019. Net asset value of the Group was HK\$1,415,072,000 at 31 December 2019, increased slightly by 5.7% as compared to HK\$1,339,150,000 at 31 December 2018. The increase in net asset value was attributable to the net profit throughout the year. Net asset value per Share was HK\$0.736 at 31 December 2019, also increased by 5.7% as compared to HK\$0.696 at 31 December 2018.

### 土地使用權之減值損失撥回

截至二零一九年十二月三十一日止年度，土地使用權之減值損失撥回報港幣17,456,000元，這是由於二零一九年十一月滕州東方二期項目的建設工程開始動工。

### 財資政策

本集團的財資政策集中於流動資金管理和監控財務風險，包括利率風險、匯兌風險和交易對手風險。其目的是確保本集團有充足的財務資源以在財務狀況可行情況下維持業務增長。

本集團的剩餘資金一般以短期存款（以港幣、人民幣或美元為單位）存放在香港及中國信譽良好的銀行。本集團的資金籌措主要包括短期到中期銀行的貸款，貸款組合會考慮本集團的資金流動性及利息成本而作出。

### 股本、資金流動及財政資源

#### 股本及資產淨值

本公司管理其資本架構的目的以確保本集團之業務能繼續可持續增長及為股東提供一個長期合理的回報。

於二零一八年及二零一九年十二月三十一日，已發行股份總數目仍為1,922,900,556股。本集團於二零一九年十二月三十一日之資產淨值報港幣1,415,072,000元，比二零一八年十二月三十一日的港幣1,339,150,000元略微上升5.7%，增加歸因於本年度的溢利淨額。於二零一九年十二月三十一日的每股資產淨值報港幣0.736元，比二零一八年十二月三十一日每股報港幣0.696元亦上升5.7%。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Issuance of Convertible Bonds

On 18 December 2018, the Company entered into the Subscription Agreement with Jingxi Holdings (a related party and a wholly-owned subsidiary of Shougang Fund) whereby the Company issued and Jingxi Holdings subscribed for the Convertible Bonds in the principal amount of HK\$150,000,000. The interest rate is 4.0% per annum while Conversion Price is HK\$0.33 per Share, with conversion available commencing 6 months from issuance date till end of term. Tenor is 3 years from issuance date which can be extended by Jingxi Holdings for one year twice to the date falling on the fifth anniversary of the issue date of the Convertible Bonds.

The Conversion Price was arrived at after arm's length negotiations between the Group and Jingxi Holdings with reference to the prevailing market prices of the Shares. On 11 February 2019, the issuance of the Convertible Bonds was completed. The net proceeds from the Subscription, after deducting the costs and expenses of approximately HK\$1 million, are approximately HK\$149 million and are expected to be used as follows: (i) as to approximately HK\$37.3 million for repaying interest-bearing borrowings with higher interest rate of the Group (excluding borrowings provided by Shougang HK and its related party(ies)); (ii) as to approximately HK\$110 million for funding the capital investment for the TESC Phase II Project subject to the construction cost and time needed to supplement the production need for both TESC and JESC; and (iii) as to approximately HK\$1.7 million, being the remaining proceeds for supplementing general working capital.

### 發行可換股債券

於二零一八年十二月十八日，本公司與京西控股（關連人士及首鋼基金的附屬公司）訂立認購協議，據此，本公司發行而京西控股認購本金額最高為港幣150,000,000元的可換股債券。年利率為4.0%而換股價為每股股份港幣0.33元，自發行日起至期末六個月開始轉換。期限由發行日起三年，可由京西控股延長兩次，每次一年至可換股債券發行日期後至第五個週年當日。

換股價乃由本集團與京西控股參考股份的現行市價經公平磋商後釐定。於二零一九年二月十一日，發行可換股債券已完成。認購事項所得款項淨額（經扣除成本及開支約港幣1百萬元後）約為港幣149百萬元及預期用作下列用途：(i)約港幣37.3百萬元用於償還本集團利率較高的計息貸款（首控香港及其關連方提供的貸款除外）；(ii)約港幣110百萬元用於為滕州東方二期項目的資本投資提供資金，惟受限於建設成本及補充滕州東方及嘉興東方的生產需求所需時間；及(iii)所得款項餘額約港幣1.7百萬元用於補充一般營運資金。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

As at 31 December 2019, the Group had utilised the aforesaid proceeds in the manner as set out in the table below:

於二零一九年十二月三十一日，本集團已動用上述所得款項按照下表所列方式：

		<b>Net proceeds from the Subscription</b>	<b>Utilised amount</b>	<b>Unutilised amount</b>
		認購事項 所得款項	已動用金額	未動用金額
		HK\$ million	HK\$ million	HK\$ million
		港幣百萬元	港幣百萬元	港幣百萬元
Repaying interest-bearing borrowings with higher interest rate of the Group	償還本集團利率較高的計息貸款	37.3	37.3	-
Funding the capital investment for the TESC Phase II Project	為滕州東方二期項目的資本投資提供資金	110.0	31.8	78.2
Supplementing general working capital	補充一般營運資金	1.7	1.7	-
<b>Total</b>	<b>合計</b>	<b>149.0</b>	<b>70.8</b>	<b>78.2</b>

The unutilized net proceeds, being approximately HK\$78.2 million, is expected to be used as intended by 2021. Detailed schedule depends on the actual progress of construction, the development of the Company and market situation.

未動用所得款項淨額約港幣78.2百萬元預期將於二零二一年之前用於擬定用途。具體時間表取決於建設實際進度、本公司的發展以及市況。

### Bank balances and cash and interest bearing borrowings

The Group's bank balances and cash (including pledged bank deposits) amounted to HK\$101,732,000 at 31 December 2019, decreased by 30.0% as compared to HK\$145,312,000 at 31 December 2018. Total interest bearing borrowings of the Group (comprised of loans from related companies, bank borrowings and Convertible Bonds) were HK\$821,290,000 at 31 December 2019, decreased by 25.4% as compared to HK\$1,100,809,000 at 31 December 2018. The amount of net interest bearing borrowings (total interest bearing borrowings less bank balances and cash) therefore decreased from HK\$955,497,000 at 31 December 2018 to HK\$719,558,000 at 31 December 2019.

### 銀行結存及現金及計息貸款

於二零一九年十二月三十一日，本集團之銀行結存及現金（包括已抵押銀行存款）共港幣101,732,000元，比二零一八年十二月三十一日報港幣145,312,000元下降30.0%。本集團之總計息貸款（包括來自關連公司之貸款、銀行貸款及可換股債券）於二零一九年十二月三十一日報港幣821,290,000元，比二零一八年十二月三十一日報港幣1,100,809,000元下降25.4%。因此，計息貸款淨額（計息貸款總額減去銀行結存及現金）由二零一八年十二月三十一日的港幣955,497,000元減少至二零一九年十二月三十一日的港幣719,558,000元。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### Debt and liquidity ratios

Gearing ratio represents total interest bearing borrowings less bank balances and cash (including pledged bank deposits) is divided by total equity of the Group decreased markedly from 71.4% at 31 December 2018 to 50.8% at 31 December 2019. The current ratio (calculated as current assets divided by current liabilities) of the Group was 1.28 times at 31 December 2019 as compared to 1.19 times at 31 December 2018.

### FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

The Group's source of revenue is mainly denominated in EUR, RMB and USD while those of purchases and payments are mainly denominated in RMB and HKD. During the year under review, the Group managed its exchange rate exposures of HKD denominated liabilities against RMB and EUR denominated assets against RMB by entering into the foreign currency hedging contracts to sell RMB against HKD with aggregate notional amount of HK\$280,000,000 and to sell EUR vs RMB with aggregate notional amount of EUR2,000,000. These contracts were fully fixed before 31 December 2019. The respective currency composition of the Group's bank balances and cash (including pledged bank deposits) and bank borrowings is set out in note 26(b) and note 29 to the consolidated financial statements respectively.

In respect of exposure to interest rate risk, the majority of interest bearing borrowings for the year ended 31 December 2019 were at fixed instead of floating rates. Since the minority of interest bearing borrowings was in floating rates, the Group has not entered into any interest rate swaps on the floating rate borrowings. In light of the relatively lacklustre economic data published lately, the prevailing market view is a cut in interest rate and hence, we do not anticipate to conduct any interest rate swaps in the near term.

### 負債及流動資產比率

本集團之負債比率（以計息貸款總額減銀行結存及現金（包括已抵押銀行存款）除以權益總額計算）由二零一八年十二月三十一日報71.4%下降至二零一九年十二月三十一日報50.8%。本集團於二零一九年十二月三十一日的流動比率（以流動資產除以流動負債計算）為1.28倍，相對於二零一八年十二月三十一日則為1.19倍。

### 外幣及利率風險

本集團的營業額來源主要以歐元、人民幣和美元為單位，而購買和付款的則主要以人民幣和港幣為單位。於本年度回顧，本集團通過訂立外匯對沖合約賣出人民幣兌港幣，名義總金額為港幣280,000,000元，以及賣出歐元兌人民幣，名義總金額為2,000,000歐元，以管理其以港幣為單位的負債兌人民幣及以歐元為單位的資產兌人民幣的匯率風險。這些合約於二零一九年十二月三十一日之前已完全確定。本集團的銀行結存及現金（包括已抵押銀行存款）及銀行貸款的貨幣組合分別載列於綜合財務報告附註26(b)及附註29。

至於利率風險，截至二零一九年十二月三十一日止年度的計息貸款大部份是按固定而非浮動利率計息，因屬計息貸款中較小部分為浮動利率，本集團並無訂立就浮動利率貸款利率掉期。鑒於近期公佈的經濟數據相對平淡，現行市場觀點是利率下調，因此我們預計短期內不會進行任何利率掉期。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

We will review and adjust the currency composition of our interest bearing borrowings from time to time to minimise our risks on exchange and interest rate in respect of our interest bearing borrowings. In any event, we would keep monitoring the currency and interest rate composition of the Group's interest bearing borrowings under the guidance of the Internal Control Manual and take appropriate action to minimise our exchange and interest rate risks when needed, such as entering into new derivative financial instruments to hedge the risk of RMB exchange rate in 2020.

### CAPITAL COMMITMENTS

At 31 December 2019, the Group had commitments in respect of property, plant and equipment amounted to approximately HK\$143,513,000.

### BUSINESS DEVELOPMENT PLAN

In 2010 and 2011, TESC acquired the land use rights of three parcels of land through a public auction for a total consideration of RMB81,120,000 (the "Lands") as plant site for its expansion of production capacity. However, given the changes in the market of steel cord and strategic review of the expansion plan, TESC has yet to utilize the Lands since its acquisition, nor received the relevant land use right certificates.

In late November 2017, TESC received a notice regarding the rescission of the confirmation letter in respect of the successful bidding of state-owned land for construction from Tengzhou City Natural Resources Bureau (formerly known as Tengzhou Municipal State-owned Land Resources Bureau) regarding the Lands in the state of being idle. Subsequently, the Group conducted several rounds of negotiation with the Tengzhou governmental authorities with an aim to reach a consensus for TESC to continue utilizing the Lands.

我們將檢討及調整計息貸款的貨幣組合，以盡量減少我們的計息貸款的匯率和利率風險。無論如何，我們會根據內部監控指引下，持續監察本集團計息貸款的貨幣及利率組合，及於需要時採取適當行動，以減低匯兌及利率的風險，例如於二零二零年訂立新衍生金融工具以對沖人民幣兌港幣匯率風險。

### 資本承擔

於二零一九年十二月三十一日，本集團有關物業、廠房及設備之承擔約港幣143,513,000元。

### 業務發展計劃

於二零一零年及二零一一年，滕州東方透過公開競投以代價總額為人民幣81,120,000元，取得三幅土地（「該等土地」）之土地使用權，為其擴大生產量，作廠房之用。惟基於鋼簾線市場的變動及策略性檢討擴充計劃後，滕州東方自購入起，未有利用該等土地及尚未取得相關的土地使用權證。

於二零一七年十一月下旬，滕州東方收到滕州市自然資源局（前稱滕州市國土資源局）就該等正值閒置的土地發出的解除《國有建設用地掛牌出讓成交確認書》通知書。其後本集團與滕州政府機構進行多回磋商，旨在達成共識，令滕州東方繼續使用該等土地。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

During the year, TESC has entered into agreements with the relevant governmental authorities of Tengzhou in relation to the investment of a construction project to be carried out on the Lands. Pursuant to the agreements, TESC shall invest in construction of the production lines for an annual capacity of 100,000 tonnes Steel cords (of which the construction project of production lines with annual capacity of 20,000 tonnes of brass wires (half-product or work in progress of Steel cords) is an integral part) on the Lands.

In August 2019, TESC received the land use right certificates of the Lands from Tengzhou City Natural Resources Bureau. The Tengzhou governmental authorities shall assist TESC in the construction project, such as handling relevant procedures for the construction, facilitating in the construction of infrastructure of the project such as water, electricity and roads, and assisting in application of governmental policy support and applicable support funds.

The construction project has commenced to acquire the machineries and construct the factory plant, ancillary facilities and peripheral roads in November 2019 and is funded by the proceeds of the issuance of Convertible Bonds issued on 11 February 2019, internal resources and/or other financing. The project is carried out by phases according to the market conditions and the financial capacity of the Company from time to time. The brass wire project as aforementioned is expected to bring positive impact on the performance of the Steel cord segment as some of the existing production of brass wires of JESC, which have been in use for over 20 years, incurs high maintenance and operation cost with relatively low production efficiency and quality instability.

於本年度，滕州東方與滕州相關政府機關就將在該等土地上進行的項目投資建設訂立協議。根據協議，滕州東方將在該等土地投資建設總年產100,000噸鋼簾線生產線（其中建設年產量20,000噸黃絲（鋼簾線半成品或在製品）生產線是不可分割的一部分）。

在二零一九年八月，滕州東方收到由滕州市自然資源局就該等土地的土地使用權證。滕州政府機關協助滕州東方建設項目，如處理施工相關程序，促進水、電、道路等項目基礎設施建設，並協助申請政府政策支持和適用的資金支持。

建設項目已於二零一九年十一月開始購置機器及建設的廠房、附屬設施及外圍道路，並由二零一九年二月十一日發行的可換股債券所得款、內部資源及／或其他融資提供資金。項目會根據市場情況和本公司不時之財務能力分階段進行。上述黃絲項目將預計對鋼簾線分部的表現帶來正面影響，因目前若干嘉興東方黃絲生產線已使用超過二十多年，相對較低的生產效率及質量不穩定性，產生高維護費和運營成本。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

At 31 December 2019, the Group had a total of 2,043 employees located in Hong Kong and the PRC. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. In addition to salary payments, other employee benefits include medical subsidies, hospitalization scheme and a defined contribution provident fund, Mandatory Provident Fund Scheme and other retirement scheme or other similar defined contribution provident fund stipulated by the State Regulations of the PRC which provided retirement benefits to employees in Hong Kong and the PRC respectively. The Group's contributions to these schemes are charged against profits or loss as they are incurred. The total employee benefit expense for the year amounted to approximately HK\$217 million.

The Group had also provided training programmes or courses for the mainland staff at all levels from different departments, and also for Directors and employees of the Company so as to further enhance their technical skills in production operation and management, professional skills and knowledge.

### 本集團僱員、酬金政策及培訓計劃

於二零一九年十二月三十一日，本集團於香港及中國合共有2,043名僱員。本集團僱員之酬金政策按僱員價值、資格及能力，亦以業界當時市場環境而釐訂。彼等之酬金包括酌情發放之花紅，一般會每年予以檢討。在薪金以外，其他僱員福利包括醫療保險、住院資助計劃及定額供款公積金計劃，強制性公積金計劃，及中國國家法規定的其他退休計劃或類似定額供款公積金計劃分別為香港及國內僱員提供退休福利。該等計劃引起之本集團供款會在損益中扣除。本年度僱員福利開支總額為大約港幣217百萬元。

本集團亦分別向國內各部門各級僱員及向董事及本公司僱員提供培訓計劃或課程，用以提升他們在生產營運上的技術和管理、專業技巧和知識。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

In addition, the Company had adopted the 2002 Scheme. Under the 2002 Scheme, the Board shall, subject to and in accordance with the provisions of the 2002 Scheme and the Listing Rules, grant share options to any eligible participant to subscribe for Shares for the purpose of providing incentives or rewards to him/her for contribution to the Group. The 2002 Scheme remained in force for a period of ten years from the date of its adoption and expired on 6 June 2012. The Shareholders at the annual general meeting held on 25 May 2012 approved the termination of the 2002 Scheme and adoption of the 2012 Scheme which serves the same purpose as the 2002 Scheme. The 2012 Scheme will remain in force for a period of ten years from 29 May 2012, the date of obtaining the approval of the listing and permission to deal in the Shares falling to be allotted and issued pursuant to the exercise of any options granted under the 2012 Scheme.

During the year, no options were granted, exercised, cancelled and lapsed under the 2012 Scheme while 4,000,000 share options lapsed under the 2002 Scheme.

### CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group had no contingent liabilities at 31 December 2019.

As at 31 December 2019, the carrying amounts of assets pledged as security for bills payable and bank borrowings are:

- (i) leasehold land and buildings: HK\$189,388,000;
- (ii) pledged bank deposits: HK\$53,921,000; and
- (iii) land use rights: HK\$59,951,000.

此外，本公司採納了二零零二計劃。根據二零零二計劃，董事會可根據及按照二零零二計劃的條款及上市規則授予合資格人士購股權以認購股份，目的作為他／她對本集團之貢獻作出獎勵或報酬。二零零二計劃由採納日期起計十年內有效及於二零一二年六月六日到期。股東已在二零一二年五月二十五日舉行的股東周年大會上批准終止二零零二計劃及採納二零一二計劃，二零一二計劃與二零零二計劃本著有同一目的。二零一二計劃由二零一二年五月二十九日（獲得批准根據二零一二計劃授出之購股權獲行使而將予發行及分配之任何股份上市及買賣之日期）起計十年內有效。

於本年度，根據二零一二計劃，沒有購股權授出、行使、註銷或失效。而根據二零零二計劃，則有4,000,000股購股權失效。

### 或然負債及資產押記

於二零一九年十二月三十一日，本集團並無或然負債。

於二零一九年十二月三十一日，已予抵押作為若干應付票據及銀行貸款的保證之資產賬面值為：

- (i) 租賃土地及樓宇：港幣189,388,000元；
- (ii) 已抵押銀行存款：港幣53,921,000元；及
- (iii) 土地使用權：港幣59,951,000元。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

### BUSINESS OUTLOOK

Hong Kong experienced various tactile challenges in 2019 notably in the crosshair of the Sino-American trade squabble, unremitting social demonstrations commenced in the latter half of the year and most critical of all, the recent coronavirus crisis which caused and will continue to cause restricted movement in human resources, torment in logistics for normal business activities and uncertainties in the global economy in 2020. Under these untoward circumstances and that we have not yet known how and when the coronavirus infection can be contained, we envisage the performance of the Group in the first quarter will be lagging when compared with our stalwart results in 2019. We believe that the demand and supply dynamics of the Steel cord and tyres sectors remain stable in the short run, but more participants in both sectors are relocating their respective production capacities abroad to circumvent US and China trade dispute albeit Phase 1 of the trade agreement has been reached. The relocation of tyres making facilities should create more export opportunities for our Group. In short, we remain hopeful that our business will gradually return to normal in the second half of 2020 underscored by the low inventory level of our tyres manufacturing customers, the palpable stimulus by the Central Government both on the fiscal and monetary fronts, and in the longer run, the potential of the replacement tyres market in the PRC.

### 業務展望

香港在二零一九年經歷了各種敏感挑戰，特別是在中美貿易爭執的焦點下，下半年開始了不斷的社會示威活動，最嚴重的是最近的冠狀病毒危機導致，並將繼續限制人力資源的流動、折磨物流的正常業務營運及二零二零年全球經濟的不確定性。在這些不利的情況及我們尚未知道如何及何時能遏制冠狀病毒的感染，我們預期與本集團二零一九年的強勁表現相比，第一季度將表現落後。我們相信，鋼簾線和輪胎行業的供求動態在短期內將保持穩定，但是這兩個行業的更多參與者正將各自的產能轉移至國外以規避中美貿易爭端，儘管第一階段貿易協議已經達成。輪胎製造設施的搬遷將為本集團創造更多的出口機會。簡而言之，我們仍然希望，我們的業務將在二零二零年下半年逐步恢復正常，主要因為輪胎製造客戶的庫存水平低，中央政府在財政和貨幣方面的明顯刺激措施，以及從長遠來看，中國替換輪胎市場的潛力。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層論述及分析

The coronavirus outbreak is unlikely to deter our goal to maintain our market share and as a leading Steel cord manufacturers in the PRC. Building upon our strengths in the recognition of our brand, the knowledge on and relationship with our multinational clientele, responsive research and development effort, and accountable customer services, we will: –

- continue the construction of our new brass wire facility at TESC to facilitate the expansion plan of an additional 100,000 tonnes Steel cord manufacturing capacity within the "14th Five Year Plan";
  - expand our export effort which has already outperformed the growth of Steel cord export amongst our peers in 2019;
  - further reduce our cost of production by streamlining our manufacturing process and increasing automation;
  - further decrease our overall debt level and financial charges; and
  - continue to curtail the impact of foreign exchange fluctuation on our profitability.
- 冠狀病毒的爆發不會阻止我們維持市場份額以及成為中國領先的鋼索線製造商的目標。基於我們在品牌認可方面的優勢、對跨國客戶的了解和與跨國客戶的關係、快速響應的研發工作以及負責的客戶服務，我們將：–
- 繼續在滕州東方建設新的黃絲設施，以促成「第十四個五年計劃」中增加額外100,000噸鋼索線生產能力的擴展計劃；
  - 擴大我們於二零一九年已超越同行表現的鋼索線出口成就；
  - 通過簡化製造流程和提高自動化來進一步降低生產成本；
  - 進一步降低我們的整體債務水平和財務費用；及
  - 繼續減少外匯波動對我們盈利能力的影響。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告



The Board is committed to practicing and achieving a high standard of corporate governance and also recognises that effective risk management and internal control systems are crucial to the long-term development of the Company. In order to maintain sound and effective risk management and internal control systems, the Board periodically reviews the daily corporate governance practices and procedures of the Company and its subsidiaries and procures the Company and its subsidiaries to strictly comply with the relevant laws and regulations, and the rules and guidelines of regulatory bodies.

### CORPORATE GOVERNANCE PRACTICES

The Company has made detailed disclosures in relation to the accounting period covered in this annual report in compliance with the requirements of Corporate Governance Report set out in the Code of Appendix 14 of the Listing Rules. Also, the Company has applied and complied with all the principles and code provisions of the Code throughout the year ended 31 December 2019, except for the deviation from code provisions A.2.1, A.6.7 and D.1.4 of the Code.

董事會致力於實行及達到高水平之企業管治，並認為一個有效率之風險管理及內部監控系統對於本公司的長遠發展是甚為重要的。為了維持一個完好及有效率之風險管理及內部監控系統，董事會定期檢討本公司及其附屬公司的日常企業管治常規及程序，並促使本公司及其附屬公司已嚴謹地遵守有關的法律及規定，以及監管機構的規則和指引。

### 企業管治常規

本公司已按照上市規則附錄十四之守則《企業管治報告》的要求，所涵蓋會計期間應披露的資料已詳盡列載於本年報內。另外，截至二零一九年十二月三十一日止年度，除偏離守則的守則條文A.2.1、A.6.7及D.1.4條外，本公司已採用及遵守守則中的所有原則和守則條文。



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### DIRECTORS' SECURITIES TRANSACTION

On 6 April 2004, the Board has adopted a SCCHL Code on terms no less exacting than the required standard of the Model Code as the Company's code of conduct and rules governing dealing by all Directors and Specified Individuals in the securities of the Company. In order to keep the SCCHL Code in line with the changes brought upon by the relevant amendments to laws, rules and regulations, the Board will revise the SCCHL Code from time to time and the latest version which was revised on 31 December 2019 is an annexed to the Internal Control Manual. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and SCCHL Code for the year ended 31 December 2019.

### THE BOARD

The Board currently consists of eight members, including four executive Directors (namely Messrs. Su Fanrong (chairman and managing Director), Tang Cornor Kwok Kau (deputy managing Director), Ye Qian and Li Jinping), one non-executive Director (namely Mr. Liao Jun) and three independent non-executive Directors (namely Messrs. Yip Kin Man, Raymond, Lam Yiu Kin and Feng Yaoling). The Directors' biographical details are set out on pages 8 to 18 under the heading "BIOGRAPHICAL DETAILS OF DIRECTORS".

The major duties of the Board are set out below:

- Develop business model and business goals of the Company;
- Formulate the strategies, planning and development of the Company;
- Set up objectives of management;
- Monitor the performance of management;
- Ensure that a framework of prudent and effective controls are in place to enable risks to be assessed and managed;

### 董事的證券交易

於二零零四年四月六日，董事會已採納了一套首長寶佳守則，作為本公司監管全體董事及特定人士買賣本公司證券的操守準則和規則，而首長寶佳守則之標準不比標準守則所訂明的要求寬鬆。為使首長寶佳守則能反映有關法律、規則及規定的修改，董事會將不定時修改首長寶佳守則，而在內部監控指引附錄內最新版本之首長寶佳守則已在二零一九年十二月三十一日修訂。經本公司特定查詢後，所有董事已確認彼等截至二零一九年十二月三十一日止年度內，一直遵守標準守則及首長寶佳守則所載之規定標準。

### 董事會

董事會現由八名成員組成，包括四名執行董事（即蘇凡榮先生（董事長兼董事總經理）、鄧國求先生（董事副總經理）、葉芊先生及李金平先生）、一名非執行董事（即廖駿先生）及三名獨立非執行董事（即葉健民先生、林耀堅先生及馮耀嶺先生）。董事之簡歷詳情載於第8頁至18頁之「董事簡歷」之標題內。

董事會之主要職責如下：

- 發展本公司之業務模式及目標；
- 制定本公司的策略、計劃及發展；
- 確立管理的目標；
- 監察管理層的表现；
- 確保推行審慎和有效的監管架構，從而評估和管理風險；

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- Review and approve the Company's results and operations to be disclosed on a regular basis to the public; and
- Approve the Group's operating strategies, budget and strategies in collaboration with various jurisdictions enterprises, as well as other major investments, application of funds and other substantial exercises with other enterprises.
- 審核及批准本公司的業績及運作，定期向公眾人士披露；及
- 批准本集團的營運策略、預算及與不同管轄權區的企業合作的計劃以及其他主要的投資、資金運用及與其他企業的其他重大行動。

In order to have a clear guideline in relation to the matters specifically reserved to the Board for decision, functions between the Board and the management are formalized in the Internal Control Manual. In short, the Board, which is accountable to Shareholders for the long-term performance of the Company, is responsible for directing and supervising the Company's affairs to safeguard the best interest of the Company as a whole. The affairs reserved to the Board including but not limited to the development of business models and strategies of the Company, the preparation of financial reporting and the expansion and development of any new business. The managing Director motivates the management and general staff to achieve those business goals and strategies set out by the Board, applying business principles and ethics enshrined in the Internal Control Manual.

Each Director owes a fiduciary duty towards the Company. He should act in good faith and in the best interests for both the Company and Shareholders as a whole. Also, the Board has three independent non-executive Directors which represent more than one-third of the Board so that there is a strong element of independence in the Board. Each of the independent non-executive Directors has different professional qualification and experience in various aspects: including but not limited to (i) legal professional qualification and experience; or (ii) auditing, accounting and tax professional, or business consulting experience, which has fully complied with Rules 3.10(1) and (2) of the Listing Rules. Hence, we believe that we have sufficient calibre and number of independent non-executive Directors for their views to carry weight.

為特別須董事會作決定之事項提供明確指引，董事會及管理層之職能已在內部監控指引中界定。簡單而言，董事會須就本公司的長遠表現向股東問責，負責領導及監管本公司之事務以保障本公司之整體最佳利益。需董事會作出負責之事務包括但不限於制定本公司業務模式及策略、準備財務報告以及擴展和開發任何新業務。而董事總經理負責推動管理層及一般僱員以內部監控指引下之業務準則及道德標準達到董事會制訂的業務目標及策略。

各董事對於本公司均有誠信責任。彼應真誠地以本公司和股東的整體最佳利益為前提行事。另外，董事會現有三名獨立非執行董事，佔董事會成員人數多於三分之一，使董事會有強大的獨立元素。每一位獨立非執行董事於各方面皆具有各項專業資格及經驗：包括但不限於(i)法律專業資格及經驗；或(ii)審核、會計和稅務專業或業務諮詢經驗，完全符合上市規則第3.10(1)及(2)條的規定。故此，我們相信我們具有足夠才幹的獨立非執行董事，以使其意見具有影響力。

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The Company has received from each of the independent non-executive Directors an annual confirmation of his and immediate family members' independence pursuant to Rule 3.13 of the Listing Rules. Although Messrs. Yip Kin Man, Raymond and Law, Yui Lun (former independent non-executive Director) have been serving the Board for more than nine years, they has not engaged in any executive management of the Group and Mr. Yip's solicitors firm and Mr. Law's company service firm, and their respective family members have never provided any service to the Group. Their familiarity and extensive experience with the Company's business may place them in a better position to contribute independent views to the Company, and continue to demonstrate a firm commitment to their role.

Taking into consideration of their independent scope of works and their high integrity when performing duties as independent non-executive Directors over the past years, there is no evidence that length of tenure is having an adverse impact on their independence. The Company therefore considers all of independent non-executive Directors (including Mr. Yip and former independent non-executive Director, Mr. Law) are independent throughout the year under review. Furthermore, all Directors, including independent non-executive Directors, should be re-elected at least once every three years at the annual general meeting of the Company and the reasons the Board believes that the individual to be independent are set out in the relevant circulars. In addition to the above, to the best knowledge of the Directors, there is no financial, business, family or other material/relevant relationship among members of the Board.

根據上市規則第3.13條之規定，本公司已收悉每名獨立非執行董事及其直系親屬有關其獨立性之年度確認書。雖然其中葉健民先生及羅裔麟先生（前獨立非執行董事）服務董事會至今已超過九年，但彼等概無參與本集團任何行政管理工作及葉先生的律師樓和羅先生的企業服務公司及其各自直系親屬從未向本集團提供任何服務。彼等對本公司業務之熟悉及資深經驗有助其向本公司提供較佳之獨立意見和對彼等董事職務持續表現堅定的承擔。

考慮到彼等過往年度工作之獨立範疇及彼等履行獨立非執行董事職責的高度正直，並無任何證據顯示服務年資對彼等獨立性產生負面影響。本公司因此認為所有獨立非執行董事（包括葉先生及前獨立非執行董事羅先生）於本年度回顧均為獨立人士。再者，所有董事（包括獨立非執行董事）須至少每三年一次在本公司股東周年大會上重選，及董事會認為各獨立非執行董事乃屬於獨立人士的原因，已列載於有關通函內。除以上外，就董事所知，各董事會成員之間概無任何財務、業務、家族或其他重大／相關關係。

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### Deviation from code provision A.2.1 of the Code

During the year under review, the roles of chairman and managing Director in the Company are performed by Mr. Su Fanrong which constitutes the deviation from the code provision A.2.1 of the Code which stipulates that the roles of chairman and managing Director should be separate and should not be performed by the same person. In consideration of Mr. Su's extensive knowledge and experience in various aspects, in particular the management in the steel industry and sales area, the Board considers this present arrangement still enables the Company to make decisions promptly in the formulation and implementation of the Company's strategies in achieving corporate goals. Notwithstanding the deviation, the Board is of the view that there are sufficient checks and balances amongst the Board to reach decisions in the interests of the Company and its Shareholders as a whole. The Board will review the management structure from time to time and the need to separate the roles of the chairman of the Board and the managing Director into two individuals.

### Deviation from code provision A.6.7 of the Code

During the year under review, Mr. Liao Jun, who is a non-executive Director, was unable to attend the general meeting held on 1 February 2019 regarding the proposed issuance of Convertible Bonds due to his other business engagement and this might constitute a deviation of the code provision A.6.7 of the Code which requires generally the independent non-executive Directors and non-executive Directors to attend general meetings to gain and develop a balanced understanding of the views of Shareholders. Notwithstanding the deviation, Mr. Liao demonstrated an active participation and contributed his skills, expertise from his varied backgrounds and qualifications to the board meetings he attended during the year under review. The Board will advise Mr. Liao to use his endeavors to attend all the meetings for the coming years.

### 偏離守則之守則條文A.2.1條

於本年度回顧，本公司的董事長與董事總經理之角色均由蘇凡榮先生擔任，故偏離守則的守則條文A.2.1條。該守則條文規定董事長與董事總經理的角色應有區分，並不應由同一人擔任。考慮到蘇先生在各方面，特別是管理鋼鐵行業及銷售方面擁有的豐富知識和經驗，董事會認為目前的安排仍可使公司能夠及時制定決策以實現本公司目標。儘管偏離守則，董事會認為有足夠的制衡機制來作出符合本公司及其股東整體利益的決定。董事會亦將不時檢討管理架構，並在需要時將董事長與董事總經理的角色分開。

### 偏離守則之守則條文A.6.7條

於本年度回顧，廖駿先生，非執行董事，因其他業務在身而無法參與於二零一九年二月一日舉行之有關發行可換股債券之股東大會。因此本公司可能構成偏離守則之守則條文A.6.7條。該守則條文一般而言規定獨立非執行董事及非執行董事應出席股東大會，對股東的意見有全面、公正的了解。儘管偏離守則，廖先生於本年度回顧中出席的董事會議中積極參與，並以其技能、專業知識及不同的背景及資格作出貢獻。董事會將建議廖先生積極參與所有來年舉行之會議。



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### Deviation from code provision D.1.4 of the Code

During the year under review, the Company deviated from the code provision D.1.4 of the Code. According to the subscription agreement and further agreement dated 22 September 2006 and 24 February 2015 respectively entered into by the Company and Bekaert, Bekaert group nominated Mr. Liao as a non-executive Director. Mr. Liao does not have any formal letter of appointment setting out the key terms and conditions of his appointment as Director, which therefore deviated from the code provision D.1.4 of the Code.

The details of Directors' attendance at the meetings (including the board meetings, audit committee meetings, remuneration committee meeting, nomination committee meeting, annual general meeting and general meeting) held during the year are set out in the following table:

### Record of attendance of Directors at the meetings held during the year ("Attendance Record")

### 偏離守則之守則條文D.1.4條

於本年度回顧，本公司偏離守則之守則條文D.1.4條。根據本公司與Bekaert分別於二零零六年九月二十二日及二零一五年二月二十四日訂立之認購協議及進一步協議由Bekaert集團委派廖先生為本公司非執行董事。廖先生沒有任何正式委任書，訂明有關其委任為董事的主要條款及條件，本公司因此偏離守則之守則條文D.1.4條。

董事於本年度舉行的會議（包括董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議、股東周年大會及股東大會）之出席情況已於下表列示：

### 董事於本年度舉行的會議出席紀錄（「出席紀錄」）

Number of Meetings Attended and Held  
會議之出席及舉行數目

Name of Director	董事姓名	Number of Meetings Attended and Held					
		Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Annual General Meeting	General Meeting
		董事會會議	審核委員會會議	薪酬委員會會議	提名委員會會議	股東周年大會	股東大會
Su Fanrong	蘇凡榮	4/4	N/A不適用	3/3	2/2	1/1	1/1
Tang Cornor Kwok Kau	鄧國求	4/4	N/A不適用	N/A不適用	N/A不適用	1/1	1/1
Ye Qian (Note 1)	葉芊 (附註1)	3/4	N/A不適用	N/A不適用	N/A不適用	0/1	0/1
Liao Jun	廖駿	2/4	N/A不適用	N/A不適用	N/A不適用	1/1	0/1
Yip Kin Man, Raymond	葉健民	4/4	4/4	3/3	2/2	1/1	1/1
Lam Yiu Kin	林耀堅	4/4	4/4	3/3	2/2	1/1	1/1
Law, Yui Lun (Note 2)	羅裔麟 (附註2)	3/4	4/4	2/3	1/2	1/1	1/1

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### Notes:

1. Mr. Ye Qian was appointed as a non-executive Director on 28 June 2019 and was re-designated as an executive Director on 1 January 2020.
2. Mr. Law, Yui Lun resigned as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company on 1 January 2020.

During the year, two risk assessment meetings were held to deal with risk management issues of the Group by executive Directors and the management of the Group. In addition, they held a budget meeting to review the business performance of 2019 and planning of 2020 business after the balance sheet date.

### DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Company will provide a comprehensive and formal induction package to each newly appointed Director to ensure that he/she is sufficiently aware of his/her duties, responsibilities and obligations as a Director under the Companies Ordinance, the Listing Rules and other regulatory requirement and ensure he/she has a proper understanding of the Company's operations and business. In compliance with the code provision A.6.5 of the Code during the year, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. The Directors have attended programmes or seminar(s) organised by the Company, other qualified professional bodies and regulatory authorities. In particular, all Directors had actively participated in the Directors E-Training launched by the Stock Exchange in May 2019, which enhance their understanding of the board's leadership role in Environmental, Social and Governance ("ESG") matters.

### 附註：

1. 葉芊先生於二零一九年六月二十八日獲委任為本公司非執行董事，及於二零二零年一月一日獲調任為本公司執行董事。
2. 羅裔麟先生於二零二零年一月一日辭任本公司獨立非執行董事及審核委員會成員、提名委員會成員及薪酬委員會成員。

於本年度，執行董事及本集團管理層舉行了兩次風險評估會議藉以處理本集團之風險管理及內部監控事宜。並且，於結算日後彼等舉行了一次預算會議以檢討二零一九年之業務表現及二零二零年之業務計劃。

### 董事之持續培訓及發展

本公司將向每名新委任董事提供全面且正式的就任須知文件，確保他／她能足夠知悉公司條例、上市規則及其他法規規定下其為董事之責任、職責及義務，和確保他／她對本公司之運作與業務均有適當的理解。於本年度內，為符合守則之守則條文A.6.5條，所有董事均參與持續專業發展，以發展並更新其知識及技能。董事已參加由本公司或其他專業資格團體或監管機構所舉辦的課程或研討會。特別是，本公司全體董事已積極參與聯交所於二零一九年五月推出的董事網上培訓，增進了他們對董事會在環境、社會及管治（「環境、社會及管治」）事宜的領導角色的理解。

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Furthermore, in order to ensure that the contribution of all Directors to the Board remains informed and relevant, the company secretarial department of the Company has, from time to time provide Directors with relevant reading materials to keep them informed of the latest updates in the relevant industry and market and the latest changes on the legal and regulatory environment. The records of the training received by the respective Directors are kept and updated by the company secretarial department of the Company. Areas of their training activities provided by the Company, relevant professional bodies and regulatory authorities are summarised as follows:

再者，為確保所有董事能為董事會作出有識見及恰當的貢獻，本公司公司秘書部門不時向董事提供相關閱讀文件讓彼等知悉相關行業及市場的最新消息以及法律和法規環境的最新變化。各董事所接受之培訓紀錄已由本公司秘書部保管及更新。本公司、有關專業資格團體和監管機構向現時的董事提供的培訓活動範圍概況如下：

Name of Director	董事姓名	Accounting, taxation and legal professional trainings	Legal, Regulatory and corporate governance updates	Group's policies/businesses	Other professional development programs	Global/China market/economic issues/development	Board's leadership role in ESG matters
		會計、稅務及法律專業培訓	法律、法規及企業管治更新	本集團的政策/業務	其他專業發展課程	全球/中國市場/經濟問題/發展	董事會在環境、社會及管治事宜的領導角色
Su Fanrong	蘇凡榮	-	✓	✓	-	-	✓
Tang Cornor Kwok Kau	鄧國求	-	✓	✓	-	-	✓
Ye Qian (Note 1)	葉芊 (附註1)	-	✓	✓	-	-	✓
Liao Jun	廖駿	-	✓	✓	-	-	✓
Yip Kin Man, Raymond	葉健民	✓	✓	✓	✓	✓	✓
Lam Yiu Kin	林耀堅	✓	✓	✓	✓	✓	✓
Law, Yui Lun (Note 2)	羅裔麟 (附註2)	✓	✓	✓	✓	-	✓

### Notes:

### 附註：

- Mr. Ye Qian was appointed as a non-executive Director on 28 June 2019 and was re-designated as an executive Director on 1 January 2020.
- Mr. Law, Yui Lun resigned as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company on 1 January 2020.

- 葉芊先生於二零一九年六月二十八日獲委任為本公司非執行董事，及於二零二零年一月一日獲調任為本公司執行董事。
- 羅裔麟先生於二零二零年一月一日辭任本公司獨立非執行董事及審核委員會成員、提名委員會成員及薪酬委員會成員。

# CORPORATE GOVERNANCE REPORT

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Directors have disclosed to the Company at the time of his appointment and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments and the time involvement in those public companies or organisations. In particular, Mr. Lam Yiu Kin holds more than seven listed company directorships. The Board, however, still believes that he is able to devote sufficient time to act as an independent non-executive Director on the basis that (i) he has confirmed he is able to and will devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director; (ii) he is not preoccupied with any full-time work and none of his current commitments as an independent non-executive director of the other listed companies would require his full-time involvement and he does not participate in the day-to-day operations of those listed companies; (iii) with his extensive experience and knowledge, particularly on corporate governance acquired and developed from his background and past experience (including his directorships in other listed companies), he is fully aware of the responsibilities and expected time involvement for independent non-executive directors; (iv) he has held directorships for over three years in eight of the listed companies he worked; and (v) he has demonstrated that he is able to devote sufficient time to discharge his duties owed to each of the listed companies he has held directorship by attending board meetings and board committee meetings of these listed companies during their latest financial year, as disclosed in these listed companies' latest published annual reports.

### CHAIRMAN AND MANAGING DIRECTOR

During the year under review, the roles of chairman and managing Director were combined together and performed by Mr. Su Fanrong since 31 January 2018, and thus deviated from the code provision A.2.1 of the Code. Such deviation is deemed appropriate as in consideration of Mr. Su's extensive knowledge and experience in various aspects, in particular the management in the steel industry and sales area, the Board considers this present arrangement still enables the Company to make decisions promptly in the formulation and implementation of the Company's strategies in achieving corporate goals. Further details of such deviation has been set out in page 41 under the heading "**THE BOARD**" above.

董事於接受委任時及有任何變動已適時披露其於公眾公司或組織擔任職位的數目及性質以及其他重大承擔，和擔任該等公眾公司或組織所涉及的時間。特別是，林耀堅先生持有超過七間上市公司的董事職位。然而，董事會認為他仍可投入足夠時間擔任獨立非執行董事，其依據是：(i) 彼已確認其能夠及將投入足夠的時間履行其作為獨立非執行董事的職責和責任；(ii) 彼並不專注於任何全職工作，而彼作為其他上市公司的獨立非執行董事的目前承諾不會要求其全職參與，並且彼不會參與該等上市公司的日常營運；(iii) 憑藉彼豐富的經驗和知識，尤其是根據其背景和過去的經驗中獲得和發展的企業管治（包括彼在其他上市公司的董事職位），彼完全了解獨立非執行董事的職責和預期的工作時間；(iv) 彼曾在任職的其中八間上市公司中擔任董事職位超過三年；及(v) 彼已展示出有足夠的時間透過參加彼持有董事職位之上市公司在最近一個財政年度的董事會會議和董事委員會會議來履行對該等上市公司各自應負的職責，如該等上市公司最新發布的年度報告中所述。

### 董事長及董事總經理

於本年度回顧，董事長兼董事總經理之角色自二零一八年一月三十一日起一併由蘇凡榮先生擔任，因此偏離守則之守則條文A.2.1條。此偏離被視為恰當，原因是考慮到蘇先生在各方面，特別是管理鋼鐵行業及銷售方面擁有的豐富知識和經驗，董事會認為目前的安排仍可使公司能夠及時制定決策以實現本公司目標。有關此偏離的進一步細節已在第41頁上述標題「**董事會**」中列出。



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### NON-EXECUTIVE DIRECTORS

Non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years commencing from 1 January 2020 and expiring on 31 December 2022 (Mr. Feng Yaoling was appointed as an independent non-executive Director on 1 January 2020 and Mr. Law, Yui Lun resigned as an independent non-executive Director on 1 January 2020), except (i) Mr. Lam Yiu Kin, who was appointed for a term commencing from 1 January 2018 and expiring on 31 December 2020; and (ii) Mr. Liao Jun (Non-executive Director), who was nominated by Bekaert group without any letter of appointment setting out the key terms and conditions of his appointment as Director with the Company. They are all subject to retirement by rotation and re-election at least every three years at annual general meeting in accordance with the Articles.

### BOARD COMMITTEES

The Board has established various board committees, namely remuneration committee, nomination committee and audit committee to manage particular aspects of the Company's affairs and aid in sharing the responsibilities of the Board. Moreover, all the board committees have formulated their specific written terms of reference in accordance with the requirements of the Code. The board committee members will also from time to time report their decisions and recommendations to the Board, if necessary.

To comply with the Code in relation to the requirements of the establishment of internal audit function and appropriate and effective risk management and internal control systems, the Company has engaged Moore Advisory Services Limited (formerly known as "Moore Stephens Advisory Services Limited") as the internal auditor of the Company since 2015. The audit committee takes the responsibility to review the risk management and internal control systems, the effectiveness of the Company's risk management and internal audit function and its other duties under the Code.

### 非執行董事

本公司之非執行董事（包括獨立非執行董事）以指定任期委任，由二零二零年一月一日起至二零二二年十二月三十一日止為期三年（馮耀嶺先生於二零二零年一月一日獲委任為本公司獨立非執行董事及羅裔麟先生於二零二零年一月一日辭任本公司獨立非執行董事），除了(i)林耀堅先生，其指定任期為二零一八年一月一日起至二零二零年十二月三十一日止；及(ii)廖駿先生（非執行董事）（彼由Bekaert集團提名），其沒有任何正式委任書，訂明有關其委任為董事的主要條款及條件。所有董事均須根據章程細則規定至少每三年一次在股東周年大會上輪席告退及膺選連任。

### 董事委員會

董事會已成立多個董事委員會，分別為薪酬委員會、提名委員會及審核委員會，藉以處理本公司特定範疇的事務及協助分擔董事會之職責。再者，所有董事委員會已根據守則之規定擬定其特定職權範圍。董事委員會成員如需要亦不時向董事會報告彼等的決定和建議。

為符合守則有關建立內部審核功能和合適及有效的風險管理及內部監控系統之要求，本公司自二零一五年起聘請大華國際諮詢有限公司（前稱「馬施雲諮詢有限公司」）為本公司內部核數師。審核委員會負責審查風險管理及內部監控系統、本公司風險管理及內部審核功能的有效性和守則所列其他職責。

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No corporate governance committee has been established but respective board committees (as disclosed below) are responsible for performing corporate governance functions set out in the terms of reference in code provision D.3.1 of the Code.

### Remuneration committee

The Remuneration Committee has been established on 4 April 2005 and consists of four members with a majority of independent non-executive Directors. The current members are:

Mr. Yip Kin Man, Raymond (*Chairman*)  
Mr. Su Fanrong (*Vice Chairman*)  
Mr. Lam Yiu Kin (*Independent Non-executive Director*)  
Mr. Feng Yaoling <sup>Note</sup> (*Independent Non-executive Director*)

*Note:* Mr. Feng Yaoling was appointed as the member of the remuneration committee on 1 January 2020 and Mr. Law, Yui Lun resigned from the same position on the same date.

and its terms of reference are summarised as follows:

- i) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's (if any) remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- ii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management (if any), including benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of their office or appointment), or to make recommendations to the Board on the remuneration of non-executive Directors, and also to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

本公司並沒有成立企業管治委員會，但各別董事委員會（如下文所述）已負責履行根據守則之守則條文D.3.1條所列載的企業管治職能的職權範圍。

### 薪酬委員會

薪酬委員會已於二零零五年四月四日成立並由四名成員組成，其中大部分為獨立非執行董事，現在成員為：

葉健民先生（主席）  
蘇凡榮先生（副主席）  
林耀堅先生（獨立非執行董事）  
馮耀嶺先生<sup>附註</sup>（獨立非執行董事）

*附註：* 馮耀嶺先生於二零二零年一月一日獲委任為薪酬委員會成員及羅裔麟先生於同日辭任該職位。

薪酬委員會之職權範圍概述如下：

- i) 就本公司之董事及高級管理人員（如有）之全體薪酬政策及架構，及就設立正規而具透明度之程序制訂薪酬政策，向董事會提出建議；
- ii) 獲董事會轉授責任釐定個別執行董事及高級管理人員（如有）的薪酬待遇，包括非金錢利益、退休金權利、賠償金額（包括喪失或終止職務或委任的賠償），或就非執行董事的薪酬向董事會提出建議，及考慮同類公司支付的薪酬、須付出的時間及職責以及集團內其他職位的僱用條件；

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|---|---|
| iii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;  | iii) 因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬建議；  |
| iv) to review and approve compensation payable to executive Directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; | iv) 檢討及批准向執行董事及高級管理人員（如有）就其喪失或終止職務或委任而須支付的賠償，以確保該等賠償與合約條款一致，若未能與合約條款一致，賠償亦須公平合理，不致過多； |
| v) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;                                   | v) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及之賠償安排，以確保該等安排與合約條款一致，若未能與合約條款一致，有關賠償亦須合理適當；               |
| vi) to consider the annual performance bonus for executive Directors and senior management (if any), having regard to their achievements against the performance criteria, and make recommendation to the Board;  | vi) 根據執行董事及高級管理人員（如有）的表現準則評核其表現，審議有關人員的年度表現花紅，繼而向董事會提出建議；                             |
| vii) to ensure that no Director or any of his associates is involved in deciding his own remuneration; and  | vii) 確保任何董事或其任何聯繫人士不得參與釐定他自己的薪酬；及   |
| viii) to exercise such other powers, authorities and discretion, and perform such other duties, of the Directors in relation to the remuneration as the Board may from time to time delegate to it, having regard to the Code of the Listing Rules.       | viii) 獲董事會不時之授權及根據守則的規定就董事之薪酬待遇事宜行使其他權力、職權及酌情權，以及履行其責任。                               |

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During the year under review, three remuneration committee meetings were held and two written resolutions of all members of remuneration committee were passed and the works performed by the remuneration committee included but not limited to: (i) the consideration and review of the performance-based remuneration of executive, non-executive and independent non-executive Directors; (ii) the review of the directors' fees of non-executive Directors (including independent non-executive Directors); (iii) the consideration and recommendation of the terms of service contract and remuneration of Mr. Ye Qian as the non-executive Director with effect from 28 June 2019; (iv) the consideration and recommendation of the revision of the remuneration of Mr. Su Fanrong as chairman and managing Director with effect from 1 July 2019; (v) the consideration and recommendation of the terms of service contract and remuneration of Mr. Feng Yaoling as the non-executive Director with effect from 1 January 2020; (vi) the remuneration package for the appointment of Mr. Ye Qian as the non-executive Director with effect from 28 June 2019 by written resolution of remuneration committee; (vii) the remuneration package for the appointment of Mr. Li Jinping as the executive Director with effect from 1 January 2020 by written resolution of remuneration committee; and (viii) the review of the terms of reference of remuneration committee. The emoluments of the Directors are recommended by the remuneration committee to the Board, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition. The attendance record of the remuneration committee members at the meetings held during the year is set out in the “**Attendance Record**” on page 45 of this report.

The information in respect of emolument policy of the Group is set out in the relevant sections of the “**REPORT OF THE DIRECTORS**” of this annual report and a separate report, 2019 Environmental, Social and Governance Report (the “2019 ESG Report”) (to be published).

於本年度回顧，本公司曾舉行三次薪酬委員會會議及曾通過兩次所有薪酬委員會成員的書面決議案，薪酬委員會之工作包括但不限於：(i)考慮及檢討按照執行董事、非執行董事及獨立非執行董事的個人表現而釐訂的薪酬；(ii)審閱非執行董事（包括獨立非執行董事）的董事袍金；(iii)考慮及建議葉芊先生自二零一九年六月二十八日起獲委任為本公司非執行董事之服務合約及酬金；(iv)考慮及建議自二零一九年七月一日起調整蘇凡榮先生作為本公司董事長兼董事總經理之酬金；(v)考慮及建議馮耀嶺先生自二零二零年一月一日起獲委任為本公司非執行董事之服務合約及酬金；(vi)由二零一九年六月二十八日起生效之薪酬委員會成員書面決議案，委任葉芊先生為本公司非執行董事的薪酬待遇之處理事項；(vii)由二零二零年一月一日起生效之薪酬委員會成員書面決議案，委任李金平先生為本公司執行董事的薪酬待遇之處理事項；及(viii)檢討薪酬委員會職權範圍書。董事之酬金由薪酬委員會按照個人表現、本集團之業績及盈利狀況，亦以業界指標及當時市場環境而向董事會建議。而有關薪酬委員會成員於本年度舉行的會議之出席紀錄已列載於本報告第45頁內之「**出席紀錄**」內。

有關本集團之酬金政策之資料已列載於本年報「**董事會報告**」及一份即將發佈之獨立報告—《二零一九年度環境、社會及管治報告》（「二零一九年度環境、社會及管治報告」）相關章節內。

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### Nomination committee

The nomination committee has been established on 4 April 2005 and consists of four members with a majority of independent non-executive Directors. The current members are:

Mr. Su Fanrong (*Chairman*)  
Mr. Yip Kin Man, Raymond (*Vice Chairman*)  
Mr. Lam Yiu Kin (*Independent Non-executive Director*)  
Mr. Feng Yaoling <sup>Note</sup> (*Independent Non-executive Director*)

*Note:* Mr. Feng Yaoling was appointed as the member of the nomination committee on 1 January 2020 and Mr. Law, Yui Lun resigned from the same position on the same date.

Terms of reference of nomination committee are summarised as follows:

- i) to review and monitor the structure, size and diversity (including but not limited to gender, language, age, religion, social-economic status, cultural and educational background, ethnicity, professional experience, regional and industry experience, skills, knowledge, thinking styles, know-how and length of service) of the Board at least annually in accordance with the Board Diversity Policy and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- ii) to identify and/or nominate and then select or make recommendation to the Board on the selection of qualified individuals for appointment as additional Directors or to fill Board vacancies in accordance with the Policy for Nomination of a Director of the Company by considering the skills, experience and diversity of perspectives that the individual is expected to bring to the Board and what are their potential contributions as and when they arise with due regard for the benefits of diversity on the Board. Such appointment is subject to the approval of the Board;
- iii) to make recommendations (taking into account the Company's corporate strategy and diversity need in the future) to the Board on the appointment or re-appointment of Directors and succession planning for Directors in accordance with the Policy for Nomination of a Director of the Company, in particular the chairman and the chief executive;

### 提名委員會

提名委員會已於二零零五年四月四日成立並由四名成員組成，而其中大部分為獨立非執行董事，現在成員為：

蘇凡榮先生 (*主席*)  
葉健民先生 (*副主席*)  
林耀堅先生 (*獨立非執行董事*)  
馮耀嶺先生 <sup>附註</sup> (*獨立非執行董事*)

*附註：* 馮耀嶺先生於二零二零年一月一日獲委任為提名委員會成員及羅裔麟先生於同日辭任該職位。

提名委員會之職權範圍概述如下：

- i) 根據董事會成員多元化政策，至少每年檢討及監察董事會的結構、人數及多元化（包括但不限於性別、語言、年齡、宗教、社經地位、文化及教育背景、種族、專業經驗、地區及行業經驗、技能、知識、思想作風、技術及服務任期），並就任何為配合本公司的公司策略而擬對董事會作出的變動提出建議；
- ii) 在董事會需要增加董事人數或填補董事空缺時，考慮多元化對董事會之好處，作物色及／或提名，並根據提名公司董事政策考慮候任董事預期可為董事會帶來何樣的技巧、經驗及多元觀點，以及為未來作出怎樣的貢獻，然後進行甄選或向董事會提出建議，惟有關委任須待董事會批准方可落實；
- iii) 根據提名公司董事政策，就董事委任或重新委任以及董事（尤其是董事長／主席及行政總裁）繼任計劃向董事會提出建議（考慮本公司將來之企業策略及多元化需要）；



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- iv) to disclose the Policy for Nomination of a Director of the Company, performed by the nomination committee during the year. This includes the nomination procedures and the process and criteria adopted by the nomination committee to select and recommend candidates for directorships during the year, setting out the procedures for the appointment and reappointment of Directors and board succession planning consideration;
  - v) to assess and review the independence of independent non-executive Directors annually;
  - vi) to review the Board Diversity Policy concerning diversity at all levels of Board members, including any measurable objectives and progress on achieving those objectives, and make disclosure of the policy or a summary of the policy in the corporate governance report annually;
  - vii) for corporate governance issues, the nomination committee should (i) review and monitor the training and continuous professional development of Directors and senior management (if any); and (ii) develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Company's employees and Directors;
  - viii) the nomination committee shall make a statement or report to the Board after each meeting about its activities, the diversity of board members and the process used for appointments, reappointment of Directors under the Policy for Nomination of a Director of the Company and board succession planning consideration and explain if external advice has been used and disclose and publish in the annual report or other report as required subject to the Listing Rules which is amended from time to time; and
  - ix) to exercise such other powers, authorities and discretion, and perform such other duties, of the Directors in relation to the nomination as the Board may from time to time delegate to it, having regard to the Code of the Listing Rules.
- iv) 披露年內由提名委員會執行的有關提名公司董事政策，包括提名委員會年內就董事候選人採納的提名程序以及遴選及推薦準則，列出委任及重新委任董事的程序及考慮董事會成員的繼任規劃；
  - v) 每年評核獨立非執行董事的獨立性；
  - vi) 就董事會成員多元化，檢討董事會成員多元化政策，包括任何可計量目標及達標的進度，以及每年在企業管治報告內披露其政策或政策摘要；
  - vii) 有關企業管治事宜，提名委員會應(i)檢討及監察董事及高級管理人員(如有)的培訓和持續專業發展；以及(ii)制定、檢討和監察本公司僱員及董事的操守準則和合規手冊(如有)；
  - viii) 提名委員會須於每次會議後向董事會申述或報告有關其活動、根據提名公司董事政策委任及重新委任任何董事之過程，考慮董事會成員的繼任規劃以及就委任過程解釋有否採用外聘意見，並需要根據有關不時修訂之上市規則刊載於年報或其他報告內；及
  - ix) 獲董事會不時之授權及根據守則的規定就董事之提名事宜行使其他權力、職權及酌情權，以及履行該等其他責任。

# CORPORATE GOVERNANCE REPORT

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During the year under review, two nomination committee meetings were held and two written resolutions of all members of nomination committee were passed and the works performed by the nomination committee included but not limited to: (i) the review of current structure, size and diversity of the Board; (ii) the assessment and review of the independence of independent non-executive Directors; (iii) the review of the Board Diversity Policy, the progress of achieving measurable objective for 2019 and determine new measurable objective for year 2020 and the timetable in relation thereto; (iv) the review of the 2019 training and continuous professional development of Directors; (v) the consideration of the proposed appointment of Mr. Ye Qian as the non-executive Director with effect from 28 June 2019; (vi) the consideration of the proposed appointment of Mr. Feng Yaoling as the independent non-executive Director with effect from 1 January 2020; (vii) the recommendation and nomination of the Directors to be re-elected at the forthcoming annual general meeting of the Company; (viii) the appointment of Mr. Ye Qian as the non-executive Director with effect from 28 June 2019 by written resolution of nomination committee; (ix) the appointment of Mr. Li Jinping as the executive Director with effect from 1 January 2020 by written resolution of nomination committee; and (x) the review of terms of reference of nomination committee.

The Board Diversity Policy has been adopted since 2013 and was revised on 18 December 2018. Other than the elements of board diversity, in considering the nomination of new directors, the nomination committee members will subject to the Policy for Nomination of a Director of the Company take into account the qualification, ability, working experience and professional ethics of the candidates, especially their experience in the business/industry of the Group and/or other professional areas. The nomination committee then put forward the recommendation in respect of the above factors, where appropriate, to the Board for consideration and adoption according to the Policy for Nomination of a Director of the Company. The attendance record of the nomination committee members at the meetings during the year is set out in the “**Attendance Record**” on page 45 of this report.

### The summary of revised Board Diversity Policy and its measurable objectives

The revised Board Diversity Policy has been reviewed and recommended by nomination committee members and approved by Directors and adopted on 18 December 2018.

於本年度回顧，本公司曾舉行了兩次提名委員會會議及曾通過兩次所有提名委員會成員的書面決議案，提名委員會之工作包括但不限於：(i)檢討董事會目前的結構、規模及多元化；(ii)檢討及評核本公司獨立非執行董事的獨立性；(iii)檢討經修訂的董事會成員多元化政策及二零一九年可計量目標之進度及決定二零二零年新可計量目標及其達標時間表；(iv)檢討本公司二零一九年董事的培訓和持續專業發展；(v)考慮自二零一九年六月二十八日起建議委任葉芊先生為本公司非執行董事；(vi)考慮自二零二零年一月一日起建議委任馮耀嶺先生為本公司獨立非執行董事；(vii)建議及提名在即將舉行之本公司股東周年大會上連任之董事；(viii)由二零一九年六月二十八日起生效之提名委員會成員書面決議案，委任葉芊先生為本公司非執行董事之處理事項；(ix)由二零二零年一月一日起生效之提名委員會成員書面決議案，委任李金平先生為本公司執行董事之處理事項；及(x)檢討提名委員會職權範圍書。

本公司自二零一三年採納了董事會成員多元化政策，並於二零一八年十二月十八日出修訂。除考慮董事會多元化元素外，在考慮提名新董事時，提名委員會成員將依據提名公司董事政策以候選人的資歷、能力、工作經驗及其專業操守，尤其是其在本集團之業務／行業及／或其他專業領域之經驗作考慮。提名委員會將根據提名公司董事政策就以上考慮因素（如合適）建議給董事會考慮及採納，而有關提名委員會成員於本年度舉行的會議之出席紀錄已列載於本報告第45頁內之「**出席紀錄**」內。

### 經修訂之董事會成員多元化政策及其可計量目標之概要

經修訂的董事會成員多元化政策已於二零一八年十二月十八日由提名委員會成員檢討及建議，經董事批准並獲得採納。

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The revised Board Diversity Policy is summarized as follows:

經修訂的董事會成員多元化政策概述如下：

- articulate the benefits of diversity, including gender diversity, and the importance of being able to attract, retain and motivate Directors from the widest possible pool of available talent, and also aware of development of a boarder and more diverse pool of skilled and experienced employee and that, in their skills, will prepare for senior management and board position to enhance the quality of its performance;
  - express the Company's commitment to diversity at all levels, including but not limited to gender, language, age, religion, social-economic status, cultural and educational background, ethnicity, professional experience, regional and industry experience, skills, knowledge, thinking styles, know-how and length of service, in particular focus on gender diversity, independence of the independent non-executive Directors and skills and experience; and
  - prepare a board skills matrix helping the Board to assess the current mix of competencies and diversity on the Board and identify any gaps that may exist.
- 說明多元化（包括性別多元化）裨益良多，及從廣泛的人才中吸納、保留和激勵董事的重要性，及認識到發展更廣大和更多元化有技能和經驗的僱員，及從他們的技能就成為高級管理層和董事會職位做好準備，以提升公司的表現；
  - 顯示本公司致力從多方面考慮多元化的承諾，包括但不限於性別語言、年齡、宗教、社經地位、文化及教育背景、種族、專業經驗、地區及行業經驗、技能、知識、思想作風、技術及服務任期，特別是注重性別多元化，獨立非執行董事的獨立性以及技能和經驗；及
  - 準備董事會技巧矩陣有助董事會評估其當下的能力及多元化狀況，找出任何可能存在的不足。

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The nomination committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

提名委員會將每年討論與協商達成董事會多元化的所有可計量目標，並向董事會推薦採納。在任何適當的時間，董事會可從一個或多個方面尋求改善多元化及計量目標的進度。

The nomination committee will also report annually, in this report, on the Board's composition under diversified perspectives, and monitor the implementation of this policy.

提名委員會亦將每年在此報告內匯報董事會在多元化層面的組成，並監察本政策的執行。

The following are the measurable objectives in years 2019 and 2020:

二零一九年及二零二零年可計量目標如下：

### Progress of Measurable Objective in 2019

#### 二零一九年可計量目標之進度

### Completion date of the goal

#### 達標時間表

Promote a family friendly working culture to support employees with family care responsibilities so as to bring diversity to workplace (through reading presentation materials or trainings).

Hong Kong and China  
10 December 2019

提倡家庭友善的工作文化以支援有家庭照顧責任的僱員，從而促進工作場所的多元化（通過閱讀演示材料或培訓）。

香港及中國  
二零一九年十二月十日

### Measurable Objective in 2020

#### 二零二零年可計量目標

### Timeline of the goal

#### 達標時間表

Build a healthy workplace that encourages work life balance (through reading presentation materials or trainings).

Before the end of 2020

建立一個健康的工作場所，鼓勵工作與生活平衡（通過閱讀演示材料或培訓）。

二零二零年年底前

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### The summary of Policy for Nomination of a Director of the Company

The Policy for Nomination of a Director of the Company has been recommended by nomination committee members and approved by Directors and adopted on 18 December 2018.

The Policy for Nomination of a Director of the Company is summarized as follows:

- state the objectives of the Policy for Nomination of a Director of the Company, including ensuring the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business;
- emphasise the ultimate responsibility for selection and appointment of Directors rests with the entire Board;
- set out the procedure for the selection, appointment and reappointment of Directors containing the selection criteria, including but not limited to considering the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- set out other factors, such as the present needs of the Board for particular expertise skills or experience and whether the candidates would satisfy those needs, the requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates for independent non-executive Directors would be considered independence with reference to the independence criteria or guidelines set out in the Listing Rules, the suitability to the Company's present needs for particular skills or experience and whether it fits with the Company's culture, which are related to the Company shall be considered to select a proposed candidate;
- list the nomination of Directors applicable laws and procedures;

### 提名公司董事政策之概要

提名公司董事政策已於二零一八年十二月十八日由提名委員會成員建議並經董事批准，並獲得採納。

提名公司董事政策概述如下：

- 列明提名政策的目標，包括確保董事會成員俱備切合本公司業務所需的技巧、經驗及多元觀點；
- 強調甄選並委任董事的最終責任由全體董事承擔；
- 列出制定甄選、委任及重新委任董事的程序，其中附有甄選標準，包括但不限於考慮個別人選可為董事會的資歷、技巧、經驗、獨立性及性別多元化等方面帶來的貢獻；
- 列出與公司有關的其他因素，建議候選人的資格，例如：董事會目前對特定的專業技能或經驗的需求及候選人是否滿足這些需求，要求董事會根據上市規則設立獨立非執行董事及根據上市規則所載之獨立准則或指引考慮獨立非執行董事候選人是否被視為獨立，適合本公司目前對特定技能或經驗的需求，及是否符合本公司的文化；
- 列出委任董事適用的法律和程序；



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- state the requirement of re-election or retirement of non-executive Directors (including the independent non-executive Directors) who have served for more than 9 years; and
- state the board succession planning considerations and periodical reviews of the plan.
- 列出已連任超過九年的非執行董事（包括獨立非執行董事）重選退任的條件；及
- 列出審議董事會成員的繼任計劃，並定期檢討該計劃。

The nomination committee will monitor the Policy for Nomination of a Director of the Company to ensure the effectiveness and will discuss any revisions that may be required, and recommend any such revisions to the Board for adoption.

提名委員會將監督提名公司董事政策以確保有效性，並將討論可能需要的任何修訂及建議董事會採納任何此類修訂。

The nomination committee will review the Policy for Nomination of a Director of the Company and disclose in this report on the Board's succession planning considerations to achieve the objective to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.

提名委員會將檢討提名公司董事政策，並在本報告中披露董事會的繼任計劃，以確保與本公司需求相關，並反映當前監管要求及良好的企業管治。

### Audit Committee

The audit committee has been established on 30 December 1998. At present, it consists of three members and all of them are independent non-executive Directors. They are:

Mr. Yip Kin Man, Raymond (*Chairman*)  
Mr. Lam Yiu Kin  
Mr. Feng Yaoling *Note*

### 審核委員會

審核委員會已於一九九八年十二月三十日成立。目前由三名成員組成，及所有成員均為獨立非執行董事，彼為：

葉健民先生（主席）  
林耀堅先生  
馮耀嶺先生 *附註*

*Note:* Mr. Feng Yaoling was appointed as the member of the audit committee on 1 January 2020 and Mr. Law, Yui Lun resigned from the same position on the same date.

*附註：* 馮耀嶺先生於二零二零年一月一日獲委任為審核委員會成員及羅裔麟先生於同日辭任該職位。

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Terms of reference of audit committee are summarised as follows:

### *Relationship with the Company's external auditor*

- i) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- ii) to review and monitor the external auditor's independence and objectivity;
- iii) to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- iv) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally;
- v) to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

審核委員會之職權範圍概述如下：

### *與本公司外聘核數師之關係*

- i) 主要負責就外聘核數師之委任、重新委任及罷免向董事會提供建議、批准外聘核數師之薪酬及聘用條款、及處理任何有關該核數師辭任或辭退之問題；
- ii) 檢討及監察外聘核數師是否獨立客觀；
- iii) 按適用標準檢討及監察核數程序是否有效，並於核數工作開始前先與外聘核數師討論核數性質及範疇及有關申報責任；
- iv) 就外聘核數師提供非核數服務制定政策，並予以執行。就此而言，「外聘核數師」包括與核數公司處於同一控制權、所有權或管理權之下之任何機構，或一個合理知悉所有有關資料之第三方，在合理情況下會斷定該機構屬於該核數公司之本土或國際業務之一部分之任何機構；
- v) 就任何必須採取之行動或改善之事項向董事會報告並提出建議；

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### *Review of the Company's financial information*

vi) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports (if applicable) before submission to the Board, the audit committee should focus particularly on:

- (a) any changes in accounting policies and practices;
- (b) major judgmental areas;
- (c) significant adjustments resulting from audit;
- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the Listing Rules and legal requirements in relation to financial reporting;

vii) in regard to (vi) above:

- (a) members of the audit committee should liaise with the Board and senior management (if any);
- (b) the audit committee must meet, at least twice a year, with the Company's external auditor;
- (c) the audit committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer (if any) (or person occupying the same position), or external auditor;

### *審閱本公司之財務資料*

vi) 監察本公司之財務報表以及年度報告及賬目、半年度報告及(若擬刊發)季度報告之完整性,並審閱其中所載有關財務申報之重要判斷。審核委員會在向董事會提交有關報表及報告(如適用)前,應特別針對下列事項加以審閱:

- (a) 會計政策及實務之任何更改;
- (b) 涉及重要判斷之地方;
- (c) 因核數而出現之重大調整;
- (d) 企業持續經營之假設及任何保留意見;
- (e) 是否遵守會計準則;及
- (f) 是否遵守有關財務申報之聯交所上市規則及法律規定;

vii) 就上文第(vi)項而言:

- (a) 審核委員會成員應與董事會及高級管理人員(如有)聯絡;
- (b) 審核委員會每年最少須與本公司之外聘核數師開會兩次;及
- (c) 審核委員會須考慮於該等報告及賬目中所反映或需反映之任何重大或不尋常事項,並應適當考慮任何由本公司屬下會計及財務匯報職員、監察主任(如有)(或擔任同一職位之人士)或外聘核數師提出之事項;

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### *Oversight of the Company's financial reporting system, risk management and internal control systems*

- viii) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- ix) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function;
- x) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- xi) to ensure co-ordination between the internal auditors (if any) or the professional firm performing internal audit function and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- xii) to review and assess the annual internal audit plan of the Company;
- xiii) to provide comments and recommendations on the enhancement of the risk management and internal control systems of the Group;
- xiv) to meet with the internal auditor (if any) or the representative of the professional firm performing internal audit function, if required, to ensure that there are no unresolved issues or concerns relating to risk management and internal control function;

### *監管本公司之財務申報制度、風險管理及內部監控系統*

- viii) 檢討本公司之財務監控，以及（除非有另設的董事會轄下風險委員會又或董事會本身會明確處理）檢討本公司的風險管理及內部監控系統；
- ix) 與管理層討論風險管理及內部監控系統，確保管理層已履行職責建立有效之系統。討論內容應包括本公司在會計及財務匯報職能方面的資源、僱員資歷及經驗是否足夠，以及僱員所接受的培訓課程及有關預算又是否充足；
- x) 主動或應董事會之委派，考慮任何有關風險管理及內部監控事宜之重要調查結果及管理層對調查結果之回應；
- xi) 確保內部核數師（如有）或執行內部審核功能的專業公司和外聘核數師之工作得到協調；並確保內部核數功能在本公司內有足夠資源運作，並且有適當之地位；以及檢討及監察內部核數功能是否有效；
- xii) 審閱和評估本公司的年度內部審核計劃；
- xiii) 提供意見和建議以加強本集團的風險管理及內部監控系統；
- xiv) 如需要時，與內部核數師（如有）或執行內部審核功能的專業公司之代表會面，以確保不存在與風險管理和內部監控功能相關尚未解決的問題或關注；

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|---|---|
| xv) to seek assurance from internal auditor or the professional firm performing internal audit function that internal control processes for risk management are in place for the strategy determined by the Board;  | xv) 向內部核數師或執行內部審核功能的專業公司尋求確證，有關風險管理之內部監控程序以配合董事會制定之策略；                                    |
| xvi) to review the content of the confirmation made by the management in relation to the effectiveness of the Group's risk management and internal control systems prior to submission to the Board;  | xvi) 審閱呈交董事會前管理層所作出有關本集團風險管理和內部監控系統有效性之確認函的內容；  |
| xvii) to review the Group's financial and accounting policies and practices;  | xvii) 檢討本集團之財務及會計政策及實務；   |
| xviii) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and the management's response;  | xviii) 審閱外聘核數師給予管理層之《審核情況說明函件》、外聘核數師就會計紀錄、財務賬目或監控系統向管理層提出之任何重大疑問及管理層作出之回應；                |
| xix) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;  | xix) 確保董事會及時回應於外聘核數師給予管理層之《審核情況說明函件》中提出之事宜；   |
| xx) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; | xx) 檢討本公司僱員可暗中就財務匯報、內部監控或其他方面可能發生的不正當行為提出關注之設定安排。審核委員會應確保有適當安排，讓本公司對此等事宜作出公平獨立的調查及採取適當行動； |
| xxi) to act as the key representative body for overseeing the Company's relations with the external auditor;  | xxi) 擔任本公司與外聘核數師之間的主要代表，負責監察二者之間的關係；  |
| xxii) to report on all of the above matters in the code provisions of the Code to the Board;  | xxii) 就守則之守則條文中上述所有事宜向董事會匯報；  |
| xxiii) to consider any other matters specifically referred to the audit committee by the Board;   | xxiii) 考慮任何其他由董事會特定提交審核委員會處理之事項；  |



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Corporate Governance Issues

xxiv) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board, and implement the corporate governance policies laid down by the Board;

xxv) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and

xxvi) to review the Company's compliance with the Code and other related rules.

During the year under review, four audit committee meetings were held and the attendance record of the audit committee members at the meetings held during the year is set out in the "**Attendance Record**" on page 45 of this report.

The works performed by the audit committee included but not limited to: (i) discussion on and review of the half year and annual financial statements of the Group (including but not limited to financial and accounting policies and practices); (ii) meeting with the representatives of the professional firm performing internal audit function (the internal auditor) to discuss risk management process and the effectiveness of internal control system of the Group and make recommendations in relation thereto; (iii) review of the findings in respect of the internal audit service together with the recommendations to the Company; (iv) review of the internal audit plan prepared by the internal auditor; (v) review of the internal audit report on continuing connected transaction of the Group; (vi) meeting with external auditor in the absence of management to discuss any issue arising from the audit and the other matters the external auditor may raise; (vii) recommend the re-appointment of PricewaterhouseCoopers as external auditor of the Group and review of the audit fees; (viii) respond to the external auditor their knowledge of any actual, suspected or alleged fraud affecting the Group; (ix) discuss matters in relation to the compliance of law, rules and regulations, and accounting policies and practice of the Group; and (x) review of the audit service plan prepared by the external auditor.

### 企業管治事宜

xxiv) 制定及檢討本公司的企業管治政策及常規，並向董事會提出建議，以及落實經董事會通過的企業管治政策；

xxv) 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；及

xxvi) 檢討本公司遵守守則及其他相關規則的情況。

於本年度回顧，本公司舉行了四次審核委員會會議，而審核委員會成員於本年度舉行的會議之出席紀錄已列載於本報告第45頁內之「**出席紀錄**」內。

審核委員會的工作包括但不限於：(i)討論及審閱本集團上半年及全年財務報告（包括但不限於財務及會計政策及實務）；(ii)與執行內部審核功能的專業公司（內部核數師）會面以討論本集團的風險管理程序及內部監控系統的有效性並就相關事宜提出建議；(iii)審閱有關內部審計服務的調查結果以及對本公司的建議；(iv)審閱及評估內部核數師編製的內部審計計劃；(v)審閱本集團持續關連交易的內部審核報告；(vi)在沒有管理層的情況下與外聘核數師會面，討論審計引起的任何問題和外聘核數師可能提出的其他事項；(vii)建議重新聘用羅兵咸永道會計師事務所為本集團的外聘核數師並審核審計費用；(viii)回應外聘核數師彼等知悉任何對於影響本集團的實際、懷疑或涉嫌的欺詐行為；(ix)討論有關遵守法律、法規及規則及本集團會計政策及慣例的事宜；和(x)審閱外聘核數師的外部審核計劃。

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The audit committee members also discuss matters falling within its terms of reference with the external auditor in the presence of the financial controller and the company secretary from time to time as they request. When there are uncertainties or ambiguities in the interpretation of accounting standards in preparing the half year and annual accounts that may likely to materially impact on the financial position of the Group, the Company will prepare certain analysis explaining the situation in relation thereto for the audit committee members consideration and understanding. The audit committee members have full access to, and the co-operation of, the Company's management in ensuring that it is satisfied with the Company's internal control system.

During the financial year of 2019, the audit committee members had made valuable and positive contribution, and delivered independent and informed comments for the formulation and implementation of the Company's operational strategies and policies. Apart from meeting with the internal auditor, the audit committee members had also reviewed certain areas of the risk management and internal control systems in accordance with the code of corporate governance and reviewed the risk assessment reports, required the management of the Group to confirm the effectiveness of risk management and internal control systems and advised them to pay attention to those areas associated with high risks and take relevant measures to further improve the risk management and internal control systems of the Group. The concerns raised and discussed in respect of risk assessment and internal control systems had also been put forward to the Board to consider whether the measures to mitigate those risks are effective and adequate during the year under review.

A whistleblowing policy and system have been implemented and set up since 22 March 2012 and revised on 1 August 2018 for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the Company.

審核委員會成員亦會在其職權範圍內不時要求財務總監及公司秘書出席的同時，與外聘核數師就相關事宜作出討論。如在準備半年度或年度賬目時對會計制度的解釋出現不確定或含糊的情況，而該情況可能顯著地影響本集團的財務狀況，本公司將準備若干分析解釋有關情況，以供審核委員會成員考慮及理解有關事宜。審核委員會成員可充份接觸本公司之管理層及獲得管理層的合作以確保他們滿意本公司之內部監控系統。

於二零一九年財政年度，審核委員會成員已就本公司制定及實行之業務策略及政策提供了不少有價值及正面貢獻和獨立及有根據的意見。除與內部核數師會面外，審核委員會成員亦根據企業管治守則檢討了本公司風險管理及內部監控系統、風險評估報告、要求本集團管理層確認風險管理及內部監控系統的有效性，及就建議本公司管理層應高度關注高風險範圍及採取有關措施，進一步改善本集團之風險管理及內部監控系統。於本年度回顧，就有關風險評估和內部監控系統方面提出和討論的關注亦已提交予董事會，以考慮這些措施以減輕該等風險是否有效和足夠。

舉報政策及系統自二零一二年三月二十二日已實施及建立，並於二零一八年八月一日修訂，讓僱員及其他與本公司有往來者（如客戶及供應商）可暗中向審核委員會提出其對任何可能關於本公司的不當事宜的關注。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining, reviewing and monitoring risk management and internal control systems of the Company and to ensure their effectiveness. We believe effective risk management and internal control systems are essential for the success of the operation of business and good corporate governance. The Internal Control Manual, which sets out the guidelines for the operation of the internal control system and risk management system, had been adopted by the Company since 1999. These systems cover all main aspects, including financial, operational, compliance control and risk management. In order to align with the amendments made to relevant laws, rules and regulations, and further improve the risk management and internal control systems, the Board is responsible to review and improve the systems from time to time, if necessary.

In fact, the Board has set out five objectives for the management to achieve, details are as below:

1. Maximise profitability by increasing the profit margin of the business segment and at the same time minimize the production costs
2. Maintain a strong cash flow position of the Group
3. Enhance product quality
4. Attract new customers and develop markets for each of the business segments
5. Full compliance with laws, rules and regulations and financial reporting requirements

Hence, a risk assessment on the existing or potential risks that may affect the achievement of the above objectives would be conducted from time to time, at least twice a year by the management during the course of business operation and management.

The framework of the risk management and internal control systems of the Group:



### 風險管理及內部監控

董事會有責任維持、檢討及監察本公司風險管理及內部監控系統，並確保其有效性。我們認為有效的風險管理和內部監控系統對於業務運營的成功和良好的公司管治是必要的。本公司自一九九九年已採納了內部監控指引建立了操作內部監控及風險管理系統之準則。該等系統已涵蓋所有主要範疇，包括財務監控、運作監控和合規監控及風險管理。為了與有關法律、條例及規定的修改一致，以及進一步改善風險管理及內部監控系統，董事會負責定時檢討及改善該等系統（如需要）。

事實上，董事會已制定五個目標以給管理層達成，詳情如下：

1. 透過增加業務分部的毛利率以增加盈利及同時減低生產成本
2. 保持集團強健的現金流
3. 提升產品質量
4. 為業務分部吸納新客戶和拓展市場
5. 完全符合法律，守則規章和財務報告的要求

因此，管理層將不時地，每年至少兩次對在運營和管理過程中可能影響實現上述目標的現有或潛在風險進行風險評估。

本集團的風險管理及內部監控系統之框架：

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### The Board 董事會

- Evaluate and determine the nature and extent of the risks it is willing to take in achieving the Group's objectives  
評估及釐定達成本集團目標時所願意接納的風險性質及程度
- Maintain an appropriate and effective risk management and internal control systems of the Company  
維持本公司合適及有效的風險管理及內部監控系統
- Delegate the responsibility to the management to design, implement and assess the risk management and internal control systems of the Group  
委派管理層設計、實施和評估本集團的風險管理和內部監控系統
- Delegate the responsibility to the audit committee to review and oversee the effectiveness of the risk management and internal control systems of the Group  
委派審核委員會有關審查和監督本集團風險管理和內部監控系統的有效性之責任

### Audit Committee 審核委員會

- Perform the duties delegated by the Board, that is, review and oversee the effectiveness of the risk management and internal control systems of the Group  
履行董事會授予的職責，即審查和監督本集團風險管理和內部監控系統的有效性
- Discuss with the internal auditor the major findings in respect of internal audit services and review the annual internal audit plan  
內部核數師討論內部審核服務的調查結果，並審閱年內之內部審核計劃
- Review the confirmation from the management of the Group and the comments and recommendations from the internal auditor in relation to the effectiveness of the Group's risk management and internal control systems prior to submission to the Board  
審閱本集團管理層在呈交董事會前提呈之確認函及內部核數師之意見和建議，以確認本集團的風險管理和內部監控系統的有效性

### Internal Auditor 內部核數師

- Perform internal audit services for the Group  
為本集團進行內部審核服務
- Deliver internal audit reports to the audit committee and the Board  
向審核委員會和董事會提交內部審核報告
- Meet with the audit committee members to discuss the major findings and make recommendations to improve the risk management and internal control systems of the Group  
與審核委員會成員會面，討論主要調查結果並提出改善本集團風險管理和內部監控系統的建議

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## 企業管治報告

### Heads of core business units/ departments 核心業務單位／部門主管

- Assess the risk level based on potential impact and likelihood of risks in different aspects at least semi-annually  
最少每半年根據潛在影響和可能性評估在不同方面的風險之風險程度
- Identify the material risks and discuss measures to mitigate risks  
識別重大風險並討論降低風險的措施
- Give a confirmation annually on the effectiveness of the risk management and internal control systems of its business unit/ department and submit it to the audit committee  
每年確認各自業務單位／部門主管之風險管理和內部監控系統的有效性，並提交確認函予審核委員會

### Process to identify, evaluate and manage significant risks

Two risk assessment meetings were held during the year, at approximately half year intervals. The heads of the core business units/departments of the Company and/or its subsidiaries assessed the risk level based on potential impact and likelihood of risks in different aspects including business risk, financial risk, compliance risk and operational and other risks that may be exposed to. They fill out the risk assessment form which was devised with reference to the guidance entitled “Internal Control and Risk Management – A Basic Framework” issued by Hong Kong Institute of Certified Public Accountants before the meetings were held. The Board members (mainly the executive Directors) together with the management of the core business units/departments of the Company and/or its subsidiaries participated in the risk assessment meetings. The meetings aimed to identify the material risks and to discuss the measures to manage risks. Besides, the status and effectiveness on implementation of internal control measures taken after the last risk assessment meeting would be followed up in the risk assessment meetings.

### 用於識別、評估和管理重大風險的程序

於本年度舉行了兩次風險評估會議，大約每半年一次。本公司及或其附屬公司核心業務單位部門主管根據面對不同風險所潛在的影響及可能性評估風險，包括業務風險、財務風險、合規風險和營運及其他風險。在舉行會議前，彼等填寫是參考香港會計師公會發佈之「內部監控和風險管理-基本框架」的指引而制定的風險評估表。本公司董事會成員（主要是執行董事）及其附屬公司核心業務單位／部門管理層已參與該等風險評估會議。該等會議的目的是分別出重大的風險，並討論減輕風險的措施。此外，在風險評估會議上會跟進上一次風險評估會議內部監控措施的執行狀況和成效。



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Subject to the Code and terms of reference of the audit committee of the Company, the management of each core business unit/department of the Group will provide the internal auditor with their written confirmation annually in relation to the effectiveness and adequacy of their risk management and internal control systems for further review, comment and recommendation and thereafter the audit committee will review the same prior to submission to the Board. The internal auditor will base on the nature and extent of the risks of each individual core business unit/department to perform further review and recommendation.

In addition to the above assessment process, the management report and discuss at the monthly meeting on the existing risk and potential risks of business operation and cash flow positions of the Group has to face and monitor.

The Company has engaged Moore Advisory Services Limited, as the internal auditor of the Company. During the year, the internal auditor had (i) met with the audit committee to discuss and provide recommendations on improving the risk assessment process of the Group; (ii) discussed the major findings in respect of internal audit services with the audit committee and provided recommendations for improvement on internal control; (iii) delivered the audit committee the internal audit reports regarding the main risk areas of the business segments of the Group and internal audit plan in relation thereto; and (iv) considered and reviewed, inter alia, the control procedures regarding the continuing connected transaction entered into by the Company and the handling and dissemination of inside information of the Company, etc. Apart from taking part in advising the maintenance of an effective and adequate risk management and internal control systems of the Company, they also reviewed and monitored the internal operation of the Group through the testing and controls performed after arranging site visits of the two Steel cord plants.

On 17 March 2020, all relevant confirmations from the management on the effectiveness and adequacy of the Company's risk management and internal controls systems had been received. The audit committee members reviewed the content of the confirmations and submitted the same to the Board. The Board had reviewed and confirmed the effectiveness and adequacy of the Group's risk management and internal control systems at the Board meeting.

根據守則和本公司審核委員會的職權範圍書，本集團每個核心業務單位／部門之管理層每年就其業務單位／部門的風險管理和內部監控系統的有效性及足夠性，向內部核數師提供書面確認函作進一步審閱、評論及建議，而後審核委員會將在呈交董事會前審閱該確認函。內部核數師將根據各核心業務單位／部門的風險性質和程度進行進一步審查和建議。

除了上述評估程序外，管理層在每月會議上匯報及討論本集團需面對及監控之現有風險和潛在風險以及本集團現金流量的情況。

本公司已聘任大華國際諮詢有限公司為本公司內部核數師。於本年度，內部核數師(i)與審核委員會會面以討論本集團的風險管理程序並提出建議以改善風險評估程序；(ii)與審核委員會討論有關內部審核服務及提供對內部監控作出改善之建議；(iii)向審核委員會提交有關本集團業務分部的主要風險領域之內部審核報告和相關內部審核計劃；以及(iv)討論及審查特別是關於本公司簽訂的持續關連交易及處理和披露內幕消息的監控程序等等。除協助建議本公司維持一個有效及充足的風險管理及內部監控系統，他們亦於兩間鋼簾線廠房實地視察後進行測試及監控，以檢討及監控本集團之內部運作。

於二零二零年三月十七日，已收到管理層向董事會提供所有有關風險管理和內部監控系統是否有效及足夠之相關確認函。審核委員會已審閱該等確認函的內容並提呈董事會，董事會已在董事會會議上審閱並確認本集團風險管理和內部監控系統的有效性及足夠性。

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In view of the foregoing, the Board had duly ensured the review of the effectiveness and adequacy of the risk management and internal control systems of the Group was conducted at least annually and the Board therefore considered that the risk management and internal control systems of the Group were effective and adequate throughout the year of 2019. However, there is room for improvement in certain areas, for instance, the measures of managing operational and other risks, such as product quality control and new product development.

### Procedures for handling and dissemination of inside information

The Company complied with the Listing Rules, SFO and other regulatory requirements regarding the handling and dissemination of inside information. Directors and senior management of the Company oblige to take all reasonable measures to ensure that proper safeguards exist to prevent the Company from breaching the statutory disclosure requirement. Directors and senior management of the Company follow the guidelines stipulated in Continuous Disclosure Obligation Policy of the Company which has been adopted by the Board on 28 March 2011 and the latest version was and approved by Board on 18 December 2018. Some principles of dissemination of inside information of the Company were stated in the said policy, details are as follows:

The heads of Business units/individual departments identify and assess whether a potential event or transaction may constitute inside information. If that is the case the potential event or transaction should be reported to the senior management of the Company, through the Company Secretarial Department. The senior management will consider with the Chairman/managing Director whether the information constitute inside information and report to the Board. The Board will consider whether the information may constitute inside information and whether disclosure and/or trading halt would be required. If this constitutes inside information, the Company Secretarial Department of the Company would have to arrange for trading halt, prepare and publish an announcement after approval by the Board.

鑒於上述，董事會已確保最少每年檢討一次本集團的風險管理及內部監控系統是否有效及足夠及董事會認為本集團於二零一九年內之風險管理和內部監控系統是有效和充足的。但是若干範疇例如管理營運及其他風險中有關產品品質控制及新產品開發計劃方面的措施還有改善的空間。

### 處理及披露內幕消息的程序

本公司遵守上市規則、證券及期貨條例及其他有關處理及披露內幕消息的監管規定。本公司的董事及高級管理層有責任採取一切合理措施，以確保有妥善的預防措施防止違反披露規定。本公司的董事及高級管理層須遵守本公司之持續披露責任政策中的指引之規定，該政策已於二零一一年三月二十八日獲董事會採納及其最新版本於二零一八年十二月十八日已獲董事會批准。本公司亦在上述政策說明內幕消息披露的若干原則，詳細如下：

業務單位主管／個別部門主管需辨別和評估有關潛在或發展中的事件是否能構成內幕消息。如是潛在的事件或交易必須通過公司秘書部報告給本公司高級管理層。高級管理層與董事長／或董事總經理會考慮該資料是否構成內幕消息並向董事會匯報。董事會將考慮該資料是否可能構成內幕消息，以及是否需要披露和／或短暫停牌。如其構成內幕消息，於取得董事會的批准後，公司秘書部會安排申請短暫停牌、準備和刊發公告。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

Below flow chart illustrates the internal control and reporting system of the Company relating to inside information:

以下為本公司對有關內幕消息之內部監控及申報系統流程圖：



\* The **Head of Business units/individual department** can consult the functional departments of the Company, if he/she has any query about what constitute inside information

\* 業務單位主管／個別部門主管如對有關可能構成內幕消息的資料有任何疑問，他／她可與有關職能部門的主管作進一步查詢

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Directors or employees of the Group in possession of the inside information must maintain strict confidentiality of unpublished inside information until it is announced and ensure this is the strictest security of the information is observed within the Company and its advisers and if the necessary degree of confidentiality cannot be maintained, an announcement shall be made as soon as reasonably practicable; or if inside information has been advertently divulged, an announcement shall be issued immediately so as to disseminate such information to the market as a whole.

The Board monitors the inside information disclosure having regard to the SFO and Listing Rules requirements and the Company ensure that the dissemination of inside information to the Shareholders and other stakeholders is dealt fairly in order to avoid any person having a privileged dealing position.

### DIVIDEND POLICY

In order to maintain a high standard of corporate governance practice and be in line with code provision E.1.5 of the Code requiring all listed issuer to disclose its dividend policy in their annual reports, the dividend policy of the Company has been adopted by the Board on 18 December 2018, which includes setting standard rules and guidelines to be followed by the Board in deciding whether to recommend dividend out of the profits and the amount of dividend per share to be distributed. The objective of the dividend policy is to reward its Shareholders by sharing a portion of the profits, while also ensure that enough funds are retained for future prospects of the Company and strive for a balance between the growth of the Company and the benefits of the Shareholders.

董事或本集團擁有內幕消息的僱員必須對未公佈的內幕消息保持絕對保密並須確保本公司及其顧問均嚴守消息保密直至公佈，若無法保持所需的機密性，應在合理地切實可行的範圍內盡快刊發公告，或該內幕消息可能已外泄，便應即時刊發公告向市場整體披露該消息。

董事會需按照證券及期貨條例及上市規則的規定監察內幕消息的披露及本公司會確保內幕消息公平地向股東及其他持份者發放，以避免任何人士在證券交易上處於佔優的地位。

### 股息政策

為維持高水平的企業管治常規，並符合守則之守則條文E.1.5條規定所有上市發行人須在其年報中披露其股息政策，本公司之股息政策已於二零一八年十二月十八日獲董事會採納。本政策內容包括讓董事會決定是否建議從利潤中分配股息及每股分配的股息金額而制定可跟從的標準規則和指導方針。本股息政策的目的是通過分享部分利潤來回報股東，同時確保為公司的未來發展前景保留足夠的資金，並旨在力求在公司增長與股東利益之間取得平衡。

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When considering the decision on dividend declaration, we will take into account both the internal factors and external factors.

For internal factors, we will consider the: (i) profitability of the Company; (ii) liquidity position and the availability of free cash flow; (iii) capital requirements for growth plans of the Company which may require funds preservation and internal funds generation, both internal and external; (iv) investment opportunities available with the Company; (v) borrowing capacity of the Company so as to capture any growth opportunities, inorganic or otherwise; (vi) ability to receive dividend from the Company's subsidiaries and associated companies; and (vii) Shareholder's expectation of a profitable return on their investment to maintain their investment in the Company.

For external factors, we will consider the: (i) statutory and regulatory requirements and restrictions on the dividend distributions; (ii) contractual restrictions/restrictions in debt covenants which affect the Company's ability to pay dividends; (iii) prevailing economic climate in the global including the PRC that will affect the availability of profits for dividend; (iv) emerging trends in the financial market and business cycle of Steel cord business that will affect the growth and performance of the Steel cord industry; and (v) taxation consideration.

The Board may declare interim dividends at its absolute discretion in line with the dividend policy, or if the Board are justified by the profits of the Company available for distribution. If the share capital is divided into different classes (if applicable), the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

在決定股息分配時，我們會考慮內在因素及外在因素。

內在因素方面，我們會考慮：(i)公司的盈利能力；(ii)流動資金狀況和現金流的可用性；(iii)增長計劃的資本要求，可能需要本公司保留其資金及資金撥用，內部及外部；(iv)本公司的投資機會；(v)本公司的借貸能力以抓住外圍或其他增長機會；(vi)獲得本公司的附屬公司和聯營公司股息的能力；及(vii)股東對獲得有利可圖的投資回報的期望從而維持其對本公司的投資。

外在因素方面，我們會考慮：(i)股息分派的法定及監管要求及限制；(ii)影響本公司支付股息的能力的合同制約／債務契約的限制；(iii)當前包括中國在內的全球經濟狀況影響可供派發股息之溢利；(iv)金融市場的新興趨勢和鋼簾線業務的商業周期將影響鋼簾線行業的增長和表現；及(v)稅務考慮。

董事會可根據本股息政策行使全權的酌情權派發中期股息，或如董事會認為本公司可供分派之溢利情況足以派發中期股息。如股本分為各類不同股份（如適用），則董事除可派發中期股息予享有派息優先權股份之持有人外，亦可派發中期股息予遞延股份或非優先股份之持有人。惟倘於派付股息時，尚有任何優先股股息並未償付，則不得派發中期股息予遞延或非優先股份之持有人。



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The Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

The Board may recommend quantum of final dividend payable to the Shareholders at its annual general meeting in line with the dividend policy, subject to the approval of the Shareholders in the Meeting, based on the aforesaid factors arrived at as per the audited financial statements.

The dividend shall be paid in the form of: (i) cash; or (ii) a scrip dividend; or (iii) a combination of partly in (i) and partly in (ii) above. The Company may offer the Shareholders the option of receiving scrip shares in lieu of cash, which may enable the Shareholders to increase their investment in the Company without incurring brokerage fees.

The Company shall endeavor to maintain a reasonable dividend payout ratio, whether as interim and/or final dividends, subject to (i) capital needs of the Company; (ii) positive operating cash flows; and (iii) other financial factors enumerated in the dividend policy. The Company may recommend a special dividend in special circumstances.

The dividend policy shall be disclosed in the annual report of the Company. The disclosure is expected to allow investors to make a more informed decision when investing in the Company.

The dividend policy would be subject to revision and amendment under the Articles and the Hong Kong law, including the Companies Ordinance and the Listing Rules, from time to time, on the subject matter. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of the said policy.

如董事認為可供分派之溢利情況足以派發，則董事亦可不時派發定額股息。

經股東於股東周年大會上批准，根據經審計的財務報表得出的上述因素，本公司董事會可於會議上根據本股息政策建議應付股東的末期股息金額。

股息應以下列形式支付：(i)現金；或(ii)代息股份；或(iii)部份按上列(i)項與部份按上列(ii)項之組合。本公司可向股東提供以股代息取代現金的選擇，在不產生經紀費的情況下，而增加股東對本公司的投資。

不論是中期及／或末期股息，本公司將努力維持合理的股息派發比率，同時考慮(i)公司的資金需求；(ii)正向經營現金流量；及(iii)股息政策中列舉的其他財務因素。本公司亦可能會在特殊情況下建議派發特別股息。

本股息政策應在本公司年報中披露。預期披露將令投資者在投資本公司時能作出有根據的投資決定。

本股息政策可根據章程細則及香港法律（包括公司條例及上市規則）不時作出修改及修訂。本公司保留更改、修改、添加、刪除或修訂本政策任何條款的權利。

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In case of any amendment(s), clarification(s), circular etc. issued by the relevant authorities, not being consistent with the provisions laid down under the said policy, then such amendment(s), clarification(s), circular etc. shall prevail upon the provisions hereunder and the said policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular etc.

The dividend policy does not constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time, but only represents a general guidance and information purpose regarding the dividend policy. The Board reserves the right to depart from and amend the said policy as and when circumstances so warrant.

### AUDITORS' REMUNERATION

During the year ended 31 December 2019, the fees paid/payable to the external auditors in respect of their audit and non-audit services to the Group were as follows:

The fees charged by the external auditor of the Company, PricewaterhouseCoopers amounted to HK\$1,537,000 for audit services for audit of annual financial statements. The non-audit services include interim review of the condensed financial statements (HK\$378,000) and the accounting advisory services (HK\$296,000).

如果有關部門發佈的任何修改、澄清、通函等不符合本政策規定的條款，則以該等修改、澄清、通知之條款的規定為準，及本政策應自該等修正、澄清、通函規定的生效日期起相應修改。

本股息政策並不構成本公司對其未來股息的任何具有法律約束力的承諾和／或絕不意味著公司會在任何時間或不定時宣布股息，但僅代表關於本股息政策的一般指導和訊息目的。視乎情況所需要時，董事會保留偏離並修改本政策的權利。

### 核數師酬金

於截至二零一九年十二月三十一日止年度，有關給予／應給予外聘核數師為本集團提供核數及非核數服務之酬金如下：

本公司之外聘核數師，羅兵咸永道會計師事務所收取周年財務報告之核數服務費用為港幣1,537,000元。非核數服務包括審閱中期財務報告（港幣378,000元）及會計諮詢服務（港幣296,000元）。

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## 企業管治報告

### RESPONSIBILITY FOR PREPARATION AND REPORTING OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting and financial reporting standards to enable the presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Directors will subject to statutory requirements and applicable accounting standards, select suitable accounting policies and apply them consistently, make prudent, fair and reasonable judgements and estimates and prepare the financial statements on a going concern basis.

### COMPANY SECRETARY

The company secretary of the Company is a full time employee of the Group. She reports to the chairman and/or managing Director. During the year, the company secretary of the Company has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

### SHAREHOLDERS' RIGHTS

The Board recognises the importance of effective communication with Shareholders. In order to maintain an ongoing dialogue with Shareholders, the Company has opportunities to directly communicate with Shareholders at various annual general meetings and other general meetings where Shareholders are encouraged to actively attend. In addition, the chairman of the Board and the chairman of each of remuneration committee, nomination committee and audit committee were present to answer any Shareholder's questions at the 2019 annual general meeting (the "2019 AGM"). The external auditor had also attended the 2019 AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

### 編製及呈報財務報告之責任

董事知悉彼等有責任根據法定要求及適用會計及財務報告準則編製本集團綜合財務報告，以確保綜合財務報告不會因欺詐或錯誤而出現重大錯誤陳述。董事將受制於法定要求及適用之會計準則之基準下選擇並貫徹運用合適的會計政策、作出審慎、公平及合理之判斷及估算，並按持續經營為基準編製財務報告。

### 公司秘書

本公司之公司秘書為本集團之全職僱員。彼需向董事長及／或向董事總經理匯報。於本年度，本公司之公司秘書已遵守上市規則第3.29條有關專業培訓之規定。

### 股東權益

董事會認識到與股東有效溝通的重要性。為了與股東持續保持溝通，本公司透過股東周年大會及其他股東大會，有機會與股東直接溝通，並鼓勵他們積極參與。另外，於二零一九年度股東周年大會（「二零一九年度股東周年大會」），董事會主席、薪酬委員會主席、提名委員會主席及審核委員會主席，均有出席解答任何股東之提問。而外聘核數師亦出席二零一九年度股東周年大會回答有關審計工作、編製核數師報告及其內容、會計政策以及核數師的獨立性等問題。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Procedures for members/Shareholders to convene a general meeting (“GM”)

Under Section 566 of the Companies Ordinance, the directors are required to call a GM if the Company has received requests to do so from members/Shareholders of the Company representing at least 5% of the total voting rights of all the members/Shareholders having a right to vote at GM.

The request:-

- (a) must state the general nature of the business to be dealt with at the GM;
- (b) may include the text of a resolution that may properly be moved and is intended to be moved at the GM;
- (c) may be deposited at the registered office of the Company at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong for the attention of Company Secretary in hard copy form or in electronic form by email to [ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk);
- (d) may consist of several documents in like form;
- (e) must be authenticated by the person or persons making it; and
- (f) must be verified with the share registrar of the Company, and upon the share registrar’s confirmation that the request is proper and in order, the company secretary of the Company will notify the Board to convene a GM by serving proper notice in accordance with the statutory requirements to all the registered members/Shareholders of the Company. On the contrary, if the request has been verified as not in order, the requesting members/Shareholders will be informed of this outcome and accordingly, a GM will not be convened as requested.

### 成員股東召開股東大會（「股東大會」）之程序

根據公司條例第566條，如本公司收到佔全體有權在股東大會上表決的成員／股東的總表決權最少5%的公司成員／股東的要求，要求召開股東大會，則董事須召開股東大會。

書面請求書：-

- (a) 須述明有待在有關股東大會上處理的事務的一般性質；
- (b) 可包含可在該股東大會上恰當地動議並擬在該股東大會上動議的決議的文本；
- (c) 可採用印本形式送交於本公司的註冊辦事處，地址為香港柴灣新業街6號安力工業中心12樓1215室，或電子形式透過本公司電郵[ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk)，註明公司秘書收啟；
- (d) 可包含若干份格式相近的文件；
- (e) 必須經提出該要求的人認證；及
- (f) 必須由本公司股份過戶登記處核實，在確定為適當及符合程序後，本公司公司秘書將要求董事會召開股東大會，並按照法定要求給予本公司所有登記成員／股東充分的通知期。反之，若有關要求經核實為不符合程序，請求人將獲知會結果，而本公司亦不會按要求召開股東大會。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Procedures for members/Shareholders and other stakeholders to send enquires and concerns to the Board

Members/Shareholders and other stakeholders are invited to access the Company's website at <http://www.shougangcentury.com.hk> for up-to-date information of the Company. They are advised to send enquires and concerns to the Board:-

- (a) by post at the registered office of the Company situated at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong for the attention of the Company Secretary; or
- (b) by email to [ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk) for the attention of our Investor Relations section; or
- (c) by filling out the sign up form on the Company's website if they would like to be kept up-to-date on the latest information of the Company.

The Company will make response to their questions through their required communication channels or deliver the relevant material directly to their email as soon as the information becomes available online and make necessary arrangement for direction of enquires to the Board, if required.

The company secretary forwards communications relating to matters within the Board's purview to the independent non-executive Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, enquires and complaints, to the appropriate Company's executive.

Members/Shareholders and other stakeholders can read the Shareholders' Communication Policy at the Company's website for details and, effectiveness communication. The Shareholders' Communication Policy was further revised on 11 July 2019 to maintain candid and constructive communications with Shareholders and potential investors.

### 成員股東和其他持份者向董事會提出查詢與關注的程序

誠邀成員／股東和其他持份者瀏覽本公司網站<http://www.shougangcentury.com.hk>，獲取有關本公司的最新資料。建議成員／股東和其他持份者可將有關對董事會的查詢與關注：-

- (a) 郵寄至本公司註冊辦事處，地址為香港柴灣新業街6號安力工業中心12樓1215室，註明公司秘書收啟；或
- (b) 電郵至[ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk)並註明本公司投資者關係部收啟；或
- (c) 可從本公司網站填寫一份索取資料登記表來收取本公司最新資料。

本公司將會按成員／股東或其他持份者要求之溝通渠道回應他們之提問或當有關資訊在網上發放後，本公司將直接提供相關資料到他們所登記的電郵及如有需要將轉交有關查詢予董事會跟進。

有關董事會處理的事宜，公司秘書會轉交獨立非執行董事處理；有關個別董事委員會職權範圍的事宜，會轉交有關委員會的主席；有關營運一般事宜，如建議、查詢和投訴，則轉交本公司適當的行政人員。

成員／股東和其他持份者可於本公司網站詳細閱讀股東通訊政策以作有效溝通。為了與股東和有意投資者保持一個公正及有建設性的溝通方法，股東通訊政策已於二零一九年七月十一日進一步修訂。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Procedures for members/Shareholders to put forward proposals at annual general meetings (“AGM”)

Pursuant to Section 615 of the Companies Ordinance, if a company is required to hold an AGM under Section 610, the members/Shareholders of the company may request to give, to members/Shareholders entitled to receive notice of the AGM, notice of a resolution that may properly be moved and is intended to be moved at that meeting.

The Company must give notice of a resolution if it has received requests that it do so from:-

- (a) the members/Shareholders of the Company representing at least 2.5% of the total voting rights of all the members/Shareholders who have a right to vote on the resolution at the AGM to which the requests relate; or
- (b) at least 50 members/Shareholders who have a right to vote on the resolution at the AGM to which the requests relate.

The request:-

- (a) must be sent to the registered office of the Company at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong for the attention of the company secretary in hard copy form or in electronic form to [ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk);
- (b) must identify the resolution of which notice is to be given;
- (c) must be authenticated by the person or persons making it; and
- (d) must be received by the Company not later than (i) 6 weeks before the AGM to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

### 成員／股東於股東周年大會（「股東周年大會」）提呈動議的程序

按公司條例第615條，如公司根據第610條須舉行股東周年大會，該公司的成員／股東可要求該公司向有權收到該股東周年大會的通知的公司成員／股東，發出關於可在該大會上恰當地動議並擬在該大會上動議的決議的通知。

本公司如收到以下成員股東的要求，要求發出某決議的通知，則須發出該通知：—

- (a) 佔全體有權在該要求所關乎的股東周年大會上，就該決議表決的成員的總表決權最少2.5%的公司成員／股東；或
- (b) 最少50名有權在該要求所關乎的股東周年大會上就該決議表決的成員／股東。

書面請求書：—

- (a) 須採用印本形式送達公司註冊辦事處，地址為香港柴灣新業街6號安力工業中心12樓1215室，或電子形式透過本公司電郵[ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk)，註明公司秘書收啟；
- (b) 須指出有待發出通知所關乎的決議；
- (c) 須經所有提出該要求的人認證；及
- (d) 須於(i)該要求所關乎的股東周年大會舉行前的6個星期之前；或(ii)（如在上述時間之後送抵本公司的話）該股東大會的通知發出之時送達到本公司。

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The written request will be verified with the Company's share registrar who will check if the written request is proper and in order, the company secretary will notify the Board for including the resolution in the agenda for AGM.

Pursuant to Section 616 of the Companies Ordinance, the Company that is required under Section 615 to give notice of a resolution must send a copy of it at the Company's own expense to each member/Shareholder of the Company entitled to receive notice of the AGM in the same manner as the notice of the meeting; and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

If the request has been verified as not in order for the said purposes, the members/Shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM.

### Shareholders' power to request circulation of statement

Pursuant to Section 580 of the Companies Ordinance, a member/Shareholder of the Company may request the Company to circulate, to members/Shareholders of the Company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that meeting or other business to be dealt with at that meeting. The Company is required to circulate the statement if it has received requests to do so from the members/Shareholders representing at least 2.5% of the total voting rights of all the members/Shareholders who have a relevant right to vote or at least 50 members/Shareholders who have a relevant right to vote.

The aforesaid members/Shareholders' requests (i) may be sent to the Company in hard copy form at the registered office of the Company, at Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong or in electronic form by email to [ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk); (ii) must identify the statement to be circulated; (iii) must be authenticated by the person or persons making it; and (iv) must be received by the Company at least 7 days before the meeting to which it relates.

書面請求書將由公司股份過戶處核實，在確定為適當及符合程序後，公司秘書將要求董事會將有關決議案納入股東周年大會的議程。

根據公司條例第616條，本公司須根據第615條就某決議發出的通知須按發出有關股東周年大會的通知的同樣方式；及在發出該股東周年大會的通知的同時，或在發出該大會的通知後，在合理的切實可行的範圍內盡快，自費將該決議的通知的文本，送交每名有權收到該股東周年大會的通知的公司成員／股東。

若有關要求經核實為不符合程序，有關成員／股東將獲知會結果，而提出的決議案將不獲納入股東周年大會的議程內。

### 成員股東有權力要求傳閱陳述書

根據公司條例第580條，本公司成員／股東可要求本公司向有權收到股東大會的通知的本公司成員／股東，傳閱關於有待在該大會上處理的、某被提出的決議所述的事宜；或其他有待在該大會上處理的事務，而字數不多於1,000字的陳述書。本公司如收到佔全體有相關表決權利的成員／股東的總表決權最少2.5%的成員／股東；或最少50名有相關表決權利的成員／股東提出的傳閱陳述書的要求，則須傳閱該陳述書。

上述成員／股東要求(i)可採用印本形式送交本公司註冊辦事處，地址為香港柴灣新業街6號安力工業中心12樓1215室或以電子形式電郵至本公司郵箱[ir@shougangcentury.com.hk](mailto:ir@shougangcentury.com.hk)；(ii)須指出將予傳閱的陳述書；(iii)須經所有提出該要求的人認證；及(iv)須於該要求所關乎的大會前最少七日送抵本公司。

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Pursuant to Section 581 of the Companies Ordinance, the Company that is required under Section 580 to circulate a statement must send a copy of it to each member/Shareholder of the Company entitled to receive notice of the meeting in the same manner as the notice of the meeting and at the same time as or as soon as reasonably practicable after it gives notice of the meeting. The expenses of the Company in complying with the Section 581 need not be paid by the members/Shareholders who requested the circulation of the statement if the meeting to which the requests relate is an AGM of the Company; and the requests sufficient to require the Company to circulate the statement are received in time to enable the Company to send a copy of the statement at the same time as it give notice of the meeting.

### INVESTOR RELATIONS

The Company puts a high regard for the aspect of investor relations and recognises that establishment of investor relations can enhance its transparency, maximize its value and increase investors' understanding of and trust in the Company. Therefore, the management, as requested may meet with Shareholders, potential and institutional investors and research analysts. The management will also provide them with the information of the latest business development of the Group and answer their queries subject to the revise of the Continuous Disclosure Obligation Policy adopted with effect from 10 December 2018 to be in line with the up-to-date ordinances, rules and regulations and to enhance the standard of corporate governance practice. The Continuous Disclosure Obligation Policy is to help and provide guidance to the Directors and employees of the Group to fulfill their obligations under the Listing Rules and the SFO while allowing them to actively inform the market of the Company development as well as how to make judgement as to what inside information is and when disclosure is required. The corresponding presentation materials subject to the Continuous Disclosure Obligation Policy are made available upon request, if appropriate. The procedures for handling and dissemination of inside information has been illustrated under the heading "**RISK MANAGEMENT AND INTERNAL CONTROL**" above.

根據公司條例第581條，本公司須根據第580條就傳閱陳述書須按發出有關大會的通知的同樣方式；及在發出該大會的通知的同時，或在發出該通知後，在合理的切實可行的範圍內盡快，將該陳述書的文本，送交每名有權收到該大會的通知的公司成員／股東。要求傳閱有關陳述書的成員／股東無需支付本公司為遵守第581條而招致的費用，如有關要求所關乎的大會，是本公司的股東周年大會；及本公司及時收到足以令本公司須傳閱該陳述書的要求，使本公司在發出該大會的通知的同時，能夠送交該陳述書的文本。

### 投資者關係

本公司高度重視於投資者關係，並認為建立投資者關係能提高公司透明度、增加其價值以及加深投資者對本公司的瞭解及信任。因此，管理層會因應股東、潛在及機構性投資者和研究分析員要求而會面，而管理層亦會按於二零一八年十二月十日起採用之持續披露責任政策規定下介紹本集團最近期之業務發展情況及回答他們之提問。持續披露責任政策是向董事及本集團之僱員提供指引，當他們容許在市場上提供公司發展和怎樣判斷何謂內幕消息的時候，有助其根據上市規則及證券及期貨條例的訂明下履行披露責任。若他們要求時（如合適）可根據持續披露責任政策規定下提供相應的推介資料。處理及披露內幕消息程序在以上標題為「**風險管理及內部監控**」內說明。

# CORPORATE GOVERNANCE REPORT

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In order to further promote a sound communication between the public, the Company fully utilises its website (<http://www.shougangcentury.com.hk>) as a means to provide the latest and updated information in a timely manner, and from time to time enhances the homepage of the website to reflect its current business development. Also, the company secretarial department of the Company will respond to the telephone enquiries and email or correspondences from Shareholders or investors in respect of various issues subject to the Continuous Disclosure Obligation Policy. Any opinions, views and suggestions of Shareholders will be solicited and brought to the attention of the Board and management, if necessary.

During the year, the 2019 AGM was held on 11 June 2019 to approve ordinary and special businesses of annual general meeting. The resolutions of 2019 AGM were duly passed by way of poll. A general meeting was held on 1 February 2019 to ratify and approve a connected transaction in relation to the Subscription for the Convertible Bonds and the transactions contemplated thereunder. The resolution of general meeting was also duly passed by way of poll.

During the year ended 31 December 2019, there was no significant change in the Company's constitutional documents.

為了與公眾間有更有效的溝通，本公司亦善用其網站(<http://www.shougangcentury.com.hk>)作為一個媒介，適時發放最新近的資訊，以及不時更新網頁內容來反映有關本公司之業務發展現況。此外，本公司公司秘書部門會按持續披露責任政策規定下答覆股東或投資者透過電話詢問及電子郵件或信函所提出的各類事項。股東的任何意見、看法及建議將會被收集，然後提交予董事會及管理人員（如需要）垂注。

於本年度，二零一九年度股東周年大會已於二零一九年六月十一日召開，以批准股東周年大會上的一般及特別事項。二零一九年度股東周年大會之決議案以投票表決方式正式獲得通過。股東大會於二零一九年二月一日已召開，以追認及批准有關可換股債券之認購事項的關連交易及其項下擬進行的交易。股東大會之決議案亦以投票表決方式正式通過。

截至二零一九年十二月三十一日止年度，本公司之憲章文件並無重大變更。

# REPORT OF THE DIRECTORS

## 董事會報告書

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

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Further details of the principal activities of the principal subsidiaries are set out in note 13 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

### RESULTS

The Group's profit for the year ended 31 December 2019 and the state of affairs of the Group at that date are set out in the financial statements on pages 124 to 273.

### BUSINESS REVIEW

#### Business model and strategy

Our mission is to be one of the top tier Steel cord and wire products manufacturers in the PRC capable of consistently purveying premium quality Steel cords and wire products; and the evolution into a diversified metal product manufacturer benefiting from a successful "Eastern" brand recognition in the PRC and worldwide markets. Our ultimate goal is to maintain long term profitability, deliver sustainable growth in our stakeholders' value under a prudent and manageable capital structure and contribute to the economic and social development of the communities in which we operate.

The Board is responsible for the development of business models and setting of strategies, planning and development of the Group. The strategies adopted by the Board will be executed by the managing Director who will motivate the staff to achieve the designated business goals and financial targets under risk tolerance levels prescribed by the Board. The progress of implementation of the strategies and business goals will be reviewed and adjusted to respond to the constantly changing market environment. Corrective and follow-up actions are made regularly at the Board and/or other management meetings throughout the years.

董事會謹此提呈董事會報告書及本集團於截至二零一九年十二月三十一日止年度之經審核綜合財務報告。

### 主要業務

本公司之主要業務為投資控股。旗下主要附屬公司之主要業務的進一步詳情載列於綜合財務報告附註13。本集團主要業務的性質於本年度內並無重大改變。

### 業績

本集團截至二零一九年十二月三十一日止年度之溢利及於該日之財務狀況載列於第124頁至273頁之財務報告內。

### 業務審視

#### 業務模式及策略

我們的使命是要成為中國其中一間能夠持續提供優質鋼索線及切割鋼絲產品的頂級製造商，以及晉身為一個多元化的金屬產品製造商從而發展一個在中國及全球市場具知名度和得到認可的成功的「東方」品牌。我們的最終目標是在審慎和可管理資本結構下保持長期盈利能力，為股東爭取最大的回報，為持份者的價值提供可持續性增長，並為業務所在地區的經濟和社會發展作出貢獻。

董事會負責制定本集團之業務模式及訂立本集團之策略、規劃和發展。董事會所採取的策略將由董事總經理執行，並按董事會規定之風險承受能力水平以推動僱員達致其特定的業務目的及財務目標。執行策略和業務目標的進展情況將會檢討及調整以應對日益複雜的外部環境，並進一步討論跟進行動。實施糾正及跟進行動會在年內定期在董事會及／或其他管理層會議進行。



# REPORT OF THE DIRECTORS

## 董事會報告書

### BUSINESS REVIEW (continued)

#### Review of operations

The Group recorded net profit of HK\$108,344,000 for the year in compared with net loss of HK\$8,681,000 from previous year. Further details in respect of the fair review of the Group's businesses, please refer to the sections "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group's businesses, results of operations and financial position may be affected by risks and uncertainties relating to the Group's businesses. These risks and uncertainties could result in the Group's businesses, results of operations and financial position to defer materially from expected or historical results. The risks and uncertainties set out below are known to the Group during the year under review:

#### Risks and uncertainties relating to the Group's business operations

1. As the majority of sales of Steel cords of the Group are domestic, the business and prospect of Steel cord segment is therefore highly dependent on the economic performance of the PRC, in particular, the performance of automotive and transportation industries and those that involve high volume of road transportation for commercial and industrial purposes, such as property development and import/export. Therefore, any downturn in the economy of the PRC may cause lower demand for Steel cords and hence may have material adverse impact to the operations of Steel cord segment. Despite majority of the Group's customers are radial tyre manufacturers located in the PRC, however their customers, the vehicle manufacturers that are located in the United States are affected by the Sino-US trade debacle that has weighed in sentiment and tariff hike.

### 業務審視 (續)

#### 經營回顧

於本年度本集團錄得溢利淨額為港幣108,344,000元，去年虧損淨額為港幣8,681,000元。就本集團業務的中肯審視的詳情，請參閱本年報「董事長報告書」及「管理層論述及分析」章節。

### 主要風險和不明朗因素

本集團的業務、經營業績及財務狀況可能受到與本集團業務相關風險和不明朗因素所影響。這些風險和不明朗因素可能導致對本集團的業務、經營業績及財務狀況與預期或過往業績存在重大差異。於本年度回顧本集團已知的風險和不明朗因素載於下文：

#### 關於本集團經營業務的風險和不明朗因素

1. 由於本集團大部分鋼簾線都是國內銷售，因此鋼簾線分部的業務和前景高度依賴於中國的經濟表現，特別是汽車及運輸行業的表現和那些涉及高容量道路運輸的商業和工業用途，如房地產開發和入口／出口。因此，若中國經濟衰退可能會導致鋼簾線需求減少，及因此可能對鋼簾線分部的業務造成重大不利影響。儘管本集團的大部分客戶均為位於中國的子午線輪胎工廠，但其客戶（位於美國的汽車製造商）受到中美貿易戰的影響，情緒受壓和關稅上調。

# REPORT OF THE DIRECTORS

## 董事會報告書

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

#### Risks and uncertainties relating to the Group's business operations (continued)

2. The average selling price of Steel cords increased during the year under review, attributable to the relief in over capacity situation of Steel cord industry together with the introduction of new products, effective product mix and effort in expansion of exports. The selling price of Steel cords is highly dependent on the supply and demand situation in the PRC as well as the price of its major material – steel wire rod; therefore, any change in these two factors will have material impact to the Steel cord segment.
3. The revenue from sales to top five customers of the Group accounted for 52.0% of total revenue of the Group for the year under review. Any change to the business operations, financial conditions or purchasing patterns of these customers may have adverse impact to the revenue of the Group.

The measures to manage the impact on these potential risks and uncertainties are described in the heading “**BUSINESS REVIEW**” of the section of the “**MANAGEMENT DISCUSSION AND ANALYSIS**” of this annual report.

#### Risks and uncertainties relating to the Group's results and financial position

1. The following factors may have negative impact on the revenue and net results of the Group:
  - a. Change in the mix of revenue contributions, such as the income of Steel cord segment from sales of Steel cord for truck tyres, off the road truck tyres and passenger car tyres;
  - b. Unfavorable economic development in the PRC and worldwide markets that may have negative impact on our Steel cord segment;

### 主要風險和不明朗因素 (續)

#### 關於本集團經營業務的風險和不明朗因素 (續)

2. 在本年度回顧，鋼簾線的平均售價上升，是由於鋼簾線行業產能過剩得到舒緩，新產品的引進，有效的產品組合及努力提高出口的擴充所致。鋼簾線的售價高度依賴於中國的供求情況和其主要原材料的價格－鋼絲盤條。因此，這兩個因素的任何變化將對鋼簾線分部有重大影響。
3. 在本年度回顧，本集團銷售予首五大客戶之營業額約佔本年度本集團總營業額之52.0%。該等客戶業務營運、財務狀況或採購模式的任何變化可能對本集團的營業額有負面影響。

管理該等潛在的風險和不明朗因素帶來的影響之措施已在本年報「**管理層論述及分析**」一節中「**業務回顧**」標題中描述。

#### 關於本集團之業績及財務狀況的風險和不明朗因素

1. 下列因素可能對本集團的營業額和淨利潤有負面影響：
  - a. 營業額來源組合的變化，例如鋼簾線分部的收入來自銷售用於載重輪胎、工程輪胎和轎車輪胎之鋼簾線；
  - b. 中國和全球市場的不理想經濟發展可能會對鋼簾線分部造成負面影響；

# REPORT OF THE DIRECTORS

## 董事會報告書

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

#### Risks and uncertainties relating to the Group's results and financial position (continued)

- c. Increased market and price competition for Steel cord segment; and
  - d. Failure to reduce production and operating costs, in particular, certain unit fixed production costs of Steel cord segment can be lowered by increase in sales and production volume.
2. For the year ended 31 December 2019, the majority of the revenue of the Group was denominated in RMB, while there were some borrowings of the Group dominated in HKD. Attributable to the depreciation of the exchange rate of RMB against HKD during the year, the Group incurred net foreign exchange loss of HK\$15,438,000 (2018: HK\$20,771,000) for the year. Hence, any movement of the exchange rate of RMB will affect to the results of operations of the Group. Furthermore, the results and financial position of the Group are denominated in RMB but presented in HKD for reporting purposes, therefore, the movement of the exchange rate of RMB will have impact to the financial position of the Group when translating the Group's results and financial position into HKD.
3. The Group is required to conduct an impairment assessment on its property, plant and equipment on a regular basis in accordance with the Hong Kong Financial Reporting Standards. Any future impairment loss to be recognised or reversed depends on various factors including the general economic and financial conditions, market competitions, prevailing product selling price and market interest rates. Such impairment loss to be recognised or reversed will have material impact to the results of the Group, however, it is a non-cash item and therefore will not affect the future business operations and financial conditions of the Group.

### 主要風險和不明朗因素 (續)

#### 關於本集團之業績及財務狀況的風險和不明朗因素 (續)

- c. 鋼簾線分部之市場和價格競爭增加；及
  - d. 未能降低生產和營運成本，特別是鋼簾線分部的某些單位固定生產成本可以通過增加銷售和生產量來降低。
2. 截止二零一九年十二月三十一日止年度，本集團大部分的收入來源以人民幣為單位，同時間本集團有貸款以港幣為單位。在本年度，由於人民幣兌港幣之匯率貶值，本集團於本年度錄得淨外幣匯兌虧損港幣15,438,000元（二零一八年：港幣20,771,000元）。所以，人民幣匯率的變動將影響本集團的經營業績。此外，本集團的業績及財務狀況均以人民幣為單位，但報告則以港幣呈列，因此，人民幣匯率變動將在本集團之業績及財務狀況轉換成港元時對本集團的財務狀況產生影響。
3. 本集團需要定期根據香港財務報告準則對物業、廠房及設備進行減值測試。任何被確認或撥回的未來減值損失取決於多種因素，包括一般的經濟和金融狀況、市場競爭、現行產品售價和市場利率。該被確認或撥回的減值損失將對本集團的業績有重大的影響。但是，減值為一項非現金項目，因此不會影響到本集團的未來經營業務和財務狀況。

# REPORT OF THE DIRECTORS

## 董事會報告書

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

#### Risks and uncertainties relating to the Group's results and financial position (continued)

4. The Group utilized a certain extent of bank borrowings to finance its operations. As at 31 December 2019, the percentage of bank borrowings due within one year accounted for 65.6% of total bank borrowings of the Group, therefore the Group will be exposed to the liquidity risks of inability of repaying these borrowings when due. The Group is expected to service the debt repayments due in 2020 by utilizing cash generated from its operations, refinancing from banks and other sources, with an objective to gradually reduce the amount of interest bearing borrowings of the Group. However, the Group's ability to generate sufficient cash to service its outstanding debts and obligations will depend on the operating performance of its various business segments in the future, which will be affected by factors such as the prevailing economic and liquidity conditions, the demand of its products and prevailing selling prices. Whether the Group can refinance its borrowings also depends on a number of factors, including the operating performance and financial conditions of the Group, the prevailing economic conditions, the prevailing credit policy of respective lender and the liquidity of the financial markets. If the Group is unable to service any of its borrowings due in 2020, this may result in a default and will have significant adverse impact to the financial position of the Group as the Group will be requested to repay full or part of its outstanding borrowings on an accelerated basis. The management of the Company is seeking for various banks refinancing to mitigate these potential risks.

### 主要風險和不明朗因素 (續)

#### 關於本集團之業績及財務狀況的風險和不明朗因素 (續)

4. 本集團運用一定程度的銀行貸款為其營運提供資金。於二零一九年十二月三十一日，一年內到期銀行貸款的比例佔本集團總銀行貸款的65.6%，因此本集團將面臨當該等貸款到期時無法償還的流動性風險。本集團預期將運用來自其營運產生的現金和銀行融資及其他來源以償還於二零二零年到期貸款，以逐漸減少本集團的計息貸款總額。然而，本集團產生足夠現金來償還其未償還貸款的能力和義務將取決於其將來的各業務分部的營運表現，而其將受到各種因素的影響，例如：現行的經濟和流動性狀況、產品的需求和現行售價。而本集團能否再融資貸款亦取決於許多因素，包括本集團的營運表現和財務狀況、現行的經濟條件、各貸款人的現行信貸政策和金融市場的流動性。如果本集團無法償還於二零二零年到期的貸款，可能會導致違約及將對本集團的財務狀況有顯著的負面影響，因本集團將被要求加快償還全部或部分的未償還的貸款。本公司管理層正在尋求各銀行再融資來減輕這些潛在的風險。

# REPORT OF THE DIRECTORS

## 董事會報告書

### FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators of the Group for the years ended 31 December 2019 and 2018 are summarised as follows:

### 財務關鍵表現指標

本集團於截至二零一九年和二零一八年十二月三十一日止年度的財務關鍵表現指標綜合如下：

		2019 二零一九年	2018 二零一八年	Change 變動
1.	Current ratio (times) 流動比率(倍)	1.28	1.19	N/A不適用
2.	Liquidity ratio (times) 流動資金比率(倍)	1.08	1.01	N/A不適用
3.	Gearing ratio (%) 負債比率(%)	50.8	71.4	-20.6pp百分點
4.	Average turnover period on trade receivables (days) 應收賬款平均 周轉期(天)	96	97	-1
5.	Percentage of past due trade receivables (%) 逾期應收賬款 百分比(%)	23.7	24.6	-0.9pp百分點
6.	Average turnover period on inventories (days) 存貨平均周轉期 (天)	64	58	+6
7.	Average turnover period on trade payables (days) 應付賬款平均 周轉期(天)	110	108	+2
8.	Steel cord production capacity utilisation ratio (%) 鋼索線產能 利用率(%)	99.3	97.0	+2.3pp百分點

#### Current ratio

Current ratio (calculated as current assets divided by current liabilities) of the Group was 1.28 times at 31 December 2019, higher than 1.19 times at 31 December 2018.

#### 流動比率

本集團於二零一九年十二月三十一日的流動比率(以流動資產除以流動負債計算)為1.28倍,相對於二零一八年十二月三十一日的1.19倍為高。

#### Liquid ratio

Liquid ratio (calculated as current assets less inventories divided by current liabilities) of the Group was 1.08 times at 31 December 2019, slightly higher than 1.01 times at 31 December 2018.

#### 流動資金比率

本集團於二零一九年十二月三十一日的流動資產比率(以流動資產減存貨除以流動負債計算)為1.08倍,較於二零一八年十二月三十一日的1.01倍略高。

#### Gearing ratio

Gearing ratio (calculated as total interest bearing borrowings less bank balances and cash (included pledged bank deposits) divided by total equity) of the Group decreased markedly from 71.4% at 31 December 2018 to 50.8% at 31 December 2019.

#### 負債比率

本集團於二零一九年十二月三十一日之負債比率(以計息貸款總額減銀行結存及現金(包括抵押銀行存款)除以權益總額計算)較二零一八年十二月三十一日報71.4%顯著下降至50.8%。



# REPORT OF THE DIRECTORS

## 董事會報告書

### FINANCIAL KEY PERFORMANCE INDICATORS (continued)

#### Average turnover period of trade receivables

Average turnover period on trade receivables (calculated as average trade receivables for the year (exclusive of value-added tax in respect of sales in the PRC) divided by gross revenue times 365 days) was 96 days for the year, shorter by 1 days as compared to 97 days for the previous year.

#### Percentage of past due trade receivables

The percentage of past due trade receivables (calculated as the amount of past due trade receivables divided by total amount of trade receivables) was 23.7% at 31 December 2019, decreased by 0.9 percentage point as compared to 24.6% at 31 December 2018.

#### Average turnover period on inventories

Average turnover period on inventories (calculated as average amount of inventories for the year divided by cost of sales times 365 days) was 64 days for the year, longer by 6 days as compared to 58 days for the previous year.

#### Average turnover period on trade payables

Average turnover period on trade payables (calculated as average trade payables for the year divided by cost of sales (exclusive of value-added tax in respect of cost of sales in the PRC) times 365 days) was 110 days for the year, which was 2 days longer as compared to 108 days for the previous year.

#### Steel cord production capacity utilization ratio

As the sales volume of Steel cords recorded an year-on-year growth of 4.9% to 194,006 tonnes for the year, therefore the capacity utilization ratio in respect of Steel cord segment (calculated as total sales volume of Steel cords for the year divided by total production capacity of Steel cords of 195,422 tonnes per annum) increased from 97% in the previous year to 99.3% for the year.

### 財務關鍵表現指標 (續)

#### 應收賬款平均周轉期

本集團於本年度的應收賬款平均周轉期(以本年度平均應收賬款除以總營業額(不包括於中國銷售的增值稅)乘以365天計算)為96天,比於去年度為97天減少1天。

#### 逾期應收賬款百分比

於二零一九年十二月三十一日的逾期應收賬款的百分比(以逾期應收賬款除以應收賬款總額計算)為23.7%,與二零一八年十二月三十一日的24.6%相比下跌0.9個百分點。

#### 存貨平均周轉期

本年度的存貨平均周轉期(以本年度的平均存貨金額除以銷售成本乘以365天計算)為64天,比去年的58天增加6天。

#### 應付賬款平均周轉期

本年度的應付賬款平均周轉期(以本年度的平均應付賬款除以銷售成本(不包括於中國銷售成本的增值稅)乘以365天計算)為110天,較於去年度為108天多2天。

#### 鋼簾線產能利用率

由於本年度鋼簾線銷售量同比增長4.9%至194,006噸,因此於本年度的鋼簾線分部的產能利用率(按本年度鋼簾線總銷售量除以鋼簾線總產能每年為195,422噸計算)由去年度報97%上升至99.3%。

# REPORT OF THE DIRECTORS

## 董事會報告書

### FINANCIAL KEY PERFORMANCE INDICATORS (continued)

Further details regarding the above and other financial information, please refer to the section “**MANAGEMENT DISCUSSION AND ANALYSIS**” of this annual report. Key performance indicators mean factors by reference to which the development, performance or position of the business of the Group can be measured effectively which we can use to monitor progress against our strategies while figures reporting under accounting standards could not serve such purpose.

### FUTURE DEVELOPMENT OF THE COMPANY'S BUSINESS

In the view that uncertainty is one of the main challenges facing by the Chinese economy, the performance of the Steel cord industry might be affected unless a strong cash flow is maintained as well as cost saving and risk mitigation measures are implemented in order. Details of future development of the Company's business, please refer to the sections “**CHAIRMAN'S STATEMENT**” and “**MANAGEMENT DISCUSSION AND ANALYSIS**” of this annual report.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and community in which it engages by controlling and minimizing the generation of wastes, waste gases emissions and sewage discharges, and at the same time, complies with the applicable environmental laws, rules and regulations on the prevention and control of wastage, waste gases emissions and sewage discharges in Hong Kong and PRC during the production process.

### 財務關鍵表現指標（續）

關於上述及其他財務資料的進一步詳情載列於本年報的「**管理層論述及分析**」的章節內。關鍵表現指標指可藉參照有效地衡量本集團業務的發展、表現或狀況的因素而用以監察我們實施策略的進度，而按會計準則制定的數據則未能達到此目的。

### 本公司業務未來發展

由於不確定性是中國經濟面臨的主要挑戰之一，鋼簾線業務的表現可能會受到影響，除非保持強勁的現金流及適當地實施成本節約和風險緩解措施。就本公司業務未來發展的詳情，請參閱本年報「**董事長報告書**」及「**管理層論述及分析**」章節。

### 環境政策及表現

本集團承諾為業務所在地的環境和社區作出長期可持續發展，控制及減少廢物的產生、廢氣排出和廢水排放，並同時遵守香港及中國於生產過程中防止及控制產生的廢物、廢氣排出和廢水排出的適用環保法律規則及規定。

# REPORT OF THE DIRECTORS

## 董事會報告書

### ENVIRONMENTAL POLICIES AND PERFORMANCE (continued)

In order to attach the importance to environmental protection, the Group has formally adopted an Environmental Policy (the “Policy”) since 2017, which has already been implemented all along as part of the Internal Control Manual. The underlying principle of the Policy is to reduce, reuse and recycle resources used in the production lines and offices so as to mitigate wastes and use energy and resources effectively. Various measures have been implemented within the Group and are monitored from time to time, for example, measures on effective energy conservation to reduce the use of energy, water and other resources; measures on managing the reduction of waste and greenhouse gas emissions, etc. had been taken and complied with since 2015. Detailed discussion on the environmental policies and performance of the Group will be set out in the 2019 ESG Report (to be published).

In addition to the above measures, further trainings are provided to Directors and employees and the Company has participated in activities organized by various organizations to emphasize the importance of environmental protection and to promote occupational health and safety in offices and production lines. For instance, the “Paper Saving” campaign organized by World Green Organization (“WGO”) to encourage our employees to use less papers, the “Earth Hour” campaign organized by World Wildlife Fund to encourage Directors and employees to turn off the light at night for one hour to strengthen employees’ awareness on the importance of electricity saving. To promote the concept of occupational health and safety in offices and environmental protection, we also participated in the “Green Office Awards Labelling Scheme” and “Eco-Healthy Workplace Awards Labelling Scheme” organized by WGO since 2017. These measures and trainings taken and provided by the Group in supporting the Policy are based on the needs and actual circumstances of the Group and will be reviewed by the management annually.

### 環境政策及表現 (續)

為突顯環境保護的重要性，本集團已由二零一七年起正式採納了「環境政策」（「該政策」）以作為內部監控指引的一部分，並已一直貫徹實施。該政策的基本原則是減少、重用及回收生產線和辦公室的資源，以減少廢物和有效地使用能源及資源。本集團已實施多項措施並不時予以監督，例如：有效的節能措施以減少能源、水及其他資源的使用和實行減廢管理及減少溫室氣體排放等等的措施已自二零一五年實行及符合。有關本集團環境政策及表現的詳細討論將載列於即將發佈之二零一九年度環境、社會及管治報告內。

除了上述措施，本集團亦為董事和僱員安排了進一步培訓及參與由不同組織舉辦之活動，使他們認識到保護環境的重要性，並於辦公室和生產線推廣職業安全健康。例如由世界綠色組織（「WGO」）舉辦的「惜紙行動」，鼓勵各位同事積極參與減少用紙，另外亦參與了由世界自然基金會舉辦的「地球一小時2019」活動，鼓勵各董事和僱員於晚上熄燈一小時，以喚醒僱員對節約用電的重要性。並自二零一七起參與由WGO舉辦的「綠色辦公室獎勵計劃」和「健康工作間獎勵計劃」，以推廣工作地點的職業安全健康及環境保護的概念。這些為支持該政策而實施的措施和安排的培訓乃根據本集團的需求和實際情況而決定的，並將會每年由管理層進行檢討。

# REPORT OF THE DIRECTORS

## 董事會報告書

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to comply with the laws and regulations in which it operates its businesses. During the year under review, there was no material breach of or non-compliance with the laws and regulations applicable to the Group. Apart from complying with Hong Kong laws such as the Companies Ordinance, Listing Rules, SFO, Employment Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance, we have also complied with laws of the PRC, including the Company Law of the PRC, Labour Law of the PRC, Labour Contract Law of the PRC, Enterprise Annuities Fund Measures, relevant laws, rules and regulations in relation to child and forced labour including the Provisions on the Prohibition of Using Child Labour and the Law of the PRC on the Protection of Minors, as well as other environmental laws, relevant rules, ordinances and regulations on the prevention and control of wastage, waste gases and sewage emission. These laws, ordinances and regulations include but not limited to the Environmental Protection Law of the PRC, the Environmental Protection Tax Law of the PRC, the Prevention and Control of Atmospheric Pollution of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Waste Disposal Ordinance, the Product Eco-responsibility Ordinance, Environmental Quality Standard for Surface Water, Wastewater Quality Standards for Discharge to Municipal Sewers, Measures for Hazardous Waste Operation Administration and Solid Wastes of Prevention and Control Law of the PRC etc.. These environmental laws will have impact on the Group's operation since if we do not dispose all wastages, discharges and waste gases properly, we might have to bear heavy environmental protection tax and so increase the cost of disposal of wastages.

### 遵守法律及規定

本集團承諾遵守其經營業務的法律及規定。於本年度回顧，本集團並無重大違反或不遵守適用的法律及規定。除了遵守香港法例，如《公司條例》、《上市規則》、《證券及期貨條例》、《僱傭條例》及《打擊洗錢及恐怖分子資金籌集條例》，我們亦遵守中國的法例，包括《中國公司法》、《中國勞動法》、《中國勞動合同法》、《企業年金辦法》、有關童工和強制勞工的法律及法規，包括《禁止使用童工規定》和《中國未成年人保護法》，以及其他與廢物、廢氣和廢水排放有關的防治及控制的法例及規定和其他環保法律及相關規則。該等法律、法例及規定包括但不限於：《中國環境保護法》、《環境保護稅法》、《中國大氣污染防治法》、《中國水污染防治法》、《廢物處置條例》、《產品環保責任條例》、《地表水環境品質標準》、《污水排入城鎮下水道水質標準》、《危險廢物經營授權管理辦法》、《中國固體廢物污染環境防治法》等。若本集團不妥善處理所有廢物排放及廢氣排出，將須承擔沉重的環境保護稅並增加處置廢物的成本，該等環保法律將對本集團的營運造成影響。

# REPORT OF THE DIRECTORS

## 董事會報告書

### COMPLIANCE WITH LAWS AND REGULATIONS (continued)

Furthermore, the Group has started to attach more importance to gender equality and the protection of women's interests, as well as on the compliance with the related laws of Hong Kong such as the Sex Discrimination Ordinance, which the underlying principle is also enshrined in the Basic Law, and related laws of PRC such as the Law on the Protection of Women's Rights and Interests and Special Rules on the Labour Protection of Female Employees. To acquire further knowledge on this topic, we have nominated a representative to participate in activities related to gender equality and gender mainstreaming such as participating in Seminar on Gender Mainstreaming to unleash potential in the workplace (the "Seminar") organised by the Women's Commission (An organization which actively engages in activities in relation to women empowerment and advancement) in 2018 for the purpose of understanding the current role and status of women in business sector and different parties' concerns on gender mainstreaming. In the light of the need to address these issues and to put our knowledge into practice, the "Policy on Prevention on Sexual Harassment at Workplace" has been formulated as a way of the Company to show respect to our employees, especially female employees.

The Group also notes the importance on human resource management in which the representative of the Company has learnt from the Seminar that good human resource management on effective communication when handling verbal violence at work and such message has been conveyed. In addition, a new measurable objectives of 2019 has been adopted by the Board to build a healthy workplace that encourages work life balance. Further discussion on human resource management will be also contained in the 2019 ESG Report (to be published).

### 遵守法律及規定 (續)

此外，本集團已開始越來越重視性別平等和保護女性的權益，以及遵守相關香港法律，例如《性別歧視條例》（其基本原則也列載於《基本法》中）及相關中國法律，例如《婦女權益保障法》和《女職工勞動保護特別規定》。為進一步了解這一議題，本公司已派代表參加了由婦女事務委員會（一個積極參與婦女賦權和晉升的組織）於二零一八年舉辦的一些有關性別平等和性別主流化的活動，例如參與如何由性別主流化去推動職場潛力發展的研討會（「研討會」），以了解女性目前在商界的角色和地位及各方對性別主流化的關注。而為對上述事宜作出回應及將這些學到的知識付諸實行，本集團已制訂了《防止職場性騷擾政策》以表示本集團對僱員（特別是女性僱員）的尊重。

本集團亦注意到人力資源管理的重要性，而本公司代表亦從研討會上了解並已傳達良好人力資源管理對有效地去處理工作間語言衝突時的重要性的訊息。另外，本公司董事會亦已通過採納二零二零年的可計量目標，其目標為建立一個健康的工作場所，鼓勵工作與生活平衡。進一步人力資源管理之討論將載列於即將發佈之二零一九年度環境、社會及管治報告內。



# REPORT OF THE DIRECTORS

## 董事會報告書

### COMPLIANCE WITH LAWS AND REGULATIONS (continued)

To ensure compliance with these requirements of laws, rules and regulations, the Company has implemented an effective internal control and approval procedures, and to obtain high level oversight of the operation of various business units. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and/or business units of the Group immediately. Certain discussion regarding the Group's compliance with relevant laws and regulations which have a significant impact on the Group is also contained in the "CORPORATE GOVERNANCE REPORT" section on pages 40 to 82 of this annual report and the 2019 ESG Report (to be published).

### RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers, Shareholders, government and regulators, as well as banks and financial institutions (creditors).

#### Employees

Employees are regarded as the most important and valuable assets of the Group. Most of the management have been serving the Group for a long period of time. However, young talents are also provided with opportunities to work in the Group. The Group does not only offers competitive salaries and benefits, but also provides training programmes or courses for the Mainland employees at all levels from different departments, as well as Directors and employees of the Company in order to further enhance their management skills, expertise and knowledge, and at the same time, make continual contribution to the Group. Different activities such as celebration of Chinese New Year and Christmas, celebration of the anniversary of operation of Steel cord plant of TESC, TESC's tug of war competition, fun eating watermelon competition as well as annual dinner had been organized by various business units of the Group for general employees together with the management to participate in order to strengthening their partnership and communication. In the early 2020, the Group has arranged Hong Kong employees to join a Shanghai trip, aiming to visit the Shanghai office and meet the colleagues in Shanghai, so to have a better understanding of their daily operations.

### 遵守法律及規定 (續)

為確保遵守該等法律、規則及規定的要求，本公司已實施了有效的內部監控和審批程序，並高度監督各業務單位的運作。任何有關適用的法律、規則及規定的修改也將即時呈請相關僱員及／或本集團的業務單位垂注。本集團遵守對有重大影響的相關法律及規定的若干討論亦載列於本年報第40頁至82頁的「企業管治報告」章節及即將發佈之二零一九年度環境、社會及管治報告內。

### 與主要持份者的關係

本集團的成功亦依賴主要持份者，包括僱員、客戶、供應商、股東、政府及監管機構，以及銀行及金融機構（債權人）的支持。

#### 僱員

僱員被視為本集團最重要及具價值的資產。大部分管理層一直為本集團服務了很長時間。然而，本集團亦提供工作機會給予年輕人才。本集團不但提供具競爭力的薪酬及福利，亦分別向國內各部門所有級別僱員及董事及本公司僱員提供培訓計劃或課程，用以提升他們的管理技巧，專業技能和知識，並同時向集團作出持續貢獻。本集團不同業務單位不時組織活動，例如春節聯歡晚會、聖誕派對、滕州東方鋼簾線廠房的周年慶祝活動、拔河比賽、趣味吃西瓜比賽及周年晚宴等慶祝活動予一般僱員連同管理層一起參與，從而加強彼此的合作關係及溝通。於二零二零年初，本集團亦安排了香港總公司僱員參與一次上海之旅，旨在拜訪上海公司辦公室及與上海公司同事見面，以便對他們的日常運作有更好的了解。

# REPORT OF THE DIRECTORS

## 董事會報告書

### RELATIONSHIPS WITH KEY STAKEHOLDERS (continued)

#### Customers

The major customers of Steel cord segment are the radial tyres manufacturers. Most of them have been customers for more than 5 years and in return of their loyalty, we provided them with good quality products and after-sale services.

#### Suppliers

The major suppliers of Steel cord segment are the steel wire rod suppliers. We have co-operated with most of the suppliers for more than 5 years and have maintained good relationship with them through regular face-to-face meetings and visits in order to achieve cost-effectiveness and obtain long-term commercial benefits.

#### Shareholders

The ultimate operational goal of the Group is to maximize our Shareholders' return. The major Shareholders are Shougang Group and its controlled corporations, Bekaert and Li Ka Shing Foundation and minority Shareholders. It is grateful to have Shareholders who are being supportive to the Group for a long period of time in particular the times when market conditions are adverse and challenging.

To set standard rules and guidelines to be followed by the Board in deciding whether to recommend dividend out of the profits to reward the Shareholders, the dividend policy of the Company has been adopted by the Board on 18 December 2018, Details of which is contained in the "**CORPORATE GOVERNANCE REPORT**" section on pages 40 to 82 of this annual report.

### 與主要持份者的關係 (續)

#### 客戶

鋼簾線分部的主要客戶為子午線輪胎製造商。我們大部分的客戶已是超過五年的客戶，為了回報他們的忠誠，我們向他們提供優質的產品和售後服務。

#### 供應商

鋼簾線分部的主要供應商為鋼絲盤條原材料供應商。我們與大部分供應商已合作了超過五年，並透過定期會面和拜訪與他們保持良好關係，以達致成本效益及促進長遠商業利益。

#### 股東

本集團的最終營運目標是為股東爭取最大的回報。本集團的主要股東為首鋼集團與其受控法團、Bekaert、李嘉誠基金會及小股東。我們非常感激各股東特別在不利的和具有挑戰性的市場情況下長時間支持本集團。

為了讓董事會決定是否建議從利潤中分配股息來回報股東而制定可跟從的標準規則和指導方針，本公司之股息政策已於二零一八年十二月十八日獲董事會採納，詳情載於本年報第40頁至82頁的「**企業管治報告**」章節內。

# REPORT OF THE DIRECTORS

## 董事會報告書

### RELATIONSHIPS WITH KEY STAKEHOLDERS (continued)

#### Government and Regulators

Decisions made by the government and regulators can significantly affect our Group's operations. It is important, therefore, for us to maintain good relationships with local officials to anticipate legal or regulatory changes or community developments that may affect our business. In view of the need to maintain good relationships, we have arranged occasional visits and face-to-face meetings whenever necessary.

#### Banks and Financial Institutions (Creditors)

Banks and financial institutions are lenders of our Group who help us to finance our businesses, asset purchases and supply purchases. As a trustworthy borrower, we always try our best to meet every payment deadlines responsibly and consistently, and at the same time, we strive to improve our financial performance so that we have a greater chance to receive quality financing in the future. Through regular meetings and visits, we have maintained stable relationships with them.

For further details regarding the above, please refer to the sections “**MANAGEMENT DISCUSSION AND ANALYSIS**” and “**CORPORATE GOVERNANCE REPORT**” in this annual report and the section “**STAKEHOLDERS' ENGAGEMENT AND MATERIALITY ASSESSMENT**” in the 2019 ESG Report (to be published).

### 與主要持份者的關係 (續)

#### 政府及監管機構

政府和監管機構做出的決定可能會對本集團的營運產生重大影響。因此，我們必須與當地官員保持良好關係，以預計可能會影響我們業務的法律或監管變更或社區發展。因需要保持良好的關係，我們必要時會偶爾安排與他們拜訪和會面。

#### 銀行及金融機構 (債權人)

作為本集團的貸款人，銀行和金融機構提供資金以幫助我們業務的發展、購買資產和供應。而作為值得信賴的借款人，本集團一直努力以負責任的態度和一貫的方式於每個付款期限前還款，同時，我們努力改善財務表現以增加在未來獲得優質融資的可能性。我們亦會透過定期會面和拜訪與他們保持穩定的關係。

有關上述之進一步資料，請參閱本年報之「**管理層論述及分析**」和「**企業管治報告**」章節及即將發佈之二零一九年度環境、社會及管治報告之「**持份者參與及重要性評估**」章節。

# REPORT OF THE DIRECTORS

## 董事會報告書

### SUMMARY OF FINANCIAL INFORMATION

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

		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元	2017 二零一七年 HK\$'000 港幣千元	2016 二零一六年 HK\$'000 港幣千元	2015 二零一五年 HK\$'000 港幣千元
PROFIT/(LOSS) FOR THE YEAR	本年度溢利／(虧損)	108,344	(8,681)	(68,518)	10,103	(376,985)
TOTAL ASSETS	資產總額	3,143,918	3,414,467	3,444,076	3,037,042	3,006,147
TOTAL LIABILITIES	負債總額	(1,728,846)	(2,075,317)	(2,052,548)	(1,715,077)	(1,610,277)
TOTAL EQUITY	權益總額	1,415,072	1,339,150	1,391,528	1,321,965	1,395,870

### INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of movements in the investment properties and property, plant and equipment of the Group during the year are set out in notes 16 and 17, respectively, to the consolidated financial statements.

Particulars of the Group's investment properties as at 31 December 2019 are summarised on page 274 of this annual report.

### SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital of the Company are set out in note 33 to the consolidated financial statements. Share options granted under the 2002 Scheme remain valid and exercisable in accordance with the terms of issue. No share options were granted, exercised, lapsed or cancelled under the 2012 Scheme. Details of share options of the 2002 Scheme are set out under the heading "EQUITY-LINKED AGREEMENT" hereunder and in note 36 to the financial statements.

### 財務資料摘要

以下為本集團於過去五個財政年度之已公告業績、資產及負債摘要，該等資料乃摘錄自本集團之經審核綜合財務報告：

### 投資物業及物業、廠房及設備

本集團之投資物業及物業、廠房及設備於本年度之變動詳情分別載列於綜合財務報告附註16及17。

本集團於二零一九年十二月三十一日之投資物業摘要載列於本年報第274頁。

### 股本及購股權

本公司股本之變動詳情載列於綜合財務報告附註33。二零零二計劃項下已授出的購股權仍然有效，並可根據其發行條款予以行使。二零一二計劃項下並沒有購股權授出、行使、失效或註銷。二零零二計劃的購股權之詳情載列於以下「股票掛鈎協議」標題內及財務報告附註36。

# REPORT OF THE DIRECTORS

## 董事會報告書

### RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 129 of this annual report and in note 38 to the consolidated financial statements.

### DONATIONS

During the year, the Group made certain amount of charitable donations.

### DIRECTORS

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

Su Fanrong (*Chairman and Managing Director*)

Tang Cornor Kwok Kau (*Deputy Managing Director*)

Ye Qian (*Executive Director*)

(*appointed as Non-executive Director on 28 June 2019 and re-designated as Executive Director on 1 January 2020*)

Li Jinping (*Executive Director*)

(*appointed on 1 January 2020*)

Liao Jun (*Non-executive Director*)

Yip Kin Man, Raymond

(*Independent Non-executive Director*)

Lam Yiu Kin (*Independent Non-executive Director*)

Feng Yaoling (*Independent Non-executive Director*)

(*appointed on 1 January 2020*)

Law, Yui Lun (*Independent Non-executive Director*)

(*resigned on 1 January 2020*)

The Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with articles 101 and 102 of the Articles. Messrs. Yip Kin Man, Raymond and Lam Yiu Kin will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 106 of the Articles, Messrs. Ye Qian, Li Jinping and Feng Yaoling will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

### 儲備

本集團及本公司之儲備於本年度之變動詳情載列於本年報第129頁之綜合權益變動表及綜合財務報告附註38。

### 捐款

於本年度內，本集團已作出若干慈善捐款。

### 董事

於本年度內及截至本年報日期之董事如下：

蘇凡榮 (*董事長兼董事總經理*)

鄧國求 (*董事副總經理*)

葉芊 (*執行董事*)

(*於二零一九年六月二十八日獲委任為非執行董事及於二零二零年一月一日獲調任為執行董事*)

李金平 (*執行董事*)

(*於二零二零年一月一日獲委任*)

廖駿 (*非執行董事*)

葉健民 (*獨立非執行董事*)

林耀堅 (*獨立非執行董事*)

馮耀嶺 (*獨立非執行董事*)

(*於二零二零年一月一日獲委任*)

羅裔麟 (*獨立非執行董事*)

(*於二零二零年一月一日辭任*)

根據章程細則第101及102條之規定，董事須於本公司股東周年大會上輪值卸任，惟可膺選連任。葉健民先生及林耀堅先生將於即將舉行之股東周年大會上輪值告退，惟符合資格並願意膺選連任。

根據章程細則第106條之規定，葉芊先生、李金平先生與馮耀嶺先生將於即將舉行之股東周年大會上卸任，惟符合資格並願意膺選連任。



# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS OF SUBSIDIARIES

Messrs. Su Fanrong and Tang Cornor Kwok Kau serve as directors of all subsidiaries of the Company during the year and up to the date of this report. Other than the above directors, the persons who serve/had served as directors of subsidiaries of the Company during the year and/or up to the date of this report include Messrs. Cheung Ngai, Dai Jihong, Li, Baoren, Li Meng, Wan Chuante, Wang Liang, Yu Zhigao and Zhao Xuewu.

The list of subsidiaries of the Company is set out in the note 13 “**PRINCIPAL SUBSIDIARIES**” to the financial statements and below.

- Rise Boom International Limited
- Clear Vision Investments Limited
- Efficient Investments Limited
- Endless Inc.
- Messiah Investments Limited
- Online Investments Limited

### DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Apart from information disclosed under the heading “**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO**” and in note 36 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

### 附屬公司董事

於本年度內及截至本年報日期，蘇凡榮先生及鄧國求先生擔任本公司之所有附屬公司董事。除上述董事外，張毅先生、戴繼洪先生、李寶仁先生、李蒙先生、萬川特先生、王量先生、俞志高先生及趙學武先生於本年度內及／或截至本年報日期擔任／曾擔任本公司之附屬公司董事。

本公司附屬公司的名單載於財務報告附註13「**主要附屬公司**」及列載如下。

- 盛興昌國際有限公司
- Clear Vision Investments Limited
- Efficient Investments Limited
- Endless Inc.
- Messiah Investments Limited
- Online Investments Limited

### 董事之服務合約

在即將舉行之股東周年大會上候選連任之董事概無與本公司訂立不可由本公司於一年內終止而毋須支付賠償（法定賠償除外）之服務合約。

### 董事購買股份及債權證之權利

除於以下「**根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉**」標題內及財務報告附註36所披露的資料以外，於本年度內任何時間，本公司或其任何附屬公司概無參與訂立任何安排，致使董事或彼等各自之配偶或十八歲以下之子女可藉購買本公司或其他法定團體之股份或債權證而獲得利益。

# REPORT OF THE DIRECTORS

## 董事會報告書

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Messrs. Yip Kin Man, Raymond and Law, Yui Lun (former independent non-executive Director) have served the Board for more than nine years. Messrs. Yip and Law have not engaged in any executive management of the Group and Mr. Yip's solicitors firm and Mr. Law's company service firm, and their respective family members have never provided any service to the Group. They believe their familiarity and extensive experience with the Company's business may place them in a better position to contribute independent views to the Company and continue to demonstrate a firm commitment to their role. Taking into consideration of their independent scope of works and their high integrity when performing duties as independent non-executive Directors over the past years, there is no evidence that length of tenure is having an adverse impact on their independence.

### EQUITY-LINKED AGREEMENT

Particulars of the Company's share option scheme and details of movements in the Company's share options during the year are set out in note 36 to the financial statements.

### DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution, as calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance, amounted to HK\$88,447,000.

### 獨立非執行董事

按照上市規則第3.13條規定，本公司已收到每名獨立非執行董事確認其獨立性的年度確認書。本公司認為所有獨立非執行董事確屬有其獨立性。

葉健民先生及羅裔麟先生（前獨立非執行董事）服務董事會至今已超過九年，彼等並無參與本集團任何行政管理工作及葉先生的律師樓及羅先生的企業服務公司及其各自直系親屬從未向本集團提供任何服務。彼等對本公司業務之熟悉及資深經驗有助其向本公司提供較佳之獨立意見和對彼等董事職務持續表現堅定的承擔。考慮到彼等過往年度工作之獨立範疇及彼等履行獨立非執行董事職責的高度正直，並無任何證據顯示服務年資對彼等獨立性產生負面影響。

### 股票掛鈎協議

本公司之購股權計劃及購股權於本年度內之變動詳情載列於財務報告附註36。

### 可供分派儲備

於二零一九年十二月三十一日，按公司條例第291、297及299條之規定計算，本公司可供分派之儲備為港幣88,447,000元。

# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, DEBENTURES OR UNDERLYING SHARES UNDER THE SFO

As at 31 December 2019, save for the interest of the Directors in the Shares set out as below, none of the Directors had any interests and short positions in the Shares, debentures or underlying Shares or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred therein or which were required to be disclosed herein pursuant to the Model Code.

#### Long position in Shares Ordinary Shares of the Company

### 根據證券及期貨條例董事於股份、債權證或相關股份之權益及淡倉

於二零一九年十二月三十一日，除董事所持有之股份（有關詳情載於下文）外，各董事於本公司或其任何相聯法團（按證券及期貨條例第XV部之涵義）之股份、債權證或相關股份中，概無擁有須根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所之任何權益及淡倉（包括根據證券及期貨條例規定被視作或當作擁有之權益及淡倉），亦無擁有須根據證券及期貨條例第352條登記於根據該條例存置或根據標準守則須於本文披露之任何權益及淡倉。

#### 於股份之好倉 本公司之普通股

Name of Director	Total number of Shares held	Approximate % of the total number of issued Shares	Capacity in which interests are held
董事姓名	持有股份總數	約佔已發行股份	總數目之百分比 持有權益之身份
Tang Cornor Kwok Kau ("Mr. Tang") 鄧國求（「鄧先生」）	10,480,000	0.55	Beneficial owner (Note) 實益擁有人 (附註)

Note: Those Shares were beneficially owned by Mr. Tang and in which of 200,000 Shares were also jointly owned by his wife.

附註：該等股份由鄧先生實益擁有及其中200,000股股份與其妻子共同擁有。

Save as disclosed above, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, debentures or underlying Shares or any of the Company's associated corporations at 31 December 2019.

除了以上文披露者外，於二零一九年十二月三十一日並無董事、最高行政人員及其聯繫人擁有本公司或其任何相聯法團之任何股份、債權證或相關股份之權益或淡倉。

# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director or his entity connected had a material interest, directly or indirectly, in a transaction, arrangement or contract or a proposed transaction, arrangement or contract that is significant in relation to the Company's business to which the Company or any of its subsidiaries was a party during the year.

### MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or subsisted during the year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, save as disclosed below, none of the Directors is considered to have interest in the businesses which are considered to compete or likely to compete, either directly or indirectly, with businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

### 董事在交易、安排或合約中之權益

於本年度內各董事及其關連的實體於本公司或其任何附屬公司所訂立的任何對本集團業務可屬重大之交易、安排或合約中，不論直接或間接，概無擁有實益權益。

### 管理合約

除僱員合約外，本年度內概無訂立或存有與本公司全部或任何重大部分業務的管理及行政有關的合約。

### 董事於競爭業務之權益

於本年度內，除下文所披露外，根據上市規則第8.10條，概無董事被視為與本集團業務構成競爭或可能構成競爭（不論直接或間接）的業務中擁有權益：

Name of Director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團業務構成競爭或可能構成競爭之實體名稱	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group 被視為與本集團業務構成競爭或可能構成競爭之實體業務簡介	Nature of Director's interest in the entity 董事於該實體之權益性質
Liao Jun (Note 1)	Bekaert	Manufacturing and sale of steel wire and/or cord products	Executive Vice President North Asia in Bekaert group, Member of the Bekaert Group Executive and Divisional CEO Specialty Businesses in Bekaert group
廖駿 (附註1)	Bekaert	製造及銷售鋼絲及／或鋼索線製品	Bekaert集團北亞區執行副總裁、Bekaert集團執行之成員及Bekaert集團專門業務分區首席執行官
Yip Kin Man, Raymond (Note 2)	BeijingWest Industries	Manufacturing and sale of automotive parts and components and the trading of automotive parts and components	Independent non-executive director
葉健民 (附註2)	京西重工	製造及銷售汽車零部件及元件，以及買賣汽車零部件及元件	獨立非執行董事

# REPORT OF THE DIRECTORS

## 董事會報告書

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES (continued)

Notes:

1. Pursuant to a subscription agreement entered into by the Company and Bekaert in September 2006 and further agreement between Bekaert and the Company in February 2015, Mr. Liao Jun was nominated by Bekaert group as a non-executive Director and was appointed on 25 February 2015.
2. Mr. Yip Kin Man, Raymond was appointed as an independent non-executive director of BeijingWest Industries on 27 January 2014 and does not participate in any decision making on daily operation of BeijingWest Industries.

In general, directors should owe their fiduciary duties towards the company as a whole and as such the Board believes that all Board members shall act in the best interest of the Company and its Shareholders when they discharge their duties and responsibilities as Directors.

### 董事於競爭業務之權益 (續)

附註:

1. 根據本公司與Bekaert於二零零六年九月訂立之認購協議及Bekaert與本公司於二零一五年二月訂立之進一步協議，廖駿先生獲Bekaert集團委派為非執行董事，並於二零一五年二月二十五日獲委任。
2. 葉健民先生於二零一四年一月二十七日獲委任為京西重工獨立非執行董事，並沒有參與京西重工的日常運作之任何決策。

一般而言，董事對公司整體均須抱有誠信責任，故此董事會相信所有董事會成員履行其董事職責及責任時將以本公司及其股東之最佳利益為前提行事。



# REPORT OF THE DIRECTORS

## 董事會報告書

### SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO

As at 31 December 2019, so far as was known to the Directors, the following parties had an interest or long position or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered in the register referred therein:

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份

於二零一九年十二月三十一日，就董事所知，下列人士於本公司股份或相關股份中擁有須根據證券及期貨條例第XV部第2及3分部規定予以披露之權益或好倉或淡倉，或擁有須根據證券及期貨條例第336條登記於根據該條例存置之權益或好倉或淡倉：

#### Long position in Shares or underlying Shares

#### 於股份或相關股份之好倉

Name of Shareholders 股東姓名	Total number of Shares/underlying Shares held 所持股份／ 相關股份總數目	Approximate % of the total number of issued Shares 約佔已發行股份 總數目之百分比	Capacity in which interests are held 持有權益之身份
Richson	148,537,939	7.72	Beneficial owner 實益擁有人
Fair Union	686,655,179	35.71	Beneficial owner and interests of controlled corporations <sup>Note (1)</sup> 實益擁有人及受控法團之權益 <sup>附註(1)</sup>
Casula	402,395,304	20.93	Beneficial owner 實益擁有人
Able Legend	126,984,000	6.60	Beneficial owner 實益擁有人
Shougang HK 首控香港	906,719,179	47.15	Beneficial owner and interests of controlled corporations <sup>Note (2)</sup> 實益擁有人及受控法團之權益 <sup>附註(2)</sup>
Jingxi Holdings 京西控股	454,545,454	23.64	Beneficial owner <sup>Note (3)</sup> 實益擁有人 <sup>附註(3)</sup>
Shougang Fund 首鋼基金	454,545,454	23.64	Interests of controlled corporations <sup>Note (4)</sup> 受控法團之權益 <sup>附註(4)</sup>
Shougang Group 首鋼集團	1,361,264,633	70.79	Interests of controlled corporations <sup>Note (5)</sup> 受控法團之權益 <sup>附註(5)</sup>
Bekaert Combustion	250,000,000	13.00	Beneficial owner <sup>Note (6)</sup> 實益擁有人 <sup>附註(6)</sup>
Bekaert	250,000,000	13.00	Interests of controlled corporations <sup>Note (7)</sup> 受控法團之權益 <sup>附註(7)</sup>
Li Ka Shing Foundation 李嘉誠基金會	100,000,000	5.20	Beneficial owner <sup>Note (8)</sup> 實益擁有人 <sup>附註(8)</sup>

# REPORT OF THE DIRECTORS

## 董事會報告書

### SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO (continued)

#### Long position in Shares or underlying Shares (continued)

Notes:

- (1) Fair Union is beneficially interested in 135,721,936 Shares and by virtue of the SFO, it is deemed to be interested in the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as Richson and Casula are its wholly owned subsidiaries.
- (2) Shougang HK is beneficially interested in 6,456,000 Shares and by virtue of the SFO, it is deemed to be interested in the 126,984,000 Shares and the 74,254,000 Shares held by Able Legend and Prime Success Investments Limited ("Prime Success") respectively as Able Legend and Prime Success are its wholly owned subsidiaries and is deemed to be interested in the 12,370,000 Shares held by Lyre Terrace Management Limited ("Lyre Terrace"), a subsidiary of Shougang Grand as Shougang HK is the holding company of Shougang Grand. By virtue of the SFO, it is also deemed to be interested in the 135,721,936 Shares held by Fair Union, the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as Fair Union has become a wholly owned subsidiary of Shougang HK since 9 April 2019 (Please refer to Note (9)) and Richson and Casula are wholly owned subsidiaries of Fair Union.
- (3) The shares held by Jingxi Holdings represent 454,545,454 underlying Shares to be allotted and issued upon the exercise of Conversion Rights attaching to the Convertible Bonds (i.e. the 4% unsecured fixed coupon convertible bonds in the aggregate principal amount of up to HK\$150,000,000 due 2022 (extendable to 2024) to be issued by the Company to Jingxi Holdings pursuant to the Subscription Agreement).
- (4) As mentioned under Note (3) above, by virtue of the SFO, Shougang Fund is deemed to be interested in 454,545,454 underlying Shares held by Jingxi Holdings, which is a wholly owned subsidiary of Shougang Fund.

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份 (續)

於股份或相關股份之好倉 (續)

附註:

- (1) Fair Union實益擁有135,721,936股股份，以及由於Richson及Casula均為Fair Union之全資附屬公司，故根據證券及期貨條例，Fair Union被視為於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。
- (2) 首控香港實益擁有6,456,000股股份及由於Able Legend及Prime Success Investments Limited (「Prime Success」) 為首控香港之全資附屬公司，故根據證券及期貨條例，首控香港被視為分別於Able Legend所持有之126,984,000股股份及於Prime Success所持有之74,254,000股股份中擁有權益，及被視為於琴台管理有限公司 (為首長四方之附屬公司，而首控香港則為首長四方之控股公司) (「琴台」) 所持有之12,370,000股股份中擁有權益。由於Richson及Casula均為Fair Union之全資附屬公司，而Fair Union已於二零一九年四月九日成為首控香港之全資附屬公司 (請參閱附註(9))，故根據證券及期貨條例，首控香港亦被視為於Fair Union所擁有之135,721,936股股份、於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。
- (3) 京西控股持有之股份指可換股債券 (即本公司根據認購協議將發行予京西控股的本金總額最多為港幣150,000,000元於二零二二年到期 (可延長至二零二四年) 的4%無抵押固定票息可換股債券) 所附換股權獲行使時將予配發及發行之454,545,454股股份。
- (4) 承上附註(3)，由於京西控股乃首鋼基金之全資附屬公司，故根據證券及期貨條例，首鋼基金被視為於京西控股所持有之454,545,454股股份中擁有權益。

# REPORT OF THE DIRECTORS

## 董事會報告書

### SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO (continued)

#### Long position in Shares or underlying Shares (continued)

Notes: (continued)

- (5) Shougang Group is the ultimate holding company of Shougang HK, it is deemed to be interested in the 6,456,000 Shares held by Shougang HK and by virtue of the SFO, it is deemed to be interested in the 126,984,000 Shares and the 74,254,000 Shares held by Able Legend and Prime Success respectively as Able Legend and Prime Success are Shougang HK's wholly owned subsidiaries and Shougang Group is deemed to be interested in the 12,370,000 Shares held by Lyre Terrace, a subsidiary of Shougang Grand as Shougang Group is the ultimate holding company of Shougang Grand. By virtue of the SFO, Shougang Group is also deemed to be interested in the 135,721,936 Shares held by Fair Union, the 148,537,939 Shares held by Richson and the 402,395,304 Shares held by Casula as Fair Union has become a wholly owned subsidiary of Shougang HK since 9 April 2019 (Please refer to Note (9)) and Richson and Casula are wholly owned subsidiaries of Fair Union. As mentioned under Notes (3) and (4) above, and by virtue of the SFO, Shougang Group is also deemed to be interested in the 454,545,454 underlying Shares held by Jingxi Holdings, a wholly owned subsidiary of Shougang Fund, which is a wholly owned subsidiary of Shougang Group.
- (6) Bekaert Combustion is beneficially interested in 250,000,000 Shares.
- (7) By virtue of the SFO, Bekaert is deemed to be interested in 250,000,000 Shares held by Bekaert Combustion, which is a wholly owned subsidiary of Bekaert.
- (8) Li Ka Shing Foundation is beneficially interested in 100,000,000 Shares. By virtue of the terms of the constituent documents of Li Ka Shing Foundation, each of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of Li Ka Shing Foundation.

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份 (續)

於股份或相關股份之好倉 (續)

附註: (續)

- (5) 首鋼集團為首控香港之最終控股公司，故被視為於首控香港所擁有之6,456,000股股份實益擁有股股份中擁有權益。而Able Legend及Prime Success為首控香港之全資附屬公司，故根據證券及期貨條例，首鋼集團被視為分別於Able Legend所持有之126,984,000股股份及於Prime Success所持有之74,254,000股股份中擁有權益，及被視為於琴台（為首長四方之附屬公司，而首鋼集團則為首長四方之最終控股公司）所持有之12,370,000股股份中擁有權益。由於Richson及Casula均為Fair Union之全資附屬公司，而Fair Union已於二零一九年四月九日成為首控香港之全資附屬公司（請參閱附註(9)），故根據證券及期貨條例，首鋼集團亦被視為於Fair Union所擁有之135,721,936股股份、於Richson所擁有之148,537,939股股份及於Casula所擁有之402,395,304股股份中擁有權益。承上附註(3)及(4)，由於京西控股乃首鋼基金之全資附屬公司，而首鋼基金乃首鋼集團之全資附屬公司，故根據證券及期貨條例，首鋼集團被視為於京西控股所持有之454,545,454股股份中擁有權益。
- (6) Bekaert Combustion實益擁有250,000,000股股份。
- (7) 由於Bekaert Combustion為Bekaert之全資附屬公司，故根據證券及期貨條例，Bekaert被視為於Bekaert Combustion所持有之250,000,000股股份中擁有權益。
- (8) 李嘉誠基金會實益擁有100,000,000股股份之權益。根據李嘉誠基金會之組織章程文件條款，李嘉誠先生及李澤鉅先生各自可能被視為可於李嘉誠基金會成員大會上行使或控制行使三分之一或以上之投票權。

# REPORT OF THE DIRECTORS

## 董事會報告書

### SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO (continued)

#### Long position in Shares or underlying Shares (continued)

Notes: (continued)

#### (9) Restructuring of controlling Shareholder

On 21 November 2018, Shougang HK and Shougang International, entered into a sale and purchase agreement, whereby Shougang HK agreed to acquire the entire issued share capital of Fair Union from Shougang International (the "Restructuring") as part of the internal restructuring of Shougang Group.

The Restructuring was completed on 9 April 2019. Shougang International ceased to hold any share of Fair Union and thus any direct or indirect interest in the Shares. Fair Union has become a wholly-owned subsidiary of Shougang HK and the interest in the Shares held by Shougang HK has remained unchanged at 47.15%.

For details regarding the Restructuring, please refer to the announcements of the Company dated 21 November 2018 and 9 April 2019.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN CONTRACTS

Details of the contract of significance between the Group, Shougang Group, Shougang Fund, Shougang HK and its subsidiaries are set out under the heading "**RELATED PARTY TRANSACTIONS**" hereunder and/or in note 37 to the financial statements.

### CORPORATE GOVERNANCE

The Company is committed to practicing and achieving a high standard of corporate governance and the Board has approved and adopted the SCCHL Corporate Governance Code on terms no less exacting than those set out in the provisions of the Code. Further information on the Company's Corporate Governance Code is set out in the "**CORPORATE GOVERNANCE REPORT**" on pages 40 to 82 of this annual report.

根據證券及期貨條例股東於本公司之權益及淡倉或相關股份 (續)

於股份或相關股份之好倉 (續)

附註: (續)

#### (9) 控股股東重組

首控香港與首長國際於二零一八年十一月二十一日訂立買賣協議，首控香港同意向首長國際收購 Fair Union 全部已發行股本 (「重組」)，作為首鋼集團內部重組的一部分。

重組已於二零一九年四月九日完成，首長國際不再持有 Fair Union 的任何股份，因此不再持有股份的任何直接或間接權益。Fair Union 已成為首控香港的全資附屬公司，而首控香港持有的 47.15% 股份權益將維持不變。

有關重組之詳情可參考本公司日期為二零一八年十一月二十一日及二零一九年四月九日的公告。

#### 主要股東在合約中之權益

本集團與首鋼集團、首鋼基金、首控香港及其附屬公司訂立之重大合約之詳情載列於以下「**關連人士交易**」標題內及／或財務報告附註 37。

#### 企業管治

本公司致力履行及達至一個高標準的企業管治水平，董事會已批准及採納首長寶佳企業管治守則，有關條文不比守則所列出的條文寬鬆。本公司之企業管治守則之進一步資料載列於本年報第 40 頁至 82 頁之「**企業管治報告**」內。

# REPORT OF THE DIRECTORS

## 董事會報告書

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Set out below are particulars of repurchases by the Company of its own ordinary shares made on the Stock Exchange during the year:

### 購買、出售或贖回上市證券

於本年度內本公司於聯交所購回其普通股的詳細資料示列如下：

Month of repurchase in 2019 於二零一九年之回購月份	Number of Shares repurchased 已購回股份數目	Consideration per Share 每股股份價格		Aggregate consideration paid 已付總代價 HK\$ 港幣
		Highest 最高 HK\$ 港幣	Lowest 最低 HK\$ 港幣	
November 十一月	1,060,000	0.185	0.180	194,338
December 十二月	2,730,000	0.202	0.176	510,622
Total 總數	3,790,000			704,960

All Shares repurchased in 2019 were cancelled up to the date of this annual report.

直至本年報日期，所有在二零一九年購回股份經已註銷。

The above repurchases were made for the purpose of achieving an increase in the consolidated net asset value and/or earnings per Share.

上述回購的目的為增加每股綜合資產淨值及／或每股盈利。

Saved as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year.

除上文披露外，於本財政年度內本公司或其任何附屬公司並無購買、出售或贖回本公司的任何上市證券。



# REPORT OF THE DIRECTORS

## 董事會報告書

### PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate Directors' and officers' liability insurance coverage in respect of legal actions brought for committed or alleged wrongful acts against the Directors and officers of the Group throughout the year, but exclude any criminal, dishonest or fraudulent acts or omission.

The Articles provide that every Director, secretary or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability, loss or expenditure incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done by him as Director, secretary, officer or auditor of the Company and in which judgment is given in his favour or in which he is acquitted, or incurred in connection with any application in which relief is granted to him by the court from liability in respect of any such act or omission or from liability to pay any amount in respect of shares acquired by a nominee of the Company.

The permitted indemnity provision is in force for the benefit of the Directors as required by Section 470 of the Companies Ordinance when the report of the directors prepared by the Directors is approved in accordance with Section 391(1)(a) of the Companies Ordinance.

### RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting standard. These transactions mainly relate to contracts entered into by the Group in the ordinary and usual course of business which were negotiated on normal commercial terms and on an arm's length basis and the Company has complied with the applicable requirements under the Listing Rules. Further details are set out in note 37 to the financial statements. The Group has carried out a connected transaction during the year, details are illustrated below.

### 獲准許彌償條文

於年內，本公司已就其董事及高級管理人員因實施或涉嫌過失行為（但不包括任何刑事、不誠實或欺詐行為或疏忽）而面對的法律行動，安排適當的董事及高級管理人員責任保險。

章程細則規定，每名董事、秘書或本公司其他行政人員或核數師就作為董事、秘書或本公司其他行政人員或核數師於任何民事或刑事法律程序中關於與其作為董事、秘書或本公司其他行政人員或核數師作出或遺漏作出之行為，而彼在判決中就有關作出或遺漏作出之行為之責任或就本公司代名人收購股份而應付款項之責任獲勝訴、獲裁定無罪或獲法院免除法律責任時所產生之任何責任、損失或開支，可從本公司資產中獲得彌償。

基於董事利益的獲准許彌償條文根據公司條例第470條的規定於董事編製之董事會報告書根據公司條例第391(1)(a)條獲通過時生效。

### 關連人士交易

本集團與根據適用會計準則被視為「關連人士」之人士訂立若干交易。此等交易主要涉及本集團於一般及日常業務過程中按一般商務條款經公平原則磋商而訂立之合約及本公司已遵守上市規則的適用規定。進一步詳情載列於財務報告附註37。於本年度本集團已進行一項關連交易，詳細展述如下。

# REPORT OF THE DIRECTORS

## 董事會報告書

### RELATED PARTY TRANSACTIONS (continued)

#### Connected Transaction – Issue of Convertible Bonds under Specific Mandate

On 18 December 2018, the Company entered into the Subscription Agreement with Jingxi Holdings (a connected person of the Company) whereby the Company conditionally agreed to issue and Jingxi Holdings conditionally agreed to subscribe for the Convertible Bonds in the principal amount of up to HK\$150,000,000. The Convertible Bonds carry the Conversion Rights to convert into the Conversion Shares at the Conversion Price of HK\$0.33 per Conversion Shares (subject to adjustment), and the Convertible Bonds will carry an interest rate of 4.0% per annum and will mature on the third anniversary of the issue date of the Convertible Bonds. Assuming the Conversion Rights are exercised in full at the Conversion Price, 454,545,454 new Shares, being the Conversion Shares, may be allotted and issued to Jingxi Holdings subject to the Conversion Restrictions, representing approximately 23.64% of the total number of issued Shares as at 31 December 2019 and approximately 19.12% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares, assuming that there is no other change to the total number of Shares.

The net proceeds from the Subscription Agreement of HK\$149,000,000, are expected to be used as follows: (i) as to approximately HK\$37,300,000 for repaying interest-bearing borrowings with higher interest rate of the Group; (excluding borrowings provided by Shougang HK and its related party(ies)), (ii) as to approximately HK\$110,000,000 for funding the capital investment for the TESC Phase II Project subject to the construction cost and time needed to supplement the production need for both TESC and JESC; and (iii) as to approximately HK\$1,700,000 being the remaining proceeds for supplementing general working capital.

### 關連人士交易 (續)

#### 關連交易 – 根據特定授權發行可換股債券

於二零一八年十二月十八日，本公司與京西控股（本公司關連人士）訂立認購協議，據此，本公司有條件同意發行而京西控股有條件同意認購本金額最高為港幣150,000,000元的可換股債券。可換股債券附帶轉換權，可按換股價每股換股股份港幣0.33元（可予調整）轉換為換股股份，及可換股債券將按年利率4.0%計息，且將於可換股債券發行日期後第三個週年當日到期。假設轉換權按換股價獲悉數行使，並假設股份總數概無其他變動，454,545,454股新股份（即換股股份）可在轉換限制規限下分配及發行予京西控股，相當於二零一九年十二月三十一日已發行股份總數約23.64%以及經分配及發行換股股份擴大後的已發行股份總數約19.12%。

認購協議所得款項淨額港幣149,000,000元預期用作下列用途：(i)約港幣37,300,000元用於償還本集團利率較高的計息貸款（首控香港及其關連方提供的貸款除外）；(ii)約港幣110,000,000元用於為滕州東方二期項目的資本投資提供資金，惟受限於建設成本及補充滕州東方及嘉興東方之生產需求所需時間；及(iii)所得款項餘額約港幣1,700,000元用於補充一般營運資金。

# REPORT OF THE DIRECTORS

## 董事會報告書

### RELATED PARTY TRANSACTIONS (continued)

#### Connected Transaction – Issue of Convertible Bonds under Specific Mandate (continued)

The reason for entering into the Subscription Agreement as this is an appropriate means of raising additional capital of the Company considering the recent market conditions which represent an opportunity for the Company to obtain the funding at reasonable cost for construction of the brass wire production lines, enhance its working capital and strengthen its capital base and financial position. Also, it will not have an immediate dilution effect on the shareholding of the existing Shareholders and the interest payable under the Convertible Bonds is more stable and predictable than bank borrowing. The Subscription by Jingxi Holdings reflects the confidence and commitment of Shougang Fund towards the long-term business development of the Group which is beneficial to the long-term business development of the Group.

Jingxi Holdings is a wholly-owned subsidiary of Shougang Fund, which is in turn a wholly-owned subsidiary of Shougang Group. Shougang Group is a controlling Shareholder interested in an aggregate of 906,719,179 Shares, representing approximately 47.15% of the total number of issued Shares before the date of the Subscription Agreement. Therefore, Jingxi Holdings is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 11 February 2019, all conditions precedent under the Subscription Agreement have been fulfilled and the completion of the Subscription Agreement took place and the Convertible Bonds in the principal amount of HK\$150,000,000 were issued to Jingxi Holdings.

Details of the Subscription Agreement were also disclosed in the announcements of the Company dated 18 December 2018 and 11 February 2019, and in the circular of the Company dated 11 January 2019. The Subscription Agreement and the transactions contemplated thereunder were approved, confirmed and ratified by the independent Shareholders on 1 February 2019.

### 關連人士交易（續）

#### 關連交易－根據特定授權發行可換股債券（續）

訂立認購協議之原因是由於近期市場狀況為本公司獲得資金以合理成本建設黃絲生產線、增加其營運資金及鞏固其資本基礎及財務狀況提供機遇，透過認購協議為本公司籌集額外資金為合理的方法。此外，其將不會對現有股東的股權產生即時攤薄影響及可換股債券項下的應付利息較銀行貸款更為穩定及可預測。京西控股作出的認購事項反映了首鋼基金對本集團長期業務發展的信心及承諾，這將有利於本集團的長期業務發展。

京西控股為首鋼基金的全資附屬公司，而首鋼基金為首鋼集團的全資附屬公司。首鋼集團為一名於認購協議日期前合共906,719,179股股份（佔已發行股份總數約47.15%）中擁有權益的控股股東，故京西控股為本公司的關連人士。因此，認購事項構成本公司的關連交易，並須遵守上市規則第14A章有關申報、公告及獨立股東批准的規定。

於二零一九年二月十一日，認購協議項下之所有先決條件均已獲達成，認購協議完成而本金額為港幣150,000,000元的可換股債券已發行予京西控股。

有關該認購協議之詳情可參考本公司日期為二零一八年十二月十八日及二零一九年二月十一日的公告，及為二零一九年一月十一日的通函。認購協議其項下擬進行的交易已於二零一九年二月一日獲獨立股東批准、確認及追認。

# REPORT OF THE DIRECTORS

## 董事會報告書

### EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. The emoluments of the Directors are decided by the remuneration committee, having regard to individual performance, the Company's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

In addition, the Company has adopted a share option scheme as incentive/reward to Directors and eligible participants/qualifying grantees, details of the scheme are set out in note 36 to the financial statements.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules during the year and as at the latest practicable date, 23 March 2020 prior to the issue of the annual report.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the revenue from sales to the Group's five largest customers accounted for approximately 52.0% (2018: 48.3%) of total revenue of the Group and the revenue from sales to the largest customer included therein amounted to approximately 15.6% (2018: 16.5%) of total revenue of the Group.

### 酬金政策

本集團僱員之薪酬主要根據僱員之價值、資格、能力以及業界當時市場狀況而釐訂。彼等之酬金包括酌情發放之花紅，一般會每年予以檢討。董事之酬金乃由薪酬委員會參照董事之個人表現、公司之業績表現及盈利狀況、亦以業界指標及當時市場狀況而定。

此外，本公司採納一項購股權計劃作為給予董事及合資格人士／合資格承授人之獎勵／報酬，有關該計劃之資料載列於財務報告附註36。

### 足夠公眾持股量

根據本公司從公開途徑所得之資料及據董事所知，本公司於本年內及於本年報刊發前最後實際可行日期，即二零二零年三月二十三日，一直維持上市規則所規定之足夠公眾持股量。

### 主要客戶與供應商

於本年度回顧，本集團銷售予首五大客戶之營業額，約佔本年度本集團總營業額之52.0%（二零一八年：48.3%），其中銷售予最大客戶的營業額約佔本年度本集團總營業額之15.6%（二零一八年：16.5%）。

# REPORT OF THE DIRECTORS

## 董事會報告書

### MAJOR CUSTOMERS AND SUPPLIERS (continued)

Purchases from the Group's five largest suppliers accounted for approximately 50.8% (2018: 61.8%) of total purchases of the Group for the year and purchases from the largest supplier, included therein amounted to approximately 15.5% (2018: 17.1%) of total purchases of the Group for the year.

Save for disclosed above, as far as the Directors are aware, neither the Directors, their associates, nor those Shareholders (who, to the best knowledge of the Directors, own more than 5% of the total number of issued shares of the Company) had any beneficial interest in the Group's five largest customers or suppliers.

Further details related to relationship with customers and suppliers, please refer to sections "**MANAGEMENT DISCUSSION AND ANALYSIS**" in this annual report and in the 2019 ESG Report (to be published).

### AUDITORS

Messrs. PricewaterhouseCoopers was appointed as auditor of the Company with effect from 1 August 2018 to fill the casual vacancy following the resignation of Messrs. Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming annual general meeting of the Company. Save as disclosed above, there were no other changes in the auditor of the Company during the past three years.

Messrs. PricewaterhouseCoopers will retire and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

#### Su Fanrong

*Chairman and Managing Director*

Hong Kong

24 March 2020

### 主要客戶與供應商（續）

本集團向首五大供應商作出之採購，約佔本年度本集團總採購額之50.8%（二零一八年：61.8%），其中向最大供應商作出之採購額約佔本年度本集團總採購額之15.5%（二零一八年：17.1%）。

除以上所披露外，就董事所知，各董事、其聯繫人士及（董事深知）擁有本公司已發行股份數目總額5%以上之股東，概無於本集團首五大客戶或供應商中擁有任何實益權益。

關於主要客戶與供應商的關係，請參閱本年報「**管理層論述及分析**」章節及即將發佈的二零一九年度環境、社會及管治報告。

### 核數師

自二零一八年八月一日起，羅兵咸永道會計師事務所獲委任為本公司之核數師，以填補德勤•關黃陳方會計師行辭任後的臨時空缺，並任職直至本公司下屆股東周年大會結束為止。除上文披露者外，於過往三年，本公司核數師概無其他變動。

羅兵咸永道會計師事務所將任滿告退，再續聘其為本公司之核數師之決議案將於即將舉行之股東周年大會上提呈。

承董事會命

董事長兼董事總經理

蘇凡榮

香港

二零二零年三月二十四日



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



羅兵咸永道

To the Members of  
**Shougang Concord Century Holdings Limited**  
(incorporated in Hong Kong with limited liability)

致首長寶佳集團有限公司  
(於香港註冊成立的有限公司)  
成員

### OPINION

#### What we have audited

The consolidated financial statements of Shougang Concord Century Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 124 to 273, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### 意見

#### 我們已審計的內容

首長寶佳集團有限公司（以下簡稱「貴公司」）及其附屬公司（以下統稱「貴集團」）列載於第124至273頁的綜合財務報表，包括：

- 於二零一九年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合損益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

### Our opinion

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

### 我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

### Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

### KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Impairment assessments of property, plant and equipment and land use rights
- Impairment assessment of trade receivables

### 意見的基礎

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

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

### 獨立性

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

### 關鍵審計事項

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

我們在審計中識別的關鍵審計事項概述如下：

- 物業、廠房及設備與土地使用權減值評估
- 應收款項減值評估

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### Key Audit Matter

關鍵審計事項

### How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

#### (1) Impairment assessments of property, plant and equipment and land use rights

物業、廠房及設備與土地使用權減值評估

*Refer to Note 4(b) (critical accounting judgements and key sources of estimation uncertainty), Note 17 (property, plant and equipment) and Note 20 (land use rights) to the consolidated financial statements*  
有關事項的披露，請參閱綜合財務報表附註4(b)計判斷和估計不確定因素之主要來源，附註17(物業、廠房及設備)及附註20(土地使用權)

As at 31 December 2019, the Group owned certain property, plant and equipment and land use rights amounting to HK\$1,056,830,000 and HK\$95,627,000, respectively, which relate to the steel cord segment of the Group.

於二零一九年十二月三十一日，貴集團擁有物業、廠房及設備與土地使用權分別為港幣1,056,830,000元及港幣95,627,000元，其與貴集團的鋼簾線分部有關。

Management, taking into account the results of the steel cord segment for the year ended 31 December 2019 as well as a comparison between the Group's market capitalisation and its net assets value, identified impairment indicators for the relevant property, plant and equipment and land use rights.

根據截至二零一九年十二月三十一日止年度鋼簾線分部的運營結果以及比較貴集團之市值和其淨資產值，管理層確定了物業、廠房及設備、與土地使用權的減值指標。

Our procedures in relation to management's impairment assessments of property, plant and equipment and land use rights included the following:

我們對有關管理層評估物業、廠房及設備與土地使用權減值之審計程式包括：

We evaluated the composition of management's future cash flow forecasts used in their value-in-use calculations, and the process by which they were prepared. We found that the cash flow forecasts prepared by management were subject to oversight and review by the directors of the Company and were consistent with the budgets approved by the Company's board of directors.

我們評估了管理層在使用價值計算中使用的未來現金流量預測的構成，以及準備這些預測的過程。我們發現管理層編制的現金流量預測受公司董事的監督和審查，並與公司董事會批准的預算一致。

We involved our internal valuation expert in assessing the appropriateness and the consistency, of the methodologies used and key assumptions and estimates applied.

我們讓我們的內部評估專家評估所用方法的適當性和一致性以及所應用的關鍵假設和估計。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### Key Audit Matter

#### 關鍵審計事項

Management grouped the assets of the Group at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (Cash-generating Units) and performed impairment assessments in respect of the two Cash-generating Units of the steel cord segment identified using the value-in-use method. This involved significant judgement in determining the assumptions used in the calculations. The key assumptions included:

管理層將 貴集團的資產分為最低水準，其可單獨識別現金流入，而這些資產大部分獨立於其他資產或資產組的現金流入（現金產生單位）。管理層還分別運用使用價值法對鋼簾線分部的兩個現金產生單位實施了減值測試。其中設計在確定運算中使用的假設時的重大判斷。決定關鍵假設包括：

- rate of annual increment for the steel cord price; and  
鋼簾線價格的年增長率；及
- discount rates  
貼現率

Based on management's assessment, no impairment on property, plant and equipment, and land use rights was considered necessary as at 31 December 2019.

根據管理層的評估，於二零一九年十二月三十一日並無就物業、廠房及設備與土地使用權確認減值。

We focused on this area due to the significance of the balances and the significant judgements involved in the assessment of the recoverable amount of the Cash-generating Units of the steel cord segment including the assumptions used in the calculations of value-in-use.

我們關注該範圍是因為結餘的重要性以及評估現金產生單位可回收金額所涉及的重大判斷（包括計算使用價值時所用的假設）。

### How our audit addressed the Key Audit Matter

#### 我們的審計如何處理關鍵審計事項

We evaluated the reasonableness of management's key assumptions made in the forecasts. For steel cord price, we compared the long-term steel cord price used in the forecasts against the market price, and benchmarked the rate of annual increment to industry forecasts and market trends. For the discount rates, we benchmarked the rates used in the forecasts against our research of the discount rates used by comparable companies in the industry.

我們評估了管理層在預測中的關鍵假設的合理性。對於鋼簾線價格，我們將預測中使用的長期鋼簾線價格與市場價格進行了比較，並將年增長率與行業預測和市場趨勢作為基準。對於貼現率，我們以預測中使用的貼現率為基準檢測我們對比行業中可比公司的研究中使用的貼現率。

We compared the current year actual results with the amounts included in the prior year cash flow forecasts to consider the quality of management's forecasting, and where any deviations were noted, we corroborated management's explanations with our knowledge of the market and the Group's performance in the current year. We also checked that these relevant factors had been taken into account in this year's forecasts and that management had considered the current year actual results in the preparation of this year's forecasts.

我們將本年度實際結果與上一年度現金流量預測中包含的金額進行了比較，以考慮管理層的預測質量。我們詢問管理層瞭解本年度實際業績與上年度預測出現偏差的原因，證實管理層對我們對市場的瞭解及 貴集團於本年度的表現有何解釋。我們還檢查了今年的預測中是否考慮了這些相關因素。我們亦檢查了管理層是否考慮了本年度的實際結果用以準備本年度的預測。

Based on the procedures performed, we found management's significant judgements made in the impairment assessment of property, plant and equipment and land use rights to be supportable based on the available evidence.

根據所執行的程式，我們發現管理層在物業、廠房及設備與土地使用權的減值評估中使用的關鍵判斷可根據現有證據予以支持。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### Key Audit Matter

#### 關鍵審計事項

### How our audit addressed the Key Audit Matter

#### 我們的審計如何處理關鍵審計事項

## (2) Impairment assessment of trade receivables

### 應收款項減值評估

Refer to Note 3.1(b)(ii) (financial risk factors), Note 4(c) (critical accounting judgements and key sources of estimation uncertainty) and Note 23 (trade receivables/bills receivable) to the consolidated financial statements

有關事項的披露，請參閱綜合財務報表附註3.1(b)(ii)財務風險因素，4(c)重大會計判斷和估計不確定因素之主要來源及附註23(應收賬款／應收票據)

As at 31 December 2019, the Group had gross trade receivables of HK\$600,817,000 and provision for impairment losses on trade receivables of HK\$21,374,000. Provision is made for lifetime expected credit losses on trade receivables.

於二零一九年十二月三十一日，貴集團的應收賬款總額為港幣600,817,000元，應收賬款減值撥備港幣21,374,000元。貴集團就應收賬款的全期預期信貸虧損計提撥備。

Management applied judgement in assessing the expected credit losses. Trade receivables relating to customers with known financial difficulties or those not responding to collection activities are assessed individually for provision for impairment loss. Expected credit losses are then estimated by grouping the trade receivables based on shared credit risk characteristics and aging profile and collectively assessed for likelihood of recovery. The expected credit loss rates are determined based on historical credit losses experienced over the past 3 years and adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

管理層運用判斷評估預期信貸虧損，對於已知存在財務困難的客戶或回收性存在重大疑問的應收款項會就計提減值撥備時做出個別評估。在估計預期信貸虧損時，其餘的應收賬款亦會根據客戶性質、賬齡組別按照其分戰分估信貸風險特徵進行分類。預期信貸虧損率乃根據過往三年出現的歷史信貸虧損確定，並經調整以反映現時及前瞻性資料，例如有關影響客戶償付應收款項能力的宏觀經濟因素。

Our procedures in relation to management's assessment of the expected credit losses for trade receivables included the following:

我們對有關管理層評估應收賬款預期信貸虧損之審計程式包括：

We understood, evaluated and validated the key controls over credit procedures performed by management, including the periodic review of aged receivables and the assessment of the expected credit losses for trade receivables, including the identification of trade receivables subject to individual and collective assessments.

我們理解、評估和驗證管理層執行的關鍵信用監控程式，包括其對定期翻閱預期應收款項及評估應收款項預期信貸虧損準備的程式，包括認定應收賬款的個別評估和集體評估。

We obtained management's assessment of the expected credit losses for trade receivables and tested the accuracy of the aging profile of trade receivables by checking to the underlying invoices on a sample basis.

我們取得了管理層對應收賬款預期信貸虧損的評估，並通過抽樣檢查發票測試了應收款項賬齡記錄的準確性。

We circulated confirmations to confirm the balances due from customers on a sample basis.

我們以抽樣方式傳閱了確認函以確認客戶的應付餘額。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### Key Audit Matter

#### 關鍵審計事項

We focused on this area due to the magnitude of the trade receivables and the estimation and judgement involved in determining the expected credit losses for the trade receivables.

我們關注次範疇是鑒於應收賬款的重大數額，以及在確定應收賬款預期信貸虧損準備時涉及估計和判斷。

### How our audit addressed the Key Audit Matter

#### 我們的審計如何處理關鍵審計事項

For trade receivables subject to individual assessment, we assessed the appropriateness of management's assessment based on supporting documents such as correspondence with the customers, customers' responses to collection activities and relevant public search results relating to the financial circumstances of these customers. On a sample basis, we also tested subsequent settlement of trade receivables against bank receipts.

對於個別評估的應收賬款，我們根據與客戶的往來函證，客戶對應收款項收集的反饋以及與客戶財務狀況相關的公共搜索結果等支援性文件，與評估了管理層評估的適當性。在樣本基礎上，我們還測試了應收款項的後續結算和銀行收據。

For trade receivables subject to collective assessment, we assessed the appropriateness of management's assessment including the credit risk characteristics based on the customers' historical settlement pattern over the past 3 years and market research regarding the relevant current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

對於集體評估的應收賬款，我們評估了管理層評估的適當性，包括基於客戶過往三年償付模式的信貸風險特徵，以及現時及前瞻性資料的市場研究，包括有關影響客戶償付應收款項能力的宏觀經濟因素。

We also tested the calculation of the provision for impairment losses.

我們亦測試了減值撥備的計算。

Based on the procedures performed, we found the judgement and estimates adopted by management in determining the expected credit losses of the trade receivables to be supportable based on the available evidence.

基於上述各項，我們發現管理層就應收款項預期信貸虧損的估計和判斷有可得的證據支持。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### OTHER INFORMATION

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

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

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

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

### RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

### 其他資訊

貴公司董事須對其他資訊負責。其他資訊包括年報內的所有資訊，但不包括綜合財務報表及我們的核數師報告。

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

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

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

### 董事及審計委員會就綜合財務報表須承擔的責任

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

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

審計委員會須負責監督貴集團的財務報告過程。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

### 核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅按照香港《公司條例》第405條向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水準的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程式以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計適當的審計程式，但目的並非對貴集團內部控制的有效性發表意見。

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

- 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.
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務資訊獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Hin Gay Gabriel.

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong, 24 March 2020

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

出具本獨立核數師報告的審計項目合夥人是陳顯基。

**羅兵咸永道會計師事務所**  
*執業會計師*  
香港，二零二零年三月二十四日



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
		NOTES 附註	
<b>Continuing operations</b>	<b>持續經營業務</b>		
Revenue	營業額	5	2,141,380
Cost of sales	銷售成本	9	(1,763,436)
Gross profit	毛利		377,944
Other income	其他收入	7	16,891
Other losses, net	其他虧損·淨額	8	(13,179)
Distribution and selling expenses	分銷及銷售費用	9	(90,033)
Administrative expenses	行政費用	9	(54,429)
Research and development expenses	研發費用	9	(74,493)
Foreign exchange gains, net	外幣匯兌收益·淨額		2,094
Changes in fair values of investment properties	投資物業公平值之變動	16	(718)
Reversal of impairment losses on land use rights	土地使用權之減值損失撥回	20	17,456
Net impairment losses on financial assets	金融資產減值損失淨額	23(c)	(1,059)
Finance costs, net	財務成本·淨額	11	(64,704)
Profit/(loss) before income tax	除所得稅前溢利／(虧損)		115,770
Income tax (expense)/credit	所得稅(支出)／抵免	12	(4,026)
Profit/(loss) from continuing operations	來自持續經營業務之溢利／(虧損)		111,744
<b>Discontinued operation</b>	<b>已終止經營業務</b>		
Loss from discontinued operation	來自已終止經營業務之虧損	32	(3,400)
Profit/(loss) for the year	本年度溢利／(虧損)		108,344

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度		
		NOTES 附註	2019 二零一九年 HK cents 港仙	2018 二零一八年 HK cents 港仙 (Restated) (重列)
<b>Earnings/(loss) per share for profit/(loss) from continuing operations attributable to the owners of the Company</b>	本公司擁有人應佔來自持續經營業務之溢利／(虧損)之每股盈利／(虧損)			
- Basic	- 基本	15	<b>5.81</b>	(0.24)
- Diluted	- 攤薄	15	<b>5.36</b>	(0.24)
<b>Earnings/(loss) per share for profit/(loss) for the year attributable to the owners of the Company</b>	本公司擁有人應佔本年度溢利／(虧損)之每股盈利／(虧損)			
- Basic	- 基本	15	<b>5.63</b>	(0.45)
- Diluted	- 攤薄	15	<b>5.22</b>	(0.45)

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
		NOTES 附註	
Profit/(loss) for the year	本年度溢利／(虧損)		<b>108,344</b> (8,681)
<b>Other comprehensive (loss)/income arising from continuing operations</b>	來自持續經營業務之其他全面(虧損)／收益		
<i>Items that will not be reclassified to profit or loss</i>	<i>其後將不會重新分類至損益之項目</i>		
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額		<b>(32,485)</b> (66,297)
Revaluation of leasehold land and buildings	租賃土地及樓宇重估	17	<b>(2,744)</b> 29,816
Recognition of deferred income tax asset/(liability) on revaluation of leasehold land and buildings	租賃土地及樓宇重估之遞延所得稅資產／(負債)確認	31	<b>4,606</b> (5,077)
			<b>(30,623)</b> (41,558)
<b>Other comprehensive loss arising from discontinued operation</b>	來自已終止經營業務之其他全面虧損		
<i>Item that will not be reclassified to profit or loss</i>	<i>其後將不會重新分類至損益之項目</i>		
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	32	<b>(1,094)</b> (2,139)
Total comprehensive income/(loss) for the year, net of tax	本年度全面收益／(虧損)總額(扣除稅項)		<b>76,627</b> (52,378)
Total comprehensive income/(loss) for the year arises from:	本年度全面收益／(虧損)總額來自:		
– Continuing operations	– 持續經營業務		<b>81,121</b> (46,211)
– Discontinued operation	– 已終止經營業務	32	<b>(4,494)</b> (6,167)
			<b>76,627</b> (52,378)

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

AT 31 DECEMBER 2019 於二零一九年十二月三十一日

		As at 31 December		
		於十二月三十一日止年度		
		2019	2018	
		二零一九年	二零一八年	
		HK\$'000	HK\$'000	
		港幣千元	港幣千元	
	NOTES			
	附註			
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Investment properties	投資物業	16	54,093	55,449
Property, plant and equipment	物業、廠房及設備	17	1,078,262	1,166,333
Right-of-use assets	資產使用權	18	1,569	–
Land use rights	土地使用權	20	95,627	70,897
Intangible assets	無形資產	21	–	–
Pledged deposit on loan from a related company	來自一間關連公司貸款 相關之已抵押按金	28	–	7,989
Prepayments for the acquisition of property, plant and equipment	購買物業、廠房及設備之 預付款	24	10,464	1,724
<b>Total non-current assets</b>	<b>非流動資產總額</b>		<b>1,240,015</b>	1,302,392
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	22	294,981	319,968
Trade receivables	應收賬款	23	579,443	690,931
Bills receivable	應收票據	23	898,284	924,355
Prepayments, deposits and other receivables	預付款、按金及其他應收款	24	29,463	31,509
Pledged bank deposits	已抵押銀行存款	26(a)	53,921	78,630
Bank balances and cash	銀行結存及現金	26(b)	47,811	66,682
<b>Total current assets</b>	<b>流動資產總額</b>		<b>1,903,903</b>	2,112,075
<b>Total assets</b>	<b>資產總額</b>		<b>3,143,918</b>	3,414,467
<b>LIABILITIES</b>	<b>負債</b>			
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Other payables	其他應付款		487	566
Bank borrowings	銀行貸款	29	210,241	268,407
Lease liabilities	租賃負債	18	404	–
Deferred income tax liabilities	遞延所得稅負債	31	25,853	29,617
<b>Total non-current liabilities</b>	<b>非流動負債總額</b>		<b>236,985</b>	298,590

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

AT 31 DECEMBER 2019 於二零一九年十二月三十一日

		As at 31 December		
		於十二月三十一日止年度		
		2019	2018	
		二零一九年	二零一八年	
		HK\$'000	HK\$'000	
		港幣千元	港幣千元	
	NOTES			
	附註			
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and bills payables	應付賬款及票據	27	707,010	808,951
Other payables and accruals	其他應付款及預提費用	27	169,104	130,790
Current income tax liabilities	當期所得稅負債		3,493	4,584
Loans from related companies	來自關連公司之貸款	28	57,644	226,358
Bank borrowings	銀行貸款	29	400,461	606,044
Lease liabilities	租賃負債	18	1,205	–
Financial liability at fair value through profit or loss	按公平值計入損益之金融負債	30	152,944	–
<b>Total current liabilities</b>	<b>流動負債總額</b>		<b>1,491,861</b>	<b>1,776,727</b>
<b>Total liabilities</b>	<b>負債總額</b>		<b>1,728,846</b>	<b>2,075,317</b>
<b>EQUITY</b>	<b>權益</b>			
Share capital	股本	33	1,191,798	1,191,798
Reserves	儲備		223,274	147,352
<b>Total equity</b>	<b>權益總額</b>		<b>1,415,072</b>	<b>1,339,150</b>
<b>Total equity and liabilities</b>	<b>權益與負債總額</b>		<b>3,143,918</b>	<b>3,414,467</b>

The financial statements on pages 124 to 273 were approved by the Board of Directors on 24 March 2020 and were signed on its behalf:

載列於第124頁至第273頁之綜合財務報告已於二零二零年三月二十四日獲董事會批准並授予頒佈，並由以下董事代為簽署：

**Su Fanrong**  
蘇凡榮  
DIRECTOR  
董事

**Tang Cornor Kwok Kau**  
鄧國求  
DIRECTOR  
董事

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Share capital 股本 HK\$'000 港幣千元	Capital reserve 資本儲備 HK\$'000 港幣千元 (Note (i)) (附註(i))	Property revaluation reserve 物業重估儲備 HK\$'000 港幣千元	Translation reserve 匯兌儲備 HK\$'000 港幣千元	Share option reserve 購股權儲備 HK\$'000 港幣千元	PRC reserve funds 中國儲備基金 HK\$'000 港幣千元 (Note (ii)) (附註(ii))	Accumulated losses 累計虧損 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
<b>For the year ended 31 December 2019</b>	<b>截至二零一九年十二月 三十一日止年度</b>								
At 1 January 2019	於二零一九年一月一日	1,191,798	23,990	147,598	240,394	1,080	71,145	(336,855)	1,339,150
<b>Comprehensive income</b>	<b>全面收益</b>								
Profit for the year	本年度溢利	-	-	-	-	-	-	108,344	108,344
<b>Other comprehensive (loss)/income</b>	<b>其他全面(虧損)/收益</b>								
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的 匯兌差額	-	-	-	(33,579)	-	-	-	(33,579)
Revaluation of leasehold land and buildings (Note 17)	租賃土地及樓宇重估 (附註17)	-	-	(2,744)	-	-	-	-	(2,744)
Recognition of deferred income tax asset on revaluation of leasehold land and buildings (Note 31)	租賃土地及樓宇重估之 遞延所得稅資產確認 (附註31)	-	-	4,606	-	-	-	-	4,606
<b>Total comprehensive income/(loss) for the year</b>	<b>本年度全面收益/(虧損) 總額</b>	-	-	1,862	(33,579)	-	-	108,344	76,627
<b>Transaction with owners in their capacity as owners:</b>	<b>與身為擁有人之權益 持有人的交易:</b>								
Buy-back of shares	股份購回	-	-	-	-	-	-	(705)	(705)
Lapse of share options	購股權失效	-	-	-	-	(1,080)	-	1,080	-
Transfer to PRC reserve funds (Note (ii))	轉撥至中國儲備基金 (附註(ii))	-	-	-	-	-	5,411	(5,411)	-
		-	-	-	-	(1,080)	5,411	(5,036)	(705)
At 31 December 2019	於二零一九年十二月三十一日	1,191,798	23,990	149,460	206,815	-	76,556	(233,547)	1,415,072

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Share capital 股本 HK\$'000 港幣千元	Capital reserve 資本儲備 HK\$'000 港幣千元 (Note (i)) (附註(i))	Property revaluation reserve 物業重估儲備 HK\$'000 港幣千元	Translation reserve 匯兌儲備 HK\$'000 港幣千元	Share option reserve 購股權儲備 HK\$'000 港幣千元	PRC reserve funds 中國儲備基金 HK\$'000 港幣千元 (Note (ii)) (附註(ii))	Accumulated losses 累計虧損 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
For the year ended 31 December 2018	截至二零一八年十二月 三十一日止年度								
At 1 January 2018	於二零一八年一月一日	1,191,798	23,990	122,859	308,830	28,894	71,145	(355,988)	1,391,528
<b>Comprehensive loss</b>	<b>全面虧損</b>								
Loss for the year	本年度虧損	-	-	-	-	-	-	(8,681)	(8,681)
<b>Other comprehensive (loss)/income</b>	<b>其他全面(虧損)/收益</b>								
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的 匯兌差額	-	-	-	(68,436)	-	-	-	(68,436)
Revaluation of leasehold land and buildings (Note 17)	租賃土地及樓宇重估 (附註17)	-	-	29,816	-	-	-	-	29,816
Recognition of deferred income tax liability on revaluation of leasehold land and buildings (Note 31)	租賃土地及樓宇重估之 遞延所得稅負債確認 (附註31)	-	-	(5,077)	-	-	-	-	(5,077)
Total comprehensive income/(loss) for the year	本年度全面收益/(虧損) 總額	-	-	24,739	(68,436)	-	-	(8,681)	(52,378)
<b>Transaction with owners in their capacity as owners:</b>	<b>與身為擁有人之權益 持有人的交易:</b>								
Lapse of share options	購股權失效	-	-	-	-	(27,814)	-	27,814	-
Transfer to PRC reserve funds (Note (ii))	轉撥至中國儲備基金 (附註(ii))	-	-	-	-	-	-	-	-
		-	-	-	-	(27,814)	-	27,814	-
At 31 December 2018	於二零一八年十二月三十一日	1,191,798	23,990	147,598	240,394	1,080	71,145	(336,855)	1,339,150

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### Notes:

- i The capital reserve represents the benefit of acquiring a shareholder's loan from a previous shareholder upon the acquisition of a subsidiary in previous years.
- ii In accordance with the Articles of Association of the Company's subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after taxation, which is determined in accordance with the PRC accounting rules and regulations, to a statutory reserve fund (including the general reserve fund and enterprise expansion fund, where appropriate). Transfer to this statutory reserve fund is subject to the approval of the respective board of directors, and is discretionary when the balance of such fund has reached 50% of the registered capital of the respective company. Statutory reserve fund can only be used to offset accumulated losses or to increase capital.

### 附註：

- i 資本儲備表示於以前年度收購一附屬公司時，向一位前股東購入股東貸款之收益。
- ii 根據於中華人民共和國（「中國」）成立之本公司之附屬公司之公司章程細則及中國有關法律及規定，該等附屬公司須按中國會計規則及規定，轉撥不少於除稅後溢利的10%作為法定儲備基金（當中包括一般儲備及企業發展基金，如適用），直至該法定儲備餘額已達到個別公司註冊資本的50%時可酌情處理。轉撥至此法定儲備基金需經個別公司董事會之批准。法定儲備基金只可用於抵銷累計虧損或增加資本。

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
		NOTES 附註	
<b>Cash flows from operating activities</b>	<b>經營活動產生之現金流量</b>		
Cash generated from/(used in) operations	經營產生/(動用)之現金	35(a)	345,967
PRC corporate income tax (paid)/refund, net	(已付)/退返之中國企業所得稅淨額		(122,896)
			<b>(3,757)</b>
Net cash generated from/(used in) operating activities from continuing operations	來自持續營業務之經營活動而產生/(動用)之現金淨額		<b>342,210</b>
			(121,733)
Net cash generated from/(used in) operating activities from discontinued operation	來自已終止經營業務之經營活動而產生/(動用)之現金淨額	32	<b>402</b>
			(8,367)
Net cash generated from/(used in) operating activities	經營活動產生/(動用)之現金淨額		<b>342,612</b>
			(130,100)
<b>Cash flows from investing activities</b>	<b>投資活動產生之現金流量</b>		
Placement of pledged bank deposits	存放已抵押銀行存款		<b>(53,921)</b>
Withdrawal of pledged bank deposits	提取已抵押銀行存款		(78,630)
Purchase of property, plant and equipment	購買物業、廠房及設備		<b>76,911</b>
			57,031
Purchase of land use rights	購買土地使用權		<b>(38,869)</b>
Prepayments for the acquisition of property, plant and equipment	購買物業、廠房及設備之預付款		(15,091)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	35(a)	<b>(10,616)</b>
			-
Proceeds from disposals of investment properties	出售投資物業所得款項	35(a)	<b>(17,484)</b>
			(7,965)
Proceeds from disposals of club memberships	出售會籍所得款項	35(a)	<b>1,581</b>
			4,863
Interest received	已收利息	35(a)	<b>-</b>
			6,370
			<b>-</b>
			50
Net cash used in investing activities from continuing operations	來自持續營業務之投資活動而產生之現金淨額		<b>865</b>
			1,285
Net cash generated from investing activities from discontinued operation	來自已終止經營業務之投資活動而產生之現金淨額	32	<b>(41,533)</b>
			(32,087)
			<b>140</b>
			426
Net cash used in investing activities	投資活動動用之現金淨額		<b>(41,393)</b>
			(31,661)

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
		NOTES 附註	
<b>Cash flows from financing activities</b>	<b>融資活動產生之現金流量</b>		
Proceeds from bank borrowings	來自銀行貸款之所得款項	<b>479,616</b>	433,266
Proceeds from discounted bills	來自貼現票據之所得款項	<b>275,060</b>	300,236
Repayments of bank borrowings	償還銀行貸款	<b>(743,214)</b>	(462,942)
Repayments of loans from related companies	償還關連公司之貸款	<b>(164,180)</b>	(27,949)
Repayments of discounted bills	償還貼現票據	<b>(267,075)</b>	(168,694)
Interest paid	已付利息	<b>(43,970)</b>	(46,385)
Payments of share buy-back	股份購回款項	<b>(705)</b>	–
Payments for principal elements of lease liabilities	償還租賃負債之本金部分	<b>(1,160)</b>	–
Issuance of convertible bonds	發行可換股債券	<b>150,000</b>	–
Settlement of convertible bonds	償付可換股債券	<b>(3,000)</b>	–
Net cash (used in)/generated from financing activities from continuing operations	來自持續營業務之融資活動(動用)/產生之現金淨額	<b>(318,628)</b>	27,532
Net cash used in financing activities from discontinued operation	來自已終止經營業務之融資活動動用之現金淨額	<b>(37)</b>	(29)
Net cash (used in)/generated from financing activities	融資活動(動用)/產生之現金淨額	<b>(318,665)</b>	27,503
Net decrease in cash and cash equivalents	現金及現金等值項目之減少淨額	<b>(17,446)</b>	(134,258)
Cash and cash equivalents at beginning of the year	於年初之現金及現金等值項目	<b>66,682</b>	210,559
Exchange loss on cash and cash equivalents	現金及現金等價物匯兌虧損	<b>(1,425)</b>	(9,619)
Cash and cash equivalents at end of the year	於年終之現金及現金等值項目銀行結存及現金	<b>47,811</b>	66,682

The notes on pages 134 to 273 are an integral part of these consolidated financial statements.

第134至273頁的附註乃綜合財務報表的其中部分。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 1 GENERAL INFORMATION

Shougang Concord Century Holdings Limited (the “Company”) is an investment holding company and together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing of steel cords.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for leasehold land and buildings, investment properties and financial liability at fair value through profit or loss, which are measured at fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 1 一般資料

首長寶佳集團有限公司(「本公司」)主要業務為投資控股。本公司及其附屬公司(統稱「本集團」)主要從事製造鋼索線業務。

本公司乃於香港成立之有限公司，其註冊辦事處地址為香港柴灣新業街6號安力工業中心12樓1215室。

本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

除另有說明外，本綜合財務報告以港幣千元(「港幣千元」)呈列。

### 2 重大會計政策概要

編製此等綜合財務報表時採用之主要會計政策載列如下。除另有所指外，該等政策於呈報之所有年度貫徹採用。

#### 2.1 編製基準

本公司之綜合財務報表乃根據所有適用之香港財務報告準則(「香港財務報告準則」)及香港公司條例(第622章)而編製。此等綜合財務報表按歷史成本常規法編製，惟按公平值計量之租賃土地及樓宇、投資物業及按公平值計入損益之金融負債除外。

為符合香港財務報告準則，編製綜合財務報表時須作出若干重要之會計估計，管理層亦須在應用本集團會計政策之過程中作出判斷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要 (續)

### 2.1 Basis of preparation (continued)

#### 2.1.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended standards and interpretations for the first time for the annual reporting period commencing from 1 January 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 12, HKAS 23, HKFRS 3 and HKFRS 11	As part of the Annual Improvements to HKFRS Standards 2015 – 2017 Cycle
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement

The impact of the adoption of HKFRS 16 are disclosed in Note 2.2 below. The other standards did not have any impact on the Group's accounting policies.

### 2.1 編製基準 (續)

#### 2.1.1 本集團採納之新訂及經修訂準則及詮釋

本集團已於二零一九年一月一日開始之財政年度首次採納以下之新訂及經修訂準則及詮釋

香港財務報告準則第9號的修訂	預付特性及負補償
香港財務報告準則第16號	租賃
詮釋第23號	所得稅處理之不確定性
香港會計準則第12號、香港會計準則第23號、香港財務報告準則第3號及香港財務報告準則第11號的修訂	二零一五年至二零一七年週期之香港財務報告準則的年度改進的一部分
香港會計準則第28號的修訂	於聯營公司及合營公司的長期權益
香港會計準則第19號的修訂	計劃修訂、縮減或清償

採納香港財務報告準則第16號的影響披露如附註2.2以下。其他準則對本集團的會計政策沒有任何影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要 (續)

#### 2.1 Basis of preparation (continued)

##### 2.1.2 Impact of new and amended standards issued but not yet applied by the Group

#### 2.1 編製基準 (續)

##### 2.1.2 本集團並未應用以下已頒佈之新訂及經修訂準則之影響

		<b>Effective for accounting periods beginning on or after</b>
		於下列日期或之後 開始的會計期間生效
Amendments to HKFRS 3 香港財務報告準則第3號的修訂	Definition of a Business 業務的定義	1 January 2020 二零二零年一月一日
Amendments to HKAS 1 and HKAS 8 香港會計準則第1號及 香港會計準則第8號的修訂	Definition of Material 重大的定義	1 January 2020 二零二零年一月一日
Conceptual Framework for Financial Reporting 2018 二零一八年財務報告的概念框架	Revised Conceptual Framework for Financial Reporting 財務報告之經修訂概念框架	1 January 2020 二零二零年一月一日
Amendments to HKFRS 7, HKFRS 9 and HKAS 39 香港財務報告準則第7號、 香港財務報告準則第9號及 香港會計準則第39號的修訂	Interest Rate Benchmark Reform 利率基準改革	1 January 2020 二零二零年一月一日
HKFRS 17 香港財務報告準則第17號	Insurance Contracts 保險合約	1 January 2021 二零二一年一月一日
Amendments to HKFRS 10 and HKAS 28 香港財務報告準則第10號及 香港會計準則第28號的修訂	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 投資者與其聯營公司或合營公司 之資產出售或投入	To be determined 待定

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

概無該等準則及修訂預期會對本集團之綜合財務報表造成重大影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's consolidated financial statements.

As indicated in Note 2.1.1 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.30.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.36%.

#### (i) *Practical expedients applied*

In applying HKFRS 16 for the first time, the Group has used a practical expedient permitted by this standard to use a single discount rate to a portfolio of leases with reasonable similar characteristics.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

## 2 重大會計政策概要 (續)

### 2.2 會計政策變更

本附註說明瞭採用香港財務報告準則第16號租賃對本集團綜合財務報表的影響。

如上文附註2.1.1所述，本集團自二零一九年一月一日起追溯適用香港財務報告準則第16號租賃，但是根據準則包含的具體過渡規定，並未對二零一八年報告期間的比較數字進行重述。因此，因新租賃準則產生的重分類及調整在二零一九年一月一日期初資產負債表內確認。關於新會計政策的披露，詳見附註2.30。

因採用香港財務報告準則第16號，本集團為前期根據香港會計準則第17號租賃歸入「經營租賃」分類的租賃確認租賃負債。承租人應以剩餘租賃付款額按二零一九年一月一日的承租人增量借款利率折現的現值計量該等租賃負債。於二零一九年一月一日，該等租賃負債適用的加權平均的承租人的增量借款利率為5.36%。

#### (i) *適用的實務變通*

於首次應用香港財務報告準則第16號時，本集團使用了準則允許的下列實務變通，對具有合理類似特徵的租賃組合採用單一折現率。

本集團還選擇不在首次採用日重新評估合同是否為租賃合同或包含租賃。而對於過渡日前簽訂的合同，本集團依賴於應用香港會計準則第17號租賃和詮釋第4號確定一項安排是否包含租賃所作的評估。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 2 重大會計政策概要 (續)

#### 2.2 Changes in accounting policies (continued)

##### (ii) Measurement of lease liabilities

#### 2.2 會計政策變更 (續)

##### (ii) 租賃負債的計量

		HK\$'000 港幣千元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承諾	2,982
Discounted using the lessee's incremental borrowing rate of at the date of initial application	首次採用日使用承租人的增量借款利率進行折現	2,803
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>於二零一九年一月一日確認的租賃負債</b>	<b>2,803</b>
Of which are:	包括：	
Current lease liabilities	流動租賃負債	1,193
Non-current lease liabilities	非流動租賃負債	1,610
		<b>2,803</b>

##### (iii) Measurement of right-of-use assets

The associated right-of-use assets (including land use rights which is presented as a separate line item in the consolidated statement of financial position) were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to office premises.

##### (iii) 使用權資產的計量

相關的使用權資產 (包括在綜合財務狀況表中作為單獨項目列示的土地使用權) 按等同於租賃負債的金額計量，並按與於二零一八年十二月三十一日的綜合財務狀況表中確認的租賃相關的任何預付或應計租賃付款金額進行調整。於首次應用日期概無繁重的租賃合同須對資產使用權進行調整。

確認的資產使用權與辦公室物業有關。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Changes in accounting policies (continued)

#### (iv) Adjustments recognised in the consolidated statement of financial position on 1 January 2019

Prepaid lease payments of HK\$70,897,000 as at 1 January 2019 have been reclassified as land use rights being a part of the right-of-use assets of the Group.

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- right-of-use assets – increased by HK\$2,803,000;
- lease liabilities – increased by HK\$2,803,000;
- land use rights – increased by HK\$70,897,000;
- prepaid lease payments – decreased by HK\$70,897,000.

There was no net impact on retained earnings on 1 January 2019.

#### (v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

## 2 重大會計政策概要 (續)

### 2.2 會計政策變更 (續)

#### (iv) 二零一九年一月一日在綜合財務狀況表內確認的調整

於二零一九年一月一日的港幣70,897,000元預付租賃款項已重新分類為土地使用權並成為集團之資產使用權的一部分。

會計政策變更影響於二零一九年一月一日的財務狀況表中的以下項目：

- 資產使用權—增加港幣2,803,000元；
- 租賃負債—增加港幣2,803,000元；
- 土地使用權—增加港幣70,897,000元；
- 預付租賃款項—減少港幣70,897,000元。

對於二零一九年一月一日的保留溢利無淨影響。

#### (v) 出租人會計處理

採用香港財務報告準則第16號後，本集團不需要對經營租約下其作為出租人持有的資產的會計處理作出任何調整。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Principles of consolidation

#### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

## 2 重大會計政策概要 (續)

### 2.3 綜合原則

#### (a) 附屬公司

附屬公司指本集團對其有控制權的所有實體。本集團對實體有控制權，是指本集團因參與該實體的營運而獲得或有權享有其可變回報，並能夠運用其指導實體活動的權力影響上述回報。附屬公司在控制權轉移至本集團當日悉數綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

本集團的業務合併使用收購會計法入賬。

集團內公司間交易、結餘及集團公司間交易的未變現收益均予以抵銷。未變現虧損亦會對銷，除非該交易有證據顯示所轉讓資產出現減值則作別論。附屬公司的會計政策已按需要變更，以確保與本集團所採納政策貫徹一致。

於附屬公司業績及權益的非控股權益分別於綜合損益表、綜合全面收益表、綜合權益變動表及綜合財務狀況表內列示。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Principles of consolidation (continued)

#### (b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

## 2 重大會計政策概要 (續)

### 2.3 綜合原則 (續)

#### (b) 擁有權權益變動

本集團將其與非控股權益進行而不構成喪失控制權的交易視為與本集團權益持有者間進行的交易。擁有權權益變動會導致控股及非控股權益賬面值調整，以反映各自於附屬公司的權益。非控股權益調整金額與已付或已收代價的差額，乃於本公司擁有人應佔權益內確認為獨立儲備。

倘本集團因喪失控制權或重大影響力而停止對一筆投資綜合入賬或使用權益會計法，於實體的任何保留權益按公平值重新計量，有關賬面值變動在綜合損益表確認。就其後入賬列作聯營公司、合營企業或金融資產的保留權益，其公平值為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額，按猶如本集團已直接出售有關資產或負債的方式入賬。此可能意味先前在其他全面收益確認的金額重新分類至損益或根據適用香港財務報告準則所訂明／准許者，轉撥至另一權益類別。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

## 2 重大會計政策概要 (續)

### 2.4 業務合併

所有業務合併均以收購會計法入賬，無論所收購者為權益工具或其他資產。收購一間附屬公司所轉讓的代價包括：

- 所轉讓資產的公平值，
- 所收購對象先前擁有人產生的負債，
- 本集團發行的股權，
- 或然代價安排產生的任何資產或負債的公平值，及
- 任何先前存在的附屬公司股權的公平值。

除有限例外情況外，於業務合併收購的可識別資產以及承擔的負債及或然負債，初步按收購日期的公平值計量。本集團根據個別收購交易按公平值或非控股權益應佔被收購實體可識別資產淨值的比例確認於被收購實體的任何非控股權益。

收購相關成本於產生時支銷。

超出部份

- 所轉讓代價，
- 於被收購實體的任何非控股權益金額，及
- 任何先前於被收購實體的權益於收購日期的公平值。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Business combination (continued)

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated statement of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of profit or loss.

### 2.5 Separate financial statements

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

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

## 2 重大會計政策概要 (續)

### 2.4 業務合併 (續)

與已收購可識別資產淨值的公平值的差額按商譽列賬。倘上述金額低於所收購業務可識別資產淨值的公平值，有關差額會作為一項廉價購買直接於綜合損益表確認。

如果遞延現金對價的任何部分的結算，則把將來應付的款項折現至其在交換之日的現值。而使用的折現率是實體的增量借款利率，即在可比較的條款和條件下可以從獨立金融機構獲得類似借款的利率。應付或然代價歸類為權益或金融負債。歸類為金融負債的金額其後重新計量至公平值，公平值變動於綜合損益表確認。

倘業務合併分階段完成，收購方過往於收購對象所持股權於收購日期的賬面值重新計量至收購日期的公平值；該項重新計量所產生的任何收益或虧損，於綜合損益表確認。

### 2.5 獨立財務報表

於附屬公司的投資按成本值扣除減值列賬。成本包括直接應佔投資成本。附屬公司的業績乃由本公司按已收及應收股息入賬。

倘股息超出附屬公司宣派股息期間全面收益總額，或倘獨立財務報表中投資賬面值超出綜合財務報表所示投資對象資產淨值（包括商譽）的賬面值，則須於自該投資收取股息時，對該等附屬公司的投資進行減值測試。



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's managing director that make strategic decisions.

### 2.7 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Group's presentation currency. The functional currency of the Company is Renminbi ("RMB").

#### (b) Transactions and balances

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

## 2 重大會計政策概要 (續)

### 2.6 分部報告

經營分部乃以與向主要經營決策者提交內部報告一致的方式呈報。主要經營決策者負責分配資源及評估經營分部的表現，已被確認為作出策略決策的董事總經理。

### 2.7 外幣換算

#### (a) 功能及呈報貨幣

本集團旗下各實體之財務報表所列項目均採用有關實體營業所在主要經濟環境通用之貨幣(「功能貨幣」)為計算單位。綜合財務報表以港元(「港元」)呈報，港元為本集團之呈報貨幣。人民幣(「人民幣」)為本公司之功能貨幣。

#### (b) 交易及結餘

外幣交易按交易當日適用之匯率或重新計量項目之估值換算為功能貨幣。因結算交易及按年末匯率換算以外幣列值的貨幣資產及負債產生的外匯收益及虧損均於綜合損益表確認。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Foreign currency translation (continued)

#### (b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and financial liability at fair value through profit or loss are presented in the consolidated statement of profit or loss, within “finance costs, net”. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values was determined. Translation differences on assets and liabilities carried at fair values are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss as part of the fair value gain or loss.

#### (c) Group companies

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that end of the reporting period;

## 2 重大會計政策概要 (續)

### 2.7 外幣換算 (續)

#### (b) 交易及結餘 (續)

與借貸及按公平值計入損益之金融負債有關之外匯收益及虧損於綜合損益表之「財務成本·淨額」內呈列。所有其他外匯收益及虧損於綜合損益表之內按淨額呈列。

按公平值計量並以外幣計值之非貨幣項目使用釐定公平值當日之匯率換算。按公平值列賬之匯兌差額呈報為公平值損益之一部分。例如，非金融資產及負債，如經損益表以公平值計量且其變化計入損益的持有之股權於綜合損益表中確認為公平值收益或虧損之一部份。

#### (c) 集團公司

功能貨幣與呈報貨幣不相同的海外業務（全部均非高通脹經濟的貨幣）的業績及財務狀況，按以下方式換算為呈報貨幣：

- (i) 每財務狀況表期末所呈列資產及負債，均按報告期末的收市匯率換算；

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Foreign currency translation (continued)

#### (c) Group companies (continued)

- (ii) income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

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

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

### 2.8 Property, plant and equipment

Leasehold land and buildings are recognised at fair value based on periodic valuation by external independent valuers, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

## 2 重大會計政策概要 (續)

### 2.7 外幣換算 (續)

#### (c) 集團公司 (續)

- (ii) 各收益表之收入及支出，按平均匯率換算，惟此平均值並非該等交易日期當時匯率具累積效果之合理約數除外。在此情況下，收入及開支於交易日期換算；及
- (iii) 所得出之所有匯兌差額會在其他全面收益中確認。

於編製綜合賬目時，換算海外實體任何投資淨額以及借款產生之匯兌差額均於其他全面收益確認。當出售海外業務或償還構成該投資淨額部分之任何借款，相關匯兌差額於綜合損益表重新歸類為出售之部分收益或虧損。

收購海外實體產生之商譽及公平值調整視為該海外實體之資產及負債，按收市匯率換算。

### 2.8 物業、廠房及設備

租賃土地及樓宇按外部獨立估值師的定期估值公平值確認，減去後續折舊。所有其他物業、廠房及設備按歷史成本減折舊及減值虧損入賬。歷史成本包括收購此等項目直接應佔開支。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Property, plant and equipment (continued)

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

Increases in the carrying amounts arising on revaluation of leasehold land and buildings are recognised, net of tax, in other comprehensive income and accumulated in property revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the consolidated statement of profit or loss, the increase is first recognised in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss.

## 2 重大會計政策概要 (續)

### 2.8 物業、廠房及設備 (續)

當與項目有關的未來經濟利益可能流入本集團，以及項目成本能可靠計算時，其後成本才會計入資產的賬面值或確認為獨立資產（如適用）。已替換部份的賬面值被終止確認。所有其他維修及保養費於產生的財政期間計入綜合損益表。

租賃土地及樓宇所產生的重估增值均確認為（扣除稅項）其他全面收益及於股東權益的「物業重估儲備」中累計。惟若其沖銷先前同一資產已於綜合損益表確認之重估減值，則該增值按先前所扣除之減值計入綜合損益表。重估減值先沖銷先前同一資產已於其他全面收益確認之重估增值，並超出先前重估該物業重估儲備之結餘時計入盈虧；所有其他減少額均計入綜合損益表。每年，根據資產重估賬面金額計算之折舊差額計入綜合損益表。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values at the following rates per annum:

Leasehold land and buildings	2%-4%, or over the term of the leases, whichever is shorter
Leasehold improvements	18%-20%, or over the term of the leases, whichever is shorter
Plant and machinery	4%-20%
Furniture fixture and equipment	9%-20%
Motor vehicles	11%-20%

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the consolidated statement of profit or loss. When revalued assets are sold, it is the Group's policy to transfer any amounts included in property revaluation reserve in respect of those assets to accumulated losses.

## 2 重大會計政策概要 (續)

### 2.8 物業、廠房及設備 (續)

物業、廠房及設備之折舊以直線法於其估計可用年期內分配其成本至剩餘價值。所採用年率如下：

租賃土地及樓宇	2%-4%·或按租賃年期(以較低者為準)
租賃物業裝修	18%-20%·或按租賃年期(以較低者為準)
廠房及機器	4%-20%
辦公室傢俱及設備	9%-20%
汽車	11%-20%

資產之剩餘價值及可用年期會於各報告期末審閱及調整(如適用)。

倘資產賬面值超過其估計可收回金額，則其賬面值將即時撇減至其可收回金額。

出售收益及虧損透過比較所得款項與有關資產賬面值釐定並包括在綜合損益表中。出售重估資產時，本集團的政策是將有關該等資產的物業重估儲備所包括的任何金額轉撥至累計虧損。



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Property, plant and equipment (continued)

Construction-in-progress represents buildings and plant and machinery under construction and pending installation, and is stated at cost less impairment losses. Costs comprises direct construction costs, the cost of plant and machinery and applicable borrowing costs incurred during the construction period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

### 2.9 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in the consolidated statement of profit or loss.

### 2.10 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## 2 重大會計政策概要 (續)

### 2.8 物業、廠房及設備 (續)

在建工程指在建或待安裝的樓宇、廠房及機器，並按成本值扣除減值虧損列賬。成本包括直接建造成本、廠房及機械成本及建造期間產生的適用借貸成本。在相關資產完工並且可以使用前，不計入在建工程的折舊。當有關資產投入使用時，成本轉移到其他物業、廠房和設備，並按照上述政策折舊。

### 2.9 投資物業

投資物業為長期租金收益而持有，並非由本集團佔用。投資物業初步按成本計量，包括相關交易成本及適用的借貸成本。隨後，它們以公平值列賬。公平值變動於綜合損益表呈列。

### 2.10 商譽

收購附屬公司之商譽計入無形資產。商譽不予攤銷，惟每年進行減值測試，或當有事件或情況改變顯示資產有可能減值時作出更頻密的減值測試，並按成本見累計減值虧損列賬。出售實體之收益或虧損包括與出售實體相關商譽之賬面值。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

### 2.11 Impairment of non-financial assets

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

## 2 重大會計政策概要 (續)

### 2.10 商譽 (續)

商譽乃分配至各現金產生單位，以進行減值測試。現金產生單位或現金產生單位組別預期將從產生商譽的業務合併中獲益，方會獲得分配商譽。按監察商譽以作內部管理用途的最低層面（即經營分類）識別單位或單位組別。

### 2.11 非金融資產之減值

商譽沒有確定可使用年期而毋須攤銷並會每年進行減值測試，或於有事件或情況改變顯示可能出現減值時更頻繁地進行減值測試。倘有事件或情況改變顯示賬面值可能無法收回時，我們將檢討資產的減值情況。減值虧損按資產賬面值超過其可收回金額的差額確認。可收回金額為資產公平值減出售成本或使用價值（以較高者為準）。評估減值時，資產按可獨立識別現金流入的最低分類組合（現金產生單位）分類，其所產生的現金流入基本上獨立於其他資產或資產組別。倘非金融資產（商譽除外）出現減值，則會於各報告日檢討可否撥回減值。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Discontinued operation

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The result of discontinued operation is presented separately in the consolidated statement of profit or loss.

### 2.13 Investments and other financial assets

#### (a) Classification

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

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will be recorded in the consolidated statement of profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

## 2 重大會計政策概要 (續)

### 2.12 已終止經營業務

已終止經營業務為已出售或分類為持作出售及代表一項按業務或地區劃分的獨立主要業務的實體的組成部份，為出售按業務或地區劃分的該業務的單一統籌計劃的一部份，或是一家專為轉售目的而收購的附屬公司。已終止經營業務的業績於綜合損益表中單獨呈列。

### 2.13 投資和其他金融資產

#### (a) 分類

本集團將其金融資產分類為以下計量類別：

- 隨後以公平值計量，和
- 隨後以攤銷成本計量。

分類取決於公司管理金融資產的業務模式和現金流量的合同條款。

就按公平值計量的資產而言，收益及虧損將記錄於綜合損益表。

當且僅當其管理這些資產的業務模式發生變化時，本集團才會對債務投資進行重新分類。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (c) Measurement

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

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories to classify the debt instruments:

#### (1) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

## 2 重大會計政策概要 (續)

### 2.13 投資和其他金融資產 (續)

#### (b) 確認及終止確認

以日常方式買賣之金融資產於交易日確認，交易日為本集團承諾購買或出售資產之日。倘收取投資現金流量之權利屆滿或轉移且本集團已將所有權絕大部分風險及所有回報轉移，則終止確認金融資產。

#### (c) 計量

就所有並非按公平值計入損益之金融資產而言，投資初步按公平值加直接歸屬於收購該金融資產交易成本確認。以公平值計量且其變動計入損益之金融資產的交易成本計入綜合損益表。

#### 債務工具

債務工具的隨後計量取決於本集團管理資產的業務模式及資產的現金流量特徵。有三種計量類別可以對債務工具進行分類：

#### (1) 攤銷成本

為收取合同現金流而持有的資產，如果這些現金流僅代表本金和利息的支付，則按攤銷成本計量。這些金融資產的利息收入採用實際利率法計入財務收入，終止確認產生的任何收益或虧損直接於綜合損益表確認。減值虧損於綜合損益表中以獨立項目列示。

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## 綜合財務報告附註

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### (c) Measurement (continued)

##### Debt instruments (continued)

#### (2) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other losses, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other losses, net" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

## 2 重大會計政策概要 (續)

### 2.13 投資和其他金融資產 (續)

#### (c) 計量 (續)

##### 債務工具 (續)

#### (2) 公平值計入其他全面收益

為收取合同現金流和出售金融資產而持有的資產，其現金流僅代表本金和利息的支付，通過其他全面收益以公平值計量。賬面金額的變動是通過其他全面收益進行的，惟於綜合損益表中確認之確認減值收益或損失、利息收入和外匯收益及虧損除外。金融資產終止確認時，以前在其他全面收益中確認的累計損益從權益重新分類為損益，並在「其他虧損，淨額」中確認。這些金融資產的利息收入採用實際利率法計入財務收入。外匯收益及虧損在「其他虧損，淨額」中列報，減值費用在綜合損益表中單獨列報。



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### (c) Measurement (continued)

##### Debt instruments (continued)

#### (3) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of profit or loss in the period in which it arises.

#### (d) Impairment

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

For trade receivables and bills receivable, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## 2 重大會計政策概要 (續)

### 2.13 投資和其他金融資產 (續)

#### (c) 計量 (續)

##### 債務工具 (續)

#### (3) 公平值計入損益

不符合攤銷成本標準或資產按公平值計入其他全面收益計量的資產按公平值計入損益計量。債務投資的收益或虧損隨後按公平值計入損益計量，確認於其產生期間的綜合損益表。

#### (d) 減值

本集團按預期基準評估與按攤銷成本列賬的債務工具相關的預期信貸虧損。所採用的減值方法取決於信貸風險是否顯著增加。

就應收賬款及應收票據而言，本集團採用香港財務報告準則第9號所容許的簡化方法，該方法規定預期全期虧損將於初步確認應收款項時確認。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.14 Offsetting financial instruments

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

### 2.15 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2 重大會計政策概要 (續)

### 2.14 金融工具抵銷

倘若存在法定可執行的權利以抵銷所確認金額及擬按淨額基準結算或變現資產及同時結算負債，則金融資產與負債相互抵銷，而淨額於綜合財務狀況表內呈報。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘本公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

### 2.15 存貨

原材料、在製品和製成品以成本值及可變現淨值兩者中較低者列賬，成本包括直接材料、直接人工和適當比例的可變和固定間接費用，後者根據正常運營能力進行分配。成本根據加權平均成本分配給各個庫存項目。購買庫存的成本在扣除回扣和折扣後確定。可變現淨值為日常業務過程中的估計售價減去估計完工成本及進行銷售所需的估計成本。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Trade receivables, bills receivable and other receivables

Trade receivables and bills receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

If collection of trade receivables, bills receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and bills receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value, and subsequently at amortised cost using the effective interest method less provision for impairment.

### 2.17 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 2 重大會計政策概要 (續)

### 2.16 應收賬款、應收票據及其他應收款

應收賬款及應收票據乃於日常業務過程中就銷售商品或提供服務而應收客戶之款項。

倘應收賬款、應收票據及其他應收款預計將在一年或以內收回（或在業務正常經營週期內之較長期間），則分類為流動資產。否則，在非流動資產中列報。

應收賬款及應收票據初步按無條件代價金額確認，除非其包含重大融資成份以公平值確認，其後利用實際利率法按攤銷成本扣除減值撥備。

### 2.17 現金及現金等價物

為了在綜合現金流量表中列報，現金及現金等價物包括庫存現金、金融機構通知存款、原有期限為三個月或以下且可隨時轉換為已知金額並且價值變動的風險很小的其他短期、高流動性投資。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 Share capital

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

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

### 2.19 Trade and bills payables and other payables

Trade and bills payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

## 2 重大會計政策概要 (續)

### 2.18 股本

普通股分類為權益。發行新股份或購股權直接有關之增量成本於權益列示為自所得款項扣除稅項之扣減。

當任何集團公司購買本公司的權益工具，例如由於股票回購或以股份為基礎支付計劃，則應支付的對價（包括任何直接有關之增量成本（扣除所得稅））將從股東應佔權益中扣除直到公司股票被註銷或重新發行為止，作為公司的庫存分配給公司股東。倘該等普通股其後重新發行，則所收取的代價（扣除任何直接有關之增量成本及相關所得稅影響後）均計入本公司擁有人應佔權益。

### 2.19 應付賬款及票據及其他應付款

應付賬款及票據乃於日常業務過程中向供應商購買商品或服務而應支付之責任。如付款之支付日期在一年或以內（或在業務正常週期內之較長期間），應付款項被分類為流動負債。否則，在非流動負債中列報。

應付賬款及票據及其他應付款初步按公平值確認，其後利用實際利率法按攤銷成本計量。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss as “finance costs, net”.

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

## 2 重大會計政策概要 (續)

### 2.20 借貸

借貸初步以公平值(經扣除所產生的交易成本)確認。借貸隨後按攤銷成本計量。所得款項(經扣除交易成本)與贖回金額之間的任何差額,乃於借貸期間在綜合損益表內以實際利率法確認。在貸款融資將可能部分或全部被提取的情況下,就設立貸款融資而支付的費用乃確認為貸款交易成本。在此情況下,該費用將被遞延,直至提取貸款時為止。在並無證據表明其將可能部分或全部被提取的情況下,該費用會作為流動資金服務的預付款項被撥充資本,並於其相關融資期間內予以攤銷。

當合約中規定的責任獲解除、取消或屆滿時,會將借貸從綜合財務狀況表中移除。已消除或轉移至另一方的金融負債的賬面值與已付代價(包括所轉讓的非現金資產或所承擔的負債)之間的差額,乃於綜合損益表內確認為「財務成本,淨額」。

除非本集團有無條件權利,將償付負債遞延至報告期後至少12個月,否則借貸會被分類為流動負債。



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 Borrowing costs

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

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

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

### 2.22 Financial liability at fair value through profit or loss

The Group has convertible bonds which are classified entirely as liabilities because they were issued in a currency other than the functional currency of the Company. As the instrument contains an embedded derivative, it has been designated as at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred.

Subsequent to initial recognition, the convertible bonds are carried at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

## 2 重大會計政策概要 (續)

### 2.21 借貸成本

直接歸屬於購買、建造或生產合格資產的一般和特定借貸成本在完成和準備資產用於其預定用途或銷售所需的時間段內資本化。合格資產是必須花費相當長的一段時間才能為其預期用途或銷售做好準備的資產。

而將該借貸用於合資格資產前所作短期投資賺取之投資收入，乃自可用作資本化之借貸成本中扣除。

其他借貸成本於產生期間計入費用。

### 2.22 按公平值計入損益之金融負債

由於本集團持有可換股債券以本公司功能貨幣以外的貨幣發行，因此全部被分類為負債。由於該工具包含嵌入式衍生工具，因此已在初步確認時指定為按公平值計入損益，嵌入式轉換功能未被分離。與指定為按公平值計入損益的金融工具相關的所有交易成本均於產生期間計入費用。

初步確認後，可換股債券以公平值列賬，並在綜合損益表中確認公平值的變動。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.23 Current and deferred income tax

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

#### (a) Current income tax

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

#### (b) Deferred income tax

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

## 2 重大會計政策概要 (續)

### 2.23 當期及遞延所得稅

本期間的所得稅費用或減免是按當期應納稅所得額計算的應納稅所得額，是根據各個司法管轄區的適用所得稅率，按遞延稅項資產及負債因暫時性差異和未使用稅項虧損的變動調整。

#### (a) 當期所得稅

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

#### (b) 遞延所得稅

遞延所得稅乃就資產與負債之稅基及資產與負債於綜合財務報表中賬面值兩者之暫時差額，以負債法悉數撥備。然而，倘遞延稅項負債乃產生自商譽之初始確認，則不會確認遞延稅項負債。倘遞延所得稅乃產生自於初步確認交易（業務合併除外）資產或負債而得之商譽，且當時之交易並無影響會計或應課稅溢利或虧損，則亦不會予以確認。遞延所得稅乃以於結算日已訂明或實質訂明之稅率（及法例）釐定，並預期於變現相關遞延所得稅資產或償還遞延所得稅負債時適用。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.23 Current and deferred income tax (continued)

#### (b) *Deferred income tax (continued)*

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

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

#### (c) *Offsetting*

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

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

## 2 重大會計政策概要 (續)

### 2.23 當期及遞延所得稅 (續)

#### (b) *遞延所得稅 (續)*

就公平值模式計量投資物業之遞延稅項負債，投資物業之賬面值乃假定為透過銷售全部收回。

遞延稅項資產僅在未來很可能有應課稅利潤用作抵銷該等暫時差額及虧損，方會予以確認。

倘本集團能夠控制撥回暫時差額之時間，且該等差額可能不會於可見將來撥回，則不會就海外業務之投資賬面值與稅基之間之暫時差額確認遞延稅項負債及資產。

#### (c) *抵銷*

倘有法定可執行權利將當期稅項資產與負債相互抵銷而遞延稅項結餘涉及同一稅務機構，則遞延稅項資產與負債可予相互抵銷。倘有關實體有法定可執行權利可抵銷及有意按淨值基準結算，或有意同時變現資產及結算負債，則當期稅項資產及負債可相互抵銷。

當期及遞延稅項於綜合損益表內確認，惟倘其與在其他全面收益中或直接於權益中確認之項目相關，則當期及遞延稅項亦分別於其他全面收益或直接於權益中確認。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Employee benefits

#### (a) Short-term obligations

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

#### (b) Post-employment obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Pension Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the Pension Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the Pension Scheme.

## 2 重大會計政策概要 (續)

### 2.24 僱員福利

#### (a) 短期責任

工資和薪金的負債，包括非貨幣福利、年假和累積病假，預計將在僱員提供相關服務期間結束後的12個月內全部結清，並確認為僱員服務截至報告期末並按負債結算時預期支付的金額計量。負債於綜合財務狀況表呈列為現時僱員福利責任。

#### (b) 退休金責任

本集團為其所有香港僱員運作一個根據強制性公積金計劃條例設立之定額供款強制性公積金退休福利計劃（「退休計劃」）。供款按僱員基本薪金之某個百分比計算，並於根據退休計劃規則應支付供款時在綜合損益表扣除。退休計劃之資產與本集團資產分開持有，並由獨立管理基金保管。本集團之僱主供款在向退休計劃作出供款時悉數歸屬僱員，惟本集團作出之僱主自願供款，會按照退休計劃之規則在僱員於有關供款全數歸屬前離職時退回本集團。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.24 Employee benefits (continued)

#### (b) Post-employment obligations (continued)

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 9% to 21% of the wages for the year of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the consolidated statement of profit or loss as incurred.

#### (c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2 重大會計政策概要 (續)

### 2.24 僱員福利 (續)

#### (b) 退休金責任 (續)

本集團於支付供款後即無其他付款責任。供款於到期時確認為僱員福利支出，並扣減僱員於供款全數歸屬前離職而被沒收之供款。預付供款於退回現金或扣減未來供款時確認為資產。

此外，根據中華人民共和國（「中國」）政府之規例，本集團須按中國僱員該年度之工資約9%至21%就若干退休福利計劃作出供款，由當地市政府承擔該等本集團僱員之退休福利責任。就該等退休福利計劃作出之供款於產生時計入綜合損益表。

#### (c) 溢利分享及花紅計劃

本集團按照特定計算方法就花紅及溢利分享確認負債及開支，該計算方法於作出若干調整後已計入本公司股東應佔溢利。當出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for share options of the Group. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

## 2 重大會計政策概要 (續)

### 2.25 以股份為基礎支付

本集團推行一項按股本結算、以股份為基礎支付酬金的計劃，據此，實體從其僱員獲得服務作為換取本集團權益工具（購股權）的代價。為換取授出購股權而獲得僱員服務的公平值乃確認為開支。列作開支的總金額，乃參照已授出的購股權的公平值釐定：

- 包括任何市場表現情況；
- 不包括任何服務及非市場表現歸屬條件（例如有關人士於一段特定期間內是否仍為該實體的僱員）的影響；及
- 包括任何非歸屬條件的影響。

總開支於歸屬期內確認，其為將全部特定歸屬條件將滿足的期間。

於各報告期間結算日，本集團會修訂其對根據非市場表現及服務條件預期將歸屬的購股權數目的估計。其於綜合損益表確認對原來估計作出修訂的影響（如有），並在權益作出相應調整。

於購股權獲行使時，本公司發行新股份。已收所得款項於減去所有直接應佔交易成本後撥入股本（面值）及股份溢價。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 2 重大會計政策概要 (續)

### 2.26 撥備

當本集團因過往事件承擔現有法律或推定責任，而解除責任很有可能導致資源流出，且金額能夠可靠計算的情況下，便會確認撥備。

倘承擔若干類似責任，於釐定解除責任是否導致資源流出時，將以整類責任類別為考慮。即使同類責任當中任何一項導致資源流出可能性甚低，亦會確認撥備。

撥備按管理層於報告期末結算現時責任所需支出之最佳估計的現值計量，用於確定現值之貼現率是稅前利率，該利率反映當時市場對金錢時間值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息開支。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.27 Revenue recognition

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative standalone selling prices. If the standalone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

## 2 重大會計政策概要 (續)

### 2.27 收入確認

當商品或服務的控制權轉移給客戶時確認收入。根據合同條款和適用於合同的法律，商品或服務的控制可以隨時間或在某個時間點進行轉移。

商品或服務的控制隨時間進行轉移如果集團的執行：

- 提供所有好處同時收到客戶的付費；
- 集團執行創建或增強客戶控制的資產；或
- 不會創建具本集團其他用途的資產及集團擁有可執行的支付權利，以履行迄今為止已完成的執行。

如果對貨物或服務的控制隨著時間的推移而轉移，收入在合同期內通過參考完全履行該履約責任的進度確認。否則，收入在客戶獲得對貨物或服務的控制的時間點被確認。

如果合同涉及多個要素的銷售，則交易價格將根據其相對獨立銷售價格分配給每個履約責任。如果獨立銷售價格不能直接觀察，則根據預期成本加上差額或後市場評估方法估算調整，具體取決於可觀察資訊的可用性。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.27 Revenue recognition (continued)

The Group manufactures and sells steel cords, processing and trading of copper and brass products. Revenue is recognised when the control of the products are transferred to the customers at a point in time, when products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### 2.28 Earnings/(loss) per share

#### (i) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

## 2 重大會計政策概要 (續)

### 2.27 收入確認 (續)

本集團製造及銷售鋼簾線、銅及黃銅材料銷售、加工及貿易。當產品的所有權轉移給客戶，產品交付給客戶，客戶對銷售產品管道和價格有完全的處理權，並且本集團沒有未履行的義務而會影響客戶對產品的接受程度時即可確認收入。當產品已運至指定地點時，報廢和損失的風險已轉移給客戶及客戶已按照銷售合同接受產品，驗收規定已失效，或本集團有客觀證據表明所有驗收標準均已滿足。應收賬款在貨物交付時是無條件的確認，因為在付款到期之前只需要經過一段時間。

### 2.28 每股盈利／（虧損）

#### (i) 每股基本盈利／（虧損）

每股基本盈利／（虧損）之計算方法為：

- 歸屬於本公司擁有人之溢利／（虧損），不包括普通股以外之任何支付權益成本
- 除以於財政年度內已發行普通股之加權平均數，並就年內發行之普通股之紅利元素作出調整。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.28 Earnings/(loss) per share (continued)

#### (ii) Diluted earnings

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

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

### 2.29 Interest income

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

### 2.30 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 34). Payments made under operating leases (net of any incentives received from the lessor) were charged to consolidated statement of profit and loss on a straight-line basis over the period of the lease.

## 2 重大會計政策概要 (續)

### 2.28 每股盈利／(虧損) (續)

#### (ii) 每股攤薄盈利

每股攤薄盈利調整釐定每股基本盈利時所使用之數字，以計及：

- 與潛在攤薄普通股有關之利息及其他融資成本之除所得稅後影響，及
- 假設所有潛在攤薄普通股獲轉換，則將為已發行之額外普通股加權平均數。

### 2.29 利息收入

利息收入以實際利率法按時間比例確認。

### 2.30 租約

如上文附註2.2所述，本集團已變更作為承租人的租賃會計政策。新政策見下文所述，關於此項會計政策變更的影響請參見附註2.2。

直至二零一八年十二月三十一日，與所有權有關的風險和報酬中的很大比例未轉移至本集團（作為承租人）的租賃被分類為經營租賃（附註34）。經營租賃付款額（扣除出租人給予的任何租賃激勵）在租賃期內按直線法計入損益。



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.30 Leases (continued)

From 1 January 2019, prepaid lease payments are reclassified as land use rights, other leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

## 2 重大會計政策概要 (續)

### 2.30 租約 (續)

自二零一九年一月一日起，預付租賃款項已重新分類為土地使用權，本集團在租賃資產可供其使用的當日將其他租賃確認為資產使用權和相應的負債。

租賃產生的資產和負債按現值進行初始計量。租賃負債包括固定付款額的淨現值（包括實質固定付款額），扣除任何應收的租賃激勵。

當本集團合理確定將行使續租選擇權時，租賃付款額也納入負債的計量中。

租賃付款額按租賃內含利率折現。本集團的租賃內含利率通常無法直接確定，在此情況下，應採用承租人的增量借款利率，即承租人在類似經濟環境下獲得與資產使用權價值接近的資產，在類似期間以類似抵押條件借入資金而必須支付的利率。

為確定增量借款利率，本集團應：

- 在可能的情況下，以承租人最近收到的融資為起點，並進行調整以反映融資條件自融資後的變化

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.30 Leases (continued)

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the landlord, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its leasehold land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

## 2 重大會計政策概要 (續)

### 2.30 租約 (續)

- 對於近期未獲得融資持有的租賃，採用以無風險利率為起點的累加法，並按照租賃的信用風險進行調整；並
- 針對租賃做出特定調整，如租賃期、國家、貨幣及抵押。

租賃付款額在本金和融資費用之間進行分攤。融資費用在租賃期內計入損益，以按照固定的週期性利率對各期間負債餘額計算利息。

資產使用權按成本計量，包括：

- 租賃負債的初始計量金額；
- 在租賃期開始日或之前支付的租賃付款額扣除收到的租賃激勵；
- 初始直接費用；以及
- 復原成本。

資產使用權一般在資產的使用壽命與租賃期兩者孰短的期間內按直線法計提折舊。如本集團合理確定會行使購買權，則在標的資產的使用壽命期間內對資產使用權計提折舊。本集團對列報為不動產、廠房及設備的租賃土地和樓宇的價值進行重估，但未選擇重估所持有的使用權建築物的價值。

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.30 Leases (continued)

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 16). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

### 2.31 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.32 Government grants

Grants from the government are recognised in “other income” in the consolidated statement of profit or loss at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

### 2.33 Research and development costs

Research costs are expensed as incurred.

Other development expenditures are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## 2 重大會計政策概要 (續)

### 2.30 租約 (續)

本集團作為出租人收到的經營租賃收入在租賃期內按直線法確認為收入(附註16)。為獲取經營租賃所發生的初始直接費用計入標的資產的帳面金額,並在租賃期內按照與租賃收入相同的基礎確認為費用。租賃資產按其性質在資產負債表中列示。本集團採用了新的租賃準則,因而無需對作為出租人持有的資產的會計處理做出任何調整。

### 2.31 股息分派

對於宣佈的任何經適當授權,不再由實體酌情決定並在報告期結束時或之前,但未在報告期末分發的股息金額作撥備。

### 2.32 政府補貼

倘有合理保證可收到政府補貼而本集團亦將會遵行所有附帶條件時,該政府補貼將會按公平值於綜合損益表「其他收入」確認。

### 2.33 研發費用

研發開支於產生時計入費用。

其他研發開支於產生時計入費用。過往確認為費用之研發成本不會於往後期間確認為資產。

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### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### (a) Market risk

###### (i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in RMB, HK\$ and United States dollar ("US\$"). The majority of assets and liabilities are denominated in RMB, HK\$ and US\$, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from commercial transactions and recognised assets and liabilities denominating in a currency other than RMB, HK\$ and US\$ which are the functional currencies of the major operating companies within the Group.

The management considers the foreign exchange risk with respect to US\$ is not significant as HK\$ is pegged to US\$. The exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

### 3 財務風險管理

#### 3.1 財務風險因素

本集團的活動使本集團承受多種財務風險：市場風險（包括貨幣風險、公平值利率風險、現金流利率風險及價格風險）、信貸風險及流動資金風險。本集團的整體風險管理計劃針對金融市場的不可預測性，力求將對本集團財務表現所造成的潛在不利影響降至最低。

##### (a) 市場風險

###### (i) 外匯風險

本集團的外幣交易主要以人民幣、港元及美元（「美元」）計值。本集團的大部分資產和負債主要以人民幣、港元及美元計值，並無重大資產及負債以其他貨幣計值。本集團面對並非以港元、人民幣或美元（本集團旗下主要營運公司的功能貨幣）計值的未來商業交易及已確認資產及負債所產生的外匯風險。

管理層認為，與美元有關的外匯風險並不重大，乃因港元與美元掛鈎。人民幣兌港元的匯率須遵守中國政府頒佈的外匯管制規則及規例。本集團透過密切監控外幣匯率的變動來管控其外幣風險。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Foreign exchange risk (continued)

##### *For companies with HK\$ as their functional currency*

As at 31 December 2019, if RMB had weakened/strengthened by 5% against HK\$ with all other variables held constant, post-tax profit for the year of the Group would have been HK\$12,000 lower/higher (2018: post-tax loss for the year of the Group would have been HK\$30,000 higher/lower), mainly as a result of the foreign exchange difference on translation of RMB denominated bank balances and cash and the current account with group companies.

##### *For companies with RMB as their functional currency*

As at 31 December 2019, if HK\$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year of the Group would have been HK\$7,111,000 lower/higher (2018: post-tax loss for the year of the Group would have been HK\$42,505,000 higher/lower), mainly as a result of the foreign exchange difference on translation of HK\$ denominated bank balances and cash, trade receivables, other receivables, trade payables, other payables and accruals, bank borrowings, loans from related companies, financial liability at fair value through profit or loss and the current account with group companies.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 市場風險 (續)

##### (i) 外匯風險 (續)

##### *以港元為其功能貨幣的公司*

於二零一九年十二月三十一日，倘人民幣兌港元貶值／升值5%，而所有其他可變因素維持不變，本集團年內除稅後溢利將減少／增加港幣12,000元（二零一八年：本集團年內除稅後虧損將增加／減少港幣30,000元），主要由於換算以人民幣為單位的銀行結存及現金及集團公司往來賬目產生外匯差異所致。

##### *以人民幣為其功能貨幣的公司*

於二零一九年十二月三十一日，倘港元兌人民幣貶值／升值5%，而所有其他可變因素維持不變，本集團年內除稅後溢利將減少／增加港幣7,111,000元（二零一八年：本集團年內除稅後虧損將增加／減少港幣42,505,000元），主要由於換算以港元為單位的銀行結存及現金、應收賬款、其他應收款、應付賬款、其他應付款及預提費用、銀行貸款、來自關連公司之貸款、按公平值計入損益之金融負債及集團公司往來賬目產生外匯差異所致。



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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

###### (i) Foreign exchange risk (continued)

*For companies with RMB as their functional currency (continued)*

As at 31 December 2019, if US\$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year of the Group would have been HK\$2,291,000 lower/higher (2018: post-tax loss for the year of the Group would have been HK\$2,955,000 higher/lower), mainly as a result of the foreign exchange difference on translation of US\$ denominated bank balances and cash, trade receivables, other receivables, trade payables, other payables and accruals and the current account with group companies.

###### (ii) Price risk

The Group is exposed to commodity price risk in relation to its steel products which is largely dependent on the market price of the relevant commodity. The Group closely monitors the price of its products in order to determine its pricing strategies.

###### (iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 市場風險 (續)

###### (i) 外匯風險 (續)

*以人民幣為其功能貨幣的公司 (續)*

於二零一九年十二月三十一日，倘美元兌人民幣貶值／升值5%，而所有其他可變因素維持不變，本集團年內除稅後溢利將減少／增加港幣2,291,000元（二零一八年：本集團年內除稅後虧損將增加／減少港幣2,955,000元），主要由於換算以美元為單位的銀行結存及現金、應收賬款、其他應收款、應付賬款、其他應付款及預提費用及集團公司往來賬目產生外匯差異所致。

###### (ii) 價格風險

本集團面臨與其鋼鐵產品有關的商品價格風險，而這主要取決於相關商品的市場價格。本集團密切監察其產品價格，以釐定其定價策略。

###### (iii) 現金流及公平值利率風險

由於本集團並無重大計息資產，因此本集團的收入及經營現金流量基本上不受市場利率變動影響。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (iii) Cash flow and fair value interest rate risk (continued)

The Group's interest rate risk primarily arises from bank borrowings. As at 31 December 2018, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax for the year by HK\$1,484,000. The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next end of the reporting period date.

As at 31 December 2019, the Group does not have variable rate borrowings.

##### (b) Credit risk

Credit risk arises from pledged deposit on loan from a related company, trade receivables, bills receivable, deposits and other receivables, pledged bank deposits and bank balances.

The carrying amounts of pledged deposit on loan from a related company (Note 28), trade receivables (Note 23), bills receivable (Note 23), deposits and other receivables (Note 24), pledged bank deposits (Note 26(a)) and bank balances (Note 26(b)) represent the Group's maximum exposure to credit risk in relation to financial assets.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 市場風險 (續)

##### (iii) 現金流及公平值利率風險 (續)

本集團的利率風險主要來自銀行借貸。於二零一八年十二月三十一日，估計普遍增加／減少50個利率基點而所有其他變數維持不變，則本集團年內除稅前虧損將增加／減少港幣1,484,000元。50個基點的增加／減少代表管理層對截至報告期末下一個期間利率合理可能變動的評估。

於二零一九年十二月三十一日，本集團無浮動利率的借貸。

##### (b) 信貸風險

信貸風險由來自一間關連公司貸款相關之已抵押按金、應收賬款、應收票據、按金及其他應收款、已抵押銀行存款及銀行結存中產生。

來自一間關連公司貸款相關之已抵押按金(附註28)、應收賬款(附註23)、應收票據(附註23)、按金及其他應收款(附註24)、已抵押銀行存款(附註26(a))及銀行結存及現金(附註26(b))之賬面淨值乃本集團所面對有關金融資產的最大信貸風險。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

###### (i) Risk management

To manage this risk, deposits of the Group are mainly placed with state-owned financial institutions and reputable banks. The Group has policies in place to ensure that sales are made to reputable and creditworthy customers with an appropriate financial strength, credit history and an appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group reviews regularly the authorisation of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk. Sales of goods to the customers geographically located in PRC constituted 74.8% (2018: 79.1%) of the Group's revenue for the year ended 31 December 2019. They accounted for approximately 85.4% (2018: 83.3%) of the gross trade receivable balances as at 31 December 2019. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (b) 信貸風險 (續)

###### (i) 管控該風險

為管控該風險，本集團的存款主要存入國有金融機構及有良好信譽的銀行。本集團已制定政策以確保銷售予擁有相當財政實力、信用歷史及支付適當百分比首期付款的信譽良好客戶，亦制定其他監控程式以確保採取跟進措施收回逾期債務。

此外，本集團定期審核個人客戶的信用限額授權及每項個別應收賬款的可收回金額，以確保已就不可收回款項計提充分的減值虧損。

本集團有信貸集中風險。截至二零一九年十二月三十一日止年度銷售的貨物予中國客戶佔本集團營業額74.8% (二零一八年：79.1%)。於二零一九年十二月三十一日，其約佔應收賬款賬面總額的85.4% (二零一八年：83.3%)。本集團持續密切監控尚未償還應收結餘的收回情況，務求將信貸風險降至最低。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

###### (ii) Impairment of financial assets

Trade receivables and bills receivable for sales of goods of the Group and from the provision of services are subject to the expected credit loss model. While cash and cash equivalents and other financial assets at amortised cost are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

###### *Trade receivables and bills receivable*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and bills receivable. The Group measures the expected credit losses on a combination of both individual and collective basis.

###### *Measurement of expected credit loss on individual basis*

The receivables relating to customers with known financial difficulties or those not responding to collection activities are assessed individually for provision for impairment loss. As at 31 December 2019, the provision of impairment losses in respect of these individually assessed receivables was HK\$21,315,000 (2018: HK\$20,095,000).

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (b) 信貸風險 (續)

###### (ii) 金融資產減值

本集團存貨銷售應收賬款及應收票據須遵守預期信貸虧損模式。而按攤銷成本計算的現金及現金等價物及其他金融資產亦須遵守香港財務報告準則第9號的減值要求，已確認的減值損失並不重大。

###### *應收賬款及應收票據*

本集團採用香港財務報告準則第9號簡化法計量預期信貸虧損，並就所有應收款項及應收票據使用終身預期虧損撥備。本集團以個人及集體基準衡量預期信貸虧損。

###### *個人預期信貸虧損的計量*

對已知財務困難或未對回收作出回應的客戶，有關的應收款項將單獨評估減值撥備。於二零一九年十二月三十一日，有關該等個別評估應收款項的減值損失撥備結餘為港幣21,315,000元（二零一八年：港幣20,095,000元）。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### (ii) Impairment of financial assets (continued)

##### Measurement of expected credit loss on individual basis (continued)

The following table presents the gross carrying amount and the lifetime expected credit loss in respect of individually assessed trade receivables as at 31 December 2018 and 2019:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Gross carrying amount	賬面總值	(21,315)	20,095
Lifetime expected credit loss	全期預計信貸虧損	21,315	(20,095)
Net carrying amount	賬面淨值	-	-

##### Measurement of expected credit loss on collective basis

Expected credit losses are then estimated by grouping the receivables based on shared credit risk characteristics and aging profile and collectively assessed for likelihood of recovery.

The expected credit loss rates are determined based on historical credit losses experienced over the past 3 years and adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (b) 信貸風險 (續)

##### (ii) 金融資產減值 (續)

##### 個人預期信貸虧損的計量 (續)

下表呈列於二零一八年及二零一九年十二月三十一日個別評估應收款項的賬面總值及全期預計虧損：

##### 集體基礎上預期信貸虧損的計量

根據共用信用風險特徵和賬齡記錄對應收賬款進行分組，統一評估收回的可能性，然後估計預期信貸虧損。

預期信貸虧損率乃根據過去3年的歷史信貸虧損經驗釐定，並經調整以反映當前及前瞻性資料，包括影響客戶清償應收款項能力的宏觀經濟因素。



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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### (ii) Impairment of financial assets (continued)

##### Measurement of expected credit loss on collective basis (continued)

As at 31 December 2019, the provision of impairment losses in respect of these collectively assessed receivables was HK\$59,000 (2018: HK\$29,000) based on weighted average expected credit loss rates up to 0.15% applied on different groupings (31 December 2018: up to 0.10%), which does not have a material impact to the consolidated financial statements of the Group.

Impairment losses on receivables are presented as “net impairment losses on financial assets” in the consolidated statement of profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (b) 信貸風險 (續)

##### (ii) 金融資產減值 (續)

##### 集體基礎上預期信貸虧 損的計量 (續)

於二零一九年十二月三十一日，有關該等集體評估應收款項的減值損失撥備為港幣59,000元(二零一八年：港幣29,000元)，基於加權平均預期信貸虧損率高達0.15%適用於不同分組(於二零一八年十二月三十一日：高達0.10%)，對本集團的綜合財務報表並無重大影響。

應收款項減值損失於綜合損益表呈列為「金融資產減值損失淨額」。當應收款項無法收回時，將從應收款項的備抵賬戶中沖銷。之前已註銷的金額的後續回收將記入同一行項目。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### (ii) Impairment of financial assets (continued)

##### Measurement of expected credit loss on collective basis (continued)

The following table presents the gross carrying amount and the provision for impairment loss in respect of collectively assessed trade receivables as at 31 December 2018 and 2019:

		Lifetime expected credit loss rate 全期 預計信貸 虧損率	Gross carrying amount 賬面總值 HK\$'000 港幣千元	Lifetime expected credit loss 全期 預計信貸 虧損 HK\$'000 港幣千元	Net carrying amount 賬面淨值 HK\$'000 港幣千元
<b>As at 31 December 2019</b>	<b>於二零一九年 十二月三十一日</b>				
Aging category	賬齡組別				
Up to 90 days (Note)	上至90日(附註)	0%	407,713	-	407,713
91 to 180 days	91至180日	0.02%	156,246	(35)	156,211
Over 180 days	多於180日	0.15%	15,543	(24)	15,519
Net carrying amount	賬面淨值		579,502	(59)	579,443

### 3 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (b) 信貸風險(續)

##### (ii) 金融資產減值(續)

##### 集體基礎上預期信貸虧 損的計量(續)

下表呈列於二零一八年  
及二零一九年十二月  
三十一日集體評估應收  
款項的賬面總值與減值  
損失撥備：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### (ii) Impairment of financial assets (continued)

Measurement of expected credit loss on  
collective basis (continued)

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (b) 信貸風險 (續)

##### (ii) 金融資產減值 (續)

集體基礎上預期信貸虧  
損的計量 (續)

		Lifetime expected credit loss rate 全期 預計信貸 虧損率	Gross carrying amount 賬面總值 HK\$'000 港幣千元	Lifetime expected credit loss 全期 預計信貸 虧損 HK\$'000 港幣千元	Net carrying amount 賬面淨值 HK\$'000 港幣千元
As at 31 December 2018	於二零一八年 十二月三十一日				
Aging category	賬齡組別				
Up to 90 days (Note)	上至90日 (附註)	0%	509,968	-	509,968
91 to 180 days	91至180日	0.01%	161,457	(9)	161,448
Over 180 days	多於180日	0.10%	19,535	(20)	19,515
Net carrying amount	賬面淨值		690,960	(29)	690,931

Note: Expected credit loss is close to zero as trade receivables within this aging category have no recent history of default.

附註：因為在這一賬齡組別的應收款項沒有最近的違約歷史，預計信貸虧損接近於零。

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## 綜合財務報告附註

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

##### (ii) Impairment of financial assets (continued)

*Pledged deposits on loan from a related company, deposits and other receivables, pledged bank deposits and bank balances*

There is no provision for impairment losses for pledged deposit on loan from a related company, deposits and other receivables, pledged bank deposits and bank balances as at 31 December 2019 (2018: same).

##### (c) Liquidity risk

With prudent liquidity risk management, the Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including long-term and short-term bank borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (b) 信貸風險 (續)

##### (ii) 金融資產減值 (續)

來自一間關連公司貸款相關之已抵押按金、按金及其他應收款、已抵押銀行存款及銀行結存

於二零一九年十二月三十一日，來自一間關連公司貸款相關之已抵押按金、按金及其他應收款、已抵押銀行存款及銀行結存並無減值損失撥備(二零一八年：相同)。

##### (c) 流動資金風險

透過審慎的流動資金風險管理，本集團致力維持充足的現金及現金等價值，或透過充足融資金額(包括短期銀行借貸)取得資金。由於相關業務的多變性質，本集團的融資部門透過維持充足的現金及現金等價值；及透過可動用融資來源維持資金的靈活性。

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to interest-bearing bank deposits with appropriate maturities to manage its overall liquidity position. As at 31 December 2019, the Group maintained cash and cash equivalents of approximately HK\$47,811,000 (2018: HK\$66,682,000) that are expected to be readily available and sufficient to meet the cash outflows of its financial liabilities, hence, management considers that Group's exposure to liquidity risk is not significant.

As at 31 December 2019, the Group's total available banking facilities, amounted to approximately HK\$612,295,000 (2018: HK\$901,553,000), of which approximately HK\$610,702,000 (2018: HK\$874,451,000) has been utilised.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of the reporting period date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (c) 流動資金風險 (續)

經營實體所持有的現金超過營運資金管理所需的餘額時，會被撥入具有適當期限的計息銀行存款以控制整體流動資金狀況。於二零一九年十二月三十一日，本集團持有現金及現金等價值約港幣47,811,000元（二零一八年：港幣66,682,000元），預期隨時可動用並足夠滿足金融負債的現金流出。因此，管理層認為，本集團所承受的流動資金風險並不重大。

於二零一九年十二月三十一日，本集團之可用銀行融資總額約為港幣612,295,000元（二零一八年：港幣901,553,000元），其中已動用約港幣610,702,000元（二零一八年：港幣874,451,000元）。

下表根據結算日餘下期間至合約到期日的分析，將本集團的非衍生金融負債分為有關到期日組別。下表所披露的金額為合約未貼現現金流量。由於折現的影響不大，故於十二個月內到期的結餘相等於其賬面值。



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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk (continued)

### 3 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (c) 流動資金風險 (續)

		Weighted average effective interest rate 加權平均數 實際利率 % (Note) (附註)	On demand 應要求償還 HK\$'000 港幣千元	Less than 3 months 少於三個月 HK\$'000 港幣千元	4-6 months 四至六個月 HK\$'000 港幣千元	7-12 months 七至 十二個月 HK\$'000 港幣千元	Over 1 year 超過一年 HK\$'000 港幣千元	Total undiscounted cash flows 總計未貼 現現金流量 HK\$'000 港幣千元	
As at 31 December 2019	於二零一九年 十二月三十一日								
Trade, bills and other payables	應付賬款、應付票據及 其他應付賬款	-	-	756,921	85,561	-	-	842,482	
Loans from related companies	來自關連公司之貸款	4.50	-	-	58,769	-	-	58,769	
Bank borrowings	銀行貸款								
- fixed rate	- 固定利率	4.24	-	198,718	137,173	79,455	210,760	626,106	
Financial liability at fair value through profit or loss	按公平值計入損益之 金融負債	4.00	-	3,000	-	3,000	159,000	165,000	
Lease liabilities	租賃負債	5.36	-	296	300	609	404	1,609	
				-	958,935	281,803	83,064	370,164	1,693,966
As at 31 December 2018	於二零一八年 十二月三十一日								
Trade, bills and other payables	應付賬款、應付票據及 其他應付賬款	-	-	813,750	96,861	-	-	910,611	
Loans from related companies	來自關連公司之貸款	4.57	-	32,990	7,234	195,334	-	235,558	
Bank borrowings	銀行貸款								
- fixed rate	- 固定利率	5.46	-	209,009	276,439	100,865	-	586,313	
- variable rate	- 變動利率	5.23	-	14,256	-	14,641	284,425	313,322	
				-	1,070,005	380,534	310,840	284,425	2,045,804

Note: The weighted average effective interest rates are based on the rates of the borrowings at the end of the reporting period.

附註：加權平均實際利率乃根據報告期末的借款利率計算。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.2 Capital management

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

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

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as total interest bearing borrowings of the Group (including loans from related companies, bank borrowings and financial liability at fair value through profit or loss) less bank balances and cash (including pledged bank deposits) divided by total equity, as shown in the consolidated statement of financial position.

### 3 財務風險管理 (續)

#### 3.2 資本管理

本集團將其股東權益視為資本。本集團管理資本的目的為保障本集團繼續以持續經營方式為股東提供回報以及為其他利益相關者帶來利益，並且維持最佳資本結構以減少資金成本。

為維持或調整資本結構，本集團可調整向股東支付股息的金額、將資本退還予股東、發行新股份或出售資產以減少債項。

本集團以資本負債比率作為監控資本之基準。該比率按本集團之借貸總額（包括來自關連公司之貸款、銀行貸款及按公平值計入損益之金融負債）減銀行結存及現金（包括已抵押銀行存款）除以權益總額計算，如綜合財務狀況表所示。

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### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.2 Capital management (continued)

As at 31 December 2018 and 2019, the gearing ratio was as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Loans from related companies (Note 28)	來自關連公司之貸款 (附註28)	57,644	226,358
Bank borrowings (Note 29)	銀行貸款(附註29)	610,702	874,451
Financial liability at fair value through profit or loss (Note 30)	按公平值計入損益之 金融負債(附註30)	152,944	-
Less: Pledged bank deposits (Note 26 (a))	減：已抵押銀行存款 (附註26(a))	(53,921)	(78,630)
Bank balances and cash (Note 26 (b))	銀行結存及現金 (附註26(b))	(47,811)	(66,682)
Net debt	借貸淨額	719,558	955,497
Total equity	權益總額	1,415,072	1,339,150
Gearing ratio	負債比率	50.8%	71.4%

#### 3.3 Fair value estimation

The carrying amounts of the Group's financial assets including pledged deposit on loan from a related company, trade receivables, bills receivable, deposits and other receivables, pledged bank deposits and bank balances and cash; and financial liabilities including trade and bills payables, other payables and accruals, loans from related companies and bank borrowings approximate their fair values due to their short maturities.

### 3 財務風險管理 (續)

#### 3.2 資本管理 (續)

於二零一八年及二零一九年十二月三十一日，資本負債比率：

#### 3.3 公平值估計

本集團金融資產的賬面值，包括來自一間關連公司貸款相關之已抵押按金、應收賬款、應收票據、按金及其他應收款、已抵押銀行存款及銀行結存及現金；及金融負債，包括應付賬款及應付票據、其他應付款及預提費用、來自關連公司之貸款及銀行貸款，由於其到期日短，估計其公平值相若。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the consolidated financial statements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

#### (a) Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current tax and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

### 4 重大會計判斷和估計不確定因素之主要來源

用於編製綜合財務報表之估計及判斷，乃基於過往經驗及其他因素，包括預期日後在有關情況下相信合理出現之事件而作出。

本集團作出有關未來之估計及假設。顧名思義，所作會計估計甚少與有關之實際結果相同。下文討論之估計及假設可能會對下一個財政年度資產與負債之賬面值造成重大影響。

#### (a) 所得稅及遞延稅項

對所得稅釐定撥備時，需要作出重要的判斷。許多交易及計算的最終釐定無法確定。當最終的稅款結果與最初記賬金額不同時，有關差額將影響釐定期間的當期稅項和遞延稅項資產及負債。

當管理層認為將來很有可能應課稅溢利以抵銷暫時性差額或可使用稅務虧損時，有關若干暫時性差額及稅務虧損的遞延稅項資產予以確認。實際使用的結果可能不同。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

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### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### (b) Impairment assessments of property, plant and equipment and land use rights

Property, plant and equipment and land use rights are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations.

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

### 4 重大會計判斷和估計不確定因素之主要來源 (續)

#### (b) 物業、廠房及設備及土地使用權減值評估

當任何事件或情況變化顯示賬面值可能無法收回時，物業、廠房及設備及土地使用權會進行減值檢討。可收回金額乃根據使用價值計算或公平值減銷售成本之較高者釐定。

計算需要使用判斷和估計。資產減值部分需要管理層的判斷進行，特別是在評估時：(i)是否發生了可能表明相關資產價值無法收回的事件；(ii)資產的賬面值是否可以由可收回金額支援，即公平值減去出售成本與未來現金流量淨現值之間的較高者，而該等現金流量乃根據業務持續使用該資產而估計；及(iii)在編制現金流量預測時應採用的適當關鍵假設，包括這些現金流量預測是否以適當的利率貼現。管理層在評估減值時更改所選擇的假設，包括現金流量預測中的鋼簾線價格年增長率或貼現率的假設，可能會影響減值測試中使用的淨現值，從而影響本集團的財務狀況和營運業績。



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### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### (c) Impairment of trade receivables

The Group makes provision for impairment loss on trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit losses allowance calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

#### (d) Provision for inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is written down to net realisable value when there is an objective evidence that the cost of inventories may not be recoverable. The cost of inventories may not be recoverable if those inventories are aged and damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs to be incurred to make the sales have increased.

The amount written off in the consolidated income statement is the difference between the carrying value and net realisable value of the inventories. In determining whether the inventories can be recoverable, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered. During the year, certain inventories written down in prior years have been subsequently sold at prices higher than their then net realisable value. Provision regarding these inventories have been reversed.

### 4 重大會計判斷和估計不確定因素之主要來源 (續)

#### (c) 應收款項減值

本集團根據對違約風險和預期損失率的假設，對應收賬款計提減值損失撥備。本集團根據本集團過往歷史，現有市況及每個報告期末的前瞻性估計，使用判斷作出該等假設及選擇預期信貸虧損撥備計算的輸入數據。

#### (d) 存貨撥備

存貨乃按成本及可變現淨值兩者之間較低者入賬。倘有客觀證據顯示存貨成本或不能收回，則將存貨成本撇減至可變現淨值。倘存貨損壞、全部或部份陳舊或售價下跌，則可能不能收回存貨成本。倘進行銷售將予產生的估計成本增加，亦可能導致不能收回存貨成本。

於綜合損益表撇銷的金額為存貨的賬面值與可變現淨值之間的差額。於釐定可收回的存貨成本時須作出重大判斷。於作出有關判斷時，本集團會評估（其中包括）以任何方式收回金額的時間及情況。年內，過往年度撇減的若干存貨以高於它們的可變現淨值出售，該存貨撥備因此被撥回。

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### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### (e) Fair value of investment properties and property, plant and equipment measured at revalued amount

The fair value of investment properties and property, plant and equipment measured at revalued amount is determined by using various valuation techniques. Details of the judgement and assumptions have been disclosed in Notes 16 and 17.

#### (f) Fair value of a financial liability at fair value through profit or loss

The fair value of a financial liability at fair value through profit or loss is determined by using various valuation techniques. Details of the judgement and assumptions have been disclosed in Note 30.

### 5 REVENUE

The Group is principally engaged in the manufacturing of steel cords. Revenue recognised during the year are as follows:

### 4 重大會計判斷和估計不確定因素之主要來源 (續)

#### (e) 投資物業及物業、廠房及設備的公平值按重估金額計量

按重估金額計量的投資物業及物業、廠房及設備的公平值乃使用多種估值技術釐定。有關判斷及假設的詳情已於附註16及17披露。

#### (f) 按公平值計入損益之金融負債的公平值

按公平值計入損益之金融負債的公平值是通過使用各種估值技術確定的。有關判斷及假設的詳情已於附註30中披露。

### 5 營業額

本集團主要從事鋼簾線製造。本年度確認的收入如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Sales of goods – Manufacturing of steel cords	貨品銷售 – 製造鋼簾線	<b>2,139,930</b>	2,121,189
Rental income	租金收入	<b>1,450</b>	1,804
		<b>2,141,380</b>	2,122,993

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### 6 SEGMENT INFORMATION

Information reported to the Company's managing director, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

Specifically, the Group's operating and reportable segment under HKFRS 8 Operating Segments is steel cord segment comprising the manufacturing of steel cords.

In September 2019, the Group discontinued the processing and trading of copper and brass products business in the PRC (Note 32).

Segment results represent the profit or loss of each segment without allocation of changes in fair value of investment properties and financial liability at fair value through profit or loss, certain foreign exchange gains or losses, central administration costs, the emoluments of directors of the Company, interest income on bank deposits, finance costs and rental and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### 6 分部資料

就資源分配及分部表現評估而向本公司之董事總經理，主要營運決策者（「主要營運決策者」）呈報的資料，集中於交付產品的種類。

根據香港財務報告準則第8號經營分部，本集團之經營及應呈報分部具體為鋼簾線分部乃包括製造鋼簾線。

在二零一九年九月，本集團已終止經營於中國的銅及黃銅材料的加工及貿易業務（附註32）。

分部業績指各分部之損益，並不包括分配投資物業之公平值變動、若干外幣匯兌收益或虧損、中央行政成本、本公司董事酬金、銀行存款之利息收入、財務成本、租金及其他收入。此乃呈報予主要營運決策者作為資源分配和表現評估之計量。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (a) Segment revenues and results

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

For the year ended 31 December 2019

### 6 分部資料 (續)

#### (a) 分部營業額及業績

以下為本集團按經營及應呈報分部之營業額及業績之分析：

截至二零一九年十二月三十一日止年度

		Steel cord 鋼簾線 HK\$'000 港幣千元
Sales of goods	貨品銷售	
Segment revenue from external customers	分部營業額來自外部客戶	2,139,930
Segment results	分部業績	204,719
Unallocated amounts	未分配金額	
Rental income	租金收入	1,450
Other losses, net and foreign exchange gains, net	其他虧損，淨額及外幣匯兌收益，淨額	(2,269)
Changes in fair value of investment properties	投資物業公平值之變動	(718)
Expenses	費用	(22,708)
Finance costs, net	財務成本，淨額	(64,704)
Profit before income tax	除所得稅前溢利	115,770
Income tax expense	所得稅支出	(4,026)
Profit from continuing operations	來自持續經營業務之溢利	111,744
Loss from discontinued operation	來自已終止經營業務之虧損	(3,400)
Profit for the year	本年度溢利	108,344

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (a) Segment revenues and results (continued)

For the year ended 31 December 2018

### 6 分部資料 (續)

#### (a) 分部營業額及業績 (續)

截至二零一八年十二月三十一日止年度

		Steel cord 鋼簾線 HK\$'000 港幣千元 (Restated) (重列)
<u>Sales of goods</u>	<u>貨品銷售</u>	
Segment revenue from external customers	分部營業額來自外部客戶	2,121,189
Segment results	分部業績	93,264
Unallocated amounts	未分配金額	
Rental income	租金收入	1,804
Other losses, net and foreign exchange gains, net	其他虧損·淨額及外幣匯兌收益·淨額	(3,094)
Changes in fair value of investment properties	投資物業公平值之變動	4,017
Expenses	費用	(24,507)
Finance costs, net	財務成本·淨額	(78,613)
Loss before income tax	除所得稅前虧損	(7,129)
Income tax credit	所得稅抵免	2,476
Loss from continuing operations	來自持續經營業務之虧損	(4,653)
Loss from discontinued operation	來自已終止經營業務之虧損	(4,028)
Loss for the year	本年度虧損	(8,681)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

#### Segment assets

### 6 分部資料 (續)

#### (b) 分部資產及負債

以下為本集團按經營及應呈報分部之資產及負債之分析：

#### 分部資產

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
Steel cord	鋼簾線	2,967,813	3,177,793
Total segment assets	分部資產總額	2,967,813	3,177,793
Bank balances and cash	銀行結存及現金	47,811	66,682
Pledged deposit on loan from a related company	來自一間關連公司貸款 相關之已抵押按金	-	7,989
Pledged bank deposits	已抵押銀行存款	53,921	78,630
Unallocated assets	未分配資產	74,191	75,606
Discontinued operation	已終止經營業務	182	7,767
Total assets	資產總額	3,143,918	3,414,467

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FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (b) Segment assets and liabilities (continued)

##### Segment liabilities

### 6 分部資料 (續)

#### (b) 分部資產及負債 (續)

##### 分部負債

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
Steel cord	鋼簾線	893,191	952,814
Total segment liabilities	分部負債總額	893,191	952,814
Loans from related companies	來自關連公司之貸款	57,644	226,358
Bank borrowings	銀行貸款	610,702	874,451
Financial liability at fair value through profit or loss	按公平值計入損益之 金融負債	152,944	–
Unallocated liabilities	未分配負債	14,272	21,651
Discontinued operation	已終止經營業務	93	43
Total liabilities	負債總額	1,728,846	2,075,317

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segment other than certain property, plant and equipment, investment properties, right-of-use assets, certain prepayments, deposits and other receivables, pledged deposit on loan from a related company, pledged bank deposits and bank balances and cash.
- all liabilities are allocated to operating segment other than current income tax liabilities, bank borrowings, loans from related companies, lease liabilities, financial liability at fair value through profit or loss, deferred income tax liabilities and other unallocated payables and accruals.

就監管分部表現及調配各分部資源之用途而言：

- 除若干物業、廠房及設備、投資物業、資產使用權、若干預付款、按金及其他應收款、來自一間關連公司貸款相關之已抵押按金、已抵押銀行存款及銀行結存及現金外，所有資產已被分配到經營分部。
- 除當期所得稅負債、銀行貸款、來自關連公司之貸款、租賃負債、按公平值計入損益之金融負債、遞延所得稅負債及其他未被分配的應付款及預提費用外，所有負債已被分配到經營分部。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (c) Other segment information

For the year ended 31 December 2019

### 6 分部資料 (續)

#### (c) 其他分部資料

截至二零一九年十二月三十一日止  
年度

		Steel cord 鋼簾線 HK\$'000 港幣千元
<b>Amounts included in the measure of segment assets or segment profit or loss:</b>	<b>包括於計量分部資產或分部損益之金額：</b>	
Capital expenditures	資本開支	55,811
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	99,557
Depreciation of right-of-use assets	資產使用權之折舊	1,199
Amortisation of land use rights	預付租賃款項之攤銷	1,929
Net impairment losses on financial assets	金融資產減值損失淨額	1,058
Reversal of impairment losses on land use rights	土地使用權之減值損失撥回	(17,456)
Provision for inventories, net	存貨撥備，淨額	9,096
Losses on disposal of property, plant and equipment, net	出售物業、廠房及設備之虧損，淨額	995
<b>Amount regularly provided to CODM but not included in the measure of segment profit or loss or segment assets and liabilities:</b>	<b>定期提供予主要營運決策者但不包括於計量分部損益或分部資產及負債之金額：</b>	
Income tax expense	所得稅支出	4,128

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (c) Other segment information

For the year ended 31 December 2018

### 6 分部資料 (續)

#### (c) 其他分部資料

截至二零一八年十二月三十一日止  
年度

		Steel cord 鋼簾線 HK\$'000 港幣千元
<hr/>		
<b>Amounts included in the measure of segment assets or segment profit or loss:</b>	<b>包括於計量分部資產或分部損益之金額：</b>	
Capital expenditures	資本開支	53,059
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	129,416
Amortisation of prepaid lease payments	預付租賃款項之攤銷	4,681
Net impairment losses on financial assets	金融資產減值損失淨額	1,652
Provision for inventories, net	存貨撥備，淨額	(740)
Losses on disposal of property, plant and equipment, net	出售物業、廠房及設備之虧損，淨額	1,796
<hr/>		
<b>Amount regularly provided to CODM but not included in the measure of segment profit or loss or segment assets and liabilities:</b>	<b>定期提供予主要營運決策者但不包括於計量分部損益或分部資產及負債之金額：</b>	
Income tax credit	所得稅抵免	(3,124)

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 6 SEGMENT INFORMATION (continued)

#### (d) Geographical information

The Group's operations, non-current assets and substantially all of the customers are located in the PRC (including Hong Kong) which is the country of domicile of the relevant entities of the Group. Accordingly, no further analysis of revenue from external customers and non-current assets by geographical location is presented.

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

### 6 分部資料 (續)

#### (d) 地區資料

本集團之營運、非流動資產及絕大部份客戶均位於本集團相關實體的所在國家，中國（包括香港）。因此，並無呈列來自外界客戶之營業額及非流動資產以地區分類的進一步分析。

來自佔本集團總營業額逾10%之客戶的營業額如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Customer A (Note)	客戶A (附註)	<b>334,290</b>	370,743
Customer B (Note)	客戶B (附註)	<b>260,579</b>	265,503

Note: Revenue from steel cord segment.

附註：來自鋼簾線分部之營業額。

### 7 OTHER INCOME

### 7 其他收入

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Government grants (Note)	政府補貼 (附註)	<b>13,190</b>	1,097
Sales of scrap materials	銷售廢舊物料	<b>3,701</b>	2,659
		<b>16,891</b>	3,756

Note: The government grants represented immediate financial subsidies granted by the local governments in the PRC.

附註：政府補貼指來自中國地方政府的直接財政資助。

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 8 OTHER LOSSES, NET

### 8 其他虧損，淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Continuing operations</b>	<b>持續經營業務</b>		
Net fair value gains/(losses) on derivatives held for trading	持作買賣之衍生工具之公平值淨收益／(虧損)	2,228	(1,956)
Fair value loss on financial liability at fair value through profit or loss (Note 30)	按公平值計入損益之金融負債之公平值虧損(附註30)	(5,944)	–
Loss on disposals of property, plant and equipment, net	出售物業、廠房及設備之虧損，淨額	(995)	(2,154)
Losses on disposal of club memberships	出售會籍之虧損	–	(225)
Impairment losses on property, plant and equipment (Note 17)	物業、廠房及設備之減值損失(附註17)	(9,745)	–
Others	其他	1,277	333
		<b>(13,179)</b>	<b>(4,002)</b>



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## 綜合財務報告附註

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### 9 EXPENSES BY NATURE

Expenses included in cost of sales, distribution and selling expenses, administrative expenses and research and development are analysed as follows:

### 9 按性質劃分的費用

於銷售成本、分銷及銷售費用、行政費用及研發費用之費用分析如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Continuing operations</b>	<b>持續經營業務</b>		
Cost of inventories sold (including net provision for inventories recognised)	銷售成本（包括已確認存貨淨撥備）	<b>1,744,208</b>	1,844,208
Employee benefit expense (including directors' emoluments) (Note 10)	僱員福利開支（包括董事酬金）（附註10）	<b>217,242</b>	220,910
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	<b>100,860</b>	130,205
Depreciation of right-of-use assets (Note 18)	資產使用權之折舊（附註18）	<b>1,199</b>	–
Amortisation of land use rights (Note 20)	土地使用權之攤銷（附註20）	<b>1,929</b>	–
Amortisation of prepaid lease payments (Note 20)	預付租賃款項之攤銷（附註20）	–	4,681
Auditor's remuneration	審計師的酬金		
– Audit services	– 審計服務	<b>1,537</b>	1,495
– Non-audit services	– 非審計服務	<b>674</b>	428
Provision for/(reversal of provision for) inventories, net (Note 22)	存貨撥備／（撥備撥回），淨額（附註22）	<b>9,096</b>	(740)
Operating lease rentals in respect of buildings	樓宇之經營租賃租金	–	3,896

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 10 EMPLOYEE BENEFIT EXPENSE

### 10 僱員福利開支

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Continuing operations</b>	<b>持續經營業務</b>		
Wages, salaries, allowances and other benefits	薪金、工資、津貼及其他福利	<b>197,239</b>	197,943
Pension costs – defined contributed plans	退休福利計劃之供款	<b>234</b>	312
Pension costs – social securities in the PRC	退休福利計劃之位於中國的社會保障金	<b>19,769</b>	22,655
		<b>217,242</b>	220,910

#### Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2019 included two (2018: three) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments payable to the remaining three (2018: two) individuals during the year are as follows:

#### 最高五位薪酬之僱員

截至二零一九年十二月三十一日止年度，本集團薪酬最高的五名個人包括兩名（二零一八年：三名）董事，其酬金已反映於附註39所示的分析中。年內應付餘下三名（二零一八年：兩名）僱員的薪酬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Salaries, allowances and other benefits	薪金、津貼及其他福利	<b>3,395</b>	2,619
Discretionary bonuses	表現相關的花紅	<b>917</b>	291
Pension costs – defined contribution plans	退休福利計劃之供款	<b>151</b>	126
		<b>4,463</b>	3,036

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 10 EMPLOYEE BENEFIT EXPENSE (continued)

#### Five highest paid individuals (continued)

The emoluments fell within the following bands:

		Number of individuals 僱員人數	
		2019 二零一九年	2018 二零一八年
<b>Continuing operations</b>	<b>持續經營業務</b>		
Emolument bands	酬金範圍		
HK\$1,000,001 to HK\$1,500,000	港幣1,000,001元至 港幣1,500,000元	2	1
HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至 港幣2,000,000元	1	1
		<b>3</b>	<b>2</b>

Two (2018: three) executive directors of the Company, constitute senior management of the Company, their emoluments were within the following bands:

兩名(二零一八年:三名)本公司執行董事,構成本公司高級管理人員,其酬金屬於以下範圍:

		Number of individuals 僱員人數	
		2019 二零一九年	2018 二零一八年
<b>Continuing operations</b>	<b>持續經營業務</b>		
Emolument bands	酬金範圍		
HK\$1,500,001 to HK\$2,000,000	港幣1,500,001元至 港幣2,000,000元	-	2
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至 港幣2,500,000元	2	1
		<b>2</b>	<b>3</b>

For the years ended 31 December 2018 and 2019, no emoluments were paid by the Group to any of the directors or other members of the five highest paid individuals as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

截至二零一八年及二零一九年十二月三十一日止年度,本集團概無向任何最高五位薪酬之僱員的董事或其他成員支付酬金,以作為吸引彼等加入或於加入本集團時之獎金或作為離職補償。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 11 FINANCE COSTS, NET

### 11 財務成本，淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Continuing operations</b>	<b>持續經營業務</b>		
<b>Finance income</b>	<b>財務收入</b>		
Interest income on bank deposits	銀行存款利息收入	865	1,285
<b>Finance costs</b>	<b>財務成本</b>		
Interest expenses on bank borrowings	銀行貸款之利息支出	(37,667)	(42,084)
Interest expenses on loans from related companies	來自關連公司貸款之利息支出	(8,261)	(12,790)
Interest expenses on lease liabilities (Note 18)	租賃負債之利息支出 (附註18)	(115)	–
Amortisation of loan transaction costs	貸款交易成本之攤銷	(1,994)	(2,422)
Foreign exchange losses on borrowings and financial liability at fair value through profit or loss	貸款及按公平值計入損益之金融負債之外幣匯兌虧損	(17,532)	(24,541)
		(65,569)	(81,837)
Amount capitalised	資本化金額	–	1,939
Total finance costs	財務成本總額	(65,569)	(79,898)
<b>Finance costs, net</b>	<b>財務成本，淨額</b>	<b>(64,704)</b>	<b>(78,613)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 12 INCOME TAX EXPENSE/(CREDIT)

### 12 所得稅支出／（抵免）

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Current income tax:	當期所得稅：		
– China corporate income tax	– 中國企業所得稅	4,003	886
Overprovision in prior years	以前年度超額撥備	(1,294)	(1,254)
Total current income tax	當期所得稅總額	2,709	(368)
Deferred income tax (Note 31)	遞延所得稅（附註31）	1,317	(2,068)
Income tax expense/(credit)	所得稅支出／（抵免）	4,026	(2,436)
Income tax expense/(credit) is attributable to:	所得稅支出／（抵免）歸屬於：		
– Continuing operations	– 持續經營業務	4,026	(2,476)
– Discontinued operation (Note 32)	– 已終止經營業務（附註32）	-	40
		4,026	(2,436)

No provision for Hong Kong profits tax for the years ended 31 December 2018 and 2019 as there is no assessable profit subject to Hong Kong profits tax for both years.

於截至二零一八年及二零一九年十二月三十一日止年度，本集團並無任何須繳付香港利得稅的應課稅溢利，因此於兩個年度均無香港利得稅之撥備。

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “CIT Law”), companies in the PRC are subject to income tax of 25% unless preferential rate is applicable.

根據自二零零八年一月一日生效之中國企業所得稅法（「企業所得稅法」），除非優惠稅率適用，否則於中國的公司須繳納25%的所得稅。

If a subsidiary is subject to CIT and qualified as High and New Technology Enterprise (“HNTE”), the applicable CIT tax rate is 15%.

如附屬公司根據企業所得稅法及有國家鼓勵的高新技術企業（「高新技術企業」）之資格，適用的企業所得稅稅率為15%。

The applicable CIT tax rate for Jiaxing Eastern Steel Cord Co., Ltd (“JESC”) was 15% for the years ended 31 December 2018 and 2019.

於截至二零一八年及二零一九年十二月三十一日止年度，嘉興東方鋼簾線有限公司（「嘉興東方」）的企業所得稅稅率為15%。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 12 INCOME TAX EXPENSE/(CREDIT) (continued)

The taxation on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities in the respective jurisdictions as follows:

### 12 所得稅支出／（抵免）（續）

本集團除所得稅前溢利／（虧損）的稅項與採用適用於各個司法權區的合併實體溢利的加權平均稅率計算的理論金額的差額如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
Profit/(loss) from continuing operations before income tax	來自持續經營業務之除所得稅前溢利／（虧損）	115,770	(7,129)
Loss from discontinued operation before income tax	來自已終止經營業務之除所得稅前虧損	(3,400)	(3,988)
Profit/(loss) before income tax	除所得稅前溢利／（虧損）	112,370	(11,117)
Tax calculated at domestic tax rates applicable to profits/(losses) in the respective countries (Note (i))	按國內稅率計算的適用於各國溢利／（虧損）的稅額（附註(i)）	12,989	(4,504)
Expenses not deductible for taxation purposes	不可抵扣稅項之費用	9,265	16,667
Income not subject to taxation	不計入稅項之收入	(4,086)	(8,869)
Tax losses for which no deferred income tax was recognised	未確認遞延所得稅的稅務虧損	3,424	8,291
Utilisation of previously unrecognised tax losses	使用以往未確認的稅務虧損	(13,502)	(10,117)
Tax incentives for research and development expenses available for a subsidiary incorporated in the PRC (Note (ii))	在中國成立附屬公司的研發開支稅務優惠（附註(ii)）	(6,008)	(4,330)
Withholding tax on dividends	股息之預提稅項	2,417	–
Withholding tax on interest income (Note (iii))	利息收入之預提稅項（附註(iii)）	821	1,680
Overprovision in prior years	以前年度的超額準備金	(1,294)	(1,254)
		4,026	(2,436)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 12 INCOME TAX EXPENSE/(CREDIT) (continued)

Notes:

- i The weighted average applicable tax rate was 7.3% for the year ended 31 December 2019 (2018: 4.9%). The change is carried by a change in the profitability mix of the Group's subsidiaries in the respective countries.
- ii The Group obtained an incentive from the PRC tax authority relating to the research and development expenses of a subsidiary in the PRC. Under such tax incentive rule, the Group may claim an additional tax deduction up to 75% (2018: 75%) of the relevant research and development expenses incurred in a year approved by the PRC tax authority.
- iii The withholding tax rates on interest income earned from entities in the PRC was 7% (2018: 7%).

### 13 SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2018 and 2019:

Name of subsidiaries 附屬公司名稱	Place of incorporation/ registration and operation 成立/註冊及經營地點	Particulars of issued and paid-up capital 已發行及繳足股本詳情	Attributable equity interest of the Group 本集團應佔股權百分比		Principal activities 主要業務
			2019 二零一九年	2018 二零一八年	
Bigland Investment Limited 大龍投資有限公司	Hong Kong/PRC 香港/中國	HK\$2 港幣2元	100%	100%	Property investment 物業投資
Eastern Century Metal Products Limited 寶佳金屬製品有限公司	Hong Kong 香港	HK\$1,000,000 港幣1,000,000元	100%	100%	Trading of metals and investment holding 金屬貿易及投資控股
Everwinner Investments Limited 永宏利投資有限公司	Hong Kong 香港	HK\$1,000,000 港幣1,000,000元	100%	100%	Investment holding 投資控股
Fair Win Development Limited 輝榮發展有限公司	Hong Kong/PRC 香港/中國	HK\$500,000 港幣500,000元	100%	100%	Property investment 物業投資
Heroland Investment Limited 天雄投資有限公司	Hong Kong 香港	HK\$2 港幣2元	100%	100%	Property investment 物業投資
Hing Cheong Metals (China & Hong Kong) Limited 興昌五金(中港)有限公司	Hong Kong 香港	HK\$1,000,000 港幣1,000,000元	100%*	100%*	Processing and trading of copper and brass products 銅及黃銅材料加工及貿易

### 12 所得稅支出/(抵免)(續)

附註:

- i 截至二零一九年十二月三十一日止年度，加權平均適用稅率為7.3%（二零一八年：4.9%）。變動乃由於本集團於各國的附屬公司盈利能力組合出現變化所致。
- ii 本集團向中國稅務機關取得有關中國附屬公司研發開支的優惠。根據該稅務優惠條款，本集團可向中國稅務機關申請的當年發生的相關研發費用的75%（二零一八年：75%）的額外稅收減免。
- iii 賺取自中國實體之利息收入的預提稅稅率為7%（二零一八年：7%）。

### 13 附屬公司

截至二零一八年及二零一九年十二月三十一日止，主要附屬公司之詳情如下：

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 13 SUBSIDIARIES (continued)

### 13 附屬公司 (續)

Name of subsidiaries 附屬公司名稱	Place of incorporation/ registration and operation 成立/註冊及經營地點	Particulars of issued and paid-up capital 已發行及繳足股本詳情	Attributable equity interest of the Group 本集團應佔股權百分比		Principal activities 主要業務
			2019 二零一九年	2018 二零一八年	
Jiaxing Eastern Steel Cord Co., Ltd.# ("JESC") 嘉興東方鋼簾線有限公司#	PRC 中國	US\$70,000,000 70,000,000美元	100%	100%	Manufacturing of steel cords 製造鋼簾線
Tengzhou Eastern Steel Cord Co., Ltd.# ("TESC") (Note (a)) 滕州東方鋼簾線有限公司# (附註(a))	PRC 中國	US\$94,000,000 (2018: US\$82,000,000) 94,000,000美元 (二零一八年: 82,000,000 美元)	100%	100%	Manufacturing of steel cords 製造鋼簾線
東莞興銅五金有限公司#	PRC 中國	US\$5,700,000 5,700,000美元	100%	100%	Processing and trading of copper and brass products 銅及黃銅材料加工及貿易
首長寶佳(上海)管理有限公司# (Note (b)) (附註(b))	PRC 中國	US\$7,000,000 (2018: US\$2,000,000) 7,000,000美元 (二零一八年: 2,000,000 美元)	100%*	100%*	Provision of management services 提供管理服務

# A wholly foreign owned enterprise

# 全外資企業

\* Directly held by the Company

\* 本公司直接持有

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 13 SUBSIDIARIES (continued)

Notes:

- (a) The paid up capital of Tengzhou Eastern Steel Cord Co., Ltd. increased from US\$82,000,000 to US\$94,000,000 on 26 November 2019.
- (b) The paid up capital of 首長寶佳(上海)管理有限公司 increased from US\$2,000,000 to US\$7,000,000 on 16 December 2019.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any loan capital and issued any debt securities subsisting at the end of the year or at any time during the year (2018: same).

### 14 DIVIDENDS

On 24 March 2020, the Board has recommended the payment of a final dividend of HK1 cent per fully paid ordinary share, with total amount of approximately HK\$19,000,000 for the year ended 31 December 2019 (2018: Nil). The final dividend is subject to the shareholders' approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2019 has not been recognised as a liability as at 31 December 2019.

### 13 附屬公司 (續)

附註:

- (a) 滕州東方鋼簾線有限公司的繳足股本於二零一九年十一月二十六日由82,000,000美元增加至94,000,000美元。
- (b) 首長寶佳(上海)管理有限公司的已繳足股本於二零一九年十二月十六日由2,000,000美元增加至7,000,000美元。

本公司董事認為，上表列出本公司之附屬公司乃主要影響本年度業績，或構成本集團資產淨值之重要部份之附屬公司。本公司董事認為詳列其他附屬公司之資料將會導致篇幅過份冗長。

各附屬公司於年末時或於本年度內任何時間概無任何債務資本或已發行任何債務證券(二零一八年:相同)。

### 14 股息

董事會於二零二零年三月二十四日建議派發末期股息每股繳足股本的普通股1港仙(二零一八年:無)，即截至二零一九年十二月三十一日止年度總股息分派額約為港幣19,000,000元。末期股息需在即將來臨的股東周年大會上經股東批核。於二零一九年十二月三十一日後擬派的末期股息不會計入於二零一九年十二月三十一日的負債。

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 15 EARNINGS/(LOSS) PER SHARE

#### (a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

### 15 每股盈利／（虧損）

#### (a) 基本

每股基本盈利／（虧損）乃按本公司持有人應佔本年度盈利／（虧損）除年內已發行普通股加權平均數計算。

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Profit/(loss) attributable to the owners of the Company used in calculating basic earnings/(loss) per share:	本公司擁有人應佔本年度溢利／（虧損）用於計算每股基本盈利／（虧損）：		
– Continuing operations (HK\$'000)	– 持續經營業務 （港幣千元）	111,744	(4,653)
– Discontinued operation (HK\$'000)	– 已終止經營業務 （港幣千元）	(3,400)	(4,028)
		<b>108,344</b>	<b>(8,681)</b>
Weighted average number of ordinary shares in issue (shares)	已發行普通股加權平均數 （股份）	<b>1,922,900,556</b>	1,922,900,556
From continuing operations attributable to the owners of the Company (HK cents)	本公司擁有人應佔來自持續經營業務（港仙）	<b>5.81</b>	(0.24)
From discontinued operation (HK cents)	來自已終止經營業務 （港仙）	<b>(0.18)</b>	(0.21)
Basic earnings/(loss) per share attributable to the owners of the Company (HK cents)	本公司擁有人應佔每股基本盈利／（虧損） （港仙）	<b>5.63</b>	(0.45)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 15 EARNINGS/(LOSS) PER SHARE (continued)

#### (b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has two categories (2018: one category) of potentially dilutive ordinary shares: convertible bonds (Note 30) and share options (2018: share options). For the convertible bonds and share options, calculations are done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the year) based on the monetary value of the subscription rights attached to outstanding convertible bonds and share options.

For the year ended 31 December 2019, convertible bonds issued are considered to be potential ordinary shares and have been included in the determination of diluted earnings/(loss) per share from their date of issue. The convertible bonds have not been included in the determination of basic earnings/(loss) per share.

For the year ended 31 December 2018, as the outstanding share options would result in an anti-dilution at earnings/(loss) per share, the diluted earnings/(loss) per share equals the basic earnings/(loss) per share.

### 15 每股盈利／（虧損）（續）

#### (b) 攤薄

每股攤薄盈利／（虧損）乃透過調整已發行普通股加權平均數以假設轉換所有潛在攤薄普通股而計算。本公司有兩類（二零一八年：一類）潛在攤薄普通股：可換股債券（附註30）及購股權（二零一八年：購股權）。就可換股債券及購股權而言，按尚未行使可換股債券及購股權所附認購權的貨幣價值計算，以釐定可按公平值（定為本公司股份期間內的平均市價）購買的股份數目。

截至二零一九年十二月三十一日止年度，發行的可換股債券被認為是潛在的普通股，並已包含在自發行之日起確定每股攤薄盈利／（虧損）中。可換股債券未計入每股基本盈利／（虧損）的確定中。

截至二零一八年十二月三十一日止年度，由於未獲行使購股權會對每股盈利／（虧損）產生反攤薄，每股攤薄盈利／（虧損）等於每股基本盈利／（虧損）。

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## 綜合財務報告附註

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### 15 EARNINGS/(LOSS) PER SHARE (continued) 15 每股盈利／（虧損）（續）

(b) Diluted (continued) (b) 攤薄（續）

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Profit/(loss) attributable to the owners of the Company used in calculating basic earnings/(loss) per share:	本公司擁有人應佔本年度溢利／（虧損）用於計算每股基本盈利／（虧損）：		
– Continuing operations (HK\$'000)	– 持續經營業務（港幣千元）	111,744	(4,653)
– Discontinued operation (HK\$'000)	– 已終止經營業務（港幣千元）	(3,400)	(4,028)
		108,344	(8,681)
Profit adjustment for convertible bonds (HK\$'000)	因可換股債券而調整溢利（港幣千元）	12,999	–
		121,343	(8,681)
Weighted average number of ordinary shares in issue (shares)	已發行普通股加權平均數（股份）	1,922,900,556	1,922,900,556
Adjustment for convertible bonds (shares)	因可換股債券而調整（股份）	403,486,924	–
Weighted average number of ordinary shares for diluted earnings per share (shares)	每股攤薄盈利之普通股加權平均數（股份）	2,326,387,480	1,922,900,556
From continuing operations attributable to the owners of the Company (HK cents)	本公司擁有人應佔來自持續經營業務（港仙）	5.36	(0.24)
From discontinued operation (HK cents)	來自已終止經營業務（港仙）	(0.14)	(0.21)
Diluted earnings/(loss) per share attributable to the owners of the Company (HK cents)	本公司擁有人應佔每股攤薄盈利／（虧損）（港仙）	5.22	(0.45)



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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 16 INVESTMENT PROPERTIES

The movement of the net book amount for investment properties is as follows:

### 16 投資物業

投資物業的賬面淨額變動如下：

		<b>Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 港幣千元</b>
At 1 January 2018	於二零一八年一月一日	70,790
Changes in fair value recognised in profit or loss (Note)	已於損益內確認之公平值變動(附註)	4,017
Transferred to property, plant and equipment (Note 17)	轉撥至物業、廠房及設備(附註17)	(11,600)
Disposals	出售	(6,370)
Exchange differences	匯兌差額	(1,388)
<b>At 31 December 2018</b>	<b>於二零一八年十二月三十一日</b>	<b>55,449</b>
At 1 January 2019	於二零一九年一月一日	55,449
Changes in fair value recognised in profit or loss (Note)	已於損益內確認之公平值變動(附註)	(718)
Exchange differences	匯兌差額	(638)
<b>At 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>	<b>54,093</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 16 INVESTMENT PROPERTIES (continued)

Note:

#### Fair value measurements using significant unobservable inputs (level 3)

The investment properties of the Group represent industrial property units located in Hong Kong and residential property unit located in the PRC with following details:

### 16 投資物業 (續)

附註：

使用重大的無法觀察輸入數據進行公平值計量 (第三級)

本集團的投資物業指位於香港的工業物業單位及位於中國的住宅物業單位，詳情如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Industrial property units located in Hong Kong	位於香港的工業物業單位	24,800	26,300
Residential property units located in the PRC	位於中國的住宅物業單位	29,293	29,149
		<b>54,093</b>	<b>55,449</b>

The fair values as at 31 December 2018 and 2019 were assessed by the independent and professionally qualified valuer, Vigers Appraisal and Consulting Limited ("Vigers").

The valuations were determined using the direct comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot/square meter.

本集團之投資物業於二零一八年及二零一九年十二月三十一日之公平值乃根據與本集團並無關連之獨立合資格專業估值師威格斯資產評估顧問有限公司(「威格斯」)。

估值確定採用直接比較法。根據房產大小等關鍵屬性的差異調整近似可比的房產銷售價格。這種估值方法最重要的輸入是每平方尺/平方米的價格。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 16 INVESTMENT PROPERTIES (continued)

Note: (continued)

#### Fair value measurements using significant unobservable inputs (level 3) (continued)

- (a) Industrial property units located in Hong Kong  
The key unobservable inputs used in the valuation of the industrial property units located in Hong Kong as at 31 December 2018 and 2019 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2019 二零一九年	2018 二零一八年
Direct comparison approach 直接比較法	Adjusted market price per square foot 每平方米調整後的市場價格	<b>HK\$5,800</b> <b>港幣5,800元</b>	HK\$6,200 港幣6,200元

As at 31 December 2019, if the adjusted market price per square foot decreased by 5%, the impact on profit or loss would be HK\$1,240,000 (2018: HK\$1,315,000) lower. The lower the adjusted market price per square foot, the lower the fair value.

於二零一九年十二月三十一日，如果調整後的每平方米市場價格下跌5%，則對損益的影響將為港幣1,240,000元（二零一八年：港幣1,315,000元）。調整後的每平方米市場價格越低，公平值越低。

- (b) Residential property units located in the PRC  
The key unobservable inputs used in the valuation of the residential property units located in the PRC as at 31 December 2018 and 2019 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2019 二零一九年	2018 二零一八年
Direct comparison approach 直接比較法	Adjusted market price per square foot 每平方米調整後的市場價格	<b>Ranged from HK\$39,000 to HK\$61,000</b> <b>範圍由 港幣39,000元至 港幣61,000元</b>	Ranged from HK\$38,000 to HK\$52,000 範圍由 港幣38,000元至 港幣52,000元

### 16 投資物業（續）

附註：（續）

#### 使用重大的無法觀察輸入數據進行公平值計量（第三級）（續）

- (a) 位於香港的工業物業單位  
於二零一八年及二零一九年十二月三十一日，位於香港的工業物業單位估值所使用的主要無法觀察輸入數據如下：

- (b) 位於中國的住宅物業單位  
於二零一八年及二零一九年十二月三十一日，位於中國的住宅物業單位估值所使用的主要無法觀察輸入數據如下：

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 16 INVESTMENT PROPERTIES (continued)

Note: (continued)

#### Fair value measurements using significant unobservable inputs (level 3) (continued)

- (b) Residential property units located in the PRC (continued)  
As at 31 December 2019, if the adjusted market price per square meter decreased by 5%, the impact on profit or loss would be HK\$1,465,000 (2018: HK\$1,457,000) lower. The lower the unit replacement cost per square meter, the lower the fair value.

During the year ended 31 December 2019, there were no transfers of investment properties between fair value hierarchy classifications during the year (2018: same).

At 31 December 2019, the Group had no unprovided contractual obligations for future repairs and maintenance (2018: same).

The following amounts have been recognised in the consolidated statement of profit or loss:

### 16 投資物業 (續)

附註：(續)

#### 使用重大的無法觀察輸入數據進行公平值計量 (第三級) (續)

- (b) 位於中國的住宅物業單位 (續)  
於二零一九年十二月三十一日，如果每平方米的單位重置成本減少5%，則對損益的影響將為港幣1,465,000元 (二零一八年：港幣1,457,000元)。每平方米的單位更換成本越低，公平值越低。

截至二零一九年十二月三十一日止年度，年內投資物業公平值層級分類之間並無調動 (二零一八年：相同)。

於二零一九年十二月三十一日，本集團並無任何未經授權的合約責任以供日後維修及保養 (二零一八年：相同)。

以下金額已於綜合損益表確認：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Rental income	租金收入	1,450	1,804
Direct operating expenses arising from investment properties that generated rental income	於本年度產生租金收入的投資物業之直接經營費用	(8)	(96)
Changes in fair values recognised in the consolidated statement of profit or loss	已於綜合損益表確認之公平值變動	(718)	4,017

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 16 INVESTMENT PROPERTIES (continued)

The period of leases whereby the Group leases out its investment properties under operating leases ranged from two to six years (2018: one to six years).

During the year ended 31 December 2018, investment properties of HK\$11,600,000 has been reclassified to property, plant and equipment as a result of commencement of owner-occupation on 9 September 2018.

The carrying amounts of investment properties shown above comprise land and buildings in Hong Kong and other regions in the PRC are as follows:

### 16 投資物業 (續)

本集團根據經營租賃出租其投資物業的租賃期為二至六年(二零一八年:一至六年)。

截至二零一八年十二月三十一日止年度,投資物業港幣11,600,000元因業主自用,已於二零一八年九月九日重新分類為物業、廠房及設備。

上述投資物業的賬面值包括香港及中國其他地區的土地及樓宇如下:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Hong Kong	香港	24,800	26,300
PRC	中國	29,293	29,149
		<b>54,093</b>	55,449

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### 17 PROPERTY, PLANT AND EQUIPMENT

### 17 物業、廠房及設備

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃 物業裝修 HK\$'000 港幣千元	Plant and machinery 廠房及機器 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Construction in progress 在建工程 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
<b>At 1 January 2018</b>	於二零一八年一月一日							
Cost or fair value	成本值或估值	352,533	4,313	2,381,715	32,763	20,511	49,436	2,841,271
Accumulated depreciation and impairment loss	累計折舊及減值	-	(3,788)	(1,517,883)	(28,047)	(17,626)	-	(1,567,344)
<b>Net book amount</b>	賬面淨值	352,533	525	863,832	4,716	2,885	49,436	1,273,927
<b>Year ended 31 December 2018</b>	截至二零一八年十二月三十一日止年度							
Opening net book amount	期初賬面淨值	352,533	525	863,832	4,716	2,885	49,436	1,273,927
Additions	添置	-	763	1,315	467	1,745	49,941	54,231
Disposals	出售	-	(354)	(6,842)	(242)	(682)	(101)	(8,221)
Transferred from investment properties (Note 16)	轉撥自投資物業(附註16)	11,600	-	-	-	-	-	11,600
Transfers	轉撥	671	724	91,454	2,367	-	(95,216)	-
Depreciation	折舊	(36,818)	(318)	(91,967)	(949)	(291)	-	(130,343)
Revaluation (Note)	重估(附註)	29,816	-	-	-	-	-	29,816
Exchange differences	匯率差額	(15,030)	(26)	(48,443)	(273)	(163)	(742)	(64,677)
<b>Closing net book amount</b>	期末賬面淨值	342,772	1,314	809,349	6,086	3,494	3,318	1,166,333
<b>At 31 December 2018</b>	於二零一八年十二月三十一日							
Cost or fair value	成本值或估值	342,772	3,825	2,344,202	31,417	15,888	3,318	2,741,422
Accumulated depreciation and impairment loss	累計折舊及減值	-	(2,511)	(1,534,853)	(25,331)	(12,394)	-	(1,575,089)
<b>Net book amount</b>	賬面淨值	342,772	1,314	809,349	6,086	3,494	3,318	1,166,333



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 17 PROPERTY, PLANT AND EQUIPMENT (continued)

### 17 物業、廠房及設備 (續)

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃 物業裝修 HK\$'000 港幣千元	Plant and machinery 廠房及機器 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Construction in progress 在建工程 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
<b>Year ended 31 December 2019</b>	<b>截至二零一九年十二月三十一日 止年度</b>							
Opening net book amount	期初賬面淨值	342,772	1,314	809,349	6,086	3,494	3,318	1,166,333
Additions	添置	-	28	580	240	1,825	53,956	56,629
Disposals	出售	-	-	(2,237)	(248)	(91)	-	(2,576)
Transfers	轉撥	-	-	19,250	8	-	(19,258)	-
Depreciation	折舊	(9,728)	(636)	(89,140)	(947)	(437)	-	(100,888)
Revaluation (Note)	重估 (附註)	(2,744)	-	-	-	-	-	(2,744)
Impairment loss (Note 8)	減值 (附註8)	-	-	(9,745)	-	-	-	(9,745)
Exchange differences	匯率差額	(6,992)	247	(20,785)	(89)	(337)	(791)	(28,747)
Closing net book amount	期末賬面淨值	323,308	953	707,272	5,050	4,454	37,225	1,078,262
<b>At 31 December 2019</b>	<b>於二零一九年十二月三十一日</b>							
Cost or fair value	成本值或估值	323,308	3,788	2,284,230	28,646	15,957	37,225	2,693,154
Accumulated depreciation and impairment loss	累計折舊及減值	-	(2,835)	(1,576,958)	(23,596)	(11,503)	-	(1,614,892)
Net book amount	賬面淨值	323,308	953	707,272	5,050	4,454	37,225	1,078,262

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### 17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

#### Fair value measurements using significant unobservable inputs (level 3)

The leasehold land and buildings of the Group represent industrial property units located in Hong Kong, commercial property unit located in the PRC and industrial property units located in the PRC with following details.

### 17 物業、廠房及設備 (續)

附註：

使用重大的無法觀察輸入數據進行公平值計量 (第三級)

本集團的租賃土地及樓宇為位於香港的工業物業單位、位於中國的商業物業單位及位於中國的工業物業單位，詳情如下。

	As at 31 December	
	2019	2018
	二零一九年	二零一八年
	HK\$'000	HK\$'000
	港幣千元	港幣千元
Industrial property units located in Hong Kong 位於香港之工業物業單位	17,300	18,400
Commercial property unit located in the PRC 位於中國之商業物業單位	893	913
Industrial property units located in the PRC 位於中國之工業物業單位	305,115	323,459
	<b>323,308</b>	<b>342,772</b>

The leasehold land and buildings of the Group are carried at revalued amount. If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation with carrying amount of HK\$227,752,000 as at 31 December 2019 (2018: HK\$245,051,000).

本集團的租賃土地及樓宇按重估價值列賬。倘租賃土地及樓宇尚未重估，則其於二零一九年十二月三十一日按歷史成本減累計折舊之賬面值為港幣227,752,000元 (二零一八年：港幣245,051,000元) 計入綜合財務報表。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

#### Fair value measurements using significant unobservable inputs (level 3) (continued)

The revalued amount as at 31 December 2019 were assessed by the independent and professionally qualified valuer, Vigers (2018: same). The valuations were determined using either:

- Direct comparison approach: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot/square meter; or
- Depreciated replacement cost approach: Current cost of replacement/reproduction of the properties. The most significant input into this valuation approach is replacement cost per square foot/square meter.

Quantitative information about fair value measurements using significant unobservable inputs (level 3):

- (a) Industrial property units located in Hong Kong  
The key unobservable inputs used in the valuation of the industrial property units located in Hong Kong as at 31 December 2018 and 2019 are:

### 17 物業、廠房及設備 (續)

附註：(續)

#### 使用重大的無法觀察輸入數據進行公平值計量 (第三級) (續)

於二零一九年十二月三十一日的重估金額由獨立且具有專業資格的估值師威格斯評估 (二零一八年：相同)。估值採用以下任一方法釐定：

- 直接比較法：於鄰近地區可比較物業之銷售價格會就主要屬性 (例如物業面積) 之差異作出調整。此估值方法之最重大輸入值為每平方尺/平方米的價格；或
- 已折舊重置成本法：當前物業重置成本/再製造成本。此估值方法之最重大輸入值為每平方尺/平方米的的重置成本。

有關使用重大的無法觀察輸入數據之公平值計量 (第3級) 的定量資料：

- (a) 位於香港之工業物業單位  
於二零一八年及二零一九年十二月三十一日，位於香港的工業物業單位估值所使用的主要無法觀察輸入數據如下：

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2019 二零一九年	2018 二零一八年
Market comparable approach 市場比較方法	Adjusted market price per square foot 經調整每平方尺市場價格	HK\$6,100 港幣6,100元	HK\$6,500 港幣6,500元

As at 31 December 2019, if the adjusted market price per square foot decreased by 5%, the impact on other comprehensive income would be HK\$865,000 (2018: HK\$920,000) lower. The lower the adjusted market price per square foot, the lower the fair value.

於二零一九年十二月三十一日，如經調整每平方尺市場價格下降5%，對其他綜合收益的影響將為港幣865,000元 (二零一八年：港幣920,000元) 減少。調整後的每平方尺市場價格越低，公平值越低。

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### 17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

#### Fair value measurements using significant unobservable inputs (level 3) (continued)

- (b) Commercial property unit located in the PRC  
The key unobservable inputs used in the valuation of the commercial property unit in the PRC as at 31 December 2018 and 2019 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2019 二零一九年	2018 二零一八年
Market comparable approach 市場比較方法	Adjusted market price per square foot 經調整每平方米市場價格	<b>HK\$20,100</b> <b>港幣20,100元</b>	HK\$20,500 港幣20,500元

As at 31 December 2019, if the adjusted market price per square meter decreased by 5%, the impact on other comprehensive income would be HK\$45,000 (2018: HK\$46,000) lower. The lower the adjusted market price per square meter, the lower the fair value.

於二零一九年十二月三十一日，如經調整每平方米市場價格下降5%，對其他綜合收益的影響將為港幣45,000元（二零一八年：港幣46,000元）減少。調整後的每平方米市場價格越低，公平值越低。

- (c) Industrial property units located in the PRC  
The key unobservable inputs used in the valuation of the industrial property units in the PRC as at 31 December 2018 and 2019 are:

Valuation technique 估值方法	Unobservable inputs 無法觀察輸入數據	As at 31 December 於十二月三十一日	
		2019 二零一九年	2018 二零一八年
Depreciated replacement cost approach 已折舊重置成本方法	Unit replacement cost per square meter 每平方米單位重置成本	<b>Ranged from HK\$1,100 to HK\$1,300</b> <b>範圍由港幣1,100至港幣1,300元</b>	Ranged from HK\$1,289 to HK\$3,029 範圍由港幣1,289元至港幣3,029元
	Adopted depreciation rate 已採用之折舊率	<b>Ranged from 52% to 90%</b> <b>範圍由52%至90%</b>	Ranged from 55% to 91% 範圍由55%至91%

### 17 物業、廠房及設備（續）

附註：（續）

#### 使用重大的無法觀察輸入數據進行公平值計量（第三級）（續）

- (b) 位於中國之商業物業單位  
於二零一八年及二零一九年十二月三十一日，位於中國的商業物業單位估值所使用的主要無法觀察輸入數據如下：

- (c) 位於中國之工業物業單位  
於二零一八年及二零一九年十二月三十一日，位於中國的工業物業單位估值所使用的主要無法觀察輸入數據如下：

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### 17 PROPERTY, PLANT AND EQUIPMENT (continued)

Note: (continued)

#### Fair value measurements using significant unobservable inputs (level 3) (continued)

- (c) Industrial property units located in the PRC (continued)  
As at 31 December 2019, if the unit replacement cost per square meter decreased by 5%, the impact on other comprehensive income would be HK\$15,256,000 (2018: HK\$16,173,000) lower. The lower the unit replacement cost per square meter, the lower the fair value.

There were no transfers of leasehold land and buildings between fair value hierarchy classifications during the year (2018: same).

As at 31 December 2019, leasehold land and buildings located in the PRC amounting to HK\$189,388,000 (2018: HK\$201,312,000) and plant and machinery amounting to Nil (2018: HK\$90,404,000) are pledged to secure bank borrowings and loan from a related company as set out in Note 25.

### 17 物業、廠房及設備 (續)

附註：(續)

#### 使用重大的無法觀察輸入數據進行公平值計量 (第三級) (續)

- (c) 位於中國之工業物業單位 (續)  
於二零一九年十二月三十一日，如每平方米單位重置成本下降5%，對其他綜合收益的影響將為港幣15,256,000元 (二零一八年：港幣16,173,000元) 減少。每平方米單位重置成本越低，公平值越低。

年內，租賃土地及樓宇的公平值層級分類並無轉換 (二零一八年：相同)。

於二零一九年十二月三十一日，位於中國的租賃土地及樓宇共值港幣189,388,000元 (二零一八年：港幣201,312,000元) 及廠房及機器共值無 (二零一八年：港幣90,404,000元) 已抵押作為銀行貸款及來自一間關連公司之貸款之抵押，詳情見附註25。

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FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### (a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to the leases in respect of office premises:

### 18 資產使用權及租賃負債

#### (a) 綜合財務狀況表內確認的金額

綜合財務狀況表列示的下列金額與辦公室物業之租賃有關：

		As at 31 December 2019 於二零一九年 十二月三十一日 HK\$'000 港幣千元	As at 1 January 2019 於二零一九年 一月一日 HK\$'000 港幣千元
<b>Right-of-use assets</b>	<b>資產使用權</b>		
Offices premises	辦公室物業	1,569	2,803
<b>Lease liabilities</b>	<b>租賃負債</b>		
Non-current	非流動	404	1,610
Current	流動	1,205	1,193
		<b>1,609</b>	<b>2,803</b>

No additions to the right-of-use assets during the year ended 31 December 2019.

截至二零一九年十二月三十一日止年度，資產使用權並無增加。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### (b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to the leases in respect of office premises:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Depreciation of right-of-use assets (Note 9)	資產使用權的折舊費用 (附註9)	<b>1,199</b>	-
Interest expense on lease liabilities (Note 11)	租賃負債的利息費用 (附註11)	<b>115</b>	-

The total cash outflow for leases during the year ended 31 December 2019 is HK\$1,312,000.

截至二零一九年十二月三十一日止年度因租賃發生的現金流出合計為港幣1,312,000元。

#### (c) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 3 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

### 18 資產使用權及租賃負債 (續)

#### (b) 綜合損益表內確認的金額

綜合損益表列示的下列金額與辦公室物業之租賃有關：

#### (c) 本集團的租賃活動及其會計處理

本集團出租多處辦公室。租賃合同通常是一至三年之固定期限。

租賃期限應在每項租賃的基礎上進行商談，並可能包含不同的條款和條件。租賃協議不應包含出租人持有的租賃資產的擔保利息之外的任何契約。租賃資產不得用作借款擔保。

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### 19 FINANCIAL INSTRUMENTS BY CATEGORY 19 金融工具分類

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Financial assets at amortised cost:</b>	<b>按攤銷成本計算的 金融資產：</b>		
Pledged deposit on loan from a related company	來自一間關連公司貸款相關之已抵押按金	-	7,989
Trade receivables	應收賬款	<b>579,443</b>	690,931
Bills receivable	應收票據	<b>898,284</b>	924,355
Deposits and other receivables	按金及其他應收款	<b>3,038</b>	4,251
Pledged bank deposits	已抵押銀行存款	<b>53,921</b>	78,630
Bank balances and cash	銀行結存及現金	<b>47,811</b>	66,682
		<b>1,582,497</b>	1,772,838
		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Financial liabilities at amortised cost:</b>	<b>按攤銷成本計算的 金融負債：</b>		
Trade and bills payables	應付賬款及票據	<b>707,010</b>	808,951
Other payables and accruals	其他應付款及預提費用	<b>168,005</b>	131,231
Loans from related companies	來自關連公司之貸款	<b>57,644</b>	226,358
Bank borrowings	銀行貸款	<b>610,702</b>	874,451
Lease liabilities	租賃負債	<b>1,609</b>	-
		<b>1,544,970</b>	2,040,991
<b>Financial liability at fair value through profit or loss:</b>	<b>按公平值計入損益之 金融負債：</b>		
Convertible bonds	可換股債券	<b>152,944</b>	-
		<b>1,697,914</b>	2,040,991

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### 20 LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent the prepaid lease payments under operating leases.

### 20 土地使用權

本集團於租賃土地及樓宇的投資代表經營租賃下的預付租賃款項。

		Land use rights	Prepaid lease payments
		土地使用權	預付 租賃款項
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At 1 January 2018	於二零一八年一月一日	–	79,042
Amortisation (Note 9)	攤銷(附註9)	–	(4,681)
Exchange differences	匯兌差額	–	(3,464)
At 31 December 2018	於二零一八年 十二月三十一日	–	70,897
At 1 January 2019	於二零一九年一月一日	–	70,897
Reclassification on adoption of HKFRS 16	採用香港財務報告準則 第16號的重新分類	70,897	(70,897)
Additions	增加	10,616	–
Amortisation (Note 9)	攤銷(附註9)	(1,929)	–
Reversal of impairment losses (Note)	減值損失撥回(附註)	17,456	–
Exchange differences	匯兌差額	(1,413)	–
At 31 December 2019	於二零一九年 十二月三十一日	95,627	–

Prepaid lease payments of HK\$70,897,000 have been reclassified to land use rights, being a part of the right-of-use assets of the Group as at 1 January 2019 upon the adoption of HKFRS 16. During the year, amortisation expense of HK\$1,929,000 (2018: HK\$4,681,000) has been included in costs of sales.

於二零一九年一月一日採納香港財務報告準則第16號後，預付租賃款項港幣70,897,000元已被重新分類至土地使用權，成為本集團之資產使用權的一部分。於本年度，攤銷費用港幣1,929,000元(二零一八年：港幣4,681,000元)已計入銷售成本。

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### 20 LAND USE RIGHTS (continued)

Note: In 2017, an impairment was made for the carrying amount of the land use rights for the three parcels of land amounted to HK\$72,500,000 after TESC received a notice regarding the rescission of confirmation letter in respect of successful bidding of state-owned land for construction from Tengzhou City Natural Resources Bureau (formerly known as Tengzhou Municipal State-owned Land Resources Bureau regarding the Lands in the state of being idle.

In August 2019, Tengzhou City Natural Resources Bureau issued the land use right certificates to the Group. The Group obtained the project planning permits on the total planned construction area of 46,614 square meters in late October 2019 for TESC Phase II Project. The Group intends to develop the TESC Phase II Project in different stages.

The Group commenced the construction work in November 2019 and made a reversal of impairment losses on land use rights of HK\$17,456,000 accordingly. The construction project planning permit on the remaining area (120,660 square meters) has not yet been obtained as at 31 December 2019.

As at 31 December 2019, land use rights amounting to HK\$59,591,000 (2018: HK\$62,859,000) are pledged to secure bank borrowings as set out in Note 25.

### 21 INTANGIBLE ASSETS

#### Goodwill

Goodwill is allocated to one of the CGUs of the Group, comprising a subsidiary in the steel cord segment, JESC. The recoverable amount of a CGU is determined based on the value-in-use calculation.

Goodwill allocated to the CGU had been fully impaired as at 31 December 2018 and 2019.

### 20 土地使用權 (續)

附註：於二零一七年，滕州東方收到滕州市自然資源局（前稱滕州市國土資源局）就該等正值閒置的土地發出的解除《國有建設用地掛牌出讓成交確認書》通知書後，就三幅土地的土地使用權賬面值作出減值報港幣72,500,000元。

於二零一九年八月，滕州市自然資源局發出土地使用權證書予本集團。本集團於二零一九年十月下旬滕州東方二期項目取得了規劃建設面積為46,614平方米之建設工程規劃許可證。本集團擬分不同階段發展滕州東方二期項目。

在二零一九年十一月開始建設工程，並相應撥回土地使用權減值損失港幣17,456,000元。於二零一九年十二月三十一日，尚未取得剩餘面積(120,660平方米)之建設工程規劃許可證。

於二零一九年十二月三十一日，金額合共港幣59,591,000元（二零一八年：港幣62,859,000元）之土地使用權已抵押以作銀行貸款的擔保，詳情載列於附註25。

### 21 無形資產

#### 商譽

商譽已被分配至一現金產生單位，當中包括鋼簾線分部中的一間附屬公司—嘉興東方。現金產生單位的可收回金額乃根據使用價值計算釐定。

於二零一八及二零一九年十二月三十一日配予現金產生單位的商譽已全數減值。

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### 22 INVENTORIES

### 22 存貨

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Raw materials	原材料	104,954	123,301
Work in progress	在製品	58,719	59,498
Finished goods	製成品	144,508	141,530
Less: provision for inventories, net	減：存貨撥備，淨額	(13,200)	(4,361)
		<b>294,981</b>	<b>319,968</b>

The cost of inventories included in cost of sales during the year amounted to HK\$1,744,208,000 (2018: HK\$1,971,365,000), which included provision for inventories of HK\$9,096,000 (2018: reversal of provision for inventories HK\$740,000).

年內銷售成本中的存貨成本為港幣1,744,208,000元（二零一八年：港幣1,971,365,000元），其中包括存貨撥備港幣9,096,000元（二零一八年：存貨撥備撥回港幣740,000元）。

### 23 TRADE RECEIVABLES/BILLS RECEIVABLE

### 23 應收賬款／應收票據

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Trade receivables (Note (a))	應收賬款（附註(a)）	600,817	711,055
Less: provision for impairment losses on trade receivables (Note (c))	減：應收賬款減值損失撥備（附註(c)）	(21,374)	(20,124)
		<b>579,443</b>	<b>690,931</b>
Bills receivable (Note (b))	應收票據（附註(b)）	898,284	924,355
		<b>1,477,727</b>	<b>1,615,286</b>

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### 23 TRADE RECEIVABLES/BILLS RECEIVABLE (continued)

The carrying amounts of the trade receivables and bills receivable are denominated in the following currencies:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
RMB	人民幣	1,387,151	1,499,981
USD	美元	66,083	70,484
Others	其他貨幣	24,493	44,821
		<b>1,477,727</b>	<b>1,615,286</b>

#### (a) Trade receivables

The Group's credit terms to trade debtors range from 30 to 90 days. The aging analysis of the trade receivables primarily based on invoice date was as follows:

### 23 應收賬款／應收票據（續）

應收款項及應收票據的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
RMB	人民幣	1,387,151	1,499,981
USD	美元	66,083	70,484
Others	其他貨幣	24,493	44,821
		<b>1,477,727</b>	<b>1,615,286</b>

#### (a) 應收賬款

本集團一般授予其貿易客戶30日至90日的信貸賬期。應收賬款主要根據發票日期編制之賬齡分析呈列如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Up to 90 days	上至90日	407,713	509,968
91 to 180 days	91至180日	156,211	161,457
Over 180 days	多於180日	36,893	39,630
		<b>600,817</b>	<b>711,055</b>



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### 23 TRADE RECEIVABLES/BILLS RECEIVABLE (continued)

#### (b) Bills receivable

The aging analysis of the bills receivable primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Up to 90 days	上至90日	103,376	91,277
91 to 180 days	91至180日	320,396	339,157
Over 180 days	多於180日	474,512	493,921
		<b>898,284</b>	924,355

As at 31 December 2019, the Group's bills receivable mature within one year (2018: same).

#### (i) Transferred receivables

The carrying amounts of the bills receivables include receivables which are transferred to banks or suppliers by discounting or endorsing those receivables on a full recourse basis. Under these arrangements, the Group has not transferred the significant risks and rewards relating to these receivables. The Group therefore continues to recognise the transferred assets in their entirety in its consolidated statement of financial position and measuring them at amortised cost.

### 23 應收賬款／應收票據（續）

#### (b) 應收票據

應收票據主要根據發票日期編制之賬齡分析呈列如下：

於二零一九年十二月三十一日，本集團所有應收票據之到期日均在一年之內（二零一八年：相同）。

#### (i) 應收款之轉讓

以下為本集團於報告期末按全面追索基準貼現予銀行或背書予供應商之應收票據。由於本集團並未轉讓有關該等應收票據之重大風險及回報，因此將繼續確認該等應收票據之全部賬面值及相關負債。該等財務資產按已攤銷成本於本集團之綜合財務狀況表內列賬。

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### 23 TRADE RECEIVABLES/BILLS RECEIVABLE (continued) 23 應收賬款／應收票據 (續)

#### (b) Bills receivable (continued)

##### (i) Transferred receivables (continued)

The relevant carrying amounts are as follows:

#### (b) 應收票據

##### (i) 應收款之轉讓 (續)

有關賬面值如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Bills receivable discounted to banks with full recourse</b>	按全面追索基準已貼現予銀行之應收票據		
Transferred bills receivable	轉讓應收票據	<b>166,455</b>	162,157
Associated secured borrowings	相關已抵押貸款	<b>(166,455)</b>	(162,157)
<b>Bills receivable endorsed to suppliers with full recourse</b>	按全面追索基準已背書予銀行之應收票據		
Transferred bills receivable	轉讓應收票據	<b>565,186</b>	601,547
Associated trade payables	相關應付賬款	<b>(464,412)</b>	(557,728)
Associated other payables	相關其他應付款	<b>(71,714)</b>	(25,999)
Associated prepayments	相關預付款	<b>(29,060)</b>	(17,363)
Associated deposit paid for the acquisition of property, plant and equipment	相關購買物業、廠房及設備之訂金	-	(457)

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### 23 TRADE RECEIVABLES/BILLS RECEIVABLE (continued)

#### (c) Provision for impairment losses on trade receivables

The movement on the provision for impairment losses on trade receivables is as follows:

### 23 應收賬款／應收票據（續）

#### (c) 應收賬款減值損失撥備

應收賬款減值損失撥備的變動如下

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
At beginning of the year	年初	20,124	19,742
Net impairment losses on trade receivables for the year	本年度應收賬款減值損失淨額		
– Continuing operations	– 持續經營業務	1,059	1,652
– Discontinued operation (Note 32)	– 已終止經營業務 (附註32)	521	(287)
Exchange differences	匯率差額	(330)	(983)
At end of the year	年末	21,374	20,124

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivables mentioned above. The Group did not hold any collateral as security for these receivables as at 31 December 2018 and 2019.

於報告日期，最大信貸風險為上述各類應收款項的賬面值。於二零一八年及二零一九年十二月三十一日，本集團並無持有任何抵押品作為該等應收款項的抵押品。

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### 24 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

### 24 預付款、按金及其他應收款

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Current portion</b>	<b>流動部分</b>		
Prepayments	預付款	26,425	27,258
Deposits	按金	615	625
Other receivables	其他應收款	2,423	3,626
		<b>29,463</b>	<b>31,509</b>
<b>Non-current portion</b>	<b>非流動部分</b>		
Prepayments for the acquisition of property, plant and equipment	購買物業、廠房及設備之預付款	10,464	1,724
		<b>39,927</b>	<b>33,233</b>

The carrying amounts of the prepayments, deposits and other receivables are denominated in the following currencies:

預付款、按金及其他應收款的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
RMB	人民幣	38,656	32,239
USD	美元	5	247
Others	其他貨幣	1,266	747
		<b>39,927</b>	<b>33,233</b>

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## 綜合財務報告附註

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### 25 ASSETS PLEDGED AS SECURITY

As at 31 December 2018 and 2019, the carrying amounts of assets pledged as security for bills payable (Note 27), loans from related companies (Note 28) and bank borrowings (Note 29) are:

- (i) leasehold land and buildings: HK\$189,388,000 (2018: HK\$201,312,000) (Note 17);
- (ii) plant and machinery: Nil (2018: HK\$90,404,000) (Note 17);
- (iii) pledged bank deposits: HK\$53,921,000 (2018: HK\$78,630,000) (Note 26);
- (iv) pledged deposit on loan from a related company: Nil (2018: HK\$7,989,000) (Note 28); and
- (v) land use rights: HK\$59,951,000 (2018: HK\$62,859,000) (Note 20).

### 25 抵押資產

於二零一八年及二零一九年十二月三十一日，已予抵押作為若干應付票據（附註27）、來自關連公司貸款（附註28）及銀行貸款（附註29）的保證之資產賬面值為：

- (i) 租賃土地及樓宇：港幣189,388,000元（二零一八年：港幣201,312,000元）（附註17）；
- (ii) 廠房及機器：無（二零一八年：港幣90,404,000元）（附註17）；
- (iii) 已抵押銀行存款：港幣53,921,000元（二零一八年：港幣78,630,000元）（附註26）；
- (iv) 來自一間關連公司貸款相關之已抵押按金：無（二零一八年：港幣7,989,000元）（附註28）；及
- (v) 土地使用權：港幣59,951,000元（二零一八年：港幣62,859,000元）（附註20）。

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## 綜合財務報告附註

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### 26 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

#### (a) Pledged bank deposits

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Pledged bank deposits	已抵押銀行存款	53,921	78,630

Pledged bank deposits represents bank deposits of the Group which were pledged to secure credit facilities on bills payable granted to subsidiaries of the Company for the purchase of raw materials. The carrying amounts of the Group's pledged deposits were denominated in RMB.

As at 31 December 2019, the effective interest rate on pledged bank deposits was 0.97% per annum (2018: 0.61% per annum).

已抵押銀行存款指本集團的銀行存款已抵押以就本公司之附屬公司就購買原材料之應付票據取得信貸額度。本集團已抵押存款的賬面值以人民幣計值。

於二零一九年十二月三十一日，已抵押銀行存款的實際年利率為0.97%（二零一八年：0.61%）。

#### (b) Bank balance and cash

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Bank balances and cash	銀行結存及現金	47,811	66,682

### 26 已抵押銀行存款／銀行結存及現金

#### (a) 已抵押銀行存款

#### (b) 銀行結存及現金



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## 綜合財務報告附註

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### 26 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (continued)

#### (b) Bank balance and cash (continued)

The carrying amounts of bank balance and cash were denominated in the following currencies:

### 26 已抵押銀行存款／銀行結存及現金

#### (b) 銀行結存及現金（續）

銀行結存及現金的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
RMB	人民幣	30,209	44,361
HKD	港幣	16,161	2,701
USD	美元	1,347	11,614
Others	其他貨幣	94	8,006
		<b>47,811</b>	<b>66,682</b>

As at 31 December 2019, funds of the Group amounting to HK\$31,455,000 (2018: HK\$35,904,000) were deposited in bank accounts opened with banks in the PRC where the remittance of funds is subject to foreign exchange control.

The maximum exposure to credit risk of the Group as at 31 December 2019 were HK\$47,743,000(2018: HK\$66,568,000).

As at 31 December 2019, the effective interest rate on bank balances ranged from 0.01% to 1.15% per annum (2018: 0.01% to 1.0% per annum).

於二零一九年十二月三十一日，本集團為數港幣31,455,000元（二零一八年：港幣35,904,000元）存放在中國境內銀行開立的銀行賬戶，而有關資金的付匯受到外匯管制。

於二零一九年十二月三十一日，本集團的最大信貸風險為港幣47,743,000元（二零一八年：港幣66,568,000元）。

於二零一九年十二月三十一日，銀行結存實際年利率於0.01%至1.15%（二零一八年：0.01%至1.0%）。

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### 27 TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS

### 27 應付賬款及票據／其他應付款及預提費用

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Trade payables (Note (a))	應付賬款 (附註(a))	569,666	655,809
Bills payable (Note (b))	應付票據 (附註(b))	137,344	153,142
		<b>707,010</b>	808,951
<b>Other payables and accruals</b>	<b>其他應付款及預提費用</b>		
Contract liabilities (Note (c))	合約負債 (附註(c))	1,586	125
Accrued wages and salaries	預提工支及薪金	22,921	18,010
Other tax payables	其他應付稅項	5,472	8,858
Payables for property, plant and equipment	物業、廠房及設備之應付款	77,146	67,004
Other accruals	其他預提	3,653	4,460
Other payables	其他應付款	58,326	32,333
		<b>169,104</b>	130,790
		<b>876,114</b>	939,741

The carrying amounts of the Group's trade payables, bills payables and other payables and accruals are denominated in the following currencies:

本集團的應付賬款、應付票據及其他應付款及預提費用的賬面值以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
HKD	港幣	5,689	12,911
RMB	人民幣	851,148	910,033
USD	美元	15,929	10,761
Others	其他貨幣	3,348	6,036
		<b>876,114</b>	939,741

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### 27 TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS (continued)

#### (a) Trade payables

The Group's credit period granted by the suppliers is 30 days. The aging analysis of the trade payables primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Up to 30 days	上至30日	135,320	127,868
31 to 90 days	31至90日	193,141	189,506
91 to 180 days	91至180日	203,667	245,983
181 to 365 days	181至365日	36,221	78,844
Over 365 days	多於365日	1,317	13,608
		<b>569,666</b>	<b>655,809</b>

#### (b) Bills payable

The aging analysis of the bills payable primarily based on invoice date was as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Up to 30 days	上至30日	34,607	37,206
31 to 90 days	31至90日	50,827	64,814
91 to 180 days	91至180日	51,910	40,007
181 to 365 days	181至365日	-	11,115
		<b>137,344</b>	<b>153,142</b>

The bills payable of the Group are secured by pledged bank deposits as disclosed in Note 25.

### 27 應付賬款及票據／其他應付款及預提費用（續）

#### (a) 應付賬款

供應商一般授予本集團30日的信貸賬期。應付賬款主要根據發票日期編制之賬齡分析呈列如下：

#### (b) 應付票據

應付票據主要根據發票日期編制之賬齡分析呈列如下：

本集團之應付票據以已抵押銀行存款（於附註25披露）作擔保。

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### 27 TRADE AND BILLS PAYABLES/OTHER PAYABLES AND ACCRUALS (continued)

#### (c) Contract liabilities

As at 31 December 2019, the contract liabilities for the advanced payments received from the customers included in the other payables and accruals amounted to HK\$1,586,000 (2018: HK\$125,000).

The Group applied the practical expedient and does not disclose the information relating to the remaining performance obligations that have original expected durations of one year or less.

Revenue recognised during the year ended 31 December 2019 that was included in the contract liabilities balance at the beginning of the year amounted to HK\$125,000 (2018: HK\$93,000). The Group expects to deliver the goods to satisfy the remaining performance obligations of these contract liabilities within one year or less.

### 27 應付賬款及票據／其他應付款及預提費用（續）

#### (c) 合約負債

於二零一九年十二月三十一日，合約負債之預收客戶款項於其他應付款及預提費用共計港幣1,586,000元（二零一八年：港幣125,000元）。

本集團採取了切實可行的方案，未披露與原始預定期限為一年或一年以下的剩餘履行義務有關的資訊。

截至二零一九年十二月三十一日止年度確認的收入，包括在年初的合約負債中，共計港幣125,000元（二零一八年：港幣93,000元）。本集團預計在一年或更短時間內交付貨物，以履行上述合約負債的剩餘履約責任。

### 28 LOANS FROM RELATED COMPANIES

### 28 來自關連公司之貸款

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Loan from Shougang (Hong Kong) Finance Company Limited (Note (i))	來自首鋼（香港）財務有限公司之貸款（附註(i)）	57,644	205,534
Loan from South China International Leasing Co., Ltd. ("South China Leasing") (Note (ii))	來自南方國際租賃有限公司（「南方租賃」）之貸款（附註(ii)）	-	20,824
		<b>57,644</b>	<b>226,358</b>

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### 28 LOANS FROM RELATED COMPANIES (continued)

Notes:

- (i) The amount represents the loan from and interest payable to Shougang (Hong Kong) Finance Company Limited, a wholly owned subsidiary of Shougang Holding (Hong Kong) Limited (“Shougang HK”). The Company is an associate of Shougang HK. The loan is unsecured, bears interest at 4.5% per annum (2018: 5% to 6% per annum) and repayable within one year (2018: same).
- (ii) On 29 June 2016, TESC had entered into an agreement (the “Agreement”) with South China Leasing whereby TESC had drawn down a loan of RMB70,000,000 (equivalent to approximately HK\$81,159,000) from South China Leasing on 16 August 2016 on a sale and leaseback arrangement, which was to be repayable by 12 quarterly instalments plus interest at 5.13% per annum and obligated to pay lease handling fee of RMB2,100,000 (equivalent to approximately HK\$2,454,000). South China Leasing is an indirect 75% owned subsidiary of Shougang Concord Grand (Group) Limited, which is in turn held as to approximately 50.84% by Shougang HK. As such, South China Leasing is an associate of Shougang HK.

As collaterals for the above financing,

- (i) TESC transferred the ownership title of certain machineries and equipment (“Machineries and Equipment”) to South China Leasing;
- (ii) TESC placed a pledged deposit of RMB7,000,000 (equivalent to approximately HK\$7,989,000) to South China Leasing; and
- (iii) the Company entered into a guarantee agreement in favour of South China Leasing for the payment obligations of TESC under the Agreement.

Upon discharging TESC’s obligations under the Agreement, South China Leasing will return the ownership title of the Machineries and Equipment to TESC for a nominal purchase price of RMB1,000. Despite the Agreement involves a legal form of a lease, the Group accounted for the Agreement as collateralised borrowing in accordance with the actual substance of the Agreement.

### 28 來自關連公司之貸款 (續)

附註：

- (i) 該金額代表來自首鋼控股(香港)有限公司(「首控香港」)之一間全資附屬公司—首鋼(香港)財務有限公司的貸款及應付利息。本公司是首控香港的聯營公司。該貸款為無抵押，以4.5%之年利率(二零一八年：以5%至6%之年利率)計算利息及於一年內償還(二零一八年：相同)。
- (ii) 於二零一六年六月二十九日，滕州東方與南方租賃訂立一項協議(「該協議」)，據此，於二零一六年八月十六日在一出售及回租安排上滕州東方從南方租賃提取人民幣70,000,000元(等值約為港幣81,159,000元)作為貸款，需分12期按季加上以5.13%之年利率計算利息償還及需繳付租賃手續費人民幣2,100,000元(等值約為港幣2,454,000元)。南方租賃為一間由首長四方(集團)有限公司(由首控香港持有約50.84%權益)間接持有75%權益的附屬公司。因此，南方租賃為首控香港的聯營公司。

作為上述融資的抵押品：

- (i) 滕州東方向南方租賃若干轉讓機器及設備(「機器及設備」)的所有權；
- (ii) 滕州東方在南方租賃存置人民幣7,000,000元(等值約為港幣7,989,000元)的已抵押按金；及
- (iii) 本公司為滕州東方該協議項下所須承擔付款義務訂立以南方租賃為受益人的擔保。

在滕州東方於該協議項下的所有義務解除時，南方租賃將會以人民幣1,000元的象徵性購買價格向滕州東方返還機器及設備的所有權。儘管該協議涉及租賃的法定形式，但本集團根據該協議的實際內容將該協議列作已抵押借款。

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### 28 LOANS FROM RELATED COMPANIES (continued)

As at 31 December 2018, the carrying amount of loan from South China Leasing is HK\$20,824,000. The balance is fully settled in August 2019.

### 28 來自關連公司之貸款 (續)

於二零一八年十二月三十一日，向南方租賃借款的賬面值為港幣20,824,000元。此餘額於二零一九年八月已全數清還。

### 29 BANK BORROWINGS

### 29 銀行貸款

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Bank loans	銀行貸款	445,840	715,430
Less: loan transaction costs	減：貸款交易成本	(1,593)	(3,136)
		444,247	712,294
Discounted bills with recourse (Note 23(b)(i))	附追索權的已貼現票據 (附註23(b)(i))	166,455	162,157
		610,702	874,451
Non-current portion	非流動部分	210,241	268,407
Current portion	流動部分	400,461	606,044
		610,702	874,451
Secured	已抵押	194,363	219,221
Unsecured	無抵押	416,339	655,230
		610,702	874,451



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### 29 BANK BORROWINGS (continued)

The Group's bank borrowings were repayable as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Within 1 year	一年內	400,461	606,044
Between 1 and 2 years	一至二年間	210,241	118,407
Between 2 and 5 years	二至五年間	-	150,000
		<b>610,702</b>	<b>874,451</b>

The carrying amounts of the bank borrowings approximate their fair values.

As at 31 December 2019, the carrying amount of fixed rate borrowings and variable rate borrowings are HK\$610,702,000 (2018: HK\$577,587,000) and Nil (2018: HK\$296,864,000), respectively.

The bank borrowings of the Group are secured by leasehold land and buildings and land use rights as disclosed in Note 25.

As at 31 December 2019, total undrawn facilities amounted to HK\$1,593,000 (2018: approximately HK\$27,102,000).

### 29 銀行貸款 (續)

本集團的銀行貸款款項償還如下：

銀行借款的賬面值與其公平值相若。

於二零一九年十二月三十一日，固定利率貸款及浮動利率貸款之賬面值分別為港幣610,702,000元（二零一八年：港幣577,587,000元）及無（二零一八年：港幣296,864,000元）。

本集團的銀行借款是用租賃土地及樓宇及以土地使用權作為抵押並於附註25披露。

於二零一九年十二月三十一日，未提取融資總額約為港幣1,593,000元（二零一八年：約港幣27,102,000元）。

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### 29 BANK BORROWINGS (continued)

The range of effective interest rates (which are also equal to contractual interest rates) on bank borrowings are as follows:

### 29 銀行貸款 (續)

銀行貸款之實際利率(亦相等於訂約利率)的範圍如下:

		As at 31 December 於十二月三十一日	
		2019 二零一九年	2018 二零一八年
Effective interest rate per annum:	實際年利率:		
Fixed rate borrowings	固定利率貸款	2.55% to 5.44%	3.40% to 6.50%
		2.55% 至 5.44%	3.40% 至 6.50%
Variable rate borrowings	浮動利率貸款	-	3.97% to 5.17%
			3.97% 至 5.17%

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

本集團銀行貸款的賬面值以下列貨幣計值:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
HKD	港幣	-	296,864
RMB	人民幣	610,702	577,587
		610,702	874,451

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### 30 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

On 11 February 2019 (the “Issuance Date”), the Company issued convertible bonds in the principal amount of HK\$150,000,000 (the “Convertible Bonds”) to Jingxi Holdings Limited (“Jingxi Holdings”), a wholly-owned subsidiary of Shougang Group Co., Ltd (“Shougang Group”, which is the substantial shareholder with significant influence of the Company). The consideration for the Convertible Bonds was HK\$150,000,000. The Convertible Bonds are interest bearing at a coupon rate of 4% per annum.

The holder of the Convertible Bonds has:

- (i) the option to demand the Company to redeem the Convertible Bonds on 11 February 2022 (the “Original Maturity Date”) at 100% of the principal amount outstanding plus any accrued and unpaid interest;
- (ii) the option to convert the Convertible Bonds into ordinary shares of the Company at a conversion price derived on certain conditions at the date of conversion falling 6 months from the Issuance Date and up to the maturity date of the Convertible Bonds; and
- (iii) the option to extend the Original Maturity Date twice by one year each to the date falling on 11 February 2024.

The Convertible Bonds, together with the abovementioned options, were designated as a financial liability at fair value through profit or loss.

### 30 按公平值計入損益之金融負債

於二零一九年二月十一日（「發行日」），本公司向京西控股有限公司（「京西控股」）（首鋼集團有限公司（「首鋼集團」，本公司之有重要影響的主要股東）的全資附屬公司）發行本金額為港幣150,000,000元的可換股債券（「可換股債券」）。可換股債券的代價為港幣150,000,000元。可換股債券按每年4%的票面利率計息。

可換股債券持有人擁有：

- (i) 於二零二二年二月十一日（「原始到期日」）要求本公司按100%尚未償還本金額另加任何應計未付利息贖回可換股債券的選擇；
- (ii) 按換股價（根據自可換股債券發行日起至到期日止六個月的轉換日的若干條件）將可換股債券轉換為本公司普通股的選擇；及
- (iii) 延長原始到期日兩次，每次一年至二零二四年二月十一日止的選擇。

可換股債券，連同上述選擇，被指定為按公平值計入損益之金融負債。

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### 30 FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Convertible Bonds are initially recognised at the fair value as financial liability at fair value through profit or loss. The fair value of the Convertible Bonds as at 31 December 2019 was valued by the independent and professionally qualified valuer, Greater China Appraisal Limited. The valuation was determined using Black-Scholes model with Trinomial Tree method.

The movement of the financial liability at fair value through profit or loss during the year ended 31 December 2019 is as below:

### 30 按公平值計入損益之金融負債 (續)

可換股債券初步按公平值確認為按公平值計入損益之金融負債。可換股債券的公平值由獨立且具有專業資格的估值師漢華評值有限公司評估。該估值的釐定採用與布萊克•斯科爾斯模型與三叉法。

截至二零一九年十二月三十一日止年度，按公平值計入損益之金融負債的賬面淨額變動如下：

		HK\$'000 港幣千元
As at 11 February 2019 (the "Issuance Date")	於二零一九年二月十一日 (「發行日」)	150,000
Settlement	償付	(3,000)
Fair value loss recognised in profit or loss (Note 8)	已於損益內確認之公平值虧損 (附註8)	5,944
As at 31 December 2019	於二零一九年十二月三十一日	152,944

Note:

#### Fair value measurements using significant unobservable inputs (level 3)

The key unobservable inputs used in the valuation of the financial liability at fair value through profit or loss as at 31 December 2019 are:

附註：

#### 使用重大的無法觀察輸入數據進行公平值計量 (第三級)

於二零一九年十二月三十一日採用主要無法觀察輸入數據評估按公平值計入損益之金融負債為：

#### Valuation technique 估值方法

#### Unobservable inputs 無法觀察輸入數據

Black-Scholes model with Trinomial Tree method  
布萊克•斯科爾斯模型與三叉法

Risk-free rate  
無風險收益率

1.99%

Volatility  
波動率

50.51%

If the risk-free rate shifted upward by 1%, the impact on profit or loss would be HK\$1,837,000 lower. The higher the risk-free rate, the lower the fair value.

倘無風險收益率上升1%，其影響將減少當期損益港幣1,837,000元。無風險收益率越高，公平值會低。

If the volatility shifted upward by 5%, the impact on profit or loss would be HK\$3,601,000 higher. The higher the volatility, the higher the fair value.

倘波動率上升5%，其影響將增加當期損益約港幣3,601,000元。無風險收益率越高，公平值會高。

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### 31 DEFERRED TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax recoverable against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities during the year is as follows:

### 31 遞延稅項

遞延所得稅資產與負債在有關法定強制執行權力抵消當期所得稅負債的可收回稅款以及遞延所得稅與同一財政當局有關時，予以抵消。

遞延所得稅資產及負債於本年度之變動如下：

		Accelerated tax depreciation	Provision for impairment loss on trade receivables	Provision for inventories	Tax losses	Total of deferred tax assets	Decelerated tax depreciation	Revaluation of properties	Withholding tax on distributable profit of subsidiaries in the PRC 於中國附屬公司之可分配利潤之預提	Others	Total of deferred tax liabilities	Net total
		加速折舊 抵免	應收賬款減值 損失撥備	存貨撥備	稅務虧損	遞延稅項資產 總額	減速折舊抵免	物業重估	稅項	其他	遞延稅項負債 總額	淨總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
<b>At 1 January 2018</b>	於二零一八年一月一日	(12,577)	(5,489)	(2,262)	(5,876)	(26,204)	11,549	32,101	8,529	1,069	53,248	27,044
(Credited)/charged to profit or loss	扣減/(計入)損益	(2,854)	(1,313)	(910)	(1,766)	(6,843)	2,812	2,319	-	(356)	4,775	(2,068)
Charged to other comprehensive income	扣減其他全面綜合收益	-	-	-	-	-	-	5,077	-	-	5,077	5,077
Exchange differences	匯兌差額	204	418	(3)	480	1,099	(812)	(720)	-	(3)	(1,535)	(436)
<b>At 31 December 2018</b>	於二零一八年十二月三十一日	(15,227)	(6,384)	(3,175)	(7,162)	(31,948)	13,549	38,777	8,529	710	61,565	29,617
<b>At 1 January 2019</b>	於二零一九年一月一日	(15,227)	(6,384)	(3,175)	(7,162)	(31,948)	13,549	38,777	8,529	710	61,565	29,617
(Credited)/charged to profit or loss	(計入)/扣減損益	(281)	3,457	(305)	(950)	1,921	(3,237)	925	2,417	(709)	(604)	1,317
Credited to other comprehensive income	計入其他全面綜合收益	-	-	-	-	-	-	(4,606)	-	-	(4,606)	(4,606)
Exchange differences	匯兌差額	(4)	53	(31)	(90)	(72)	(50)	(352)	-	(1)	(403)	(475)
<b>At 31 December 2019</b>	於二零一九年十二月三十一日	(15,512)	(2,874)	(3,511)	(8,202)	(30,099)	10,262	34,744	10,946	-	55,952	25,853

As at 31 December 2019, the Group has estimated unused tax losses of HK\$101,678,000 (2018: HK\$268,624,000) which shall expire in four to six years (2018: five to seven years) and estimated unused tax losses of HK\$299,377,000 (2018: HK\$316,958,000) are available indefinitely for offsetting against future taxable profits of the companies in which the losses arise.

於二零一九年十二月三十一日，本集團有估計未動用稅項虧損為港幣101,678,000元（二零一八年：港幣268,624,000元），有效期為四至六年（二零一八年：五至七年），並估算未動用稅項虧損港幣299,377,000元（二零一八年：港幣316,958,000元）可無限期用於抵銷相對於其中的有產生虧損之公司的未來應稅利潤。

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### 31 DEFERRED TAX (continued)

As at 31 December 2019, the Group has deductible temporary differences of HK\$215,125,000 (2018: HK\$240,402,000) which no deferred tax asset has been recognised, as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

### 32 DISCONTINUED OPERATION

In September 2019, the Group discontinued the processing and trading of copper and brass products business in the PRC. Accordingly, the financial results of the discontinued business are presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income as discontinued operation in accordance with HKFRS 5 “Non-current Assets Held for Sales and Discontinued Operation” issued by the HKICPA. Comparative figures have been restated. The financial performance presented is for the years ended 31 December 2018 and 2019.

### 31 遞延稅項 (續)

於二零一九年十二月三十一日，本集團有港幣215,125,000元（二零一八年：港幣240,402,000元）的可扣減短暫性差異，因未能確定有否應課稅溢利可予以扣減，故並無確認為遞延稅項資產。

### 32 已終止經營業務

在二零一九年九月，本集團已終止經營於中國的銅及黃銅材料的加工及貿易業務。據此，已終止經營業務之財務結果根據香港會計師公會頒布的《香港財務報告準則》第5號「持有待售之非流動資產及已終止經營業務」按已終止經營業務呈列於綜合損益表及綜合全面收益表中。比較數字已重列。所呈列財務表現為截至二零一八年及二零一九年十二月三十一日止年度。



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### 32 DISCONTINUED OPERATION (continued)

### 32 已終止經營業務 (續)

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Revenue	營業額	-	131,177
Cost of sales	銷售成本	-	(130,814)
Gross profit	毛利	-	363
Other gains/(losses), net	其他收益／(虧損)·淨額	2	(555)
Expenses	費用	(3,018)	(4,066)
Net impairment losses on financial assets (Note 23(c))	金融資產減值損失淨額 (附註23(c))	(521)	287
Finance income/(costs), net	財務收入／(成本)·淨額	137	(17)
Loss before income tax	除所得稅前虧損	(3,400)	(3,988)
Income tax expense (Note 12)	所得稅支出(附註12)	-	(40)
Loss from discontinued operation	來自己終止經營業務之虧損	(3,400)	(4,028)
<b>Other comprehensive loss</b>	<b>其他全面虧損</b>		
Exchange differences arising on translation into presentation currency	因換算呈列貨幣而產生的 匯兌差額	(1,094)	(2,139)
Total comprehensive loss from discontinued operation	來自己終止經營業務之 全面虧損總額	(4,494)	(6,167)
Net cash generated from/(used in) operating activities	經營活動產生／(動用) 之現金淨額	402	(8,367)
Net cash generated from investing activities	投資活動產生之現金淨額	140	426
Net cash used in financing activities	融資活動動用之現金淨額	(37)	(29)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值項目 之增加／(減少)淨額	505	(7,970)

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### 33 SHARE CAPITAL

### 33 股本

		Number of shares 股份數目 Thousand 千股	HK\$'000 港幣千元
Issued and fully paid:	已發行及繳足股本：		
At 1 January 2018,	於二零一八年一月一日、		
31 December 2018,	二零一八年十二月三十一日、		
1 January 2019 and	二零一九年一月一日及		
31 December 2019	二零一九年十二月三十一日	1,922,901	1,191,798

#### Share buy-back

During November and December 2019, the Company purchased 3,790,000 ordinary shares on-market in order to achieve an increase in the consolidated net asset value and/or earnings per share. The buy-back was approved by shareholders at last year's annual general meeting, and the payment was made out of the Company's distributable profits with no reduction of capital.

The shares were acquired at an average price of HK\$0.186 per share, with prices ranging from HK\$0.176 to HK\$0.202. The total amount of HK\$705,000 paid to acquire the shares has been deducted from retained earnings within shareholders' equity.

#### 回購股份

為了增加每股綜合資產淨值及／或每股盈利，本公司於二零一九年十一月及十二月在市場上回購3,790,000股普通股。回購股份是在去年的股東周年大會上獲得股東批准，款項從公司的可分配利潤中扣除，而當中沒有減少資本。

回購股份的平均價格為每股港幣0.186元，價格範圍為港幣0.176元至港幣0.202元。回購股份所支付的總額為港幣705,000元，已從股東權益中的未分配利潤中扣除。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 34 COMMITMENTS

#### (a) Capital commitments

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Commitments in respect of the acquisition of property, plant and equipment – contracted for but not provided in the consolidated financial statements	購買物業、廠房及設備之承擔 — 已訂約但尚未於綜合財務報告作出撥備	143,513	1,484

#### (b) Operating lease commitments

##### *The Group as lessee*

As at 31 December 2018, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Within one year	一年內	-	1,312
In the second to fifth year inclusive	第二至第五年內	-	1,670
		-	2,982

From 1 January 2019, the Group has recognised right-of-use assets for these leases, see Note 18 for further information.

### 34 承擔

#### (a) 資本承擔

#### (b) 經營租約

##### *本集團作為承租者*

於二零一八年十二月三十一日，根據不可撤銷經營租約，本集團於下列期間到期之未來最低租金支出承擔如下：

自二零一九年一月一日起，本集團已確認這些租賃的資產使用權，進一步資料見附註18。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 34 COMMITMENTS (continued)

#### (b) Operating lease commitments (continued)

##### *The Group as lessor*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

### 34 承擔 (續)

#### (b) 經營租約 (續)

##### *本集團作為出租者*

於報告期末，本集團與租戶約定之未來最低應收租金總額如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
Within one year	一年內	1,530	1,175
In the second to fifth year inclusive	第二至第五年內	1,747	1,563
Over five years	多於五年	-	63
		<b>3,277</b>	<b>2,801</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Reconciliation of profit/(loss) before income tax to cash flows used in operating activities

### 35 綜合現金流量表附註

#### (a) 將除所得稅前溢利／（虧損）調整為經營活動動用現金

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Cash flows from operating activities</b>	<b>經營活動產生之現金流量</b>		
Continuing operations	持續經營業務		
Profit/(loss) before tax	除稅前溢利／（虧損）	<b>115,770</b>	(7,129)
Adjustments for:	經調整：		
Net impairment loss on trade receivables	應收賬款減值損失淨額	<b>1,059</b>	1,652
Provision for/(reversal of provision for) inventories, net	存貨撥備／（撥備撥回），淨額	<b>9,096</b>	(740)
Amortisation of land use rights	土地使用權之攤銷	<b>1,929</b>	-
Amortisation of prepaid lease payments	預付租賃款項之攤銷	-	4,681
Bad debts written off	壞賬註銷	-	319
Changes in fair value of investment properties	投資物業公平值之變動	<b>718</b>	(4,017)
Change in fair value of a financial liability at fair value through profit or loss	按公平值計入損益之金融負債公平值之變動	<b>5,944</b>	-
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	<b>100,860</b>	130,205
Depreciation of right-of-use assets	資產使用權的折舊費用	<b>1,199</b>	-
Impairment losses on property, plant and equipment	物業、廠房及設備之減值損失	<b>9,745</b>	-
Reversal of impairment losses on land use rights	土地使用權之減值損失撥回	<b>(17,456)</b>	-
Losses on disposal of club memberships, net	出售會籍之虧損，淨額	-	225
Losses on disposal of property, plant and equipment, net	出售物業、廠房及設備之虧損，淨額	<b>995</b>	2,154
Interest expenses and amortisation of loan transaction costs	利息支出及貸款交易成本之攤銷	<b>65,569</b>	55,357
Interest income	利息收入	<b>(865)</b>	(1,285)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (a) Reconciliation of profit/(loss) before income tax to cash flows used in operating activities (continued)

### 35 綜合現金流量表附註 (續)

#### (a) 將除所得稅前溢利／(虧損)調整為經營活動動用現金 (續)

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Cash flows from operating activities</b>	<b>經營活動產生之現金流量</b>		
Continuing operations	持續經營業務		
Operating cash flows before movements in working capital	流動資金變動前之經營現金流量	<b>294,563</b>	181,422
Changes in working capital:	營運資金變動：		
Inventories	存貨	<b>9,190</b>	(44,115)
Trade receivables	應收賬款	<b>93,911</b>	(71,681)
Bills receivable	應收票據	<b>3,249</b>	(283,331)
Prepayments, deposits and other receivables	預付款、按金及其他應收款	<b>(2,150)</b>	59,269
Trade and bills payables	應付賬款及票據	<b>(92,181)</b>	50,175
Other payables and accruals	其他應付款及預提費用	<b>39,385</b>	(14,635)
Cash generated from/(used in) operations	經營產生／(動用)之現金	<b>345,967</b>	(122,896)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (a) Reconciliation of profit/(loss) before income tax to cash flows used in operating activities (continued)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, investment properties and club memberships:

### 35 綜合現金流量表附註 (續)

#### (a) 將除所得稅前溢利／(虧損)調整為經營活動動用現金 (續)

於綜合現金流量表中，出售物業、廠房及設備、投資物業及會籍之所得款項如下：

		Year ended 31 December 截至十二月三十一日 止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元 (Restated) (重列)
<b>Continuing operations</b>	<b>持續經營業務</b>		
Net book amount	賬面淨值	<b>2,576</b>	13,662
Losses on disposals of property, plant and equipment, investment properties and club memberships	出售物業、廠房及設備、投資物業及會籍之虧損	<b>(995)</b>	(2,379)
Proceeds from disposals of property, plant and equipment, investment properties and club memberships	出售物業、廠房及設備、投資物業及會籍之所得款項	<b>1,581</b>	11,283

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (b) 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.

### 35 綜合現金流量表附註 (續)

#### (b) 由融資活動產生的負債之對賬

下表詳列本集團由融資活動產生的負債之變動，包括現金及非現金變動。由融資活動產生的負債指該等現金流已或未來現金流將會於本集團綜合現金流量表被分類為融資活動產生現金流的負債。

		Bank borrowings	Discounted bills with recourse	Loans from related companies	Financial liability at fair value through profit or loss	Lease liabilities	Total
		銀行貸款	附追索權的已貼現票據	來自關連公司之貸款	按公平值計入損益之金融負債	租賃負債	合計
		HK\$'000 港幣千元 (Note 29) (附註29)	HK\$'000 港幣千元 (Note 29) (附註29)	HK\$'000 港幣千元 (Note 28) (附註28)	HK\$'000 港幣千元 (Note 30) (附註30)	HK\$'000 港幣千元 (Note 18) (附註18)	HK\$'000 港幣千元
At 1 January 2018	於二零一八年一月一日	760,683	37,403	250,924	-	-	1,049,010
Cash inflow	現金流入	433,266	300,236	-	-	-	733,502
Cash outflow	現金流出	(462,942)	(168,694)	(27,949)	-	-	(659,585)
Exchange differences	匯兌差額	(20,304)	(6,788)	(1,355)	-	-	(28,447)
Non-cash movement	非現金流動	1,591	-	4,738	-	-	6,329
At 31 December 2018	於二零一八年十二月三十一日	712,294	162,157	226,358	-	-	1,100,809
Recognised on adoption of HKFRS 16 (Note 2.2)	確認採用香港財務報告準則第16號(附註2.2)	-	-	-	-	2,803	2,803
At 1 January 2019	於二零一九年一月一日	712,294	162,157	226,358	-	2,803	1,103,612
Cash inflow	現金流入	479,616	275,060	-	150,000	-	904,676
Cash outflow	現金流出	(743,214)	(267,075)	(170,395)	(3,000)	(1,312)	(1,184,996)
Exchange differences	匯兌差額	(5,992)	(3,687)	763	-	-	(8,916)
Non-cash movement	非現金流動	1,543	-	918	5,944	118	8,523
At 31 December 2019	於二零一九年十二月三十一日	444,247	166,455	57,644	152,944	1,609	822,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS

#### (a) The Company's share option scheme

A share option scheme (the "2002 Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 7 June 2002. Under the 2002 Scheme, the board of directors (the "Board") of the Company shall, subject to and in accordance with the provisions of the 2002 Scheme and the Listing Rules, grant share options to any eligible participant to subscribe for shares in the capital of the Company. A new share option scheme (the "2012 Scheme") was adopted and the 2002 Scheme was terminated by the shareholders of the Company at the annual general meeting held on 25 May 2012.

The 2012 Scheme became effective on 29 May 2012 upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any shares falling to be issued and allotted upon the exercise of the share options granted.

The share options which have been granted and remained outstanding under the 2002 Scheme remain valid and exercisable in accordance with their terms of issue.

### 36 以股份支付支出之交易

#### (a) 本公司之購股權計劃

本公司股東於二零零二年六月七日舉行之股東周年大會上採納了購股權計劃（「二零零二計劃」）。根據二零零二計劃，本公司董事會（「董事會」）可根據及按照二零零二計劃的條款及上市規則授予任何合資格人士購股權以認購本公司之股份。本公司股東並於二零一二年五月二十五日舉行之股東周年大會上採納了新購股權計劃（「二零一二計劃」）及終止了二零零二計劃。

繼聯交所上市委員會批准授出之購股權獲行使而將予發行及分配之任何股份上市及買賣，二零一二計劃於二零一二年五月二十九日起生效。

根據二零零二計劃項下已授出但尚未行使的購股權仍然有效，並可根據其發行條款予以行使。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) The Company's share option scheme (continued)

The Company operates the 2002 Scheme (subsequently replaced by the 2012 Scheme) for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group or potential contribution to the Group. Eligible participants of the 2002 Scheme include any director (including executive and non-executive), executive, officer, employee or shareholder of the Company or any of the subsidiaries or any of the associates or any of the joint ventures and any supplier, customer, consultant, adviser, agent, partner or business associate who will contribute or has contributed to the Group.

Qualifying grantees of the 2012 Scheme include any director (including executive, non-executive and independent non-executive), executive, officer, employee, shareholder of the Company or any of the subsidiaries or any of the associated companies or any of the joint ventures and any supplier, customer, consultant, adviser, agent, partner or business associate, who will contribute or has contributed to the development and growth of the Group. Unless otherwise cancelled or amended, the 2012 Scheme will remain in force for a period of ten years from 29 May 2012.

### 36 以股份支付支出之交易 (續)

#### (a) 本公司之購股權計劃 (續)

本公司設立二零零二計劃(其後被二零一二計劃取代)旨在鼓勵及獎勵合資格人士對本集團所作出之貢獻或可能作出之貢獻。二零零二計劃之合資格人士包括本公司或其任何附屬公司或其任何聯營公司或其任何共同控制企業之任何董事(包括執行及非執行)、行政人員、高級職員、僱員或股東及任何供應商、客戶、諮詢人、顧問、代理人、合夥人或業務關連人士,該等將會或已向本集團作出貢獻之人士。

二零一二計劃之合資格承授人包括本公司或其任何附屬公司或其任何聯營公司或其任何共同控制企業之任何董事(包括執行、非執行及獨立非執行)、行政人員、高級職員、僱員或股東及任何供應商、客戶、諮詢人、顧問、代理人、合夥人或業務關連人士,該等將會或已向本集團發展及增長作出貢獻之人士。除非被註銷或修改以外,二零一二計劃由二零一二年五月二十九日起計十年內有效。

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) The Company's share option scheme (continued)

The maximum number of unexercised share options currently permitted to be granted under the 2012 Scheme is 192,290,055 shares which represented 10% of the total number of issued shares of the Company as at the date of this annual report. The maximum number of shares issuable under the share options to each qualifying grantee in the 2012 Scheme within any 12-month period is limited to 1% of the total number of shares of the Company in issue under the 2012 Scheme. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options under the 2012 Scheme may be accepted within 60 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. An option may be exercised under the 2002 Scheme and 2012 Scheme at any time within 10 years from the date of grant of the options or may be determined by the Board at its absolute discretion. The minimum period for which an option must be held before it can be exercised will be determined by the Board at its discretion.

The exercise price per share in relation to an option under the 2002 Scheme and 2012 Scheme shall be a price to be determined by the Board and shall be no less than the highest of (a) the official closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an eligible participant/a qualifying grantee, which must be a business day; or (b) the official average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer of option to an eligible participant/a qualifying grantee.

### 36 以股份支付支出之交易 (續)

#### (a) 本公司之購股權計劃 (續)

根據二零一二計劃，現時容許發行之尚未行使購股權總數上限為192,290,055股，代表本公司於本年報獲批准日期之已發行股份總數目的10%。根據二零一二計劃，每名合資格承授人於任何十二個月期間內獲授予的購股權時所涉及發行的股份總數目，不得超過本公司已發行股份總數目的1%。任何超逾此上限之購股權之授予須得到股東於股東大會上之批准。

根據二零一二計劃獲授予購股權人士可於獲授予購股權日期起計六十日內接納，並須支付港幣1元之象徵式代價。根據二零零二計劃及二零一二計劃，購股權可於購股權授出日期起計十年內或董事會全權酌情決定購股權可予行使之期限內行使。董事會可酌情決定購股權可獲行使前必須持有之最短期限。

有關二零零二計劃及二零一二計劃購股權之股份之每股行使價將由董事會釐訂，及並不得低於下列兩項中最高(a)於向合資格人士／合資格承授人授出購股權當日（必須為營業日）的收市價，即於聯交所刊發之報告所載本公司股份之官方收市價；或(b)緊接向合資格人士／合資格承授人授出購股權日期前五個營業日於聯交所刊發之報告所載本公司股份之平均官方收市價。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) The Company's share option scheme (continued)

Pursuant to the 2002 Scheme and 2012 Scheme, share options held by any eligible participant/qualifying grantee will lapse automatically upon their termination of employment but the Board is empowered to extend the exercise period of the concerned share options at its discretion. Relevant exercise period of share options held by the eligible participant whose employment terminated during the previous years was extended and approved by the Board. Such change does not constitute modification of the 2002 Scheme.

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

No share options were granted under the 2002 Scheme during the years ended 31 December 2018 and 2019 since the 2002 Scheme had terminated. During the year ended 31 December 2019, no share options granted under the 2002 Scheme had been exercised or cancelled while 4,000,000 (2018: 103,700,000) share options have lapsed.

No share options were granted, exercised, cancelled or lapsed under the 2012 Scheme during the years ended 31 December 2018 and 2019.

### 36 以股份支付支出之交易 (續)

#### (a) 本公司之購股權計劃 (續)

根據二零零二計劃及二零一二計劃，任何合資格人士／合資格承授人當終止僱傭合約，其持有之購股權將自動失效，但董事會有權延長該購股權的行使期限。有關任何合資格人士於過往年度終止僱傭合約時持有之購股權期限已被董事會延長及批准。該修改並不會構成二零零二計劃之修改。

購股權之持有人並不授予收取股息或於股東大會上投票之權利。

因二零零二計劃已終止，截至二零一八年及二零一九年十二月三十一日止年度，並無購股權根據二零零二計劃授出。截至二零一九年十二月三十一日止年度，根據二零零二計劃，亦無授出之購股權已被行使或註銷，惟有4,000,000 (二零一八年：103,700,000)股購股權失效。

截至二零一八年及二零一九年十二月三十一日止年度，並無購股權根據二零一二計劃授出、行使、註銷或失效。



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### 36 SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) The Company's share option scheme (continued)

The following table discloses details of the Company's share options granted under 2002 Scheme held by eligible participants and movements in such holdings in relation thereto during the years ended 31 December 2018 and 2019:

Grantees	Number of share options for 2019 二零一九年購股權數目			Date of grant	Exercise period	Exercise Price per share
	At 1.1.2019 於二零一九年 一月一日	Lapsed during the year 年內失效	At 31.12.2019 於二零一九年 十二月三十一日			
獲授予購股權人士				授出日期 (Note a) (附註a)	行使期間	每股行使價 HK\$ 港幣
Employees other than directors of the Company 僱員(本公司董事除外)	1,200,000	(1,200,000) (Note h) (附註h)	-	13.7.2009	13.7.2009 - 12.7.2019	0.680
	1,200,000	(1,200,000) (Note h) (附註h)	-	13.7.2009	1.1.2010 - 12.7.2019	0.680
	1,600,000	(1,600,000) (Note h) (附註h)	-	13.7.2009	1.1.2011 - 12.7.2019	0.680
	4,000,000	(4,000,000)	-			
Exercisable at year end 於年底可行使			-			
Weighted average exercise price 加權平均行使價	0.680	0.680	-			

### 36 以股份支付支出之交易(續)

#### (a) 本公司之購股權計劃(續)

下表披露合資格人士關於二零零二計劃持有本公司購股權資料及其截至二零一八年及二零一九年十二月三十一日止年度之持股變動:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS 36 以股份支付支出之交易 (續)

(continued)

#### (a) The Company's share option scheme (continued)

#### (a) 本公司之購股權計劃 (續)

Grantees	Number of share options for 2018 二零一八年購股權數目			Date of grant	Exercise period	Exercise Price per share
	At 1.1.2018	Lapsed during the year	At 31.12.2018			
獲授予購股權人士	於二零一八年一月一日	年內失效	於二零一八年十二月三十一日	授出日期 (Note a) (附註a)	行使期間	每股行使價 HK\$ 港幣
Directors of the Company	39,400,000	(39,400,000) (Note b) (附註b)	-	28.1.2008	28.1.2008 – 27.1.2018	0.864
本公司董事	5,400,000	(5,400,000) (Note c) (附註c)	-	13.7.2009	13.7.2009 – 12.7.2019	0.680
	5,400,000	(5,400,000) (Note c) (附註c)	-	13.7.2009	1.1.2010 – 12.7.2019	0.680
	(Note i) (附註i)					
	7,200,000	(7,200,000) (Note c) (附註c)	-	13.7.2009	1.1.2011 – 12.7.2019	0.680
	(Note i) (附註i)					
	57,400,000	(57,400,000)	-			
Employees other than directors of the Company	28,700,000	(28,700,000) (Note d) (附註d)	-	28.1.2008	28.1.2008 – 27.1.2018	0.864
本公司董事以外之僱員	100,000	(100,000) (Note e) (附註e)	-	28.1.2008	28.1.2011 – 27.1.2018	0.864
(本公司董事除外)	(Note k) (附註k)					
	1,350,000	(150,000) (Note f) (附註f)	1,200,000	13.7.2009	13.7.2009 – 12.7.2019	0.680
	1,350,000	(150,000) (Note f) (附註f)	1,200,000	13.7.2009	1.1.2010 – 12.7.2019	0.680
	(Note i) (附註i)					
	1,800,000	(200,000) (Note f) (附註f)	1,600,000	13.7.2009	1.1.2011 – 12.7.2019	0.680
	(Note i) (附註i)					
	33,300,000	(29,300,000)	4,000,000			
All other eligible participants	17,000,000	(17,000,000) (Note g) (附註g)	-	28.1.2008	28.1.2008 – 27.1.2018	0.864
所有其他合資格人士						
	107,700,000	(103,700,000)	4,000,000			
Exercisable at year end			4,000,000			
於年底可行使						
Weighted average exercise price	0.826	0.831	0.680			
加權平均行使價						

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) The Company's share option scheme (continued)

Notes:

- a. The vesting period of the share options is from the date of grant to the beginning of the exercise period except for the share options set out under Note (i) below.
- b. A total of 39,400,000 share options at the exercise price of HK\$0.864 held by Mr. Li Shaofeng ("Mr. Li"), Mr. Tang Cornor Kwok Kau, Mr. Leung Shun Sang, Tony ("Mr. Leung"), Mr. Yip Kin Man, Raymond and Mr. Law Yui Lun lapsed during 2018, in which Mr. Li resigned as an executive Director and chairman with effect from 18 January 2018. Mr. Leung retired at the annual general meeting held on 18 May 2018 and did not offer himself for re-election.
- c. Following the resignation of Mr. Yang Kaiyu ("Mr. Yang") as an executive Director and managing Director with effect from 31 January 2018, the 18,000,000 share options held by Mr. Yang, with the exercise price of HK\$0.680 have lapsed.
- d. A total of 28,700,000 share options at the exercise price of HK \$0.864 lapsed during 2018 in accordance with the terms of the 2002 Scheme.
- e. 100,000 share options at the exercise price of HK\$0.864, which have a vesting period of three years from the date of grant, lapsed during 2018 in accordance with the terms of the 2002 Scheme.
- f. A total of aggregate 500,000 share options lapsed during 2018 due to the resignation of an employee.
- g. 17,000,000 share options at the exercise price of HK\$0.864 lapsed during 2018 in accordance with the terms of the 2002 Scheme.

### 36 以股份支付支出之交易 (續)

#### (a) 本公司之購股權計劃 (續)

附註：

- a. 除列於下述附註(i)項之購股權外，購股權授出日期起至行使期限開始歸屬。
- b. 李少峰先生(「李先生」)、鄧國求先生、梁順生先生(「梁先生」)、葉健民先生和羅裔麟先生持有之行使價為港幣0.864元之合共39,400,000股購股權於二零一八年間失效。其中，李先生自二零一八年一月十八日辭任執行董事兼董事長。梁先生於二零一八年五月十八日舉行之股東周年大會退任，並不膺選連任。
- c. 自楊開宇先生(「楊先生」)於二零一八年一月三十一日辭任執行董事及董事總經理，楊先生持有的行使價為港幣0.680元之合共18,000,000股購股權失效。
- d. 共有行使價為港幣0.864元之28,700,000股購股權根據二零零二計劃的條款於二零一八年間失效。
- e. 共有於授出日期三年後歸屬之行使價為港幣0.864元之100,000股購股權根據二零零二計劃的條款於二零一八年間失效。
- f. 合共有500,000股購股權由於僱員辭職而於二零一八年間失效。
- g. 共有行使價為港幣0.864元之17,000,000股購股權根據二零零二計劃的條款於二零一八年間失效。

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 36 SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) The Company's share option scheme (continued)

Notes: (continued)

- h. A total of aggregate 4,000,000 share options lapsed during the year due to expiry of the exercise period.
- i. 5,400,000 share options have a vesting period from the date of grant to 31 December 2009 and 7,200,000 share options have a vesting period from the date of grant to 31 December 2010 under the category of "Directors of the Company". 1,350,000 share options have a vesting period from the date of grant to 31 December 2009 and 1,800,000 share options have a vesting period from the date of grant to 31 December 2010 under the category of "Employees other than the directors of the Company".

### 37 RELATED PARTY TRANSACTIONS

The Company's substantial shareholder with significant influence is Shougang HK, which is a wholly owned subsidiary of Shougang Group Co., Ltd., a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission. Shougang Group Co., Ltd., together with its associates (as defined in the Listing Rules) other than the Group, will hereinafter be referred to as the "Shougang Group". Accordingly, the Group is significantly influenced by Shougang Group, which is part of a larger group of companies ultimately controlled by the PRC government.

Shougang HK, together with its subsidiaries and associates other than the Group, will hereinafter be referred to as the "Shougang HK Group". Apart from the transactions with Shougang HK Group, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business.

### 36 以股份支付支出之交易 (續)

#### (a) 本公司之購股權計劃 (續)

附註：(續)

- h. 合共有4,000,000股購股權由於行使期間之期滿而於本年度失效。
- i. 於「本公司董事」類別中，5,400,000股購股權於授出日期至二零零九年十二月三十一日後歸屬及7,200,000股購股權於授出日期至二零一零年十二月三十一日後歸屬。於「僱員(本公司董事除外)」類別中，1,350,000股購股權於授出日期至二零零九年十二月三十一日後歸屬及1,800,000股購股權於授出日期至二零一零年十二月三十一日後歸屬。

### 37 關連人士之交易

本公司之主要股東有重要影響的是首控香港(乃首鋼集團有限公司(北京國有資產監督管理委員會直接監督之國有企業)的全資附屬公司)的聯營公司。除本集團外，首鋼集團有限公司及其聯繫人(根據上市規則定義)以下將被稱為「首鋼集團」。因此，本集團受首鋼集團之重大影響。首鋼集團為中國政府最終控制之一系列大型企業之一部份。

首控香港連同其附屬公司和聯繫人(本集團除外)在以下將被稱為「首控香港集團」。除與首控香港集團的交易，本集團在日常業務過程中亦與其他中國政府關連實體進行業務。

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## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 37 RELATED PARTY TRANSACTIONS

(continued)

#### (i) Transactions with PRC government-related entities

##### (a) Transactions with Shougang HK Group

### 37 關連人士之交易 (續)

#### (i) 與中國政府關連實體之交易

##### (a) 與首控香港集團之交易

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Continuing operations</b>	<b>持續經營業務</b>		
Consultancy fees paid to Shougang HK Group	支付顧問費予首控香港集團	1,110	960
Rental expenses paid to Shougang HK Group	支付租金予首控香港集團	-	1,974
Issuance of convertible bonds to Shougang Fund	發行予首鋼基金之可換股債券	150,000	-
Loans repayment to Shougang HK Group	償還首控香港集團之貸款	171,166	27,949
Handling fee paid to Shougang HK Group	支付予首控香港集團之手續費	-	830
Interest expenses on loans from Shougang HK Group	來自首控香港集團之貸款之利息支出	8,261	12,790
Settlement of convertible bonds issued to Shougang Fund	償付發行給首鋼基金之可換股債券	3,000	-

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FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 37 RELATED PARTY TRANSACTIONS

(continued)

#### (i) Transactions with PRC government-related entities (continued)

##### (b) Transactions with other PRC government-related entities

The Group has entered into various transactions, including sales to, purchases from and other operating expenses paid to other PRC government-related entities. In the opinion of the directors of the Company, these transactions are considered as individually insignificant to the operation of the Group during the reporting period.

In addition, the Group has entered into various banking transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

#### (ii) Transactions with non-PRC government-related entities

##### Compensation of key management personnel

The key management of the Group comprises all executive directors of the Company, details of their emoluments are disclosed in Notes 10 and 39, and share-based payment transactions are disclosed in Note 36, respectively. The emoluments of the directors of the Company are decided by the remuneration committee of the Company having regard to individual's performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

### 37 關連人士之交易 (續)

#### (i) 與中國政府關連實體之交易 (續)

##### (b) 與中國政府關連實體之交易

本集團與其他中國政府關連實體訂立多項交易，包括銷售予、採購自及支付其他經營費用予其他中國政府關連實體。本公司董事認為，該等交易個別地被視為對本集團於報告期內的營運並不顯著。

此外，本集團與屬於國家控制的若干銀行及財務機構於日常業務過程中訂立多項交易，包括存款、借貸及其他一般銀行融資。鑒於該等銀行交易之性質，本公司董事認為獨立披露並無意義。

#### (ii) 與非中國政府關連實體之交易

##### 主要管理人員之報酬

本集團之主要管理人員包括本公司所有執行董事，其薪金及以股份支付支出之交易詳情已分別於附註10及39與附註36作出披露。本公司董事之薪金由本公司之薪酬委員會按照個人表現，本集團之業績及盈利狀況，亦以業界指標及當時市場環境而釐訂。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 38 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

### 38 本公司的財務狀況表及儲備

本公司財務狀況表

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Assets</b>	<b>資產</b>		
<b>Non-current asset</b>	<b>非流動資產</b>		
Interests in subsidiaries	於附屬公司之權益	<b>1,493,646</b>	1,385,001
<b>Current assets</b>	<b>流動資產</b>		
Prepayments and other receivables	預付款及其他應收款	<b>847</b>	290
Amounts due from subsidiaries	應收附屬公司款項	<b>168,294</b>	524,677
Bank balances and cash	銀行結存及現金	<b>14,199</b>	1,411
<b>Total current assets</b>	<b>流動資產總額</b>	<b>183,340</b>	526,378
<b>Total assets</b>	<b>資產總額</b>	<b>1,676,986</b>	1,911,379
<b>Equity and liabilities</b>	<b>權益及負債</b>		
<b>Equity attributable to owners of the company</b>	<b>歸屬於本公司擁有人權益</b>		
Share capital	股本	<b>1,191,798</b>	1,191,798
Reserves	儲備	<b>254,399</b>	188,036
<b>Total equity</b>	<b>權益總額</b>	<b>1,446,197</b>	1,379,834

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 38 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(continued)

Statement of financial position of the Company  
(continued)

### 38 本公司的財務狀況表及儲備 (續)

本公司財務狀況表 (續)

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 港幣千元	2018 二零一八年 HK\$'000 港幣千元
<b>Current liabilities</b>	<b>流動負債</b>		
Other payables and accruals	其他應付款及預提費用	20,201	29,147
Loan from a related company	來自一間關連公司之貸款	57,644	205,534
Bank borrowings	銀行貸款	-	28,457
Financial liability at fair value through profit or loss	按公平值計入損益之 金融負債	152,944	-
<b>Total current liabilities</b>	<b>流動負債總額</b>	<b>230,789</b>	263,138
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Bank borrowings	銀行貸款	-	268,407
<b>Total liabilities</b>	<b>負債總額</b>	<b>230,789</b>	531,545
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>	<b>1,676,986</b>	1,911,379

The statement of financial position of the Company was approved by the Board of Directors on 24 March 2020 and was signed on its behalf:

本公司財務狀況表已於二零二零年三月二十四日獲董事會批准並授予頒佈，並由以下董事代為簽署：

Su Fanrong  
蘇凡榮  
DIRECTOR  
董事

Tang Cornor Kwok Kau  
鄧國求  
DIRECTOR  
董事

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 38 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

#### Movement in the Company's reserves

### 38 本公司的財務狀況表及儲備(續)

#### 儲備的變動

		Capital reserve	Translation reserve	Share option reserve	Retained profits/ (accumulated loss)	Total
		資本儲備	匯兌儲備	購股權儲備	保留溢利/ (累計虧損)	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
For the year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
At 1 January 2018	於二零一八年一月一日	23,990	122,685	28,894	(4,310)	171,259
<b>Comprehensive income</b>	<b>全面收益</b>					
Profit for the year	本年度利潤	-	-	-	57,044	57,044
<b>Other comprehensive income</b>	<b>其他全面收益</b>					
Exchange difference arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	-	(40,267)	-	-	(40,267)
Total comprehensive (loss)/income for the year	本年度全面(虧損)/收入總額	-	(40,267)	-	57,044	16,777
Lapse of share options	購股權失效	-	-	(27,814)	27,814	-
At 31 December 2018	於二零一八年十二月三十一日	23,990	82,418	1,080	80,548	188,036

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 38 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(continued)

**Movement in the Company's reserves**  
(continued)

### 38 本公司的財務狀況表及儲備 (續)

**儲備的變動 (續)**

		Capital reserve	Translation reserve	Share option reserve	Retained profits/ (accumulated loss)	Total
		資本儲備	匯兌儲備	購股權儲備	保留溢利/ (累計虧損)	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2019	於二零一九年一月一日	23,990	82,418	1,080	80,548	188,036
<b>Comprehensive income</b>	<b>全面收益</b>					
Profit for the year	本年度溢利	-	-	-	87,583	87,583
<b>Other comprehensive income</b>	<b>其他全面收益</b>					
Exchange difference arising on translation into presentation currency	因換算呈列貨幣而產生的匯兌差額	-	(20,515)	-	-	(20,515)
Total comprehensive (loss)/income for the year	本年度全面(虧損)/收入總額	-	(20,515)	-	87,583	67,068
Lapse of share options	購股權失效	-	-	(1,080)	1,080	-
Buy-back of shares	股份購回	-	-	-	(705)	(705)
At 31 December 2019	於二零一九年十二月三十一日	23,990	61,903	-	168,506	254,399

Note: The capital reserve of the Company represents the benefit of acquiring a shareholder's loan from a previous shareholder upon the acquisition of a subsidiary in previous years.

附註：本公司之資本儲備源自於以前年度收購一間附屬公司時購入一位前股東的股東貸款之利益。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES)

#### (a) Directors' emoluments

The emoluments of each director of the Company is set out as below.

For the year ended 31 December 2019:

### 39 董事福利及權益 (香港公司條例 (第622章) 第383條、公司 (披露董事利益資料) 規例 (第622G章) 及上市規則規定的披露)

#### (a) 董事之酬金

每名董事之酬金載列如下：

截至二零一九年十二月三十一日止年度：

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking  
就個人擔任董事 (不論是否為本公司或其附屬公司業務) 職務已付或應收酬金

	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total
	袍金 HK\$'000 港幣千元	薪金 HK\$'000 港幣千元	酌情花紅 HK\$'000 港幣千元	津貼及實物福利 HK\$'000 港幣千元	僱主的退休福利計劃供款 HK\$'000 港幣千元	就董事管理本公司或其附屬公司業務事宜的其他服務已付或應收酬金 HK\$'000 港幣千元	合計 HK\$'000 港幣千元
<b>Executive directors</b> 執行董事							
Su Fanrong 蘇凡榮	-	2,220	-	27	18	-	2,265
Tang Cornor Kwok Kau 鄧國求	-	1,982	330	7	18	-	2,337
<b>Non-executive directors</b> 非執行董事							
Liao Jun 廖駿	150	-	-	-	-	-	150
Ye Qian (Note a) 葉芊 (附註a)	-	-	-	-	-	-	-
<b>Independent non-executive directors</b> 獨立非執行董事							
Yip Kin Man, Raymond 葉健民	240	-	-	-	-	-	240
Law Yui Lun (Note b) 羅裔麟 (附註b)	240	-	-	-	-	-	240
Lam Yiu Kin 林耀堅	240	-	-	-	-	-	240
	870	4,202	330	34	36	-	5,472

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES) (continued)

#### (a) Directors' emoluments (continued)

For the year ended 31 December 2018:

### 39 董事福利及權益 (香港公司條例 (第622章) 第383條、公司 (披露董事利益資料) 規例 (第622G章) 及上市規則規定的披露) (續)

#### (a) 董事之酬金 (續)

截至二零一八年十二月三十一日止年度：

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking

就個人擔任董事 (不論是否為本公司或其附屬公司業務) 職務已付或應收酬金

	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	Total	
	袍金	薪金	酌情花紅	津貼及實物福利	僱主的退休福利計劃供款	就董事管理本公司或其附屬公司業務事宜的其他服務已付或應收酬金	合計	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
<b>Executive directors</b>								
Li Shaofeng	-	-	-	-	-	-	-	-
Yang Kaiyu	-	220	-	1	11	1,320	1,552	
Su Fanrong	-	1,820	-	18	18	-	1,856	
Tang Cornor Kwok Kau	-	1,981	-	7	52	-	2,040	
<b>Non-executive directors</b>								
Leung Shun Sang, Tony	72	-	-	-	-	-	72	
Liao Jun	150	-	-	-	-	-	150	
<b>Independent non-executive directors</b>								
Yip Kin Man, Raymond	240	-	-	-	-	-	240	
Law Yui Lun	240	-	-	-	-	-	240	
Lam Yiu Kin	240	-	-	-	-	-	240	
	942	4,021	-	26	81	1,320	6,390	



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES) (continued)

#### (a) Directors' emoluments (continued)

None of the directors received or will receive any emoluments in respect of a person accepting office as a director during the year (2018: Nil).

Notes:

(a) Mr. Ye Qian was appointed as a non-executive director on 28 June 2019 and was re-designated as an executive director on 1 January 2020.

(b) Mr. Law Yui Lun resigned as an independent non-executive director on 1 January 2020.

#### (b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2018: same).

#### (c) Consideration provided to or receivable by third parties for making available directors' services

During the year ended 31 December 2019, the Company does not pay consideration to any third parties for making available directors' services (2018: same).

### 39 董事福利及權益（香港公司條例（第622章）第383條、公司（披露董事利益資料）規例（第622G章）及上市規則規定的披露）（續）

#### (a) 董事之酬金（續）

年內，概無任何董事就接納董事職位而收取或將收取任何酬金（二零一八年：沒有）。

附註：

(a) 葉芊先生於二零一九年六月二十八日獲委任為本公司非執行董事，及於二零二零年一月一日獲調任為本公司執行董事。

(b) 羅裔麟先生於二零二零年一月一日辭任本公司獨立非執行董事。

#### (b) 董事退休福利及離職福利

年內，概無董事已經或將會收取任何退休福利或離職福利（二零一八年：相同）。

#### (c) 就獲取董事服務向第三方支付之代價

截至二零一九年十二月三十一日止年度，本公司並無就獲取董事服務而向任何第三方支付代價（二零一八年：相同）。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報告附註

FOR THE YEAR ENDED 31 DECEMBER 2019 截至二零一九年十二月三十一日止年度

### 39 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND LISTING RULES) (continued)

#### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2019, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: same).

#### (e) Directors' material interests in transactions, arrangements or contracts

No transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: same).

### 40 EVENT OCCURRED AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

### 39 董事福利及權益 (香港公司條例 (第622章)第383條、公司 (披露董事利益資料)規例 (第622G章)及上市規則規定的披露) (續)

#### (d) 有關以董事、該等董事之受控制法團及關連實體為受益人之貸款、準貸款及其他交易之資料

於二零一九年十二月三十一日，概無以董事、或該等董事之受控制法團及關連實體為受益人之貸款、準貸款及其他交易安排 (二零一八年：相同)。

#### (e) 董事於交易、安排或合約之重大權益

本公司概無就其業務訂立本公司為其中訂約方及本公司董事直接或間接擁有重大權益而於年終或年內任何時間仍然存續的重大交易、安排或合約 (二零一八年：相同)。

### 40 結算日後事項

於二零二零年初2019冠狀病毒爆發 (「2019冠狀病毒爆發」)後，一系列預防和控制措施已在全國範圍內實施，並將持續進行。本集團將密切關注2019冠狀病毒爆發的發展，並評估其對本集團財務狀況及營運結果的影響。

# SUMMARY OF INVESTMENT PROPERTIES

## 投資物業摘要

Particulars of the investment properties held by the Group as at 31 December 2019 are as follows:

本集團於二零一九年十二月三十一日持有之投資物業詳情如下：

	<b>Properties</b> 物業	<b>Use</b> 用途	<b>Group interest</b> 本集團之權益	<b>Category of lease</b> 租約類別
1.	House 5 – 18 and carport District 5, Legend Garden Villas No. 89 Capital Airport Road Chaoyang District, Beijing PRC 中國北京市 朝陽區首都機場路89號 麗京花園別墅第五區 5-18號屋連車棚	Residential 住宅	100%	Medium term lease 中期租約
2.	Workshop Nos. 16, 17 and 18 on 12th Floor Honour Industrial Centre No. 6 Sun Yip Street Chaiwan, Hong Kong 香港柴灣新業街6號 安力工業中心12樓 16, 17及18室	Industrial and commercial 工商業	100%	Long term lease 長期租約
3.	Apartment Unit 4-14-5, Level 2 Block 4-8, District 4 Legend Garden Villas No. 89 Capital Airport Road Chaoyang District, Beijing PRC 中國北京市 朝陽區首都機場路89號 麗京花園別墅第四區 2號地段第4-8座 4-14-5號室	Residential 住宅	100%	Medium term lease 中期租約
4.	Unit 5E on Level 5 and Car Park No. 39 on level 2 Jinmin Building No. 8 Zunyi Road South Changning District, Shanghai PRC 中國上海市 長寧區遵義南路8號 錦明大廈 5樓5E室 及2樓車位第39號	Commercial and residential 商業及住宅	100%	Long term lease 長期租約

# DEFINITIONS

## 釋義

In this report, unless the context otherwise requires, the following terms shall have the meaning set out below: 在本報告中，除文義另有所指，下列詞彙具有如下涵義：

“2002 Scheme” 「二零零二計劃」	A share option scheme adopted and terminated by the Shareholders at the annual general meetings held on 7 June 2002 and 25 May 2012 respectively 股東分別於二零零二年六月七日及二零一二年五月二十五日舉行之股東周年大會上採納及終止之購股權計劃
“2012 Scheme” 「二零一二計劃」	A share option scheme adopted by the Shareholders at the annual general meeting held on 25 May 2012 and became effective on 29 May 2012 股東於二零一二年五月二十五日舉行之股東周年大會上採納並於二零一二年五月二十九日起生效之新購股權計劃
“Able Legend” 「Able Legend」	Able Legend Investments Limited, a subsidiary of Shougang HK Able Legend Investments Limited，首控香港之附屬公司
“Articles” 「章程細則」	the Articles of Association of the Company 本公司組織章程細則
“BeijingWest Industries” 「京西重工」	BeijingWest Industries International Limited (Stock Code: 2339), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange 京西重工國際有限公司（股份代號：2339），於開曼群島註冊成立之有限公司，其股份在聯交所主板上市
“Bekaert” 「Bekaert」	NV Bekaert SA, a company incorporated under the laws of Belgium, a substantial shareholder (as defined under the SFO) of the Company NV Bekaert SA，根據比利時法律註冊成立之公司，為本公司之主要股東（根據證券及期貨條例定義）
“Bekaert Combustion” 「Bekaert Combustion」	Bekaert Combustion Technology B.V., a wholly owned subsidiary of Bekaert, is a substantial shareholder (as defined under the SFO) of the Company Bekaert Combustion Technology B.V.，Bekaert之全資附屬公司，為本公司之主要股東（根據證券及期貨條例定義）
“Board” 「董事會」	the board of Directors 本公司董事會

# DEFINITIONS

## 釋義

“Board Diversity Policy” 「董事會成員多元化政策」	Shougang Concord Century Holdings Limited’s Board Diversity Policy adopted on 26 August 2013 and revised from time to time thereafter 首長寶佳集團有限公司之董事會成員多元化政策自二零一三年八月二十六日採納並於隨後不時修訂
“Casula” 「Casula」	Casula Investments Limited, a subsidiary of Shougang HK Casula Investments Limited，首控香港之附屬公司
“Code” 「守則」	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules 上市規則附錄十四所載之《企業管治守則》
“Companies Ordinance” 「公司條例」	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 香港法例第622章公司條例
“Company”/ “Shougang Century” 「本公司」／「首長寶佳」	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange 首長寶佳集團有限公司，一間於香港註冊成立之有限公司及其股份於聯交所主板上市
“Continuous Disclosure Obligation Policy” 「持續披露責任政策」	Shougang Concord Century Holdings Limited’s Continuous Disclosure Obligation Policy adopted on 28 March 2011 and revised from time to time thereafter 首長寶佳集團有限公司之持續披露責任政策自二零一一年三月二十八日採納並於隨後不時修訂
“Conversion Price” 「換股價」	HK\$0.33 per Conversion Share (subject to adjustment) 每股換股股份港幣0.33元（可予調整）
“Conversion Rights” 「轉換權」	the rights to convert the Convertible Bonds into Conversion Shares 將可換股債券轉換為換股股份的權利
“Conversion Share(s)” 「換股股份」	the Share(s) to be issued by the Company upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the instrument constituting the Convertible Bonds 本公司於可換股債券持有人根據構成可換股債券工具的條款及條件行使彼或彼等可換股債券附帶的轉換權後將予發行的股份

# DEFINITIONS

## 釋義

“Convertible Bonds” 「可換股債券」	the 4% unsecured fixed coupon convertible bonds in the aggregate principal amount of HK\$150,000,000 due 2022 (extendable to 2024) issued by the Company to Jingxi Holdings pursuant to the Subscription Agreement 本公司根據認購協議發行予京西控股的本金總額為港幣150,000,000元於二零二二年到期（可延長至二零二四年）的4%無抵押固定票息可換股債券
“Copper and brass products” 「銅及黃銅材料」	processing and trading of copper and brass products 銅及黃銅材料加工及貿易
“Director(s)” 「董事」	the director(s) of the Company 本公司董事
“Employment Ordinance” 「僱傭條例」	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) 香港法例第57章僱傭條例
“EUR” 「歐元」	Euros, the lawful currency of the participating states within the European Union 歐元，歐盟成員國的法定貨幣
“Fair Union” 「Fair Union」	Fair Union Holdings Limited, a wholly owned subsidiary of Shougang HK Fair Union Holdings Limited，首控香港之全資附屬公司
“Group” 「本集團」	the Company and its subsidiaries 本公司及其附屬公司
“HKD/HK\$” 「港幣」	Hong Kong dollars, the lawful currency of Hong Kong 港幣，香港法定貨幣
“Hong Kong” 「香港」	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“Internal Control Manual” 「內部監控指引」	Shougang Concord Century Holdings Limited’s internal management and control manual adopted in 1999 and revised from time to time thereafter 首長寶佳集團有限公司之內部管理及監控指引自一九九九年採納並於隨後不時修訂
“JESC” 「嘉興東方」	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company 嘉興東方鋼簾線有限公司，根據中國法律註冊成立之公司，為本公司之間接全資附屬公司



# DEFINITIONS

## 釋義

“Jingxi Holdings” 「京西控股」	Jingxi Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Fund 京西控股有限公司，一間根據香港法例註冊成立的有限公司，為首鋼基金的全資附屬公司
“Li Ka Shing Foundation” 「李嘉誠基金會」	Li Ka Shing Foundation Limited, a “charitable body” within the meaning of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), a substantial shareholder (as defined under the SFO) of the Company 李嘉誠基金會有限公司，為香港法例第112章稅務條例所界定之「慈善團體」，為本公司之主要股東（根據證券及期貨條例定義）
“Listing Rules” 「上市規則」	the Rules Governing the Listing of Securities on the Stock Exchange 聯交所證券上市規則
“Model Code” 「標準守則」	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄十《上市發行人董事進行證券交易的標準守則》
“Policy for Nomination of a Director of the Company” 「提名公司董事政策」	Shougang Concord Century Holdings Limited’s Policy for Nomination of a Director of the Company adopted on 18 December 2018 and revised from time to time thereafter 首長寶佳集團有限公司之提名公司董事政策於二零一八年十二月十八日採納並於隨後不時修訂
“PRC” 「中國」	the People’s Republic of China, which for the purpose of this report shall exclude Hong Kong, Macau and Taiwan 中華人民共和國，就本報告而言，不包括香港、澳門及台灣
“Richson” 「Richson」	Richson Limited, a subsidiary of Shougang HK Richson Limited，首控香港之附屬公司
“RMB” 「人民幣」	Renminbi, the lawful currency of the PRC 人民幣，中國法定貨幣
“SCCHL Code” 「首長寶佳守則」	Shougang Concord Century Holdings Limited’s Model Code for Securities Transactions by Directors and Specified Individuals adopted in 2004 and revised from time to time thereafter 首長寶佳集團有限公司之董事及特定人士進行證券交易的標準守則自二零零四年採納並於隨後不時修訂

# DEFINITIONS

## 釋義

“SCCHL Corporate Governance Code” 「首長寶佳企業管治守則」	Shougang Concord Century Holdings Limited’s Code on Corporate Governance (revised from time to time) 首長寶佳集團有限公司之企業管治守則（不時修訂）
“SFO” 「證券及期貨條例」	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 香港法例第571章證券及期貨條例
“Share(s)” 「股份」	ordinary share(s) of the Company 本公司之普通股
“Shareholder(s)” 「股東」	shareholder(s) of the Company 本公司之股東
“Shougang Fund” 「首鋼基金」	Beijing Shougang Fund Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group 北京首鋼基金有限公司，一間於中國成立的有限責任公司，為首鋼集團的全資附屬公司
“Shougang Grand” 「首長四方」	Shougang Concord Grand (Group) Limited (Stock Code: 730), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange 首長四方（集團）有限公司（股份代號：730），於百慕達註冊成立之有限公司，其股份在聯交所主板上市
“Shougang Group” 「首鋼集團」	Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission), a controlling shareholder (as defined under the SFO) of the Company 首鋼集團有限公司（一間於中國成立的國有企業，受北京國有資產監督管理委員會直接監督），為本公司一名控股股東（根據證券及期貨條例定義）
“Shougang HK” 「首控香港」	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder (as defined under the SFO) of the Company 首鋼控股（香港）有限公司，於香港註冊成立之有限公司，為本公司之主要股東（根據證券及期貨條例定義）
“Shougang International” 「首長國際」	Shougang Concord International Enterprises Company Limited (Stock Code: 697), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange 首長國際企業有限公司（股份代號：697），於香港註冊成立之有限公司，其股份在聯交所主板上市

# DEFINITIONS

## 釋義

“Steel cord(s)” 「鋼簾線」	manufacturing of steel cord(s) for radial tyres 製造子午線輪胎用鋼簾線
“Stock Exchange/HKEX” 「聯交所」	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司
“Subscription” 「認購事項」	the subscription for the Convertible Bonds by Jingxi Holdings pursuant to the terms and subject to the conditions of the Subscription Agreement 京西控股根據認購協議的條款並受其條件規限認購可換股債券
“Subscription Agreement” 「認購協議」	the subscription agreement dated 18 December 2018 entered into between the Company and Jingxi Holdings in relation to the Subscription 本公司及京西控股就認購事項訂立的日期為二零一八年十二月十八日的認購協議
“TESC” 「滕州東方」	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company 滕州東方鋼簾線有限公司，根據中國法律註冊成立之公司，為本公司之間接全資附屬公司
“TESC Phase II Project” 「滕州東方二期項目」	the construction project of production lines with an annual capacity of 20,000 tonnes of brass wires (half product or work in progress) 建設年產量20,000噸黃絲（半成品或在製品）生產線的項目
“USD” 「美元」	United States dollars, the lawful currency of the United States of America 美元，美國之法定貨幣
“%” 「%」	per cent. 百分比





**SHOUGANG CONCORD CENTURY  
HOLDINGS LIMITED**  
首長寶佳集團有限公司