



ANNUAL

REPORT

2019年報

DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司
(Stock code 股票代號 : 210)

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive directors

Mr. Chang Chih-Kai (*Chairman & Chief Executive Officer*)

Mr. Chang Chih-Chiao

Independent non-executive directors

Mr. Hon Ping Cho Terence

Mr. Huang Shun-Tsai

Mr. Kuo Jung-Cheng

AUDIT COMMITTEE

Mr. Hon Ping Cho Terence (*Chairman*)

Mr. Huang Shun-Tsai

Mr. Kuo Jung-Cheng

NOMINATION COMMITTEE

Mr. Huang Shun-Tsai (*Chairman*)

Mr. Chang Chih-Kai

Mr. Hon Ping Cho Terence

Mr. Kuo Jung-Cheng

REMUNERATION COMMITTEE

Mr. Kuo Jung-Cheng (*Chairman*)

Mr. Chang Chih-Kai

Mr. Hon Ping Cho Terence

Mr. Huang Shun-Tsai

COMPANY SECRETARY

Mr. Cheung Chun Hay

AUTHORISED REPRESENTATIVES

Mr. Chang Chih-Kai

Mr. Cheung Chun Hay

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

董事會

執行董事

張智凱先生 (*主席兼行政總裁*)

張智喬先生

獨立非執行董事

韓炳祖先生

黃順財先生

郭榮振先生

審核委員會

韓炳祖先生 (*主席*)

黃順財先生

郭榮振先生

提名委員會

黃順財先生 (*主席*)

張智凱先生

韓炳祖先生

郭榮振先生

薪酬委員會

郭榮振先生 (*主席*)

張智凱先生

韓炳祖先生

黃順財先生

公司秘書

張晉熙先生

授權代表

張智凱先生

張晉熙先生

註冊辦事處

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

CORPORATE INFORMATION

公司資料

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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10 Metropolis Drive
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Kowloon
Hong Kong
Telephone: (852) 2367 9021
Fax: (852) 2311 3170

OPERATIONAL HEADQUARTERS

3908 Hu Qing Ping Road
Zhao Xiang Town
Qingpu District
Shanghai
China
Telephone: (86) 21 3976 2468
Fax: (86) 21 5975 2698

SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Fubon Bank (China)
Fubon Bank (Hong Kong)
Hang Seng Bank
MUFG Bank

CORPORATE WEBSITES

www.daphneholdings.com
www.daphne.com.cn

INVESTOR RELATIONS

ir@daphneholdings.com

香港主要營業地點

香港
九龍
紅磡
都會道10號
都會大廈26樓2605室
電話：(852) 2367 9021
傳真：(852) 2311 3170

營運總部

中國
上海
青浦區
趙巷鎮
滬青平公路3908號
電話：(86) 21 3976 2468
傳真：(86) 21 5975 2698

股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心54樓

核數師

羅兵咸永道會計師事務所
執業會計師
註冊公眾利益實體核數師

主要往來銀行

中國農業銀行
中國建設銀行
富邦華一銀行
富邦銀行(香港)
恒生銀行
三菱UFJ銀行

公司網址

www.daphneholdings.com
www.daphne.com.cn

投資者關係

ir@daphneholdings.com

FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

FINANCIAL PERFORMANCE

財務表現

		For the 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 變化
Turnover (HK\$' million)	營業額(百萬港元)	2,126.4	4,127.1	-48%
Gross profit (HK\$' million)	毛利(百萬港元)	781.1	2,061.0	-62%
Operating loss (HK\$' million)	經營虧損(百萬港元)	(1,019.5)	(786.6)	+30%
Loss attributable to shareholders (HK\$' million)	股東應佔虧損 (百萬港元)	(1,070.1)	(994.4)	+8%
Gross margin (%)	毛利率(%)	36.7	49.9	-13.2ppt百分點
Operating margin (%)	經營盈利率(%)	-47.9	-19.1	-28.8ppt百分點
Net margin (%)	淨盈利率(%)	-50.3	-24.1	-26.2ppt百分點
Basic loss per share (HK cents)	每股基本虧損(港仙)	(64.9)	(60.3)	+8%

KEY FINANCIAL INDICATORS

主要財務指標

		For the 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 變化
Average inventory turnover (days) (Note 1)	平均存貨週轉期(日) (附註一)	157	198	-41
Average debtors turnover (days) (Note 2)	平均應收賬款週轉期(日) (附註二)	19	15	+4
Average creditors turnover (days) (Note 3)	平均應付賬款週轉期(日) (附註三)	259	115	+144
Capital expenditure (HK\$' million)	資本開支(百萬港元)	26.4	115.3	-77%

		As at 31 December 於十二月三十一日		
		2019 二零一九年	2018 二零一八年	Change 變化
Cash and bank balances (HK\$' million) (Note 4)	現金及銀行結餘 (百萬港元)(附註四)	182.3	363.0	-50%
Bank loans (HK\$' million)	銀行貸款(百萬港元)	-	192.3	-100%
Equity attributable to shareholders (HK\$' million)	股東應佔權益 (百萬港元)	692.7	1,779.8	-61%
Current ratio (times) (Note 5)	資產流動比率(倍)(附註五)	1.5	2.1	-28%
Net gearing ratio (%) (Note 6)	淨負債比率(%) (附註六)	Net Cash 淨現金	Net Cash 淨現金	-

FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

Notes:

1. The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances divided by the cost of sales and multiplied by number of days in the year.
2. The calculation of average debtors turnover (days) is based on the average of opening and closing balances of trade receivables divided by the turnover and multiplied by number of days in the year.
3. The calculation of average creditors turnover (days) is based on the average of opening and closing balances of trade payables divided by the purchases and multiplied by number of days in the year.
4. Cash and bank balances comprise cash and cash equivalents (including those transferred to assets classified as held-for-sale) and pledged bank deposits.
5. The calculation of current ratio (times) is based on total current assets divided by total current liabilities as at year end.
6. The calculation of net gearing ratio (%) is based on net debt (being bank loans less cash and bank balances) divided by equity attributable to shareholders as at year end.

附註：

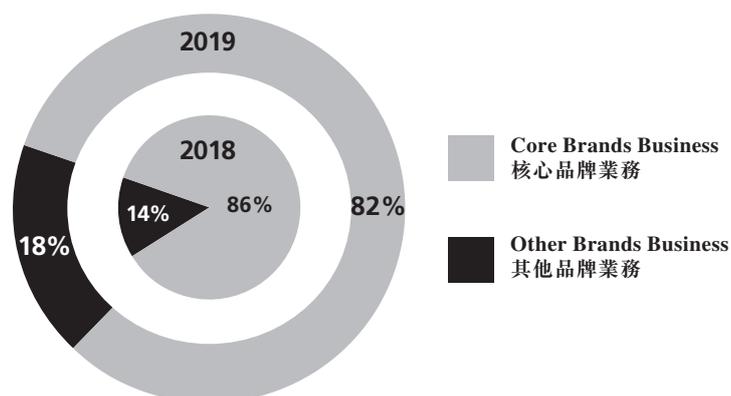
- 一、平均存貨週轉期(日)乃按年初及年末存貨之平均結餘除以銷售成本乘以該年度日數計算。
- 二、平均應收賬款週轉期(日)乃按年初及年末貿易應收賬款平均結餘除以營業額乘以該年度日數計算。
- 三、平均應付賬款週轉期(日)按年初及年末貿易應付賬款平均結餘除以採購額乘以該年度日數計算。
- 四、現金及銀行結餘包括現金及現金等價物(包括轉撥至分類為持作出售之資產)及已抵押銀行存款。
- 五、資產流動比率(倍)乃根據於年末之流動資產總額除以流動負債總額計算。
- 六、淨負債比率(%)乃根據於年末之負債淨額(即銀行貸款減現金及銀行結餘)除以股東應佔權益計算。

Turnover Analysis

營業額分析

(For the year ended 31 December)

(截至十二月三十一日止年度)

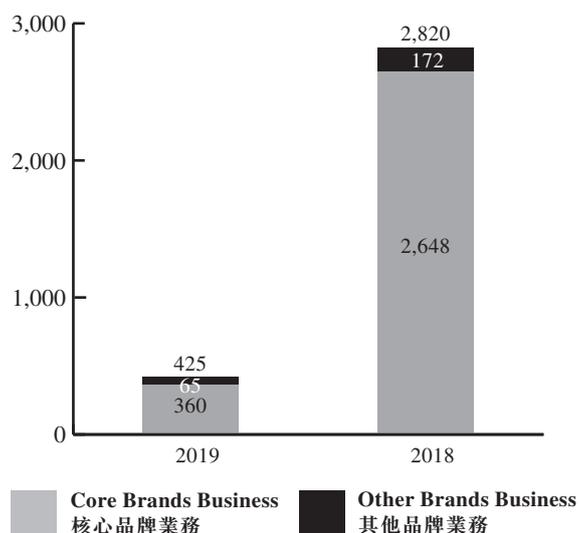


Number of Points-of-Sale

銷售點數目

(As at 31 December)

(於十二月三十一日)



FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

For the years ended 31 December

截至十二月三十一日止年度

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Results	業績					
Turnover	營業額	2,126,362	4,127,087	5,210,995	6,501,677	8,379,095
Gross profit	毛利	781,138	2,061,029	2,753,036	3,311,673	4,724,729
Operating loss	經營虧損	(1,019,535)	(786,577)	(688,823)	(819,488)	(497,623)
Loss attributable to shareholders	股東應佔虧損	(1,070,127)	(994,397)	(734,204)	(819,127)	(378,888)
Basic loss per share (HK cents)	每股基本虧損 (港仙)	(64.9)	(60.3)	(44.5)	(49.7)	(23.0)

As at 31 December

於十二月三十一日

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Assets and liabilities	資產及負債					
Non-current assets	非流動資產	608,015	787,664	1,358,995	1,469,595	1,801,203
Current assets	流動資產	623,349	2,181,706	2,794,865	3,583,556	4,961,955
Total assets	總資產	1,231,364	2,969,370	4,153,860	5,053,151	6,763,158
Non-current liabilities	非流動負債	23,157	3,850	13,409	30,729	18,184
Current liabilities	流動負債	411,854	1,054,064	1,104,790	1,490,372	2,095,848
Total liabilities	總負債	435,011	1,057,914	1,118,199	1,521,101	2,114,032
Total equity	總權益	796,353	1,911,456	3,035,661	3,532,050	4,649,126
Attributable to:	以下各方應佔：					
Shareholders	股東	692,711	1,779,825	2,874,907	3,371,398	4,462,615
Non-controlling interests	非控制性權益	103,642	131,631	160,754	160,652	186,511

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

In 2019, the Sino-United States trade disputes escalated, exerting mounting downward pressure on China's economy. The prospect of a weakening economy dampened the Chinese consumers' demand, causing the growth in retail sales of consumer goods in the country to decelerate. In recent years, the emergence of e-commerce, fierce competition between homogenised industry players and changes in consumption patterns and behaviour have combined to deliver a heavy blow to the traditional industry of women's shoes. Business at many women's shoes retailing companies was sluggish, and this has been reflected in their financial results. Aiming for a turnaround, the Group pressed ahead with its business transformation throughout the year of 2019. Notably, it took a more aggressive approach to the move in an attempt to get through the throes of it quickly. This can lay a foundation for its long-term development.

The Group carried out a large-scale restructuring of its distribution channel by converting most of its directly-managed stores to a "partnership system". The "partnership system" affords the Group more flexibility and minimises the operational risk associated with high fixed costs. It can also lead to a better cost structure that paves the way for an "asset-light" business model to which the Group has begun switching. As to the small number of new-image stores which are directly operated by the Group and located in popular shopping malls, the Group has proactively oriented their layout to the shopping habits of young consumers and projected a youthful and stylish brand image there. Meanwhile, the Group also streamlined its headquarters and back office through a significant organisational restructuring to match the scaled-down retail store network.

During the year under review, the Group stepped up its effort regarding the clearance of aged inventory. This resulted in significant decreases in both the inventory level and the inventory turnover days. The move also helped the Group get closer to a healthy inventory level.

To cope with the difficult operating environment, the Group decided to gradually withdraw from the business of retailing products of mid-to high-end brands at brick-and-mortar stores. This would allow it to concentrate its strength on the development of e-commerce to adapt to the growing trend of online shopping. The Group also continued to strengthen its capability to research on and develop products. To match this endeavor, the Group enhanced its flexible supply chain management system to launch "Must-buy KOL (key opinion leader) Items" which met with enthusiastic responses from online consumers. To encourage more involvement of customers in its marketing campaigns and increase their loyalty, the Group adopted the "Store-Empowering Tool" as a platform for customer loyalty program. On that platform, the Group offered exclusive services for its VIP customers that can boost repeated sales.

In 2019, the Group already completed a massive restructuring of its sales network. It will follow up with the optimisation of its offline sales channel mix in 2020, with its main sales channel run under the "partnership system" and its new-image stores as a supplementary one. The measure is aimed at raising the efficiency of the sales channels. The Group will cooperate closely with its business partners in improving the sales performance of the stores and in consolidating and expanding Daphne's market share.

親愛的股東：

二零一九年，中美貿易摩擦不斷升級，中國宏觀經濟下行壓力加劇。二零一九年社會消費品零售總額增速按年進一步放緩，居民消費需求不足，使消費品市場增長乏力。近年來，電商崛起、激烈的同質化競爭及消費趨勢轉變等因素極大程度上衝擊了傳統女鞋行業，企業的業績陷入低迷。為扭轉局面，本集團於二零一九年在業務轉型上持續加速，更為進取地推行各項轉型措施，旨在快速突破業務轉型的陣痛期，為未來可持續發展奠定基礎。

在銷售渠道方面，本集團實行大規模結構性調整，將大部分直營店舖轉以「合夥人制度」經營。靈活的「合夥人制度」有助減輕由高固定成本而引致的經營風險，同時亦為未來「輕資產」業務模式構建更佳的成本結構。此外，本集團位處精選熱門購物中心的直營店舖，積極佈局，向消費者傳遞年輕、時尚的品牌形象。同時，針對總部及後勤辦公室推行大規模組織架構調整，以更精簡、高效的團隊服務收縮後的零售店舖網絡。

回顧年內，本集團以更大力度清理過季存貨，存貨水平大幅下降，存貨週轉天數亦顯著減少。此舉有助集團走近更健康的存貨水平。

面對充滿挑戰的經營環境，本集團決定戰略性地逐步撤出中高檔品牌的實體零售業務，集中力量發展電商業務，以迎合消費者的網購趨勢。本集團不斷增強產品研發實力，並持續提升彈性供應鏈管理，推出「網紅爆款」產品，收到線上消費者的熱烈反響。此外，本集團引入「門店賦能工具」，向VIP會員提供專屬服務，以提升會員黏性及活躍度，促進重複銷售。

繼二零一九年大規模的銷售網絡調整後，於二零二零年，本集團將進一步優化以「合夥人制度」為主，以新形象店為輔的線下銷售渠道組合，以提升銷售渠道效率。本集團將與合夥人們通力合作，力求促進店舖銷售表現，鞏固並擴大達芙妮的市場佔有率。

CHAIRMAN'S STATEMENT

主席報告

The Group will step up investment in its e-commerce business because it is where it will be able to make a breakthrough. Its e-commerce department will continue to cooperate closely with its product design team and supply chain department in launching more “Must-buy KOL Items” which are popular with online consumers. It will also apply popular marketing methods to boost sales of products. Moreover, the Group will continue to consolidate and expand the scope of its cooperation with online platforms and distributors with the aim of expanding its e-commerce business.

The Group's competitiveness lies in the strengths and quality of its products. Therefore, it will enhance the trendiness and comfort of its products by continuing with product research and development. Meanwhile, it will also introduce more diverse athleisure products into the market to meet the wants and needs of more young consumers. The Group will also increase its capability to analyse data about consumers and sales so as to track the ever-changing consumer preferences and market trends.

The Group will concentrate its effort on building its brand. As a customer-centric brand-driven company, the Group will enhance its ability to gauge consumer preferences. We will conduct varied and creative campaigns of branding and marketing to attract the attention of more consumers and to maintain close links with them.

In 2019, the Group made satisfactory progress in its business transformation. This has reflected a strong sense of cohesiveness within the Group and an ability to execute business plans efficiently. Presently, the operations have been scaled down to a size that meets the management's expectations. An organisational structure that fits with an “asset-light” business model has begun to take shape. In 2020, having attained a lean organisational structure, Daphne will work towards the goal of becoming a brand-driven company with an “asset-light” business model. In the short term, China's consumer market will be severely affected by the outbreak of the novel coronavirus pneumonia. However, on the back of the joint effort of the entire staff as a cohesive force, the Group shall be able to succeed in its business transformation, attain a business recovery in the medium and long term, and turn to profitable again.

Finally, I would like to express my gratitude to all the customers, business partners and shareholders for their support to the Group during the trying times. I would also like to thank the management and all the employees for their diligence and contribution to the Group's business transformation.

Chang Chih-Kai
Chairman

Hong Kong, 27 March 2020

本集團將電商視為全新的業務突破口。未來將繼續加大對電商業務的投入。電商部門將繼續與產品設計團隊及供應鏈部門緊密合作，推出更多受線上消費者喜愛的「網紅爆款」，並借助時下流行的營銷方式，促進產品銷售。此外，本集團還將不斷鞏固並開拓與線上平台及分銷商的合作，致力擴大線上業務的市場版圖。

強大的產品實力及質素是本集團的立足之本。本集團將繼續專注產品研發，不斷提升產品的時尚度及舒適性。同時，還將推出更多運動休閒產品，迎合更多年輕消費者的需求。本集團將持續提升大數據分析能力，以掌握最新消費者喜好及市場趨勢。

品牌建設亦是本集團未來努力的重點。本集團將秉承「以顧客為中心」的理念，加強消費者洞察。通過豐富、創意的品牌營銷活動，我們希望能吸引更多消費者注意，與他們保持最緊密的聯繫。

集團在二零一九年內實現了令人滿意的轉型進展，這體現了強大的團隊凝聚力及高效的執行能力。目前的經營規模逐步達到管理層的預期，理想的「輕資產」業務模式架構亦已見雛形。二零二零年，達芙妮將重新「輕裝上陣」，向成為一家「輕資產」的品牌營運企業的目標不斷努力。受新冠病毒肺炎影響，短期內中國消費者市場仍將承受巨大壓力，但我相信，憑藉上下員工的不懈努力，本集團最終能順利完成業務轉型，實現中長期業務復甦，並重獲盈利。

最後，謹此向所有顧客、業務合作夥伴及股東表示深深的謝意，感謝在此艱難時期對本集團的支持。同時也要感謝管理團隊和辛勤工作的員工，為業務轉型所做出的寶貴貢獻。

主席
張智凱

香港，二零二零年三月二十七日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

In 2019, the global economy was faced with uncertainties. The biggest one is the Sino-United States trade disputes that had exerted mounting downward pressure on China's economy. China's gross domestic product grew by 6%, which was the lowest growth in the past 30 years. Growth in retail sales of consumer goods in the country decelerated to 8% in 2019 from that in 2018. The sluggish economy made consumers more cautious, thus dampening the domestic demand.

The women's shoes industry has been undergoing a restructuring. The entry of more overseas and online brands into the domestic market intensified the competition. The constantly rising rents and labour cost exerted immense pressure on conventional brick-and-mortar retailers, weighing on their profitability.

According to the latest "Chinese Consumer Confidence Index" published by the National School of Development at Peking University, it is expected that the online shopping will be a sector which is the most popular among consumers with the most fast growing in consumption expenditure in the coming year. On the contrary, the willingness to shop in offline stores will wane. Consumption upgrade, accelerating urbanisation and the popularity of the internet has made online shopping a more important consumption channel among the consumer group of the present generation. The prevailing online shopping further hit the brick-and-mortar retailers. The brick-and-mortar retailers should act urgently in business transformation.

The Group's Performance

In 2019, the Group's turnover decreased by 48% to HK\$2,126.4 million (2018: HK\$4,127.1 million). This was mainly attributable to the significant decrease in its number of stores to 425 as at 31 December 2019 from 2,820 as at 31 December 2018, and the unsatisfactory performance of the Core Brands Business. The Group's gross profit decreased to HK\$781.1 million (2018: HK\$2,061.0 million) as a result of the decrease in turnover and the increased proportion of aged inventory in sales mix. Gross margin decreased to 36.7% (2018: 49.9%).

The Group recorded an operating loss of HK\$1,019.5 million in 2019 compared with the operating loss of HK\$786.6 million in 2018. Loss attributable to shareholders of the Group was HK\$1,070.1 million for the year of 2019 (2018: HK\$994.4 million).

Basic loss per share was 64.9 HK cents (2018: 60.3 HK cents). The board of directors did not recommend payment of a final dividend (2018: Nil).

業務回顧

二零一九年，全球經濟持續受不穩定因素挑戰。受中美貿易摩擦衝擊，中國宏觀經濟下行壓力加劇。全年中國國內生產總值按年增長6%，增速創過去三十年來新低。二零一九年中國社會消費品零售總額按年增長8%，增速亦較二零一八年放緩。在宏觀經濟疲弱的大環境下，內需動力減弱，消費意欲愈趨審慎。

女鞋行業整體仍處於結構性調整的週期中。隨著更多國外及線上品牌湧入市場，行業競爭愈趨白熱化。不斷上漲的租金及人力成本亦使傳統實體零售商受巨大壓力，盈利能力持續受到挑戰。

北大國家發展研究院公佈的最新「中國消費者信心指數」顯示，未來一年，預期線上購物是最受消費者青睞、消費開支增速最快的板塊之一，相反線下消費的意願則相對較低。隨著消費升級、城鎮化進程加速及互聯網的全面普及，線上購物已成為時下消費群體越來越主流的消費趨勢。線上購物的盛行進一步加劇對實體零售業的衝擊，實體零售商轉型刻不容緩。

集團表現

二零一九年，本集團營業額下跌48%至2,126.4百萬港元（二零一八年：4,127.1百萬港元），銷售額減少主要是由於店舖數目由二零一八年十二月三十一日的2,820個大幅減少至二零一九年十二月三十一日的425個，以及核心品牌業務表現未如理想。由於銷售額減少及過季產品在銷售組合中佔比增加，本集團毛利減少至781.1百萬港元（二零一八年：2,061.0百萬港元）。毛利率下滑至36.7%（二零一八年：49.9%）。

本集團於二零一九年錄得經營虧損1,019.5百萬港元，對比二零一八年經營虧損為786.6百萬港元。二零一九年本集團股東應佔虧損為1,070.1百萬港元（二零一八年：994.4百萬港元）。

每股基本虧損為64.9港仙（二零一八年：60.3港仙）。董事會不建議派發末期股息（二零一八年：無）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

During the year, as part of the business transformation, the Group stepped up its efforts to liquidate aged inventory, significantly reducing its inventory level by 84% to HK\$162.0 million as at 31 December 2019 from HK\$992.3 million as at 31 December 2018. The average inventory turnover days significantly decreased by 41 days to 157 days (2018: 198 days). The Group's continued efforts in inventory management helps build a healthy inventory structure in the long run and facilitates its gradual shift towards an "asset-light" business model.

To cope with the increasingly difficult operating environment and rising cost pressures, the Group accelerated the restructuring of its sales channel to adopt the "asset-light" business model. During the year under review, the Group converted most of its directly-managed stores to "partnership system". In addition, as to the small number of new-image stores which are directly operated by the Group and located in shopping malls, the Group also has proactively oriented their layout to the shopping habits of young consumers and made such stores project a youthful and stylish brand image. This will not only help mitigate the negative operating leverage effect brought by high fixed cost, but also help the Group to explore a way to attain sustainable development during the painful period of the restructuring of its business. After a net closure of 2,395 points-of-sale ("POS") in 2019, the Group had a total number of 425 POS as at 31 December 2019, of which 360 POS were under its Core Brands Business and 65 POS were under its Other Brands Business.

Moreover, the Group carried out significant organisational restructuring that covers the frontline operations, regional logistics and the headquarters to match the streamlined sales network. This helped the Group to have a well-managed cost base for the long term development with an "asset-light" business model.

During the year under review, with the "Store Empowerment Tool" as a platform for customer loyalty program, the Group offered exclusive shopping guide service to its VIP customers, listened to client's feedback in a timely manner, provided exclusive offerings and incentives, and shared the latest information about products and membership activities.

Core Brands Business

The Group's Core Brands Business is the business of retailing footwear products and accessories under its own brands, "Daphne" and "Shoebox", in mainland China.

To speed up the business transformation, the Group took a more aggressive approach to the restructuring of its sales channel in 2019. During the year under review, the Group recorded a net closure of 2,288 POS (including 2,174 directly-managed stores and 114 franchised stores), representing 86% reduction in the number of POS of Core Brands Business compared to that as at 31 December 2018.

Due to the negative impact of macroeconomic downturn and intense market competition, Core Brand Business' same-store sales declined by approximately 20% for the year of 2019.

年內，配合業務轉型的行動，本集團繼續加大力度清理過季存貨，將存貨水平由二零一八年十二月三十一日的992.3百萬港元大幅下降84%至二零一九年十二月三十一日的162.0百萬港元。平均存貨週轉天數按年顯著減少41天至157天(二零一八年：198天)。本集團在存貨管理方面的持續努力，長遠有助構建健康的存貨結構，實現向「輕資產」業務模式的逐步轉型。

為應對日益嚴峻的經營環境及不斷上漲的成本壓力，本集團加快結構性渠道調整的步伐，以達至「輕資產」業務模式。回顧年內，本集團將大部分直營店舖轉以「合夥人制度」經營。此外，針對集團直接運營的小部分新形象店舖，本集團亦積極推進其在購物中心的佈局，以迎合時下年輕消費者的購物習慣，並向外界傳遞年輕、時尚的品牌形象。這不僅有助紓緩由高固定成本引致的負面經營槓桿效應，同時亦幫助本集團在結構性調整的陣痛期內探索一條可持續發展之路。二零一九年，本集團淨關閉2,395個銷售點。於二零一九年十二月三十一日，本集團擁有銷售點總數為425個，包括核心品牌業務銷售點360個及其他品牌業務銷售點65個。

此外，為配合精簡後的銷售網絡規模，本集團進行大幅度組織架構調整，覆蓋前線、區域後勤及總部辦公室。這有助本集團為長期「輕資產」業務模式的發展打造更具效益的成本基礎。

本集團於回顧年內利用「門店賦能工具」作為顧客忠誠度計劃的平台，向其VIP顧客提供專屬導購，為其進行及時的服務反饋及溝通，提供獨家優惠和獎勵，以及最新產品及會員活動的信息。

核心品牌業務

本集團的核心品牌業務，指於中國大陸銷售自有品牌「達芙妮」和「鞋櫃」的鞋類產品及配件之零售業務。

二零一九年，本集團實行了較以往更進取的銷售渠道調整，以加快其業務轉型步伐。回顧年內，本集團的核心品牌業務淨關閉2,288個銷售點(包括2,174家直營店及114家加盟店)，核心品牌業務銷售點數目較二零一八年十二月三十一日減少86%。

受宏觀經濟下行及激烈的市場競爭的負面影響，二零一九年全年，核心品牌同店銷售按年下跌約20%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

As a result of a significant decrease in POS numbers and decline in same-store sales, turnover at the Core Brands Business decreased by 50% to HK\$1,882.9 million (2018: HK\$3,798.8 million). The segment revenue generated from sales to external customers of the Core Brands Business accounted for 82% (2018: 86%) of the Group's total revenue for 2019.

The aggressive inventory clearance is essential to the adoption of an "asset-light" business model but it has also inevitably led to significant erosion of the gross margin. The gross margin at the Core Brands Business fell by 13.2 percentage points to 32.2% in 2019 from 45.4% in 2018. The average selling price ("ASP") decreased to RMB135 (2018: RMB155).

Although most of the store network has been converted to "partnership system" for a better cost structure for a long run, the one-off provision brought by large-scale channel adjustment and organisational structure optimisation exerted immense downward pressure on the operating profit margin throughout the year. In 2019, Core Brands Business recorded an operating loss of HK\$951.6 million (2018: HK\$788.2 million). The operating profit margin was -50.5% (2018: -20.7%).

The Group continued to increase its investment in product research and development as one of the key initiatives in the business transformation. To adapt to the athleisure trend, the Group launched more athleisure products. The move was supplemented with a fast and flexible supply chain system to better meet the preference and demands of the current young consumers. During the year of 2019, as a customer-centric business, the Group pressed ahead with its customer relationship management ("CRM") programme. Meanwhile, the Group worked with a big data company to enhance its capability to analyse the existing data about sales so as to capitalise on the trends in fashionable products and to develop production and sales plans that better satisfy the market demands. Furthermore, thanks to the enriched membership privileges programme, the Group further expanded its membership base and enhanced the customer loyalty during the year.

The Group continued to strengthen the refreshed brand image with brand marketing programmes. Emphasis was placed on social media marketing to better cater to the shopping behaviour of young consumers and strengthen the brand's communication with them. In addition, the Group also cooperated with fashion bloggers and key opinion leaders ("KOL") through product placement that can help its products gain more exposure and stimulate consumers' shopping desire. In the second half of 2019, the Group invited S.H.E, a popular Taiwanese girl group, again to shoot advertisements, perfectly demonstrating the stylish, confident and bold image of the Daphne brand. It resonated with consumers and created extensive buzz on social media.

由於銷售點數目按年大幅減少以及同店銷售跌幅，本集團核心品牌業務營業額按年減少50%至1,882.9百萬港元(二零一八年：3,798.8百萬港元)。二零一九年，核心品牌業務對外客戶的收益佔本集團總營業額82%(二零一八年：86%)。

積極的清貨行動對於建構「輕資產」業務模式是必須的，卻也不可避免地對年內毛利率水平造成嚴重侵蝕。核心品牌業務的毛利率由二零一八年的45.4%下降13.2百分點至32.2%。產品平均售價亦下降至135元人民幣(二零一八年：155元人民幣)。

儘管二零一九年本集團已將大部分店舖網絡轉型為「合夥人制度」，以構建長期更佳的成本結構，但由大規模渠道調整及組織架構精簡引致的一次性撥備費用亦對年內經營盈利率造成巨大壓力。二零一九年，核心品牌錄得的經營虧損為951.6百萬港元(二零一八年：788.2百萬港元)，經營盈利率為-50.5%(二零一八年：-20.7%)。

作為集團業務轉型的重點之一，本集團繼續加強其在產品研發方面的投入，並順應運動休閒趨勢，推出更多休閒系列產品，輔以快速、靈活的供應鏈系統，更好地滿足時下年輕消費者的喜好與需求。二零一九年，本集團秉持「以顧客為中心」的理念，持續在顧客關係管理(「CRM」)方面發力。通過與大數據公司合作，提升本集團對現有銷售數據的分析能力，有助快速捕捉潮流產品趨勢及制定更符合市場需求的生產及銷售計劃。此外，憑藉豐富的會員專屬活動，本集團於年內進一步擴大會員基礎，強化顧客忠誠度。

本集團藉助品牌營銷計劃，不斷強化更新後的品牌形象。本集團將重點放在社交媒體營銷，以更好地迎合時下年輕消費者的消費習慣，強化品牌與他們的交流。此外，本集團亦與時尚博主及關鍵意見領袖(「KOL」)合作，藉助產品植入的方式，增加產品曝光度，刺激消費者的購買慾望。二零一九年下半年，本集團再次邀請華語樂壇天團S.H.E拍攝宣傳廣告，完美詮釋「達芙妮」品牌時尚、自信、勇敢的品牌形象，引發消費者強烈的情感共鳴，激發社交媒體廣泛的話題討論。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Other Brands Business

The Group's Other Brands Business mainly consists of its e-commerce business and the retail operations of mid- to high-end brands (including the Group's own brands and brands under exclusive distributorships).

In 2019, the Group decided to gradually withdraw from its retail business of mid- to high-end brands at brick-and-mortar stores (including those in mainland China and Taiwan) and to focus on e-commerce business in the challenging business environment. Turnover at the Other Brands Business decreased by 33% to HK\$388.8 million (2018: HK\$582.5 million). The number of the POS decreased by 62% to 65 POS (2018: 172 POS) as at 31 December 2019. The Other Brands Business accounted for approximately 18% (2018: 14%) of the Group's total revenue in 2019.

The Group continued with its aggressive clearance of aged inventory and further increased the proportion of e-commerce business in the Group's total revenue. The gross margin at Other Brands Business dropped to 45.1% in 2019 from 54.4% in 2018 due to continued downward pressure on it. Other Brands Business recorded an operating loss of HK\$48.7 million (2018: HK\$26.7 million).

In 2019, the Group reorganised its resources to step up its efforts to develop the e-commerce business. The Group customised a flexible supply chain management system according to the requirements of operating an e-commerce business. Adopting a model that enables quick responses to orders for small quantities of goods, the Group was able to respond promptly to the rapidly changing consumption habits and grasp those opportunities in the ever-changing online market.

During the year under review, in addition to the regular seasonal product launches, the Group also introduced "Must-buy KOL Items" occasionally to cater to online consumer preferences. These products had met with overwhelming responses from online consumers. They continued to increase its contribution to the Group's total revenue and remained profitable.

Moreover, the Group continued to strengthen its cooperation with the emerging e-commerce platforms and social platforms to attract more young consumers. In addition to maintaining close relationships with key online platforms, the Group also continued to strengthen with its strategic partnerships with selected online distributors to expand its market online.

其他品牌業務

本集團之其他品牌業務主要包括電商業務及中高檔品牌業務(包括本集團的自有品牌及擁有獨家經銷權的品牌)。

二零一九年，在充滿挑戰的營商環境下，本集團決定逐步退出中高檔品牌的實體零售業務(包括中國大陸及台灣)，將專心經營電商業務。其他品牌業務營業額下降33%至388.8百萬港元(二零一八年：582.5百萬港元)。於二零一九年十二月三十一日，銷售點數目按年減少62%至65個銷售點(二零一八年：172個銷售點)。其他品牌業務分部於二零一九年佔本集團總營業額約18%(二零一八年：14%)。

本集團繼續積極清理過季存貨，並進一步提升電商業務銷售額在集團總銷售額的佔比。其他品牌業務毛利率持續受壓，由二零一八年的54.4%下滑至45.1%。其他品牌業務錄得經營虧損48.7百萬港元(二零一八年：26.7百萬港元)。

二零一九年，本集團整合資源，加大力度發展電商業務。根據電商運營特點，本集團為其度身定制彈性供應鏈管理系統。通過「小單快反」模式，本集團能針對快速變化的消費者習慣，迅速做出反應，在瞬息萬變的線上市場中抓住商機。

回顧年內，除了各季度的新款，本集團亦迎合線上消費者喜好，不時推出「網紅爆款」。這些產品受到線上消費者的熱烈反響，對集團總營業額的貢獻繼續提升，並保持盈利。

此外，本集團繼續加強與新興電商及社交平台的合作，以吸引更多年輕消費者。除了與關鍵線上平台維持緊密合作外，本集團進一步拓展與線上分銷商的戰略合作，以擴大線上市場的業務版圖。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

Analysis of Results by Business Segment

For the year ended 31 December 2019, the turnover of the Group was HK\$2,126.4 million (2018: HK\$4,127.1 million), a decrease of 48% compared to last year. The business performance of individual segments is summarised as follows:

(HK\$' million) (百萬港元)		Core Brands Business 核心品牌業務		Other Brands Business 其他品牌業務		Manufacturing Business 製造業務	
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年
Revenue from external customers	對外客戶收益	1,737.6	3,544.6	388.8	582.5	-	-
Inter-segment revenue	分部間收益	145.3	254.2	-	-	88.4	215.8
Total segment revenue	分部收益總額	1,882.9	3,798.8	388.8	582.5	88.4	215.8
Segment gross profit	分部毛利	606.7	1,725.3	175.1	317.1	(22.7)	12.4
Segment gross margin	分部毛利率	32.2%	45.4%	45.1%	54.4%	-25.7%	5.8%
Segment operating (loss)/profit	分部經營(虧損)/盈利	(951.6)	(788.2)	(48.7)	(26.7)	(35.5)	1.4
Segment operating margin	分部經營盈利率	-50.5%	-20.7%	-12.5%	-4.6%	-40.2%	0.6%

During the year ended 31 December 2019, total segment revenue of the Core Brands Business decreased by 50% to HK\$1,882.9 million from HK\$3,798.8 million in last year. It is mainly due to the closure of stores and decline in the same-store sales. Its gross margin dropped from 45.4% to 32.2% as a result of product mix and more clearance of old stocks. The segment recorded an operating loss of HK\$951.6 million compared to that of HK\$788.2 million in last year.

On the other hand, the total segment revenue of Other Brands Business decreased by 33% to HK\$388.8 million (2018: HK\$582.5 million) which is also attributable to the closure of stores during the year. The segment recorded an operating loss of HK\$48.7 million compared to HK\$26.7 million last year.

Other Income

Other income decreased by HK\$16.8 million from HK\$42.6 million in last year to HK\$25.8 million for the year ended 31 December 2019. The decrease in other income is mainly due to the reduction in government incentives and interest income this year.

Operating Expenses

Overall, the Group's operating expenses (including other losses – net, selling & distribution and general & administrative expenses) decreased by HK\$1,063.7 million or 37% to HK\$1,826.5 million from HK\$2,890.2 million in last year. The drop in operating expenses was generally in line with sales decrease. The operating expenses included one-off restructuring costs of approximately HK\$139.3 million and HK\$80.2 million in relation to staff redundancy cost and loss on termination of leases respectively, due to downscaling of its physical store network and restructuring of its back office during the year.

財務回顧

按業務分部業績分析

截至二零一九年十二月三十一日止年度，本集團錄得營業額2,126.4百萬港元(二零一八年：4,127.1百萬港元)，較去年減少48%。各分部之業務表現載列如下：

截至二零一九年十二月三十一日止年度，核心品牌業務分部收益總額由去年的3,798.8百萬港元減少50%至1,882.9百萬港元。這主要由於關閉店舖和同店銷售下降所致。由於產品組合和增加清理過季存貨，其毛利率由45.4%下降至32.2%。此分部錄得經營虧損951.6百萬港元，相對去年則為788.2百萬港元。

另一方面，其他品牌業務分部收益總額減少33%至388.8百萬港元(二零一八年：582.5百萬港元)，亦歸因於年內關閉店舖。此分部錄得經營虧損48.7百萬港元，相對去年則為26.7百萬港元。

其他收入

截至二零一九年十二月三十一日止年度，其他收入由去年的42.6百萬港元，減少16.8百萬港元至25.8百萬港元。主要由於今年政府津貼及利息收入下降所致。

經營費用

總體而言，本集團之經營費用(包括其他虧損-淨額、銷售及分銷開支以及一般及行政開支)由去年的2,890.2百萬港元減少1,063.7百萬港元或37%至1,826.5百萬港元。經營費用之下跌基本上與銷售跌幅一致。年內，本集團因為縮小其實體店網絡之規模和後勤辦公室重組，經營費用計入了有關僱員遣散費成本及終止租賃虧損的一次性成本，金額分別為139.3百萬港元和80.2百萬港元。

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Operating Loss

As a result of the above, the Group incurred an operating loss of HK\$1,019.5 million in 2019, increased by HK\$232.9 million as compared to HK\$786.6 million in last year. If excluding the above-mentioned one-off restructuring costs totaling HK\$219.5 million, the operating loss would be approximately HK\$800.0 million.

Income Tax Expense

The Group's income tax expense for the year was HK\$54.3 million (2018: HK\$217.1 million). This is largely attributable to derecognition of deferred income tax assets for certain timing differences and tax losses.

Loss Attributable to Shareholders

For the year ended 31 December 2019, the Group's loss attributable to shareholders also increased by 8% to HK\$1,070.1 million compared to that of HK\$994.4 million in last year. Basic loss per share was 64.9 HK cents (2018: 60.3 HK cents).

Inventories

As at 31 December 2019, the Group's inventories largely decreased by HK\$830.3 million from HK\$992.3 million to HK\$162.0 million. Average inventory turnover during the year was 157 days, decreased by 41 days. Included in the inventories, the balance of provision for slow-moving and obsolete items was HK\$170.2 million as at 31 December 2019 (2018: HK\$197.3 million).

Trade Receivables

The amount of trade receivables as at 31 December 2019 decreased by HK\$95.2 million, or 59%, to HK\$64.9 million compared to that of HK\$160.1 million in 2018. Loss allowance balance for trade receivable amounted to HK\$15.1 million (2018: HK\$9.7 million). Average debtors turnover increased to 19 days (2018: 15 days).

Trade Payables

As at 31 December 2019, the Group's trade payables decreased by HK\$391.9 million, or 74%, to HK\$138.7 million (2018: HK\$530.6 million) and the average creditors turnover increased by 144 days to 259 days (2018: 115 days) mainly due to the extended credit period of certain major suppliers.

經營虧損

基於以上結果，本集團於二零一九年產生經營虧損1,019.5百萬港元，較去年的786.6百萬港元增加232.9百萬港元。假如不計算上文提及的一次性成本合共219.5百萬港元，經營虧損則約800.0百萬港元。

所得稅開支

本集團本年之所得稅開支為54.3百萬港元（二零一八年：217.1百萬港元）。這主要歸因於終止確認有關若干時間性差異及稅項虧損之遞延所得稅項資產。

股東應佔虧損

截至二零一九年十二月三十一日止年度，本集團股東應佔虧損亦上升8%至1,070.1百萬港元，相對去年994.4百萬港元。每股基本虧損為64.9港仙（二零一八年：60.3港仙）。

存貨

於二零一九年十二月三十一日，本集團存貨由992.3百萬港元大幅減少830.3百萬港元至162.0百萬港元。於年內平均存貨週轉期為157日，減少了41天。於二零一九年十二月三十一日，包括於存貨中的滯銷及過時存貨撥備餘額為170.2百萬港元（二零一八年：197.3百萬港元）。

貿易應收賬款

於二零一九年十二月三十一日之貿易應收賬款減少95.2百萬港元或59%至64.9百萬港元，相對二零一八年的160.1百萬港元。貿易應收賬款之虧損撥備為15.1百萬港元（二零一八年：9.7百萬港元）。平均應收賬款週轉期增加至19日（二零一八年：15日）。

貿易應付賬款

於二零一九年十二月三十一日，本集團之貿易應付賬款減少391.9百萬港元或74%至138.7百萬港元（二零一八年：530.6百萬港元），平均應付賬款週轉期增加144日至259日（二零一八年：115日），主要因為若干主要供應商延長信貸期。

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Liquidity and Financial Resources

As at 31 December 2019, the Group had cash and bank balances, comprising cash and cash equivalents and pledged deposits (including those transferred to disposal group classified as held-for-sale) amounting to HK\$182.3 million (2018: HK\$363.0 million), which were denominated mainly in Renminbi. As at 31 December 2019, there were no short-term bank loans (2018: HK\$192.3 million).

The net decrease in cash and bank balances of HK\$180.7 million (2018: HK\$123.3 million) during the year is analysed as follows:

流動資金及財政資源

於二零一九年十二月三十一日，本集團持有現金及銀行結餘(包括現金及現金等價物(包括轉撥至分類為持作出售之資產)及已抵押銀行存款)為182.3百萬港元(二零一八年：363.0百萬港元)，主要以人民幣為結算單位。於二零一九年十二月三十一日，本集團沒有短期銀行貸款(二零一八年：192.3百萬港元)。

年內，現金及銀行結餘淨減少180.7百萬港元(二零一八年：123.3百萬港元)的分析如下：

		For the year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 HK\$'million 百萬港元	2018 二零一八年 HK\$'million 百萬港元
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額	218.2	(157.8)
Capital expenditure	資本開支	(26.4)	(115.3)
Proceeds from disposal of fixed assets	出售固定資產所得款項	70.8	29.5
Proceeds from disposal of subsidiaries and financial asset	出售附屬公司及金融資產所得款項	19.8	74.5
Net bank interest paid	已付之銀行淨利息	(1.6)	(0.5)
Net bank loans (repaid)/raised	淨(償還)/籌集之銀行貸款	(191.2)	35.8
Lease payments	租賃付款	(271.0)	-
Effect of foreign exchange rate changes	外匯兌換率變動之影響	0.7	10.5
		(180.7)	(123.3)

As at 31 December 2019, the Group's net gearing ratio was in net cash (2018: net cash) position. Current ratio was 1.5 times (2018: 2.1 times) as at 31 December 2019. Management closely monitors the Group's financial performance and liquidity position. Taking into consideration of the plans and measures to improve the liquidity position, such as disposals of certain non-core properties and raising of additional resources of funding as and when need, it believes that the Group has sufficient financial resources to meet its obligation as and when they fall due over the next twelve months.

於二零一九年十二月三十一日，本集團之淨負債比率為淨現金(二零一八年：淨現金)。資產流動比率為1.5倍(二零一八年：2.1倍)。本集團管理層會密切監察本集團之財務表現及流動資金情況，考慮改善流動資金狀況的計劃及措施，例如出售若干會核心物業及在有需要時籌集額外的資金，本集團認為其持有足夠財政資源以應付於未來十二個月到期之債務。

MANAGEMENT DISCUSSION AND ANALYSIS

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Foreign Exchange Risk Management

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. During the year ended 31 December 2019, the Group did not enter into any foreign exchange forward contract to hedge the foreign exchange risk exposure on bank loans denominated in USD or HKD. As at 31 December 2019, the Group's exposure to foreign exchange risk was not significant.

Pledge of Assets

As at 31 December 2019, the Group had no pledged bank deposits (2018: HK\$174.2 million) and no investment properties pledged (2018: HK\$121.3 million).

Capital Expenditure

During the year, the Group incurred capital expenditure of HK\$26.4 million (2018: HK\$115.3 million) mainly for retail network expansion and renovation.

Contingent Liabilities

As at 31 December 2019 and 2018, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2019, the Group had a workforce of about 948 (2018: 8,700) people predominantly in mainland China, Taiwan and Hong Kong. Employee benefits expense for the year ended 31 December 2019 was HK\$582.9 million (2018: HK\$752.3 million). Due to the large scale of restructuring and transformation of the business model, it also incurred a redundancy cost amounting to HK\$139.3 million (2018: HK\$15.4 million) for the year. The overall decrease of HK\$169.4 million or 23% in employee benefits expense was mainly due to the reduction in headcount of factories, stores and back office.

The Group values its human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured with reference to market conditions and terms as well as individual qualifications. In addition, share options, share appreciation rights and discretionary bonuses are granted to eligible employees based on the performance of the Group and of the individual employee. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programmes to employees.

外匯風險管理

本集團透過定期審閱本集團之外匯風險淨額，管理本集團之外匯風險，本集團於預期相關外幣出現大幅波動時，或會使用遠期外匯合約。截至二零一九年十二月三十一日止年度，本集團未有訂立遠期外匯合約對沖以美元或港元為結算之銀行貸款所產生的外匯風險。於二零一九年十二月三十一日，本集團並無面臨外匯風險。

資產抵押

於二零一九年十二月三十一日，本集團沒有已抵押之銀行存款（二零一八年：174.2百萬港元）及沒有已抵押之投資物業（二零一八年：121.3百萬港元）。

資本開支

年內，本集團的資本開支為26.4百萬港元（二零一八年：115.3百萬港元），主要用於零售網絡之裝修。

或然負債

於二零一九年及二零一八年十二月三十一日，本集團並無任何重大或然負債。

人力資源

於二零一九年十二月三十一日，本集團於中國大陸、台灣及香港之僱員人數約為948人（二零一八年：8,700人）。年內僱員福利開支為582.9百萬港元（二零一八年：752.3百萬港元）。由於大規模的重組及業務模型的轉型，本年產生遣散費139.3百萬港元（二零一八年：15.4百萬港元）。整體僱員福利開支減少169.4百萬港元或23%，乃主要由於工廠、店舖及後勤辦公室之僱員人數減少。

本集團重視其人力資源並深明留聘優質人才的重要性，所提供之薪酬及福利乃參考市場水平及個人能力而定，並按本集團及個別員工之表現向合資格員工提供購股權、股份增值權及酌情花紅。此外，本集團亦為僱員提供強積金、醫療保障、員工購物折扣及培訓課程。

MANAGEMENT DISCUSSION AND ANALYSIS

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OUTLOOK

Although China and the United States reached trade agreements in phase one of their negotiation, the outlook of the global economy remains unclear due to the uncertainties about the execution of such agreements and about the following talks. In the Internet Era, e-commerce has been developing faster than anyone could have imagined and has changed people's lifestyle and consumption habits. Young consumers are the most loyal supporter of e-commerce, and their daily life has already become closely connected with online shopping. All fashion and retail brands must face the competition and challenge from e-commerce. In addition, the outbreak of Coronavirus Disease 2019 in early 2020 severely affected the consumer sentiment around the Lunar New Year and exacerbated the problem of sluggish sales in the brick-and-mortar retail industry. Due to these negative factors, the consumption market in China will be under tremendous pressure in short and medium term.

In face of the drastically changing market, the Group has begun its transformation into a brand-driven company with an "asset-light" business model. The Group believes that it has attained an optimal scale of operation and established a preliminary framework of the "asset-light" business model following the large-scale restructuring of its sales network in 2019. With the completion of the clearance of aged inventory, the percentage of new products will increase in the product mix in 2020. It is expected that the gross margin will be restored to a healthy level. The Group is still facing an enormous challenge posed by the epidemic, but it is confident that the effect of the business transformation will be gradually shown in the second half of 2020.

In terms of distribution channel, the Group already finished a large scale restructuring of its sales network in 2019 and it will continue to optimise the offline sales channel mix in 2020 with its main sales channel run under the "partnership system" and its new-image stores as a supplementary one. For the directly-managed new-image stores, the Group will closely monitor the store sales performance, constantly optimise the in-store marketing activities mechanism, and enhance the training of the frontline sales representatives to provide the customers with a pleasant shopping experience. At the stores operated under the "partnership system", the Group will deepen the cooperation with its business partners. Apart from enhancing the partnership mechanism of the "partnership system", the Group will provide support to its business partners in such areas as brand marketing, formulation of product sales strategies and the operation and management of stores in order to boost the stores' sales performance and to consolidate and expand Daphne's market share.

展望

中美雖已完成第一階段貿易協議，但協議的落實及後續推進仍存在一定不確定性，全球經濟形勢尚不明朗。在互聯網時代，電商以超乎所有人想像的速度迅猛發展，改變人們的生活及消費方式。尤其是年輕消費者，作為電商最忠誠的支持者，其日常生活已與網購密不可分。所有時尚零售商必須面對來自電商的競爭與挑戰。此外，二零二零年初爆發的2019冠狀病毒疫病嚴重抑制了農曆新年前後的消費需求，使持續低迷的實體零售業雪上加霜。受上述負面因素影響，中國消費品市場在短中期內仍將承受巨大壓力。

面對市場的劇烈轉變，集團已邁開了轉型至「輕資產」的品牌企業業務模式的步伐，經過過去一年的大規模銷售網絡調整，本集團相信目前已達至理想運營規模，線下「輕資產」業務模式架構初步成形。隨著清貨行動的結束，二零二零年新品在銷售組合中的佔比將大幅回升，預期毛利率將逐漸恢復至健康水平。雖然受疫情影響，短期內本集團仍將面臨巨大挑戰，但我們仍然相信業務轉型的效益將在二零二零年下半年逐漸反映。

在渠道方面，繼二零一九年大規模的銷售網絡調整後，於二零二零年，本集團將進一步優化以「合夥人制度」為主，以新形象店為輔的線下銷售渠道組合。針對直營的新形象店舖，本集團將密切監測店舖銷售表現，不斷優化店舖營銷活動機制，並加強前線銷售人員培訓，以提供令人愉悅的顧客購物體驗。針對「合夥人制度」店舖，本集團將深化與合夥人們的合作。除了完善「合夥人制度」的合作機制，本集團還將持續提供關於品牌營銷、產品銷售策略、店舖運營管理等多方面支持，力求促進店舖銷售表現，鞏固並擴大達芙妮的市場份額。

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The Group will increase its investment in its e-commerce business because it is where it will be able to make a breakthrough. Through the close cooperation between the product design team and the supply chain department, the Group will continue to optimise the flexible supply chain management system to speed up its response to the market and launch more “Must-buy KOL Items” to contribute to the sales momentum. Moreover, the Group will make use of popular online marketing methods to enable consumers to get to know its products more easily and to shop more conveniently, thus suiting their consumption habits.

The Group firmly believes that its strong brand will be able to help it achieve a breakthrough amid the persistently sluggish business environment of the women’s shoes industry. Therefore, it will enhance the trendiness and comfort of its products by continuing with product research and development and by stepping up its cooperation with external design teams. This will enable the Group to meet young consumers’ demand for aesthetic shoes. The Group will also introduce more diverse athleisure products into the market to capitalise on the growing athleisure trend. It will continue to cooperate with big data company to enhance its capability to analyse data about consumers and sales so as to track the ever-changing consumer preferences and market trends. This will allow the Group to promptly provide products that exactly meet market’s wants and needs.

Maintaining close relationships with consumers is essential to brand building. Through cooperation with a brand consultancy, the Group will try to enhance its ability to gauge consumer preferences and thus adjust its branding and marketing strategies accordingly with the aim of suiting younger consumers’ consumption habits. The Group will also continue to step up its marketing efforts in social media to project a youthful and fashionable image of itself. It will thus be able to maintain close links with consumers and, at the same time, enable its products to gain a lot of exposure in the media. The Group will enhance its customer relationship management by listening carefully to consumers’ wishes and feedback. This can increase both customer loyalty and repeat business.

Looking ahead, the Group will remain determined to press ahead with its transformation into a brand-driven company with an “asset-light” business model. It will review the results of the strategy and adjust it promptly if necessary. Meanwhile, the Group will continue with its customer-centric approach in such areas as the maintenance of close links with consumers, improvement of the quality of products and enhancement of its ability to operate business. All this can help the Group attain steady growth in sales in the medium and long term and turn a profit again with the aim of getting back on track.

本集團將加大對電商業務的投入，並將其視為全新的業務突破口。通過產品設計團隊與供應鏈部門緊密合作，本集團將繼續優化彈性供應鏈管理系統，提升反應速度，打造更多「網紅爆款」並帶動銷售。此外，本集團亦將藉助時下流行的線上營銷方式，為消費者提供更直觀的產品感受及更便捷的購物體驗，以迎合他們的消費習慣。

在女鞋行業整體持續低迷的大環境下，本集團堅信強大的產品實力能幫助其突出重圍。未來本集團將繼續專注產品研發，通過加強與外部設計團隊的合作，致力進一步提升產品的時尚性及舒適度，以滿足年輕消費者不斷變化的審美喜好。本集團亦將推出更豐富的運動休閒系列產品，以把握運動休閒潮流風靡所帶來的市場機遇。集團亦將延續與大數據公司合作，提升集團應用大數據分析的能力，以追蹤不斷變化的消費者偏好及市場趨勢，精準而迅速地推出符合市場需求的產品。

品牌建設的核心是與消費者保持更緊密的關係。本集團將通過與外部品牌諮詢公司的合作，加強洞察消費者喜好的能力，適時調整品牌營銷策略，以符合當下年輕消費者的消費習慣。本集團將持續加強社交媒體的營銷力度，不斷強化年輕、時尚的品牌形象，在增加產品曝光的同時，力求與消費者保持緊密的聯繫。本集團將提升顧客關係管理，用心聆聽消費者的訴求及反饋，促進顧客忠誠度及重複購買率。

展望未來，本集團將繼續大刀闊斧地推進轉型措施，致力向「輕資產」品牌企業業務模式進發，並不時檢視成效並及時調整。同時，本集團將專注修煉自身內功，秉持以顧客為中心的理念，與消費者保持密切聯繫，不斷提升產品實力並提高運營能力。相信這些努力能幫助集團業務發展重回正軌，從中長期實現銷售穩定增長，並重拾盈利。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員簡歷

EXECUTIVE DIRECTORS

Mr. CHANG Chih-Kai, aged 39, has been an executive director of the Company since November 2004. He was appointed as the Chairman of the board of directors in May 2017 and as the Chief Executive Officer (“CEO”) in April 2016. Mr. Chang is responsible for strategic planning and overall management of the Group. He has joined the Group since 2003 and accumulates over 10 years of experience in footwear industry with focus on product development, production, merchandising, as well as general management. He studied a bachelor’s degree of Art in Auckland University after graduated from Pakuranga College in New Zealand. Mr. Chang is the brother of Mr. Chang Chih-Chiao, an executive director, and holds directorships in certain subsidiaries of the Company.

Mr. CHANG Chih-Chiao, aged 37, joined the Group in 2007 and has become an executive director of the Company since June 2009. He is currently responsible for product development and design, and marketing functions. Mr. Chang obtained a bachelor’s degree in Visual Communication from Northumbria University in the United Kingdom. Mr. Chang is the brother of Mr. Chang Chih-Kai, the Chairman and the CEO and an executive director, and also holds directorships in certain subsidiaries of the Company.

執行董事

張智凱先生，39歲，於二零零四年十一月起擔任本公司之執行董事。彼於二零一七年五月獲委任為董事會主席，並於二零一六年四月獲委任為行政總裁（「行政總裁」）。張先生主要負責本集團策略規劃及整體管理工作。彼於二零零三年加入本集團並於鞋類行業累積逾十年經驗，主力集中產品研發、生產、採購以及整體管理工作。彼畢業於紐西蘭帕庫蘭卡學院後，於奧克蘭大學修讀文學學士學位課程。張先生為執行董事張智喬先生之兄長，亦於本公司若干附屬公司擔任董事職位。

張智喬先生，37歲，於二零零七年加入本集團，並自二零零九年六月起擔任本公司之執行董事。現時主要負責產品研發及設計，以及市場推廣工作。張先生持有英國諾森比亞大學視覺傳媒學士學位。張先生為主席兼行政總裁和執行董事張智凱先生之弟弟，亦於本公司若干附屬公司擔任董事職位。

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員簡歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HON Ping Cho Terence, aged 60, has been an independent non-executive director of the Company since September 2019. Currently, Mr. Hon is also an independent non-executive director of the four companies listed on The Stock Exchange of Hong Kong Limited, namely Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (Stock Code: 520), Jimu Group Limited (Stock Code: 8187), 361 Degrees International Limited (Stock Code: 1361) and SinoMab BioScience Limited (Stock Code 3681). He was previously the chief financial officer and company secretary of DTXS Silk Road Investment Holdings Company Limited (Stock Code: 620) from June 2016 (as chief financial officer) and November 2016 (as company secretary) until September 2018. Prior to working at DTXS Silk Road Investment Holdings Company Limited, Mr. Hon worked at a number of companies, including Auto Italia Holdings Limited (Stock Code: 720) as chief financial officer and company secretary between December 2013 and April 2016, China Dongxiang (Group) Co., Ltd. (Stock Code: 3818) as chief financial officer between December 2010 and October 2012, Ka Wah Construction Materials (Hong Kong) Limited as chief financial officer between September 2008 to December 2010, TOM Group Limited (Stock Code: 2383) between June 2001 and February 2008 with his last position as the group finance director, and Ng Fung Hong Limited as a company secretary of the group between 1996 and 2001. Before moving to the commercial section, Mr. Hon worked in an international accounting firm.

Mr. Hon is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He obtained a master's degree in Business Administration (Financial Services) from The Hong Kong Polytechnic University in November 2004.

Mr. HUANG Shun-Tsai, aged 66, is a director of two health technology companies in Taiwan. He has been active in the health technology field for over 30 years. Mr. Huang has been an independent non-executive director of the Company since 2001.

Mr. KUO Jung-Cheng, aged 69, is a director of a manufacturing and distribution company in China. Mr. Kuo is a former senator of the Legislative Council in Taiwan. He has been serving the community in Taiwan as a representative for over 20 years. Mr. Kuo holds an MBA degree from University of Hawaii. Mr. Kuo has been an independent non-executive director of the Company since 2001.

獨立非執行董事

韓炳祖先生，60歲，於二零一九年九月起擔任本公司之獨立非執行董事。韓先生現時亦為四間於香港聯合交易所有限公司上市公司之獨立非執行董事，分別為呷哺呷哺餐飲管理(中國)控股有限公司(股票代號520)、積木集團有限公司(股票代號8187)、361度國際有限公司(股票代號1361)及中國抗體製藥有限公司(股票代號3681)。彼過去於二零一八年九月前為大唐西市絲路投資控股有限公司(股票代號620)之首席財務官(自二零一六年六月)及公司秘書(自二零一六年十一月)。於大唐西市絲路投資控股有限公司任職前，韓先生曾於多間公司任職，包括於在二零一三年十二月至二零一六年四月期間擔任意達利控股有限公司(股票代號720)之首席財務官兼公司秘書，於二零一零年十二月至二零一二年十月期間為中國動向(集團)有限公司(股票代號3818)之首席財務官，於二零零八年九月至二零一零年十二月期間為嘉華建材有限公司的財務總裁，於二零零一年六月至二零零八年二月期間於TOM集團有限公司(股票代號2383)最後職位為集團財務總監，以及於一九九六年及二零零一年期間出任五豐行有限公司之集團公司秘書。於轉行至商業行業前，韓先生曾於國際會計師事務所工作。

韓先生為特許公認會計師公會資深會員、香港會計師公會會員及英格蘭及威爾士特許會計師公會會員。彼於二零零四年十一月獲得香港理工大學工商管理(金融服務)碩士學位。

黃順財先生，66歲，為台灣兩間健康科技公司之董事，從事健康科技業逾三十年。黃先生自二零零一年起擔任本公司獨立非執行董事。

郭榮振先生，69歲，為中國一間製造及分銷公司之董事。郭先生亦為前任台灣立法院委員，以議員身份服務台灣民眾逾二十年。郭先生持有夏威夷大學工商管理碩士學位。郭先生自二零零一年起擔任本公司獨立非執行董事。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company recognises the vital importance of good corporate governance to the Group's success and sustainability. The Company is committed to achieving a high standard of corporate governance practices as an essential component of high quality and has introduced corporate governance practices appropriate to the operation and growth of its business.

1. CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the year ended 31 December 2019, the Company complied with all the applicable code provisions set out in the CG Code except for the deviations from code provisions A.2.1 and A.6.7 which are explained under the "Chairman and Chief Executive Officer" section and "Communications with Shareholders and Investors" section on pages 26 and 31 respectively.

The board of directors (the "Board") will continue to enhance its corporate governance practices appropriate to the operation and growth of its business and to review such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

2. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for dealing in securities of the Company by the directors. Having made specific enquiry with all directors, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2019.

The Company also requires the relevant officers of the Group to be bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers was noted by the Company during the year.

本公司確知良好企業管治對於本集團業務成功及持續發展甚為重要。本公司致力實踐高水準之企業管治，作為高質素企業管治之重要元素，並已採納適用於其業務運作及增長之企業管治常規。

1. 企業管治常規

本公司已採用香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治守則（「企業管治守則」）之原則。

截至二零一九年十二月三十一日止年度內，本公司已遵守企業管治守則所載之全部適用之守則條文，惟偏離守則條文第A.2.1條及第A.6.7條之規定，偏離原因已分別於第26頁及第31頁之「主席及行政總裁」及「與股東及投資者之溝通」內作出解釋。

董事會（「董事會」）將繼續加強適合其業務運作及增長之企業管治常規，並不時檢討其企業管治常規，以確保本公司遵守法定及專業標準，並符合最新發展。

2. 董事之證券交易

有關董事進行本公司之證券交易，本公司已遵照上市規則附錄十所載之「上市發行人董事進行證券交易的標準守則」（「標準守則」）。經向全體董事作出具體查詢後，全體董事均已確認，彼等於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所載規定。

本公司亦要求相關高級職員受標準守則規限，於任何時間持有與本公司證券有關的內幕資料時，一概不得買賣該證券。於年內，本公司並無獲悉相關高級職員有任何違反標準守則的情況。

CORPORATE GOVERNANCE REPORT

企業管治報告

3. THE BOARD OF DIRECTORS

3.1 Board Composition

The Board and Board Committees as at the date of this report comprise:

Members of the Board/Board Committees 董事會/董事會轄下委員會成員	Date of first becoming director 首次出任董事之日期	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會
<i>Executive directors 執行董事</i>				
Mr. Chang Chih-Kai (Chairman & CEO) 張智凱先生 (主席兼行政總裁)	22 November 2004 二零零四年十一月二十二日		Member 成員	Member 成員
Mr. Chang Chih-Chiao 張智喬先生	12 June 2009 二零零九年六月十二日			
<i>Independent non-executive directors 獨立非執行董事</i>				
Mr. Hon Ping Cho Terence 韓炳祖先生	25 September 2019 二零一九年九月二十五日	Chairman 主席	Member 成員	Member 成員
Mr. Huang Shun-Tsai 黃順財先生	31 July 2001 二零零一年七月三十一日	Member 成員	Chairman 主席	Member 成員
Mr. Kuo Jung-Cheng 郭榮振先生	31 July 2001 二零零一年七月三十一日	Member 成員	Member 成員	Chairman 主席

The executive directors draw on a rich and diverse experience from the footwear distribution business while the independent non-executive directors possess appropriate professional qualifications and management expertise. Through active participation in board meetings, taking the lead in managing issues involving potential conflict of interests and serving on board committees, all independent non-executive directors contribute to the effective direction of the Company and to safeguard the interests of the Company and its shareholders.

During the year ended 31 December 2019, the Board was in compliance with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise except that during the period from 30 June 2019 (the date of the resignation of Mr. Lee Ted Tak Tai as independent non-executive director) to 25 September 2019 (the date of the appointment of Mr. Hon Ping Cho Terence as independent non-executive director).

3. 董事會

3.1 董事會組成

截至本報告日期，董事會及董事會轄下委員會由下列人士組成：

執行董事擁有豐富及廣泛的鞋類分銷業務經驗，而獨立非執行董事則具備相關專業資格及管理專門知識。全體獨立非執行董事透過積極參與董事會會議，在管理涉及潛在利益衝突事務時發揮牽頭引導作用及服務於董事會轄下之委員會，從而對本公司作出有效指導以及維護本公司及其股東之利益。

於截至二零一九年十二月三十一日止年度，董事會一直符合上市規則有關委任至少三名獨立非執行董事（佔董事會成員人數至少三分之一），其中最少一名獨立非執行董事須具備合適專業資格及會計及相關財務管理專業知識的規定，在二零一九年六月三十日（李德泰先生辭任其獨立非執行董事職位之日）至二零一九年九月二十五日（韓炳祖先生獲委任為獨立非執行董事之日）期間除外。

CORPORATE GOVERNANCE REPORT

企業管治報告

According to Rule 3.10(1) of the Listing Rules, the Company is required to have at least three independent non-executive directors. According to Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive directors of the Company must have appropriate professional qualifications or accounting or related financial management expertise (the “Qualification”). According to Rule 3.21 of the Listing Rules, the Audit Committee of the Company must comprise a minimum of three members, and at least one of whom is an independent non-executive director who has the Qualification.

As disclosed in the announcement of the Company dated 1 July 2019, following the resignation of Mr. Lee Ted Tak Tai as an independent non-executive director of the Company on 30 June 2019:

- (a) the Company only has two independent non-executive directors, thus the number of independent non-executive directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules;
- (b) there is no independent non-executive director of the Company who has the Qualification as required under Rule 3.10(2) of the Listing Rules;
- (c) the Audit Committee comprises no independent non-executive director with the Qualification as required under Rule 3.21 of the Listing Rules; and
- (d) the Audit Committee only has two members, thus the number of members falls below the minimum number required under Rule 3.21 of the Listing Rules.

On 25 September 2019, the Company has appointed Mr. Hon Ping Cho Terence as an independent non-executive director to fill up the vacancy of independent non-executive director with appropriate Qualification to meet the requirements set out in Rules 3.10 and 3.21 of the Listing Rules.

Each independent non-executive director gives the Company annual confirmation of his independence to the Company, and the Company considers these directors to be independent pursuant to Rule 3.13 of the Listing Rules. The names, biographies of the directors and relationship among them are set out in the “Biographies of Directors and Senior Management” on pages 19 to 20 of this annual report.

根據上市規則第3.10(1)條之規定，本公司必須至少有三名獨立非執行董事。根據上市規則第3.10(2)條之規定，本公司必須至少設置一名具備適當的專業資格或會計或相關財務管理專長（該「資格」）的獨立非執行董事。根據上市規則第3.21條之規定，本公司審核委員會必須由至少三名成員組成及其中一名獨立非執行董事須具備該資格。

根據本公司於二零一九年七月一日之公告所披露，李德泰先生於二零一九年六月三十日辭任本公司之獨立非執行董事後：

- (a) 本公司只有兩名獨立非執行董事，因此獨立非執行董事人數低於上市規則第3.10(1)條規定的最低人數；
- (b) 無獨立非執行董事具備根據上市規則第3.10(2)條規定的該資格；
- (c) 審核委員會的組成不包括根據上市規則第3.21條規定的具備該資格的獨立非執行董事；及
- (d) 審核委員會只有兩名成員，因此成員人數低於上市規則第3.21條規定的最低人數。

於二零一九年九月二十五日，本公司委任韓炳祖先生擔任獨立非執行董事之職務，填補具備該資格的獨立非執行董事之空缺，以符合上市規則第3.10及3.21條之規定。

每名獨立非執行董事均有就其獨立性向本公司作出年度確認。根據上市規則第3.13條，本公司認為該等董事均屬獨立人士。各董事之姓名、簡歷及彼此間之關係載於本年報第19至20頁之「董事及高級管理人員簡歷」。

CORPORATE GOVERNANCE REPORT

企業管治報告

3.2 Directors' Responsibilities

The Board is responsible for overall management and control of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and service of the company secretary and senior management. Any director may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

3.3 Delegation by the Board

The Board has delegated responsibilities to the executive directors and senior management of the Company, including implementing decisions of the Board and directing and conducting the day-to-day operation and management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board and approval has to be obtained from the Board prior to any significant transactions are entered.

3.4 Appointment, Re-election and Removal of Directors

The appointment of a new director must be approved by the Board. The Board has delegated to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The Nomination Committee has established certain guidelines to assess the candidates. These guidelines emphasise appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and possible time commitments to the Board and the Company.

All non-executive directors including independent non-executive directors are appointed for a specific term of one to three years. All directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings in accordance with the Listing Rules and the articles of association of the Company (the "Articles of Association"). Every director newly appointed by the Board is subject to re-election at the first general meeting after his/her appointment.

3.2 董事責任

董事會負責本公司之整體管理及監控，包括批准及監督一切政策上之事宜、整體策略及預算、內部監控及風險管理制度、重大交易（尤其是可能涉及利益衝突之重大交易）、財務資料、董事委任及其他重大財務及營運事宜。

全體董事可隨時索取所有相關資訊以及得到公司秘書及高級管理人員之意見及幫助。任何董事於向董事會作出合理要求後，可要求於適當情況下尋求獨立專業意見，費用由本公司承擔。

3.3 董事會授權

董事會已向本公司之執行董事及高級管理人員作出授權，包括執行董事會之決策，指導及操作本集團之日常營運及管理。董事會定期檢討授權之職能及責任，而於進行任何重大交易前必須先取得董事會之批准。

3.4 委任、重選及撤換董事

新董事委任必須經董事會批准。董事會授權提名委員會挑選及推薦董事人選，包括考慮被推薦人選及在有需要時委聘外界招聘專才協助。提名委員會已訂立若干指引評核被推薦董事人選，該等指引著重適當的專業知識及行業經驗、個人操守、誠信及個人技能，以及能向董事會及本公司付出足夠時間的承諾。

所有非執行董事（包括獨立非執行董事）之任期為一年至三年之特定年期。所有董事均須根據上市規則及本公司之組織章程細則（「組織章程細則」）最少每三年於股東週年大會上輪值退任一次，並符合資格膺選連任。每名獲董事會新委任之董事須於其上任後之首個股東大會接受重選。

CORPORATE GOVERNANCE REPORT

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Mr. Huang Shun-Tsai and Mr. Kuo Jung-Cheng, have served as independent non-executive directors of the Company for more than 9 years. In addition to their confirmations of independence in accordance with Rule 3.13 of the Listing Rules, Mr. Huang and Mr. Kuo continue to demonstrate the attributes of independent non-executive directors and there is no evidence that their tenure have had any impact on their independence. The Board is of the opinion that Mr. Huang and Mr. Kuo remain independent notwithstanding the length of their services and believe that their valuable knowledge and experience continue to generate significant contribution to the Company and the shareholders as a whole.

3.5 Board Practices and Conduct of Meetings

The Board meets regularly throughout the year to formulate overall strategy of the Group, monitor its financial performance and maintain effective oversight over the management. Directors may participate either in person or through electronic means of communications. Notice of regular board meetings is served to all directors at least 14 days prior to the meeting. For other board and committee meetings, reasonable notice is generally given.

Agenda of each board meeting is usually sent to all directors together with the notice of meeting in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with all appropriate, complete and reliable information are sent to directors at least 3 days before each board meeting to keep the directors apprised of the latest development and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman and other relevant senior management normally attend regular board and committee meetings, and where necessary, other board and committee meetings to advise on business development, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group. Draft minutes are normally circulated to all directors for comment in due course after each meeting and the final copy, which is kept by the company secretary, is open for directors' inspection.

Any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened board meeting. Except for those circumstances permitted by the Articles of Association, a director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution and such director is not counted for quorum determination purposes.

黃順財先生及郭榮振先生擔任本公司之獨立非執行董事超過九年。除了根據上市規則第3.13條確認彼等之獨立性外，黃先生及郭先生亦一直展示有能力出任獨立非執行董事，而現時並無證據顯示，彼等之任期曾對彼等獨立身份造成任何影響。董事會認為，不論黃先生及郭先生服務年期之長短，彼等亦能維持獨立身份，並相信彼等之寶貴知識及經驗，將可繼續為本公司股東整體帶來重大貢獻。

3.5 董事會常規及會議進程

董事會年內定期舉行會議，以制定本集團之整體策略、監察其財務表現及對管理層作出有效監督。董事可親身出席或透過電子媒介參與會議。定期董事會會議之通知會於會議舉行之前至少十四日送達所有董事。其他董事會及委員會會議一般會發出合理通知。

各董事會會議之議程一般會連同會議通知發送予所有董事，讓彼等有機會將其他事項納入議程中以於會議上討論。董事會文件以及所有合適、完整及可靠之資料均於每次舉行董事會會議前最少三日發送予所有董事，使彼等知悉本集團之最新發展及財務狀況，以便彼等作出知情之決定。董事會及每名董事於有需要時，亦有自行及獨立地接觸高級管理人員之途徑。

主席及其他相關之高級管理人員一般會出席常規董事會及委員會會議，並於有需要時出席其他董事會及委員會會議，就本集團之業務發展、財務及會計事宜、法定合規事宜、企業管治及其他主要方面提供意見。每次會議後，一般會於合理時間內向所有董事發送會議記錄初稿以供審閱，而最後定稿由公司秘書保存，可供董事查閱。

任何涉及主要股東或董事利益衝突之重大交易，將在正式召開之董事會會議上由董事會審議及處理。除組織章程細則允許之情況外，於任何合約、交易、安排或向董事會提呈以供考慮之任何其他類別之建議中擁有重大權益之董事，將須就相關決議案放棄投票，且有關董事不會被計入為法定人數之數目內。

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Apart from regular board meetings, the Chairman of the Board also held a meeting with the independent non-executive directors without the presence of the executive directors during the year.

3.6 Directors' and Officers' Liability Insurance

Liability insurance for directors and senior management officers of the Group was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties. The scope of coverage of the insurance is subject to review annually.

3.7 Directors' Training and Professional Development

All directors should keep abreast of their collective responsibilities and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable training for its directors. Accordingly, the Company has put in place a training and development programme for the directors including: (i) induction programme on the laws and regulations in relation to directors and the Company, knowledge and current development of the Company, responsibilities and potential liabilities of directors for newly appointed directors; and (ii) on-going training and professional development programmes for directors.

During the year ended 31 December 2019, all directors of the Company have attended the training sessions arranged by the Company. Newspapers, magazines and other materials relating to roles and responsibilities of directors, and regulatory updates of the Listing Rules and corporate governance development were also provided by the Company to the directors from time to time.

3.8 Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chang Chih-Kai, who acted as the Chief Executive Officer of the Company, has also appointed as the Chairman of the Board since May 2017. This was a deviation from code provision A.2.1.

The Board is of the opinion that vesting the roles of both Chairman and CEO in Mr. Chang Chih-Kai has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group. The Board also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board which comprises experienced and competent individuals with more than one-third of the Board being independent non-executive directors.

除常規董事會會議外，董事會主席亦於年內與非執行董事（包括獨立非執行董事）舉行一次會議，當時無執行董事在場。

3.6 董事及高級人員之責任保險

本公司已為本集團之董事及高級管理人員購買責任保險，就彼等履行職責時可能引起之任何法律責任提供保障。保險之保障範圍須於每年作出檢討。

3.7 董事之培訓及專業發展

所有董事均須瞭解彼等之共同責任以及本公司之行為及業務活動。本公司負責為其董事安排合適之培訓，並提供培訓資金。因此，本公司已就其董事實行一項培訓及發展計劃，包括：(i)為新任董事提供與董事及本公司有關之法律及法規、本公司之認識及目前發展動態、董事之職責及潛在責任之入職培訓；及(ii)為董事提供持續培訓及專業發展計劃。

於截至二零一九年十二月三十一日止年度，本公司所有董事出席本公司安排之培訓課程，公司也會不時提供一些與董事之角色及職責有關之參考資料、以及上市規則及企業管治發展之報紙、雜誌及其他更新資料，以供董事參閱。

3.8 主席及行政總裁

企業管治守則條文第A.2.1條列明主席及行政總裁的角色應有區分，並不應由一人同時擔任。張智凱先生擔任本公司行政總裁職務，亦於二零一七年五月起獲委任為董事會主席，此乃偏離守則條文第A.2.1條。

董事會認為，授予張智凱先生為主席及行政總裁職務有利於確保本集團領導的一致性，從而為本集團帶來更有效及高效率的策略規劃。董事會亦相信，權力制衡並不會受到影響，而現時之董事會由經驗豐富和能幹的人士組成，當中超過三分之一為獨立非執行董事，以確保有足夠的權力制衡。

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3.9 Board Committees

The Board has established three committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to assist it in overseeing the Group's affairs. Each committee has its defined and written terms of reference setting out its duties, powers and functions and being posted on the Company's website and the Stock Exchange's website. The board committees report regularly to the Board on their decisions and recommendations and they are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

The Audit Committee of the Company as of the date of this report consists of the following directors:

Mr. Hon Ping Cho Terence (<i>Chairman</i>)	Independent non-executive director
Mr. Huang Shun-Tsai	Independent non-executive director
Mr. Kuo Jung-Cheng	Independent non-executive director

The primary functions of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, and the compliance with the applicable accounting principles and practices, any applicable laws and the Listing Rules and liaison with external auditors and internal auditors of the Group.

During the financial year, three Audit Committee meetings were held and the executive directors, the management and the independent auditors attended to provide necessary information. The Audit Committee considered the audit plan, terms of engagement and fees of the independent auditors for the Board's approval, reviewed the financial information of the Group including the annual and interim financial statements, the management letters and reports issued by the independent auditor, and the reports on the matters of risk management and internal control systems prepared by the Internal Audit Department.

Nomination Committee

The Nomination Committee of the Company as of the date of this report consists of the following directors:

Mr. Huang Shun-Tsai (<i>Chairman</i>)	Independent non-executive director
Mr. Hon Ping Cho Terence	Independent non-executive director
Mr. Kuo Jung-Cheng	Independent non-executive director
Mr. Chang Chih-Kai	Executive director

3.9 董事會轄下委員會

董事會轄下設有三個委員會，分別為審核委員會、提名委員會及薪酬委員會，以協助監督本集團事務。各委員會均設有明確書面職權範圍並清楚界定其職責、權力及職能，並於本公司網站及聯交所網站刊載。各董事會轄下委員會定期向董事會報告其決定及建議，而其亦獲提供足夠資源以履行其職責，並於作出合理要求後，可在適當情況下尋求獨立專業意見，費用由本公司承擔。

審核委員會

於本報告日期，本公司之審核委員會成員包括下列董事：

韓炳祖先生 (<i>主席</i>)	獨立非執行董事
黃順財先生	獨立非執行董事
郭榮振先生	獨立非執行董事

審核委員會之主要職能為協助董事會審閱財務資料及匯報程序、風險管理及內部監控系統，以及適用會計原則及慣例、任何適用法規及上市規則之遵從，並聯繫本集團之外聘核數師及內部核數師。

於本財政年內，審核委員會舉行三次會議。執行董事、管理層及獨立核數師均有出席相關會議以提供所需資料。審核委員會考慮獨立核數師之審核計劃、委聘條款及費用，以提呈董事會批准；審閱本集團之財務資料，包括全年及中期財務報表；審閱獨立核數師致管理層之函件及報告，以及內部審核部所編製之風險管理及內部監控系統等事宜之報告。

提名委員會

於本報告日期，本公司之提名委員會成員包括下列董事：

黃順財先生 (<i>主席</i>)	獨立非執行董事
韓炳祖先生	獨立非執行董事
郭榮振先生	獨立非執行董事
張智凱先生	執行董事

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The Nomination Committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The Nomination Committee reviews the structure, size and composition (including skills, knowledge and experience) of the Board and assesses the independence of the independent non-executive directors.

The Company has adopted a board diversity policy (the "Policy") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, professional experience, skills, knowledge and length of service. The Board sets measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Policy from time to time to ensure its continued effectiveness.

During the financial year, two Nomination Committee meetings were held. The Nomination Committee reviewed the structure, size and diversity of the Board, considered the independence of independent non-executive directors and recommended the re-appointment of retiring directors which were approved by the shareholders at the annual general meeting. It also made recommendations to the Board on the appointment of an independent non-executive director during the year.

Remuneration Committee

The Remuneration Committee of the Company as the date of this report consists of the following directors:

Mr. Kuo Jung-Cheng	Independent non-executive director (Chairman)
Mr. Hon Ping Cho	Independent non-executive director Terence
Mr. Huang Shun-Tsai	Independent non-executive director
Mr. Chang Chih-Kai	Executive director

The Company has adopted the model whereby the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive director and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all directors of the Company and senior

提名委員會負責向董事會建議合適人選加入董事會，惟須先考慮被提名人之獨立性及能力，以確保所有提名均為公平及透明。提名委員會審議董事會結構、規模及成員組合，包括技能、知識及經驗，以及評估獨立非執行董事之獨立性。

本公司已採納董事會成員多元化政策（「該政策」），當中載列為達致及維持董事會成員多元化以提升董事會之有效性而採取之方針。根據該政策，本公司擬透過考慮多項因素（包括但不限於性別、年齡、文化及教育背景、專業資格及經驗、技能、知識及服務任期）以達致董事會成員多元化。董事會將考慮制定可計量目標以實施該政策，並不時檢討該等目標以確保其合適度及確定達致該等目標之進度。提名委員會將不時檢討該政策，以確保其持續有效。

於本財政年度，提名委員會曾舉行兩次會議。提名委員會審議董事會之結構、規模及成員多元化，考慮獨立非執行董事之獨立性，並建議重選退任董事（經股東在股東週年大會上批准）。提名委員會年內亦就委任獨立非執行董事向董事會提出了建議。

薪酬委員會

於本報告日期，本公司薪酬委員會成員包括下列董事：

郭榮振先生	獨立非執行董事 (主席)
韓炳祖先生	獨立非執行董事
黃順財先生	獨立非執行董事
張智凱先生	執行董事

本公司採納薪酬委員會向董事會建議個別執行董事及高級管理人員之薪酬待遇之模式。薪酬委員會亦負責就本公司全體董事及本集團高級管理人員之薪酬政策及架構及其他有關薪酬事宜，向董事會提供建

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management of the Group and other matters relating to remuneration. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable.

During the financial year, two Remuneration Committee meetings were held and the remuneration packages of executive directors and senior management were reviewed and considered. They also reviewed the remuneration of the newly-appointed independent non-executive director. Details of the remuneration paid/payable to individual director and the chief executive officer of the Company and senior management or officers of the Group by band during the year are set out in Notes 34 and 13 to the consolidated financial statements, respectively.

3.10 Meeting Attendance of Board and Board Committee Members

The attendance records of each director at the board meetings, board committee meetings, annual general meeting (AGM) of the Company held during the year ended 31 December 2019 are set out in the table below:

		Number of meetings attended/Number of meetings held 會議出席次數/舉行會議次數				
		Board 董事會	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會	AGM 股東週年大會
<i>Executive directors</i>	<i>執行董事</i>					
Mr. Chang Chih-Kai	張智凱先生	9/9		2/2	2/2	1/1
Mr. Chang Chih-Chiao	張智喬先生	9/9				1/1
Mr. Chen Tommy Yi-Hsun (resigned on 17 January 2020)	陳怡勳先生 (二零二零年一月十七日辭任)	9/9				1/1
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Mr. Hon Ping Cho Terence (appointed on 25 September 2019)	韓炳祖先生 (二零一九年九月二十五日委任)	2/2	1/1	-	-	-
Mr. Huang Shun Tsai	黃順財先生	6/9	3/3	2/2	2/2	0/1
Mr. Kuo Jung-Cheng	郭榮振先生	6/9	2/3	1/2	2/2	1/1
Mr. Lee Ted Tak Tai (resigned on 30 June 2019)	李德泰先生 (二零一九年六月三十日辭任)	5/5	1/1	1/1	1/1	1/1

議。全體董事之薪酬受到薪酬委員會之定期監察，以確保其薪酬及補償為合理。

於本財政年度，薪酬委員會曾舉行兩次會議，審議及考慮執行董事及高級管理人員之薪酬待遇。薪酬委員會亦審議新委任獨立非執行董事的薪酬。年內已付/應付本公司個別董事和行政總裁及本集團高級管理人員或職員之薪酬幅度詳情分別載於綜合財務報表附註34及13。

3.10 董事會及董事會轄下委員會成員之會議出席情況

於截至二零一九年十二月三十一日止年度，本公司舉行之董事會會議、董事會轄下委員會會議及股東週年大會之個別董事出席情況記錄載列如下：

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4. CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties of the Company. Terms of reference adopted by the Board include the duties of the Board on corporate governance functions to develop and review the Group's policies and practices on corporate governance, to review and monitor the training and continuous professional development of the directors and the senior management and to review the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The directors acknowledge their responsibilities for preparing the financial statements of the Group. The Board, supported by the chief financial officer or financial controller and the Finance Department, is responsible for the preparation of the financial statements of the Group. In the preparation of the financial statements, the Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance have been adopted, the appropriate accounting policies have been consistently applied, and reasonable judgments and estimates are properly made.

The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to shareholders, and make appropriate disclosure and announcements in a timely manner. The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

5.2 Remuneration of Independent Auditors

The statement of the independent auditor of the Company, PricewaterhouseCoopers, regarding their reporting responsibilities on the financial statements of the Group is set out in the "Independent Auditor's Report" on pages 59 to 66 of this annual report.

The remuneration paid/payable to PricewaterhouseCoopers for the provision of audit for the year ended 31 December 2019 was HK\$3,100,000 (2018: HK\$4,100,000) and no non-audit service was rendered (2018: Nil) during the year.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, reappointment or removal of the independent auditors. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the independent auditor of the Company.

4. 企業管治職能

董事會負責履行本公司企業管治職務，董事會之職權範圍包括董事會於企業管治職能之責任，即發展及審閱本集團企業管治政策及常規；審閱及監督董事及高級管理人員之培訓及持續專業發展；及檢討本集團遵守企業管治守則之情況及本企業管治報告披露之資料。

5. 問責性及審核

5.1 財務報告

董事確認其編製本集團財務報表之責任。董事會於本集團之首席財務官、或財務總監及財務部門之幫助下，負責編製本集團之財務報表。於編製該等財務報表時，已採納香港財務報告準則及香港《公司條例》的披露規定，以及貫徹應用適當的會計政策，並正確地作出合理判斷及估計。

董事會旨在年報及中期報告中，就本集團之表現，向股東呈列一份清晰及平衡之評估，並及時作出適當披露及公告。董事並不知悉與事件或情況相關之任何重大不確定性，從而可能導致對本公司的持續經營能力產生重大疑慮。

5.2 獨立核數師酬金

本公司獨立核數師（羅兵咸永道會計師事務所）有關其對本集團之財務報表之申報責任之聲明，載於本年報第59至66頁之「獨立核數師報告」。

截至二零一九年十二月三十一日止年度，就所提供之審核服務，已付／應付羅兵咸永道會計師事務所之酬金分別為3,100,000港元（二零一八年：4,100,000港元），年內並無提供非審核服務（二零一八年：無）。

審核委員會負責向董事會建議委聘、續聘或撤換獨立核數師。就篩選、委聘、辭任或撤換本公司獨立核數師，董事會及審核委員會之間並無異議。

CORPORATE GOVERNANCE REPORT

企業管治報告

5.3 Risk Management and Internal Control

The Board is responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

An internal audit department has been established to conduct risk management and internal audit of the Group. It performs risk-based audits to review the effectiveness of the Group's risk management and internal control systems so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the Internal Audit Department reports to the Audit Committee with its findings and makes recommendations. During the year, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group.

6. COMPANY SECRETARY

Mr. Cheung Chun Hay has been the Company Secretary of the Company since December 2013. Mr. Cheung is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year, Mr. Cheung has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

7. INVESTOR RELATIONS

7.1 Communications with Shareholders and Investors

The Board recognises the importance of good communication with its shareholders and investors. To promote effective communication, the Company maintains websites at "www.daphne.com.cn" and "www.daphneholdings.com" where extensive information and updates on the Group's business development and operation, financial information, corporate governance practices and other information are available to the public. Shareholders and investors may address enquires to the Company's investor relations personnel by letter, telephone, fax or email. Contact details are listed on page 3 of this annual report.

The Company continues to enhance communication and relationship with its shareholders and investors. The Board designates personnel to maintain regular dialogue with institutional investors and analysts through one-on-one meetings, non-deal roadshows and investor briefings, whenever necessary, to keep them informed of the Group's developments.

During the year, Mr. Huang Shun-Tsai, the independent non-executive director was unable to attend the annual general meeting of the Company held on 23 May 2019 due to his unavoidable business engagements. This was a deviation from code provision A.6.7 of the CG Code.

5.3 風險管理及內部監控

董事會負責本集團之風險管理及內部監控系統及檢討其效益。該系統的制定為管理，而非消除未能實現經營目標之風險；對重大錯誤陳述或損失，只能提供合理的，而不是絕對的保證。已制定程序保障資產，以防資產被非授權使用或處置，確保正確會計紀錄之保存以提供可靠財務資料作內部用途或刊載，以及確保遵從所適用法例、規則及法規。

本集團設有內部審核部門，以進行本集團風險管理及內部審核。內部審核部進行基於風險的審核，審閱本集團之風險管理及內部監控系統之有效性，以保證主要業務和營運之風險已被識別和管理。內部審核部向審核委員會報告其開展之工作，並提供調查結果及建議。年內，董事會已就本集團之風險管理及內部監控系統之有效性進行檢討。

6. 公司秘書

張晉熙先生由二零一三年十二月起獲委任為本公司之公司秘書，張先生為本集團全職僱員，並對本公司的日常事務有所認識。於本財政年度，張先生已遵守上市規則第3.29條的相關專業培訓規定。

7. 投資者關係

7.1 與股東及投資者之溝通

董事會深明與股東及潛在投資者維持良好溝通之重要性。為促進有效溝通，本集團設有「www.daphne.com.cn」及「www.daphneholdings.com」網站，其中提供有關本集團業務發展及營運、財務資料、企業管治常規及其他資料之廣泛資料及最新動態，以供公眾查閱。股東及投資者可透過向本公司投資者關係人員寫信、致電、發送傳真或電郵表達對本公司之質詢。聯絡資料詳情載於本年報第3頁。

本公司持續改善與股東及投資者之溝通及關係。董事會指定專門人員，在需要時通過一對一會議、非交易路演及投資者簡介會，維持與機構投資者及分析員定期對話，使彼等知悉本集團之發展。

年內，本公司獨立非執行董事黃順財先生，因業務纏身，無法出席本公司於二零一九年五月二十三日召開之股東週年大會。此乃偏離企業管治守則條文第A.6.7條。

CORPORATE GOVERNANCE REPORT

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7.2 Constitutional Documents

For good corporate governance and with an effort to modernise and update the Company's constitutional documents, the Company has adopted the Second Amended and Restated Articles of Association of the Company upon the shareholders' approval at the annual general meeting in May 2019. These constitutional documents are available on the Company's website and the website of the Stock Exchange.

7.3 Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy") with effect from 1 January 2019. According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- (i) the general financial condition of the Group;
- (ii) the Group's actual and future operations and liquidity position;
- (iii) the Group's expected working capital requirements and future expansion plans;
- (iv) the Group's debt to equity ratios and the debt level;
- (v) the retained profits and distributable reserves of the Company and each of the members of the Group;
- (vi) the shareholders' and the investors' expectation and industry's norm;
- (vii) the general market conditions; and
- (viii) any other factors that the Board deems appropriate.

Dividends may be declared and paid to the shareholders of the Company by way of cash or by other means that the Board considers appropriate. The declaration and payment of a dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Company's Articles of Association and any other applicable laws and regulations. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Dividend Policy shall in no way 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.

7.2 憲章文件

為實現良好的企業管治並致力更新及使公司的憲章文件與時並進，經本公司股東於二零一九年五月舉行的股東週年大會上批准，本公司已採納經第二次修訂及重列組織章程細則。此憲章文件可於本公司網站及聯交所網站獲取。

7.3 股息政策

本公司已採納股息政策（「股息政策」），並由二零一九年一月一日起生效。根據該股息政策，在決定是否建議派發股息及在釐定股息金額時，董事會須考慮下列因素，其中包括：

- (i) 本集團的一般財務狀況；
- (ii) 本集團的實際和未來營運及流動資金狀況；
- (iii) 本集團預期營運資金需求及未來擴展計劃；
- (iv) 本集團的負債對權益比率及債務水平；
- (v) 本集團及本集團各成員公司的保留盈利和可供分派儲備；
- (vi) 股東及投資者的期望及行業的常規；
- (vii) 一般市場情況；及
- (viii) 董事會認為適當的任何其它因素。

股息可以現金方式或董事會認為適當的其他方式宣派及派付予本公司股東。本公司宣派及派付股息亦須遵守開曼群島公司法及本公司組織章程細則及任何其他適用法律法規的任何限制。董事會亦將持續檢討股息政策並保留其唯一及絕對酌情權隨時更新、修訂、修改及／或取消股息政策。股息政策的具法律約束力承諾及／或不曾以任何方式令本公司有責任隨時或不時宣派股息。

CORPORATE GOVERNANCE REPORT

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8. SHAREHOLDERS' RIGHTS

8.1 Convening Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to Article 58 of the Articles of Association of the Company, the Board may whenever it thinks fit convene an extraordinary general meeting. Any one or more members holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the Company Secretary to convene an extraordinary general meeting. The written requisition must state the objects of the meeting and must be signed by the relevant shareholders and deposited at the principal place of business of the Company in Hong Kong as listed on page 3 of this annual report.

There are no provisions under the Company's Articles of Association or the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

8.2 Putting Forward Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the investor relations personnel of the Company by letter, telephone, fax or email. Details of the contact information are set out on page 3 of this annual report.

On behalf of the board of directors

Chang Chih-Kai
Chairman & Chief Executive Officer

Hong Kong, 27 March 2020

8. 股東權利

8.1 召開特別股東大會及於股東大會上提呈建議

根據本公司之組織章程細則第58條，董事會可在其認為適當時召開特別股東大會。任何一個或以上股東（持有不少於本公司已繳足股本十分之一）可以書面呈請向董事會或公司秘書要求召開特別股東大會。該書面呈請須說明特別股東大會之目的及由有關股東簽署，並遞呈至本公司之香港主要營業地點，詳載於本年報第3頁。

根據本公司之組織章程細則及開曼群島公司法第22章（1961年第3號法例，經合併及修訂），並無有關股東在股東大會提呈其他建議之程序之條文（提名他人參選董事除外）。股東可就書面呈請所指明的任何事項，遵從上述程序召開特別股東大會。

8.2 向董事會提出查詢

股東可透過向本公司投資者關係人員寫信、致電、發送傳真或電郵發出對董事會之質詢及問題。聯絡資料詳情載於本年報第3頁。

代表董事會

主席兼行政總裁
張智凱

香港，二零二零年三月二十七日

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

1. About this report

Daphne International Holdings Limited (the “Company”, which together with its subsidiaries, is collectively referred to as the “Group”) hereby presents its Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 December 2019, in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Group principally engages in the business of retailing footwear and accessories under its own brands, “Daphne” and “Shoebox”, and other brands including own brands and brands under exclusive distributorships. The Group recorded a total turnover of HK\$2,126.4 million in 2019. Unless otherwise stated, the Report covers the Group’s brands business and operation in mainland China only which contributes to the majority of the Group’s turnover. During the financial year, the Group continued its efforts to rationalise and significantly downscale its directly-managed stores network, and conversion of the stores into “partnership system”. As at 31 December 2019, most of the POS operated in “partnership system” in mainland China. Thus, certain data in this ESG report refers the operational headquarters only.

The management and staff of the Group’s different functions were involved in the preparation of the ESG Report. They assisted the Group in reviewing its operations and identifying relevant environmental, social and governance issues. The board of directors (the “Board”) and the management oversee the Group’s efforts to fulfil its environmental, social and governance responsibilities and to comply with relevant laws and regulations to ensure good governance.

The methods used to gather, report and verify information in the ESG Report are based on the Company’s own processes and internationally recognised reporting standards.

The direct and indirect greenhouse gas (“GHG”) emissions were calculated and reported with reference to the Baseline Emission Factors for Regional Power Grids in China published by the Department of Climate Change of National Development and Reform Commission, and the Greenhouse Gas Protocol published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

Carbon dioxide emissions and equivalents are determined on the basis of measured or estimated energy and fuel usage, multiplied by relevant carbon emission factors.

1. 關於本報告

達芙妮國際控股有限公司（「本公司」），與其附屬公司合稱「本集團」根據香港聯合交易所（「交易所」）證券上市規則（「上市規則」）附錄二十七中所列的「環境、社會及管治報告指引」要求，呈列其截至二零一九年十二月三十一日止年度的環境、社會及管治報告（「本報告」）。

本集團主要從事旗下自有品牌「達芙妮」和「鞋櫃」，以及獨家經銷品牌鞋履及配飾的零售業務。於二零一九年，本集團的總營業額為2,126.4百萬港元。除另有說明外，本報告僅涵蓋本集團在中國大陸的品牌業務和營運，本集團大部分的營業額來自此業務板塊。本集團繼續努力整合並大幅縮小其直營店舖網絡，將店舖轉型為「合夥人制度」。於二零一九年十二月三十一日，在中國大陸大部份銷售點均以「合夥人制度」營運。因此，本報告中的若干數據僅涵蓋營運總部。

本集團的管理層及各職能的員工均有參與編制本報告，協助本集團審查其業務營運及確定與環境、社會及管治相關的事宜。董事會及管理團隊負責監督本集團在環境、社會及管治方面責任，以及符合相關法律和法規。

有關本報告資料的收集、報告及驗證的方法乃基於本公司內部工作程序及國際認可的報告準則。

直接及間接溫室氣體排放之計算及匯報參照中國國家發展和改革委員會應對氣候變化司公佈之中國區域電網基準線排放因子及世界企業永續發展協會(WBCSD)與世界資源研究院(WRI)出版之《溫室氣體盤查議定書》。

釐定二氧化碳排放及當量時乃根據測量或估計的能源及燃料使用量乘以相關碳排放係數。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

2. Stakeholder Engagement & Materiality Assessment

Communication is an important aspect of our daily operations. Stakeholder engagement and communication are crucial in understanding the expectations and priorities of our stakeholders. The Group values the opinion of our stakeholders and has thus set up and maintained various communication channels for different stakeholder groups. Comments and suggestions are welcomed as they represent an opportunity to improve the Group and its services. Apart from regular communication channels, the Group has also conducted an environmental, social and governance survey to collect opinions from employees, management and external stakeholders, so that the Group can better assess the materiality of various environmental, social and governance aspects.

2. 持份者參與及重要性評估

溝通是我們日常營運的重要一環。持份者參與及溝通是了解持份者期望及優先事項的關鍵。本集團重視持份者的意見，因此已為不同持份者組別建立及保持多個溝通渠道。我們歡迎各種意見及建議，作為改善本集團及其服務的契機。除定期的溝通渠道外，本集團亦進行了環境、社會及管治問卷調查，以收集員工、管理層和外部持份者的意見，以便本集團可以更好地評估環境、社會及管治各個方面的重要性。

Stakeholder 持份者	Key Communication Channels 主要溝通渠道
Shareholders 股東	<ul style="list-style-type: none"> Announcements and circulars 公告及通函 Interim and annual reports 中期報告及年報 Shareholders' meetings 股東大會 Company websites 公司網站
Customers 顧客	<ul style="list-style-type: none"> Social media platforms such as Weibo, WeChat official accounts and internet live-streaming video platforms 社交媒體平台：微博、微信公眾號以及在線直播視頻平台 Customer hotline 顧客意見熱線 Regular debriefing sessions with frontline staff to collect customer feedback 前線員工定期匯報顧客意見
Employees 僱員	<ul style="list-style-type: none"> Correspondences, suggestion box 信函、意見箱 Annual performance appraisals 年度表現評估
Suppliers and subcontractors 供應商及分包商	<ul style="list-style-type: none"> Business correspondences 商務信函 Procurement contracts and letters of undertaking 採購合約及承諾函 Performance appraisals 表現評估
Government and regulatory authorities 政府及監管機構	<ul style="list-style-type: none"> Compliance inspections 合規檢查 Due submissions 盡職呈報 Conferences and seminars 會議及研討會
Community and public 社區及公眾	<ul style="list-style-type: none"> Press releases and news 新聞發佈及消息

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Through the key communication channels and surveys, the Group has learned that stakeholders are more concerned about the social and governance aspects. The most concerned topics are as follows:

- Policies and compliance relating to employment and welfare
- Policies and compliance relating to providing a safe working environment and protecting employees from occupational hazards
- implementation and monitoring method relating to occupational health and safety measures
- Policies and compliance relating to product responsibility
- Policies and compliance relating to anti-corruption

3. Environmental Protection

As a good corporate citizen, the Group supports environmental protection so it is committed to using resources wisely and efficiently. In addition to its compliance with relevant local laws and regulations governing greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, the Group has also made efforts to minimise the impact of its business on the environment by implementing waste and emission reduction initiatives, adopting energy-efficient operational processes, encouraging its employees to practice environmentally responsible lifestyles, and promoting environmental protection among its suppliers.

3.1 Emissions

In general, the major source of the retail business direct emissions is the truck fleet distributing products from warehouses to shops across the country. As the Group outsources almost all product deliveries to its logistics suppliers, its GHG emissions are mostly indirect and principally resulted from the electric energy consumption, water consumption and sewage treatment at its offices, warehouses and stores. In 2019, the Group's operation indirectly generated 1,678 tonnes of carbon dioxide equivalent ("tCO₂e") (2018: 2,527 tCO₂e) from the electric energy consumption and 36 tCO₂e (2018: 45 tCO₂e) from the water consumption and sewage treatment.

In 2019, the Group continued the efforts to integrate its warehouses to enhance its supply chain management. It involved closures of several local warehouses and consolidation of the remaining warehouses. Such actions not just reduced both the overall distance and time for product delivery from warehouses to shops, but also helped reduce carbon footprint of the truck fleet of the Group's logistics suppliers. In addition, the Group also integrates its carriers to increase transportation efficiency, and encourage them to protect the environment and reduce carbon footprint.

通過主要溝通渠道及問卷調查，本集團了解到持份者對社會和管治方面比較關注。最受關注的議題如下：

- 有關僱傭及福利的政策及合規
- 有關提供安全工作環境及保障僱員避免職業性危害的政策及合規
- 有關職業健康與安全措施，以及相關執行及監察方法
- 有關產品責任的政策及合規
- 有關反貪污的政策及合規

3. 環境保護

作為一名優秀的企業公民，本集團支持保護環境，致力於合理而高效地使用資源。本集團除了遵守與廢氣及溫室氣體排放、向水源和土地的排污、產生有害和無害廢棄物相關的當地法例及法規，還通過實施措施減廢減排的舉措，採用節能的營運流程，鼓勵員工履行環保責任的生活方式，以及在供應商中推動響應環保，努力減少其業務經營對環境的影響。

3.1 排放物

總體而言，零售業務的直接氣體排放是將貨物從倉庫運輸至全國各地店舖的運貨車隊。由於本集團大部分貨物的運輸均外包予物流供應商，故其溫室氣體排放絕大部分是間接性的，並主要由其辦公室、倉庫及店舖消耗的電力、用水及污水處理所造成。於二零一九年，本集團由經營用電間接產生了1,678公噸二氧化碳當量。(二零一八年：2,527公噸二氧化碳當量)，由經營用水及污水處理間接產生了36公噸二氧化碳當量(二零一八年：45公噸二氧化碳當量)。

二零一九年，本集團除繼續努力整合倉庫以提升供應鏈管理。其中包括關閉若干個當地倉庫，並整合其餘的倉庫。此舉不僅縮短了由倉庫到店舖的產品交付的整體運輸距離、縮短到店時間，還有助減少由本集團物流供應商運貨車隊所產生的碳足跡。除此之外，集團還對其運輸商進行整合從而增加運輸效率，並鼓勵它們保護環境和減少碳足跡。

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The Group has optimised the way employees go to work in 2019, employees are encouraged to take public transportation. The Shanghai headquarters shuttle service has been changed to focus on the nearby subway stations for short-distance transfers. This effectively reduces the carbon footprint of employees during commute, reduces smog and emissions, and helps the Group achieve sustainable development.

With regard to waste, only non-hazardous waste such as paper, cardboards, used boxes are generated from product packaging, and domestic waste from the Group's stores, warehouses and offices. The Group collects and sorts recyclable waste, and then forwards it to recycling stations for centralised recycling. In order to further reduce waste emissions, the Group has used reusable crates made of environmental-friendly material for packaging and circulation of goods in the warehouses in 2019.

With the outsourcing of the supply chain warehouse, the processing of carton boxes has been basically shifted to centralised processing and circulation by the outsourced service providers. The non-circulated waste paper products are uniformly recycled by local environmental protection agencies. In 2019, since the Group's logistics warehouse has been outsourced, the number of waste carton boxes directly recycled by the Group has decreased significantly. During the year, the Group forwarded over 6,940 kg (2018: 34,400 kg) of used carton boxes to local agents for recycling.

During the year, the Group continued to adopt "Office Automation", which is an online office administration system, and to implement paperless office initiatives. The consumption of paper reduced from 5.4 tonnes in 2018 to 3.6 tonnes in 2019.

本集團於二零一九年已優化員工的上班方式，鼓勵員工乘坐公共交通工具。而上海總部的班車服務已改為集中於公司就近地鐵站作短途接送。此舉有效減少員工上班所產生的碳足跡，並減少霧霾及排放物，有助於集團實現可持續發展。

有關廢物方面，僅有由本集團的產品包裝所產生的紙、紙箱和已使用的紙盒等的無害廢物，以及本集團店舖、倉庫及辦公室所產生的非商業性的家居廢物。本集團收集及分類可循環利用的廢物，並將其送往廢物回收站作集中處理。為了進一步減少廢物排放，本集團已於二零一九年內於倉庫使用環保材質並可回收再用的周轉箱以包裝及流轉貨品。

隨著供應鏈倉庫的業務外包，紙箱的處理基本已轉到由外包服務商進行集中處理及流轉。其中非流轉的廢紙品均由當地環保單位統一回收處理。於二零一九年，由於本集團的物流倉庫已外包，所以經本集團直接回收的廢紙箱數量大幅減少。於年內，本集團將逾6,940公斤（二零一八年：34,400公斤）廢紙箱交予當地代理商進行回收。

年內，本集團繼續採用「辦公室自動化」在線行政系統，並推行無紙化辦公環境的措施。紙張的消耗量由二零一八年的5.4噸下降至二零一九年的3.6噸。

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3.2 Use of Resources

The Group's policy is to comply with relevant laws and regulations relating to the efficient use of resources, including energy and water. The Group has also implemented efficiency improvement initiatives in its energy and water consumption, which are listed in the table below.

3.2 資源使用

本集團的政策是在有效利用資源(包括能源和水)方面遵守有關法律法規。本集團亦實施在能源和用水方面的效率提升舉措，如下表所列。

Reduction in Energy Consumption 減少能源消耗	
Offices and Warehouses 辦公室及倉庫	<ul style="list-style-type: none"> Offer shuttle bus service to employees for commutes to city area 向僱員提供往返市區的通勤班車 Rearrange seating plan to reduce energy consumption in the office 重新安排座位表以減少辦公室的能源消耗 Reduce the number of lifts in operation during off-peak hours 減少非繁忙時段運行的電梯數目 Put up signs in offices to encourage employees to use stairways instead of taking lifts 在辦公室張貼告示，鼓勵員工使用樓梯，減少搭乘電梯 Regulate the use of air conditioning in accordance with the weather 根據天氣調節空調恆溫裝置安排 Arrange regular cleaning of air filters of the air conditioning system 安排定期清洗空調系統的過濾網 Switch off non-essential lighting and electronic office equipment, such as personal computers when out of office 關閉不必要的照明及電子辦公設備，例如下班後關閉個人電腦 Control lighting and air conditioning under the zoning system 分區控制照明及空調系統 Adopt energy-saving LED illumination system for showrooms 展廳採用節能LED照明系統 Promote teleconferencing to reduce business travel 提倡電話會議，減少出差 Remind employees of environmental practices such as reduction in consumption of water, paper, and energy by email periodically 向員工定期發送環境保護的電郵提示，例如節省用水、用紙及用電等
Stores 店舖	<ul style="list-style-type: none"> Most of the stores adopt energy-saving LED lighting 大多數店舖採用LED節能照明 Adjust lighting and air conditioning during off-peak hours 在非繁忙時段調節照明及空調設施
Reduction in Water Consumption 減少耗水	
	<ul style="list-style-type: none"> Toilet flushing system has been modified to improve efficiency of water usage 調整廁所沖水系統，以提高用水效率

The main resources used by the Group include electricity (indirect consumption) and water. In 2019, the total electricity consumption by the Group was 2,588,341 kilowatt hours (2018: 3,379,304 kilowatt hours), with an energy intensity of 1,217 kilowatt hours (2018: 819 kilowatt hours) per million dollars of revenue; the total water consumption was 76,792 cubic metres (2018: 83,934 cubic metres), with a water intensity of 36 cubic metres (2018: 20 cubic metres) per million dollars of revenue.

本集團使用的主要資源包括電力(非直接消耗)和水。二零一九年，本集團的電力消耗總計2,588,341千瓦時(二零一八年：3,379,304千瓦時)，每百萬港元銷售額的能耗密度為1,217千瓦時(二零一八年：819千瓦時)；用水總計76,792立方米(二零一八年：83,934立方米)，每百萬港元銷售額的用水密度為36立方米(二零一八年：20立方米)。

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In 2019, the packaging materials used by the Group were mainly shoe boxes, packing papers, carton boxes, reaching a total of 1,389 tonnes (2018: 4,148 tonnes) with an intensity of 0.2 kg (2018: 0.3 kg) of packing materials used per pair of shoes on average.

The Group has pledged to reduce excess product packaging by adopting the following measures in recent years:

- Having the warranty card, caring instructions and certificate of quality control directly printed onto shoe boxes
- Shifting from plastic to paper as packing of shoes
- Providing customers with non-woven reusable shopping bags

In 2019, the Group has complied with relevant environmental laws and regulations that have a significant impact on the Group.

3.3 Environment and Natural Resources

The Group's most significant impact on the environment relates to carbon emissions that resulted from the consumption of electricity at its shops, warehouses and offices. The following are some of the measures adopted by the Group to minimise its impact on the environment and natural resources:

- We have adopted "Office Automation", which is an online office administration system, since 2015 to build a paperless office environment
- Assign a photocopy metering account to each employee to discourage photocopying
- Default photocopiers to two-sided copying mode and black-and-white printing mode
- Recycle used A4 papers for one-sided printing for internal use
- Promote electronic communication, such as emails and online instant communication tool, as the major communication channel
- Plant more greenery in the open and indoor space
- Implement waste classification according to relevant local waste management regulations

於二零一九年，本集團所使用的包裝材料主要為鞋盒、包裝紙、紙箱，共使用1,389噸(二零一八年：4,148噸)，每雙鞋所使用的包裝紙密度平均為0.2公斤(二零一八年：0.3公斤)。

本集團承諾減少過剩的產品包裝，並於近年來採取以下措施：

- 將保修卡、保養說明及合格證直接印在鞋盒上
- 將鞋履的塑料填充包裝物改為紙質
- 向顧客提供可循環使用的無紡布購物袋

於二零一九年，本集團已遵守對本集團有重大影響的環境相關法律及規例。

3.3 環境及天然資源

本集團對環境造成最大的影響為其店舖、倉庫及辦公室用電所產生的碳排放。關於本集團為減少對環境和自然資源的影響而採取的措施，具體如下：

- 我們自二零一五年起實施「辦公室自動化」在線行政系統，以建立無紙化的辦公環境
- 為每位員工設置記錄複印數量的賬戶，以鼓勵減少複印量
- 複印機預設定為黑白打印及雙面打印模式
- 內部循環使用單面打印的A4紙
- 推廣以電子郵件及線上即時通訊工具等電子通訊方式作為主要溝通渠道
- 在大樓外的空地及室內進行更多綠化
- 跟據當地相關垃圾管理條例進行垃圾分類

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4. Social Responsibilities

4.1 Employment

The Group considers its employees as one of its most important assets, and that they are instrumental in the success of the Group's operations and maintaining its leading position in the industry. As at 31 December 2019, the Group had about 948 (2018: 8,700) employees, most of whom were working in mainland China. The decrease in number of employees was due to the large scale restructuring and transformation of the business model.

As an equal opportunity employer, the Group recruits and promotes staff according to such criteria as business needs, personal qualifications, experience and performance, and the decisions will under no circumstances be influenced by an applicant's or employee's race, gender, age, marital status, disability, religious beliefs and nationality. The Group adopts a policy of zero tolerance of any discrimination, harassment or vilification in the workplace in accordance with relevant local laws and regulations. The Group also strives to provide its employees with a safe and healthy working environment and career development opportunities.

The Group endeavours to offer competitive compensation packages and benefits to attract, retain and motivate talents. Working hours, overtime payments, holidays, statutory paid leaves and related benefits are in line with the local labour laws and regulations, as well as respective employment contracts. Key performance indicators ("KPI") are set for individuals and business units to align staff performance with the Group's goals. Various performance incentives, including sales commissions and bonuses, discretionary performance bonus, share options, profit-sharing schemes, and other reward and retention schemes are offered to staff in recognition of their contribution and as motivation for better performance. The total employee benefit expenses of the Group amounted to HK\$582.9 million (2018: HK\$752.3 million) for the year of 2019.

4. 社會責任

4.1 僱傭

本集團視僱員為最寶貴的資產之一，其對本集團的成功經營及保持行業領先地位尤為重要。於二零一九年十二月三十一日，本集團有僱員約948名(二零一八年：8,700)，絕大部份位於中國大陸。僱員人數減少是由於進行大規模的調整及轉型業務。

作為平等機會僱主，本集團在招聘及晉升過程中的決定乃考量業務需求及個人資歷、經驗與表現，不受求職者或僱員的種族、性別、年齡、婚姻狀況、殘疾情況、宗教信仰及國籍所影響。本集團遵循當地相關法律法規，對任何職場上的歧視、騷擾或誹謗採取零容忍政策。本集團亦致力為僱員提供安全、健康的工作環境及職業發展機會。

本集團提供具競爭力的薪酬及福利待遇，以吸引、挽留及激勵人才。工作時數、加班報酬、法定假期、帶薪休假及相關待遇均遵循當地勞動法律法規及僱傭合同所訂。集團通過為個人及業務部門制定關鍵績效指標，使員工績效與本集團的目標保持一致。本集團提供不同的表現獎勵，包括銷售佣金及獎金、酌情表現花紅、購股權、利潤共享計劃，以及其他獎勵及挽留人才計劃，以表彰員工對本集團的貢獻，並激勵其發揮更出色的表現。於二零一九年度，本集團僱員福利開支共計582.9百萬港元(二零一八年：752.3百萬港元)。

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Staff Welfare and Benefits

The Group spends extra efforts to ensure a safe and healthy workplace for all staff while overtime work is not encouraged. The Group also provides a variety of staff welfare and benefits so that staff can enjoy working with the Group and perform to their best. These include:

- Free shuttle bus services
- Subsidy to lunch at staff canteens
- Staff coupons for purchase of house brand products

A series of policies, operating manuals, employee handbook and protocols are in place to build a fair and healthy working environment. The Employee Handbook and the Code of Conduct signed by all employees list out policies, guidelines and procedures to ensure mutual respect between the Group and its staff by clarifying the Group's expectation about the staff's conduct, and promote a harmonious working environment. Some of the policies and guidelines include:

- Equal opportunities and anti-discrimination policy – to ensure that the workplace is free from discrimination and harassment in any form
- Guideline on confidentiality – to ensure proper handling of the Group's confidential information

The above-mentioned policies, guideline, handbook and code of conduct are reviewed from time to time and updated as necessary by the Group's Human Resources Department, Internal Audit Department and Legal Department.

The Group's policies on human resources comply with applicable legislation on labour, including the Labour Law of the People's Republic of China and Labour Contract Law of the People's Republic of China.

In 2019, the Group has complied with all relevant employment laws and regulations that have a significant impact on the Group.

員工福利及待遇

本集團加倍努力，為全體員工提供安全、健康的工作環境，也不鼓勵加班。本集團同時也提供一系列員工福利待遇，使員工樂於在本集團工作，並發揮最佳的工作表現。福利待遇包括：

- 免費班車服務
- 員工食堂的午餐補貼
- 員工購物券(自有品牌)

本集團已制定了一系列政策、營運指引、員工手冊及守則，以建立公平、健康的工作環境。由僱員簽署的《員工手冊》及《員工操守準則》清晰列明了本集團與員工之間賴以互相尊重的政策、指引及程序，明確了集團對員工行為的期望，並促進員工之間的和諧共處。其中政策和指引包括：

- 平等機會及反歧視政策—使工作場合免除任何形式的歧視和騷擾
- 保密指引—確保妥善處理本集團的機密信息

本集團人力資源、內審稽核及法務部門不定時審視上文所述之政策、指引、手冊和操守準則，並於必要時進行更新。

本集團人力資源政策遵守經營所在國家適用的勞動法規，包括《中華人民共和國勞動法》和《中華人民共和國勞動合約法》。

於二零一九年，本集團已遵守所有對本集團有重大影響的僱傭相關法律及規例。

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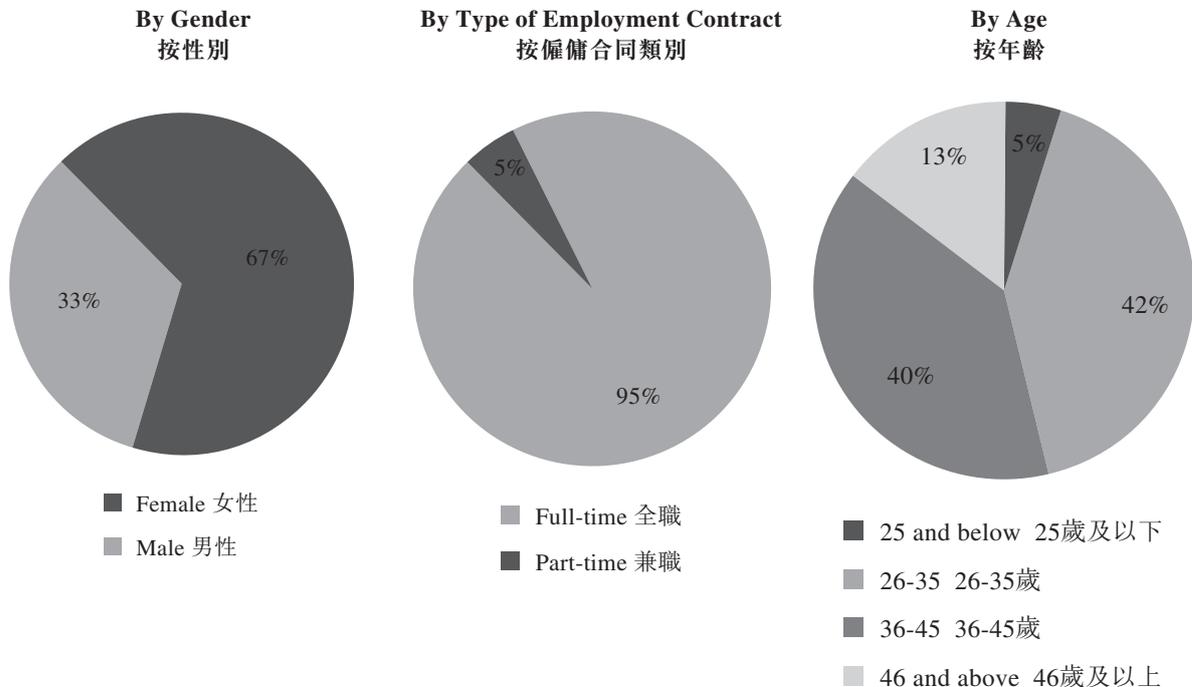
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Composition of the Workforce at a Glance

The following charts refer to staff as at 31 December 2019, most of whom were working in mainland China.

員工組成概況

下圖指於二零一九年十二月三十一日的員工，絕大部份位於中國大陸。



4.2 Staff Development and Training

To remain competitive, the Group enhances the staff's capabilities by offering our staff training and opportunities for career development and personal growth. Relevant training courses are tailored to staff members at different levels to help them realise their potential and improve their performance. This has turned them into a major force that supports the Group in its sustainable development.

The Group has formulated a comprehensive training and development programme for its sales staff to ensure that each of them is equipped with adequate product knowledge and perform to their best in order to provide customers with a satisfactory shopping experience and service.

4.2 員工發展及培訓

本集團通過向其員工提供職業發展及個人成長的培訓與機會，使員工的工作能力得到提升，以維持其競爭力。本集團為不同層級的員工設計相關培訓課程，以使他們的潛能得以發揮並提升表現。這將使他們成為支持集團業務可持續發展的重要力量之一。

為了確保每位銷售人員具備充足的產品知識並發揮其最佳表現，本集團為其銷售人員制定了完善的培訓發展計劃，從而為顧客提供令人滿意的購物體驗及服務。

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- Quarterly training in seasonal product knowledge was carried out in 2019 for each of the Group's brands.
- Apart from the traditional training courses, e-learning platform enabled by mobile application was introduced to let staff have immediate access to training materials.

The Group constantly reviews the support that it gives to the staff's career development so as to align the content and media formats of the training programmes with the talents' needs and to equip them to better serve the increasing sophisticated customers. During the year, 17,636 hours (2018: 54,220 hours) of training were provided for the Group's frontline and supporting staff. The average training hours completed per staff is 2.0 hours (2018: 7.7 hours).

4.3 Health and Safety

The Group ensures compliance with all local employment regulations and labour laws relating to occupational health and safety such as the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, the Law on the Protection of Production Safety of the People's Republic of China and the Regulation on Work-Related Injury Insurance, and it places emphasis on safeguarding employees' health and safety.

Health and safety statistics for 2019:

- Zero case of fatality due to workplace accidents (2018: zero case)
- 7 cases of work-related injuries (2018: 35 cases)
- 853 lost days due to work-related injuries (2018: 1,891 lost days)

In addition to compliance with the fire safety requirements for the office premises, the Group conducts fire drills and training in the use of basic fire-fighting facilities once a year. Posters and notices are posted in warehouses and offices to enhance the staff's awareness of relevant health and safety guidelines. The Group also provides the employees with safety training for moving goods.

In 2019, the Group has complied with all relevant health and safety laws and regulations that have a significant impact on the Group.

- 本集團旗下各品牌於二零一九年開展每季度的季節性產品培訓。
- 除了傳統培訓課程外，還引入移動應用程式的電子學習平台，使員工能隨時獲取培訓材料。

本集團經常檢討對其員工發展的支持，務求培訓課程在內容及授課方式上可配合員工所需及日益提升的顧客要求。年內，本集團向前線及後勤員工提供17,636小時(二零一八年：54,220小時)的培訓。每名員工完成培訓的平均時數為2.0小時(二零一八年：7.7小時)。

4.3 健康與安全

本集團確保遵守當地所有與職業健康及安全相關的僱傭條例及勞動法，包括《中華人民共和國職業病防護法》、《中華人民共和國安全生產法》及《工傷保險條例》，並著重保護僱傭的健康與安全。

二零一九年健康及安全數據：

- 無因工死亡案例(二零一八年：無)
- 7宗工傷事故(二零一八年：35宗)
- 工傷事故引致的病假天數全年合共為853天(二零一八年：1,891天)

除了符合辦公場所的消防安全規定外，本集團還每年進行一次消防演習，及就使用基本消防設施作培訓。倉庫及辦公室均有張貼海報及告示，以提高員工對相關健康及安全方面的注意。本公司亦為員工提供搬運貨物的安全培訓。

於二零一九年，本集團已遵守所有對本集團有重大影響的健康與安全相關法律及規例。

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4.4 Labour Standards

The Group strictly adheres to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, Provisions on the Prohibition of Child Labour and the Law of Protection of Minors of the People's Republic of China to prohibit child and forced labour.

Prior to confirmation of employment, the Group's human resources department requires job applicants to provide a valid identity document to verify that the applicants are lawfully employable, and ensures full compliance with relevant laws and regulations that prohibit child and forced labour. Furthermore, staff who have been subjected to unfair treatment can report to the Group according to the whistleblowing policy.

In 2019, the Group had no non-compliance cases reported in relation to labour laws and regulations that prohibit child and forced labour.

4.5 Supply Chain Management

The Group adopts a stringent supplier management system to meet its business goals, achieve sustainable development and fulfil its responsibility as a corporate citizen. The supplier management system includes a careful screening process and comprehensive KPI-based assessment. The KPIs include research and development capability, production flow and scheduling, product cost, reliability of delivery and quality of bulk production. The Group constantly reviews its KPI-based assessment system with the aim of improving the quality of its suppliers.

In addition to the assessment of the suppliers' production capability, the Group also assesses their environmental and social impact as part of the Group's process of selecting suppliers. This is to ensure that the Group's suppliers do not commit serious violations, including but not limited to child labour, forced overtime work, illegal discharge of sewage and hazardous chemicals, illicit and unauthorised reselling.

Most of the Group's suppliers are located in mainland China. The Group maintains close communication with its suppliers through regular meetings. The Group also conducts annual reviews of its suppliers and performs inspections of the suppliers' factories from time to time.

Throughout the years, the Group has established solid and stable relationships with its long-term suppliers.

4.4 勞工準則

本集團嚴格遵守《中華人民共和國勞工法》、《中華人民共和國勞動合同法》、《禁止使用童工規定》及《中華人民共和國未成年人保護法》，禁止童工及強迫勞工。

在確認聘請前，本集團人力資源部會要求求職者提供有效身份證明文件，以核實求職者合法被僱用的身份，並確保集團全面遵守禁止童工和強迫勞工的相關法律法規。此外，本集團的員工可通過申訴渠道匯報不公平待遇。

二零一九年內，本集團並無任何涉及違反有關禁止童工或強迫勞工法律法規的已匯報個案。

4.5 供應商管理

本集團採取嚴謹的供應商管理機制，以符合其業務目標需要、達成可持續發展，並履行企業公民的責任。供應商管理機制包括審慎的篩選流程及全面的關鍵績效指標(KPI)考核。關鍵績效指標包括開發能力、生產流程、產品成本、交貨期的可靠度及批量生產品質。本集團經常審視其關鍵績效指標考核制度，並持續在供應商方面作開拓及改善。

除了對供應商的生產能力方面進行考核，本集團亦會評估供應商對環境及社會所造成之影響，作為本集團供應商篩選流程的一部份。這是為了確保本集團的供應商不會出現嚴重的違規情況，包括但不限於僱用童工、強迫超時工作、非法排放污水和危險化學品以及違禁轉售等。

本集團大部份的供應商都位於中國大陸。本集團通過進行定期會議，與其供應商維持緊密的聯繫。本集團亦對其供應商進行年度審核，並不定時審查供應商的工廠。

多年來，本集團已與其長期供應商建立了堅穩的關係。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

4.6 Product Responsibility

The Group's products are in compliance with the PRC's laws and regulations relating to health and safety, as well as quality management, including the Product Quality Law of the People's Republic of China and the Consumer Protection Law of the People's Republic of China, and no legal case of the Group's products violating these regulations was recorded during the year under review.

Quality Control

The Group attaches great importance to product safety and quality, which are fundamental to what the Group offers its customers. As part of the Group's commitment to product safety and quality, all its products go through stringent quality control, and those that pass are packed together with certificates. To offer its customers reassurance on the quality of its products, the Group provides warranties and aftersales services such as return of goods, replacement of defective goods, or repair, in line with the local authority's regulations.

Regarding the recall of defective products, the Group has formulated a set of standards and procedures and requires its staff who are responsible for quality assurance or sales operation or are working at other related departments to strictly follow the guidelines. The Group believes that under no circumstances should consumers' health and safety be compromised.

No case of product recall related to issues of health and safety was recorded during the year under review.

Customer Service

It is the Group's priority to let customers have an enjoyable shopping experience. It places great emphasis on recognising the needs of its customers, matching them with desirable products, undertaking relevant quality assurance measures and ultimately delivering excellent services.

4.6 產品責任

本集團的產品符合中國有關健康和 safety，以及質量管理的法律法規，包括《中華人民共和國產品質量法》及《中華人民共和國消費者權益保護法》。於回顧年內，本集團的產品並未錄得有違反此類法規的法律案件。

品質控制

本集團非常重視產品安全及質量，這是本集團為顧客提供的基礎。作為本集團產品安全及質量承諾的一部份，所有產品均經過嚴格的品質檢測，合格的產品包裝內附有合格證書。為了向其顧客提供質量保證，本集團遵從當地法規，向顧客提供售後服務，包括包退、包換的產品保證，以至維修服務。

在回收有問題的產品方面，本集團制定了一套標準及程序，並要求其品質控制、銷售營運及其他相關部門嚴格遵守該指引。在顧客的健康及安全方面，本集團決不妥協。

於回顧年內，因健康及安全理由而引致的產品回收案件為零。

顧客服務

本集團的業務重點是使顧客擁有愉悅的購物體驗。無論是對顧客需求的理解、提供符合顧客期望的產品、採取相關的質量保證措施、以至在提供優質服務各方面，本集團均非常重視。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

To ensure that its offerings meet the customers' needs, the Group has established multiple channels to help it anticipate customers' needs and for customers to provide their feedback. These include:

- Social media platforms such as Weibo, WeChat official accounts and internet live-streaming video platforms
- Customer reviews on e-commerce platforms
- Customer hotline
- Big data analytics applied to VIP members
- Regular debriefing sessions with frontline staff to collect customer feedback
- Adoption of business intelligence to analyse customer preferences and trends

The Group has established a well-defined customer feedback protocol to allow its customer service centre and sales operation team to respond to and resolve issues in relation to product and service quality in the most appropriate manner and on a timely basis.

A total of 9,846 (2018: 2,289) customer support cases were reported in 2019, the increase in number of cases was due to increase in online sales ratio, therefore the number of replacement/return requests and courier related inquiries also increased. Nevertheless, the Group will continue to strive for further improvement in its product quality and customer service.

A number of programmes are implemented and reinforced to enhance customers' shopping experience:

- **Shop KPI:** The scores for customer service are included as part of the KPI-based assessment of all shops.
- **Customer Loyalty Programme:** "Store Empowerment Tool", as a platform for the Group's customer loyalty program, provides exclusive shopping guides to its VIP customers, with timely service feedback and communication, exclusive offers and rewards, and information on the latest products and member activities. After the "Store Empowerment Tool" has been running since early 2019, the proportion of member sales has increased from 36% to 47%, and the repurchase rate has increased from 19% to 24%. In addition, we have issued Wechat Store coupon to offline physical store customers to redirect them to Daphne's Wechat Store.

為確保本集團的產品能切合顧客的需求，本集團一直致力通過多個渠道去了解顧客的需求，並讓他們提供意見，這包括：

- 社交媒體平台：微博、微信公眾號以及在線直播視頻平台
- 顧客在電商平台上的評價
- 顧客意見熱線
- VIP會員大數據分析
- 前線員工定期匯報顧客意見
- 通過商業數據分析顧客購買喜好及市場趨勢

本集團設立了完善的顧客反饋機制，以便其顧客服務中心及銷售營運團隊能及時對產品及服務質量問題作出最恰當的處理。

二零一九年全年合共有9,846宗(二零一八年：2,289宗)顧客支援案例，案例數量的增加是由於線上銷售比例的增長，所以退換貨品和快遞相關支援案例數量增加。然而，本集團將繼續努力進一步提高產品質量及顧客服務。

本集團實施並強化了一系列措施，以提升顧客購物體驗：

- **店舖關鍵績效指標：**顧客服務的評分計入所有店舖關鍵績效指標的一部份。
- **顧客忠誠度計劃：**「門店賦能工具」，作為本集團顧客忠誠度計劃的平台，向其VIP顧客提供專屬導購，為其進行及時的服務反饋及溝通，提供獨家優惠和獎勵，以及最新產品及會員活動的信息。「門店賦能工具」自二零一九年年初起運行後，會員銷售額佔比從36%提升至47%，回購率從19%提升至24%。此外，我們對線下門店的顧客發放微商城無門檻優惠券，將會員引導遷移至達芙妮微商城。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

Protection of Intellectual Property Rights

The Group is committed to protecting and enforcing its intellectual property rights which are crucial in maintaining its industry leadership and sustainable development. The measures that the Group has taken include registration and renewal of the Group's trademarks and filing oppositions to the registration of trademarks which are identical or similar to that of the Group.

Regarding online anti-counterfeiting, in 2019, through the Group's complaints to intellectual property protection platform on Alibaba and Pinduoduo, the authenticity rate of Daphne remained above 95% on Taobao and Tmall, and the authenticity rate of top 100 sales products of Daphne on Pinduoduo reached above 90%. The Group also proactively filed civil lawsuits for selling counterfeit products of its brands, 19 civil lawsuits were brought against infringement sellers on the Pinduoduo platform, and 3 civil lawsuits were brought against Taobao infringement sellers.

Employees are bound by the Group's Code of Conduct to keep trade secrets confidential and to protect its other proprietary intellectual properties. The Group believes that it has taken effective measures to protect its intellectual property rights.

Customer Data Protection and Privacy

The Group is committed to abiding by the Law on the Protection of Consumers' Rights and Interests of the People's Republic of China and endeavours to protect customers' rights, interest and privacy. Customer information collected will only be used for the purposes of the conduct of the Group's business. The Group prohibits the provision of consumers' information to any third party without authorisation from the customers. All collected personal data is kept strictly confidential.

保護知識產權

本集團致力於保護並執行其知識產權的權利，這對其保持行業領先地位及可持續發展至關重要。本集團已採取積極行動保護其知識產權。這包括對本集團的商標進行註冊及續期，並針對相同或近似商標向政府有關部門提請異議等。

關於網絡打假，二零一九年本集團通過向阿里巴巴、拼多多知識產權保護平台投訴，於淘寶及天貓平台之達芙妮正品率維持在95%以上，在拼多多平台銷量前100名的達芙妮產品正品率達到90%以上。本集團亦積極主動地對銷售其品牌的假冒產品提呈民事訴訟，對拼多多平台侵權賣家提出民事訴訟19宗，對淘寶侵權賣家提出民事訴訟3宗。

僱員亦受集團《員工操守準則》的約束，必須嚴守商業秘密及保密其他專有知識產權。本集團相信已採取有效措施來維護及保護其知識產權。

顧客數據保密及私隱

本集團致力於遵從《中華人民共和國消費者權益保護法》，致力保護顧客的權利、利益及隱私。所收集的顧客信息僅作其收集的用途。本集團嚴禁未經顧客授權向任何第三方提供任何顧客資料。所有收集的顧客資料均獲嚴格保密。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

4.7 Anti-corruption Policies

The Group advocates a high standard of business integrity throughout its operations and has no toleration of corruption or bribery in any form. The Group strictly adheres to the laws and regulations on corruption and bribery in all locations where the Group is conducting business such as the Criminal Law of the People's Republic of China, Laws of the People's Republic of China against Unfair Competition, the Interim Provisions on Banning Commercial Bribery. The Group has formulated and strictly enforced its anti-corruption policies as stipulated in the Group's Code of Conduct, such as policy on gifts and entertainment, policy on conflict of interests and guidance on prevention of bribery, to manage possible conflicts of interest and prevent bribery.

Employees are required to abide by the Group's Code of Conduct by signing a statement to acknowledge receipt of the Code of Conduct and agree to abide by its terms. In addition, every new staff member receives anti-corruption training. The Group's management will investigate any suspicious or unlawful conduct involving bribery, extortion, fraud or money laundering to protect the Group's interests.

Furthermore, the Group has set up a whistleblowing policy to enable its employees to lodge complaints or report misconducts and any suspicious activities within the organisation to the designated officer in either verbal or written form. The Group advocates a mechanism of confidentiality to protect the whistle-blowers from retaliation. Where criminality is suspected after investigation, disciplinary actions will be taken, including termination of employment and reporting wrongdoing to the relevant authorities.

There was no legal case reported in regard to bribery, fraud, extortion or money laundering during the year under review.

4.8 Community Investment

As a corporate citizen in China, the Group is committed to contributing to a brighter future of China by helping the less fortunate in society. The Group participates in community events from time to time, and to the improvement of community well-being and social services. We also support and encourage staff to actively participate in a wide range of charitable events outside working hours, to raise awareness and concern for the community, and to inspire more people to take part in serving the community.

The Group did not have any specific activities in relation to community engagement and donation during the year under review. In the coming year, the management shall review policies in relation to community investment and explore the feasibility of increasing community investment activities.

4.7 反貪污政策

本集團在其經營過程中倡導高標準的商業誠信，並不容忍任何形式的貪污或賄賂。不論本集團在任何地區經營業務，均嚴謹遵守所有有關反貪污及賄賂的法律法規，包括《中華人民共和國刑法》、《中華人民共和國反不正當競爭法》及《關於禁止商業賄賂行為的暫行規定》。本集團已制訂及嚴格執行其反貪污政策，並在集團《員工操守準則》中對相關政策作明文規定，例如對收受禮物及接受款待的規章、對利益衝突的規章及對防止賄賂的指引，從而預防並管理可能發生的利益衝突及行賄。

本集團的僱員均須簽名作實其接受並同意遵守集團《員工操守準則》所列的所有條款。此外，新入職員工須接受反貪污的培訓。本集團的管理層會對任何涉及賄賂、勒索、欺詐或洗黑錢的可疑或非法行為開展調查，以保障本集團的利益。

再者，本集團已設立舉報政策，使僱員可以通過口頭或書面形式向指定的內部職員對任何不當及可疑行為作出申訴或舉報。本集團提倡保密機制以保護舉報人，令其免於遭報復之虞。調查後若涉嫌違法，本集團將會採取紀律行動包括終止僱傭關係以及向有關政府部門舉報。

回顧年內，本集團並無任何與賄賂、欺詐、勒索或洗黑錢相關的已匯報法律案件。

4.8 回饋社區

作為中國的企業公民，本集團通過幫助社會中的弱勢社群，致力為中國的光明前景作出貢獻。本集團不時參與社區活動，以改善社區福祉及社會服務。我們亦支持及鼓勵員工於工餘時間積極參與各類慈善活動，以提升社區意識及對社區的關注，並激發更多力量參與社區服務。

於回顧年內本集團沒有關於社區參與及捐獻的活動。管理層將於來年檢視社區投資有關政策，探討增加社區投資活動之可行性。

REPORT OF THE DIRECTORS

董事會報告

The directors submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2019.

Principal activities

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 37 to the consolidated financial statements. The Group is principally engaged in the manufacturing, distribution and retailing of footwear and accessories in mainland China.

An analysis of the Group’s performance for the year by reportable segment is set out in Note 5 to the consolidated financial statements.

Business review

The business review of the Group for the year ended 31 December 2019 are provided in the Chairman’s Statement, Management Discussion and Analysis, Corporate Governance Report and Environmental, Social and Governance Report of this annual report.

Results and appropriation

The results of the Group for the year ended 31 December 2019 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 67 to 144.

The board of directors does not recommend the payment of a dividend in respect of the year ended 31 December 2019.

Donations

There was no charitable and other donations made by the Group during the year (2018: HK\$591,000).

Property, plant and equipment and investment properties

Movements in property, plant and equipment and investment properties of the Group are set out in Notes 15 and 16 to the consolidated financial statements, respectively.

Share capital

Details of the movements in the share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

Distributable reserves

As at 31 December 2019, the distributable reserves of the Company amounted to HK\$577,629,000 (2018: HK\$735,853,000). Movements in the reserves of the Group and of the Company during the year are set out in Notes 28 and 36 to the consolidated financial statements, respectively.

Equity-Linked agreements

Other than the Company’s share option schemes as disclosed in the “share option scheme” section, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

董事謹此提呈截至二零一九年十二月三十一日止年度之報告，連同本公司及其附屬公司（統稱「本集團」）之經審核綜合財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司之業務載於綜合財務報表附註37。本集團主要於中國大陸從事製造、分銷及零售鞋類產品及配件業務。

本集團按可申報分部之表現分析載於綜合財務報表附註5。

業務回顧

截至二零一九年十二月三十一日止年度，本集團之業務回顧載列於本年報之主席報告、管理層討論及分析、企業管治報告及環境、社會及管治報告。

業績及分配

本集團截至二零一九年十二月三十一日止年度之業績，以及本公司及本集團於該日之業務狀況載於第67至144頁之綜合財務報表。

董事會不建議就截至二零一九年十二月三十一日止年度派發股息。

慈善捐款

本集團於年內沒有作慈善及其他用途之捐款（二零一八年：591,000港元）。

物業、廠房及設備以及投資物業

本集團之物業、廠房及設備以及投資物業之變動詳情分別載於綜合財務報表附註15及16。

股本

本公司股本於年內之變動詳情載於綜合財務報表附註26。

可供分派儲備

於二零一九年十二月三十一日，本公司可供分派之儲備為577,629,000港元（二零一八年：735,853,000港元）。本集團及本公司於年內之儲備變動詳情分別載於綜合財務報表附註28及36。

股份掛鈎協議

除於「購股權計劃」一節所披露之股份期權計劃外，本公司於本年度內及於本年度年結日時並無訂立股份掛鈎協議。

REPORT OF THE DIRECTORS

董事會報告

Pre-emptive rights

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

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this annual report.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

Directors

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

Executive directors

Mr. Chang Chih-Kai (*Chairman and Chief Executive Officer*)
Mr. Chang Chih-Chiao
Mr. Chen Tommy Yi-Hsun (resigned on 17 January 2020)

Independent non-executive directors

Mr. Hon Ping Cho Terence (appointed on 25 September 2019)
Mr. Huang Shun-Tsai
Mr. Kuo Jung-Cheng
Mr. Lee Ted Tak Tai (resigned on 30 June 2019)

In accordance with Article 84 of the Company's Articles of Association, Mr. Chang Chih-Chiao and Mr. Hon Ping Cho Terence shall retire from the office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Both Mr. Chen Tommy Yi-Hsun and Mr. Lee Ted Tak Tai have confirmed that they have no disagreement with the board of directors and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

All the independent non-executive directors have confirmed their independence pursuant to Rule 3.13 of the Listing Rules and based on such confirmations, the Company is of the opinion that the independence status of the independent non-executive directors remains intact as at 31 December 2019.

Biographies of directors and senior management

Brief biographies of directors and senior management are set out on pages 19 to 20 of this annual report.

Directors' service contracts

The term of directorship of each non-executive director, including independent non-executive directors, is one year to three years and the term will continue for a successive period of one year to three years unless terminated by either party giving not less than one month's notice to the other party.

優先購買權

本公司之組織章程細則並無有關優先購買權之條文及開曼群島法例亦無限制此優先購買權，而公司有義務按比例向現有股東發行新股。

五年財務概要

本集團於過去五個財政年度之各年業績、資產及負債概要載於本年報第6頁。

購買、出售或贖回股份

本公司或其任何附屬公司於年內並無購買、出售或贖回本公司任何股份。

董事

本公司於年內及截至本報告日期之董事如下：

執行董事

張智凱先生 (*主席兼行政總裁*)
張智喬先生
陳怡勳先生 (於二零二零年一月十七日辭任)

獨立非執行董事

韓炳祖先生 (於二零一九年九月二十五日委任)
黃順財先生
郭榮振先生
李德泰先生 (於二零一九年六月三十日辭任)

根據本公司之組織章程細則第84條，張智喬先生及韓炳祖先生將於應屆股東週年大會輪值退任，惟彼等符合資格並願意膺選連任。

陳怡勳先生及李德泰先生已確認其與董事會之間並無任何意見分歧，亦無任何需要促請本公司股東關注與本公司事務有關的事宜。

所有獨立非執行董事已根據上市規則第3.13條，就彼等之獨立性作出確認。基於該等確認，本公司認為，截至二零一九年十二月三十一日，所有獨立非執行董事均為獨立人士。

董事及高級管理人員之簡歷

董事及高級管理人員之簡歷載於本年報第19至20頁。

董事之服務合約

每名非執行董事 (包括獨立非執行董事) 之董事任期為一年至三年，除非由任何一方向另外一方發出不少於一個月通知而終止，否則任期會繼續重續一年至三年。

REPORT OF THE DIRECTORS

董事會報告

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' material interests in transactions, arrangements and contracts

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Interests of directors and chief executive

As at 31 December 2019, the interests and short positions of each director and chief executive in the shares and underlying shares of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in shares and underlying shares of the Company:

將於應屆股東週年大會建議膺選連任之董事概無與本公司訂立不可於一年內免付賠償(法定補償除外)予以終止服務之服務合約。

董事於交易、安排及合約之重大權益

本公司之附屬公司、從屬子公司或其母公司概無於本年度年結日或於年內任何時間訂立與本集團業務有關，且本公司董事及其關連人士於其中直接或間接擁有重大權益之重大交易、安排及合約。

董事及主要行政人員之權益

於二零一九年十二月三十一日，按本公司根據證券及期貨條例(「證券及期貨條例」)第352條之規定存置之登記冊所記錄，本公司各董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)之股份及相關股份中之權益及淡倉，或根據標準守則已知會本公司及聯交所之權益及淡倉如下：

於本公司股份及相關股份之好倉：

Name of directors	Capacity	Number of shares held	Number of underlying shares	Total interests	Approximate % of total issued shares
董事名稱	身份	持有股份數目	相關股份數目	權益總計	約佔已發行股本百分比
Mr. Chang Chih-Kai 張智凱先生	Personal interest 個人權益	–	6,000,000 (Note 1) (附註一)	6,000,000	0.36
Mr. Chang Chih-Chiao 張智喬先生	Personal interest 個人權益	–	3,000,000 (Note 1) (附註一)	3,000,000	0.18
Mr. Chen Tommy Yi-Hsun (resigned on 17 January 2020) 陳怡勳先生 (二零二零年一月十七日辭任)	Interests of controlled corporation and personal interests 受控公司之權益及個人權益	176,508,895 (Note 2) (附註二)	3,000,000 (Note 1) (附註一)	179,508,895	10.88

Notes:

- These interests represented the interests in underlying shares of the Company in respect of share options granted to the directors.
- Mr. Chen Tommy Yi-Hsun has beneficial interest in 174,908,895 shares in the Company through Top Glory Assets Limited, a company incorporated in the British Virgin Islands, in which Mr. Chen Tommy Yi-Hsun holds one-half of the equity interest. He also has personal interest in 1,600,000 shares of the Company.

附註：

- 該等權益指授予董事之購股權所涉及之本公司相關股份之權益。
- 陳怡勳先生透過Top Glory Assets Limited擁有本公司174,908,895股股份之實益權益。Top Glory Assets Limited乃於英屬處女群島註冊成立之公司，由陳怡勳先生持有一半股權。彼亦擁有1,600,000股本公司股份之個人權益。

REPORT OF THE DIRECTORS

董事會報告

Save as disclosed above and the “share option scheme” section, as at 31 December 2019, none of the directors or chief executive, nor any of their associates (including their spouses and children under 18 years of age), had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company, its specified undertakings and its other associated corporations required to be disclosed pursuant to the SFO.

At no time during the year was the Company, any of its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short position in shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporations.

Interests of substantial shareholders

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 December 2019, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Long positions in shares and underlying shares of the Company:

除上文及「購股權計劃」一節所披露者外，於二零一九年十二月三十一日，各董事或主要行政人員或彼等之任何聯繫人士（包括彼等之配偶及18歲以下之子女）概無擁有或獲授或行使可認購本公司、其指明企業及其相聯法團之股份之任何權利而須根據證券及期貨條例作出披露。

於年內任何時間，本公司、其任何附屬公司、其從屬子公司、其母公司或其他相聯法團概無訂立任何安排，致使本公司董事及主要行政人員（包括彼等之配偶及18歲以下之子女）持有本公司或其指明企業或其他相聯法團之股份、相關股份或債券之權益或淡倉。

主要股東之權益

按本公司根據證券及期貨條例第XV部第336條之規定而須存置之主要股東登記冊所示，於二零一九年十二月三十一日，本公司已獲知會下列主要股東權益及淡倉（即佔本公司已發行股本5%或以上）。此等權益並不包括以上所披露有關董事及主要行政人員之權益。

於本公司股份及相關股份之好倉：

Name of shareholders	Capacity	Total interests	Approximate % of total issued shares
股東名稱	身份	權益總計	約佔已發行股本百分比
Lucky Earn International Limited	Beneficial interests 實益權益	400,719,995 (Note 1)	24.30
Top Glory Assets Limited	Beneficial interests 實益權益	174,908,895 (Note 2)	10.61
Ms. Chen Jennifer Yi-Chen 陳怡臻女士	Interests of controlled corporation 受控公司之權益	174,908,895 (Note 2)	10.61
Mr. Chen Tommy Yi-Hsun 陳怡勳先生	Interests of controlled corporation and personal interest 受控公司之權益及個人權益	179,508,895 (Note 2)	10.88
Pushkin Holding Limited	Beneficial interests 實益權益	147,740,920 (Note 3)	8.96
Mr. Chen Ying-Che 陳英哲先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3)	8.96
Mr. Chen Ying-Chieh 陳英杰先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3)	8.96
Mr. Chen Ying-Tien 陳英典先生	Interests of controlled corporation 受控公司之權益	147,740,920 (Note 3)	8.96

REPORT OF THE DIRECTORS

董事會報告

Notes:

1. Mr. Chang Chih-Kai, the Chairman of the board of directors, Chief Executive Officer and an executive director of the Company, and Mr. Chang Chih-Chiao, an executive director of the Company, and their two sisters have beneficial interests of 26%, 26% and 24% each, respectively, in Lucky Earn International Limited, a company incorporated in the British Virgin Islands.
2. Mr. Chen Tommy Yi-Hsun, an executive director of the Company, and Ms. Chen Jennifer Yi-Chen have beneficial interests of 50% each in Top Glory Assets Limited, a company incorporated in the British Virgin Islands. By virtue of the SFO, they are deemed to be interested in 174,908,895 shares of the Company held by Top Glory Assets Limited.
3. Mr. Chen Ying-Chieh, an ex-director of the Company, and his two brothers, Mr. Chen Ying-Che and Mr. Chen Ying-Tien, each has one-third of the beneficial interests of Pushkin Holding Limited. By virtue of the SFO, they are deemed to be interested in the 147,740,920 shares of the Company held by Pushkin Holding Limited.

Saved as disclosed above, as at 31 December 2019, the Company had not been notified by any person (other than directors and chief executive of the Company) of any interest and short position in the shares and underlying shares of the Company which were required to be recorded in the register kept under Section 336 of the SFO.

Share option scheme

On 29 May 2003, the Company adopted a share option scheme (the “Old Scheme”), which expired on 28 May 2013. Upon expiry of the Old Scheme, no further share options could be granted under the Old Scheme but, in all other respects, the provisions of the Old Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the expiry of the Old Scheme.

On 27 August 2013, a new share option scheme (the “New Scheme”) was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the New Scheme will remain in force for 10 years from the date of adoption.

The purpose of the New Scheme is to enable the Company to grant options to eligible participants, including any full-time or part-time employees, executives, officers, directors of the Group and any advisers, consultants, agents, suppliers, customers, distributors and such other persons at the discretion of the board of directors, as incentives or rewards for their contribution or potential contribution to the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not exceed 10% of the shares of the Company in issue on 27 August 2013, the date of approval and adoption of the New Scheme unless shareholders’ approval has been obtained. The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company at any time shall not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

附註：

- 一、 公司之董事會主席兼行政總裁及執行董事張智凱先生及執行董事張智喬先生，與彼等兩名姊妹分別擁有在英屬處女群島註冊成立之Lucky Earn International Limited 26%、26%及各24%之實益權益。
- 二、 陳怡勳先生，本公司之執行董事，及陳怡臻女士各自擁有在英屬處女群島註冊成立之Top Glory Assets Limited 50%的實益權益。根據證券及期貨條例，彼等被視為在Top Glory Assets Limited所持有之174,908,895股本公司股份中擁有權益。
- 三、 公司前董事陳英杰先生及彼之兩名兄弟陳英哲先生及陳英典先生各自擁有Pushkin Holding Limited三分之一的實益權益。根據證券及期貨條例，彼等被視為在Pushkin Holding Limited所持有之147,740,920股本公司股份中擁有權益。

除上文所披露者外，於二零一九年十二月三十一日，本公司並不知悉有任何人士（本公司董事及主要行政人員除外）於本公司股份及相關股份中擁有任何權益及淡倉而須記錄於根據證券及期貨條例第336條存置之登記冊內。

購股權計劃

於二零零三年五月二十九日，本公司採納購股權計劃（「舊計劃」），該計劃於二零一三年五月二十八日屆滿。於舊計劃屆滿後，舊計劃下不可再授出購股權，惟在所有其他方面，舊計劃的條文仍然具有所須的效力使舊計劃屆滿前已經授出的任何購股權仍能有效行使。

於二零一三年八月二十七日，本公司股東批准一項新的購股權計劃（「新計劃」）並被本公司採納。除被取消或修改外，新計劃將自採納日期起維持十年內有效。

新計劃之宗旨為讓本公司向合資格參與者（包括本集團任何全職或兼職僱員、高級行政人員、高級人員、董事及任何諮詢人、顧問、代理、供應商、客戶、分銷商及董事會酌情釐定之其他人士）授出購股權，作為彼等對本集團作出之貢獻或潛在貢獻之獎勵或回報。

除非已取得股東批准，根據新計劃及本公司任何其他購股權計劃所授出之全部購股權獲行使而可能發行之最高股份數目，不得超過於批准及採納新計劃日期二零一三年八月二十七日日本公司已發行股份之10%。根據新計劃及本公司任何其他購股權計劃已授出惟未行使的所有未行使購股權獲行使後可能發行的股份數目合計，不得超過本公司不時之已發行股份之30%。

REPORT OF THE DIRECTORS

董事會報告

The total number of shares available for issue under the New Scheme is 145,824,238 which is approximately 8.84% of the issued share capital of the Company as at the date of this annual report.

The total number of shares issuable under the New Scheme and any other share option schemes of the Company to each eligible participant within any 12-month period shall not exceed 1% of the shares of the Company in issue as at the date of grant unless shareholders' approval has been obtained. Share options granted to a director, chief executive or substantial shareholder of the Company or any of their associates shall be subject to prior approval by the independent non-executive directors. Share options granted to a substantial shareholder or an independent non-executive director of the Company or any of their associates, in excess of 0.1% of the shares of the Company in issue or with an aggregate value in excess of HK\$5 million, within any 12-month period, shall be subject to prior approval by shareholders of the Company.

The period within which the shares must be taken up under an option shall be determined by the board of directors and specified in the letter to the grantee, which may be varied by the board of directors in accordance with the terms of the New Scheme, provided that it shall not under any circumstances exceed 10 years from the date of grant of the relevant option. The board of directors may, in its discretion, determine the time or period when the right to exercise the option in respect of all or some of the shares the subject of the option will vest.

The exercise price of the share options is determinable by the board of directors and must not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares.

The offer of a grant of share options shall be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.

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

新計劃下可供發行之股份總數量為145,824,238股，佔本公司於本年報日期已發行股本約8.84%。

根據新計劃及本公司任何其他購股權計劃，於任何12個月期間可向每名合資格參與者發行之股份總數不得超過本公司於授出日期已發行股份之1%，除非已取得股東批准。向本公司董事、主要行政人員或主要股東或彼等任何聯繫人士授出之購股權，須事先獲得獨立非執行董事批准。向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出超過本公司於任何12個月期間已發行股份之0.1%或總價值超過5百萬港元之購股權，須事先獲本公司股東批准。

購股權下之股份必須由董事會釐定並在給予承授人信件中指明之期間內接受，有關期間或會因董事會根據新計劃之條款而更改，在任何情況下不得超過授出日期起計十年。董事會可酌情決定相關購股權之行使權利歸屬的時間或期間。

購股權之行使價由董事會釐定及不得低於下列最高者：

- (a) 股份於授出日期在聯交所每日報價表所示之收市價；
- (b) 股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及
- (c) 股份面值。

購股權要約可由承授人於要約日期起計30日內經支付合共1港元之象徵性代價後接納。

購股權並不賦予其持有人收取股息或於股東大會上投票之權利。

REPORT OF THE DIRECTORS

董事會報告

During the year, 10,010,000 (2018: 27,815,000) share options were lapsed but no (2018: Nil) share options were granted, cancelled or exercised. Details of movements of the share options granted under the share option scheme during the year were as follows:

年內，分別有10,010,000（二零一八年：27,815,000）失效，但並無（二零一八年：無）購股權授出、註銷或行使。年內，根據購股權計劃授出之購股權之變動詳情如下：

Grantees 承授人	Date of grant 授出日期 (yyyy/mm/dd) (年/月/日)	Exercise price per share 每股行使價 HK\$ 港元	Outstanding at 1 January 2019 於二零一九年一月一日 尚未行使	Lapsed during the year 年內失效	Outstanding at 31 December 2019 於二零一九年十二月三十一日 尚未行使	Exercisable period 行使期間 (yyyy/mm/dd) (年/月/日)
<i>(i) Executive directors 執行董事</i>						
Mr. Chang Chih-Kai 張智凱先生	2017/01/25	0.70	6,000,000	-	6,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
Mr. Chang Chih-Chiao 張智喬先生	2017/01/25	0.70	3,000,000	-	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
Mr. Chen Tommy Yi-Hsun 陳怡勳先生 (resigned on 17 January 2020) (於二零二零年一月十七日辭任)	2017/01/25	0.70	3,000,000	-	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
<i>(ii) Consultants 顧問</i>						
In aggregate 合計	2010/01/27	6.19	8,400,000	-	8,400,000	2011/01/27 – 2020/01/26 (Note 2) (附註二)
<i>(iii) Employees 僱員</i>						
In aggregate 合計	2010/01/27	6.19	3,780,000	(3,480,000)	300,000	2011/01/27 – 2020/01/26 (Note 3) (附註三)
In aggregate 合計	2010/07/22	7.61	300,000	-	300,000	2011/04/01 – 2020/07/21 (Note 4) (附註四)
In aggregate 合計	2014/01/21	4.50	1,000,000	(800,000)	200,000	2016/01/21 – 2024/01/20 (Note 5) (附註五)
In aggregate 合計	2014/01/21	4.50	260,000	(180,000)	80,000	2017/01/21 – 2024/01/20 (Note 6) (附註六)
In aggregate 合計	2017/01/25	0.70	8,250,000	(5,250,000)	3,000,000	2017/01/25 – 2027/01/24 (Note 1) (附註一)
In aggregate 合計	2017/01/25	0.70	400,000	(300,000)	100,000	2017/01/25 – 2027/01/24 (Note 7) (附註七)
			34,390,000	(10,010,000)	24,380,000	

Notes:

- The share options shall vest one-third each year from the date of grant.
- 15% of the total of 12,000,000 share options shall vest on each of the four anniversary dates of the date of grant and 40% of the share options shall vest on the fifth anniversary date of the date of grant.
- 20% of the share options shall vest on each of the five anniversary dates of the date of grant.
- One-third of the share options shall vest on each anniversary with the first tranche starting on 1 April 2011.
- 100% of the share options shall vest after two years from the date of grant.
- 100% of the share options shall vest after three years from the date of grant.
- 100% of the share options shall vest on the date of grant.

附註：

- 購股權由授出日期起計每年歸屬三分之一。
- 總計12,000,000份的購股權由授出日期起計四個週年日每年歸屬15%，其餘40%於授出日期起計第五個週年日歸屬。
- 購股權由授出日期起計五個週年日每年歸屬20%。
- 購股權由二零一一年四月一日起計每個週年日每年歸屬三分之一。
- 購股權由授出日期起計兩年後歸屬100%。
- 購股權由授出日期起計三年後歸屬100%。
- 購股權於授出日期歸屬100%。

REPORT OF THE DIRECTORS

董事會報告

Share appreciation rights plan

The Group implemented a share appreciation rights plan (“SAR Plan”) to motivate and award the directors, employees, advisers, consultants, agents, suppliers, customers, distributors and such other persons of the Company and the Group at the discretion of the board of directors for their contribution or potential contribution to the Group.

Under this SAR Plan, share appreciation rights (“SARs”) are granted in units with each unit representing one ordinary share of the Company. No share will be issued under the SAR Plan. The eligible recipients who are granted with such incentive do not actually hold the shares, and do not have any rights as the shareholders such as voting rights or rights to dividends. Therefore, this does not affect the total number of the shares of the Company outstanding and will not result in any dilution effect on the shares of the Company.

Upon exercise of the SARs, the eligible recipients will receive, subject to any applicable tax, a cash payment amount equal to the product of the number of SARs exercised and the difference between the exercise price and market price of the Company’s shares at the date of exercise. The Company recognises compensation expense of the SARs over the applicable vesting period.

Under the SAR Plan, the exercise price of the SAR shall be determined by the board of directors and must not be less than the highest of:

- (a) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant;
- (b) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the shares.

The SARs granted pursuant to the SAR Plan are valid for 10 years from the date of grant and upon the expiry of which all unexercised SARs shall automatically lapse.

Under the terms of the grant, the outstanding SARs are subjected to a vesting period of one to three years from the date of grant. The exercise price is from HK\$4.50 to HK\$6.19 per unit.

股份增值權計劃

本集團實施股份增值權計劃（「股份增值權計劃」），由董事會酌情決定本公司及本集團之董事、僱員、諮詢人、顧問、代理、供應商、客戶、分銷商及有關其他人士對本集團之貢獻或潛在貢獻，鼓勵及獎勵該等人士。

根據股份增值權計劃，股份增值權（「股份增值權」）乃多份授出，而每份代表本公司一股普通股股份。概無股份將根據股份增值權計劃發行。合資格接收人在授予此獎勵時並無實質持有股份，及不能擁有跟股東相同之權益，如投票權或收取股息之權利。因此，這對本公司現時股份總數並無影響及對本公司股份沒有攤薄作用。

於行使股份增值權後，合資格接收人將收到相等於所行使股份增值權數目乘以行使價與本公司股份於行使當日之市價之差額之現金款項（須繳納任何適用稅項）。本公司於適用歸屬期間確認股份增值權之補償開支。

股份增值權計劃下，股份增值權之行使價由董事會釐定及不得低於下列最高者：

- (a) 股份於授出日期在聯交所每日報價表所示之收市價；
- (b) 股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及
- (c) 股份面值。

根據股份增值權計劃，授予之股份增值權由授出日起計，有效期為十年，並於有效期屆滿後所有尚未行使之股份增值權將自動失效。

根據授出條款，尚未行使之股份增值權須符合由授出日期起計一至三年之歸屬期，其行使價為每份4.50港元至6.19港元。

REPORT OF THE DIRECTORS

董事會報告

During the year, 1,560,000 (2018: 130,000) SARs were lapsed and no SARs (2018: Nil) were granted, cancelled or exercised under the SAR Plan. Details of the movements in the SARs granted under the SAR Plan during the year were as follows:

年內，有1,560,000（二零一八年：130,000）份股份增值權失效，且並無（二零一八年：無）股份增值權根據股份增值權計劃授出、註銷或行使。年內，根據股份增值權計劃授出之股份增值權之變動詳情如下：

Grantees	Outstanding at 1 January 2019 於二零一九年 一月一日 尚未行使	Lapsed during the year 年內失效	Outstanding at 31 December 2019 於二零一九年 十二月三十一日 尚未行使
承授人			
(i) <i>Executive directors</i>	<i>執行董事</i>		
Mr. Chang Chih-Kai	張智凱先生	5,475,000	–
Mr. Chang Chih-Chiao	張智喬先生	4,725,000	–
Mr. Chen Tommy Yi-Hsun (resigned on 17 January 2020)	陳怡勳先生 (於二零二零年一月十七日辭任)	2,000,000	–
(ii) <i>Employees</i>	<i>僱員</i>		
In aggregate	合計	5,860,000	(1,560,000)
		18,060,000	(1,560,000)
			16,500,000

Management contracts

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

管理合約

年內，本公司概無訂立或訂有任何涉及本公司整體或任何主要部分業務之管理及行政合約。

Major customers and suppliers

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

主要客戶及供應商

年內，本集團最大客戶及五大客戶之銷售總額佔本集團之總營業額少於30%。

The aggregate purchases attributable to the Group's largest and five largest suppliers accounted for approximately 21% and 49%, respectively, of the Group's total purchases during the year.

年內，本集團向最大供應商及五大供應商作出之採購總額分別佔本集團之採購總額約21%及49%。

None of the directors, their associates or any shareholder of the Company, which to the knowledge of the directors owns more than 5% of the Company's share capital, had an interest in the Group's five largest suppliers.

各董事、彼等之聯繫人士或據董事所知擁有本公司5%以上股本之任何本公司股東，概無擁有本集團五大供應商任何實益權益。

REPORT OF THE DIRECTORS

董事會報告

Permitted Indemnity Provision

Pursuant to the Articles of Association, and subject to the applicable laws and regulations, the directors and officers of the Group shall be indemnified out of the assets and profits of the Company from or against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force during the financial year and up to the date of this report. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company throughout the year ended 31 December 2019 and up to the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board of directors

Chang Chih-Kai

Chairman & Chief Executive Officer

Hong Kong, 27 March 2020

獲准許的彌償條文

根據組織章程細則，並受適用法律及法規所規限，本集團董事及高級行政人員基於其職位履行其職務而產生、蒙受或就此蒙受的所有訴訟、費用、收費、損失、損害及開支，有權從本公司資產及盈利中獲得彌償。該等獲准許的彌償條文於本財政年度及直至本報告日期一直有效。本公司已為本集團董事及高級行政人員購買合適的董事及行政人員責任保險。

足夠公眾持股量

根據本公司獲得之公開資料及據本公司董事所知，於截至二零一九年十二月三十一日止年度直至本報告日期，本公司已根據上市規則規定，維持公眾持股量佔本公司已發行股本25%以上。

核數師

本綜合財務報表已由羅兵咸永道會計師事務所審核，其將退任，惟符合資格並願意應聘續任。

代表董事會

主席兼行政總裁

張智凱

香港，二零二零年三月二十七日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DAPHNE INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Daphne International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 144, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated income statement 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 cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the 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.

獨立核數師報告 致達芙妮國際控股 有限公司股東

(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

達芙妮國際控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第67至144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資產負債表;
- 截至該日止年度的綜合收益表;
- 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。

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》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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:

- (i) Assessment of going concern assumption in preparing the consolidation financial statements
- (ii) Provisions for impairment of inventories
- (i) **Assessment of going concern assumption in preparing the consolidated financial statements**

Nature of the Key Audit Matter

Refer to Note 2.1(i) to the consolidated financial statements

The Group recorded a loss of HK\$1,096,426,000 (2018: HK\$1,010,193,000) and a net cash generated from operating activities of HK\$218,129,000 (2018: net cash used in operating activities of HK\$157,781,000) for the year ended 31 December 2019. The Group's cash used in lease payments for the year ended 31 December 2019 of HK\$270,991,000 is classified and included in cash used in financing activities upon the adoption of HKFRS 16 "Leases" (Note 17). As at 31 December 2019, the Group had cash and cash equivalents of HK\$182,059,000 (2018: HK\$186,521,000).

Following the outbreak of Coronavirus Disease 2019 in early 2020 ("the COVID-19 outbreak"), a series of precautionary and control measures have been and continued to be implemented across mainland China, such as extension of the Chinese New Year holiday and certain restrictions and controls over travelling of people. Such precautionary and control measures have limited the normal operations of the Group in mainland China, especially the opening of its retail stores and also severely affected the consumer sentiment. If the present situation in respect of the COVID-19 outbreak continued and the restrictions and control measures are prolonged, the Group's operation performance and cash flow may be negatively affected.

In view of such circumstances, in order to support the going concern basis in preparing the consolidated financial statements, management prepared a cash flow projection of the Group covering a period not less than twelve months from 31 December 2019. Based on the cash flow projection which has been prepared after taking into account various measures and plans undertaken by the Group, management concluded that there will be sufficient financial resources for the Group to finance its future operations and enable it to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2019.

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：

- (i) 擬備綜合財務報表中持續經營假設的評估
- (ii) 存貨減值撥備
- (i) **擬備綜合財務報表中持續經營假設的評估**

關鍵審計事項之性質

請參閱綜合財務報表附註2.1(i)

截至二零一九年十二月三十一日止年度，貴集團錄得年內虧損1,096,426,000港元（二零一八年：1,010,193,000港元）及經營活動產生之現金淨額218,129,000港元（二零一八年：經營活動所用之現金淨額157,781,000港元）。貴集團截至二零一九年十二月三十一日止年度用於租賃付款之現金270,991,000港元因採納香港財務報告準則第16號「租賃」（附註17）而分類並計入融資活動所用之現金。於二零一九年十二月三十一日，貴集團擁有現金及現金等價物182,059,000港元（二零一八年：186,521,000港元）。

二零二零年初爆發2019冠狀病毒疫病（「2019冠狀病毒疫病爆發」）後，中國大陸各地已經並持續實施一系列防疫控制措施，例如延長農曆新年假期和民眾出行若干限制和控制。有關防疫控制措施已限制貴集團於中國大陸的正常營運，特別是零售店舖的營業，並嚴重影響消費市道。倘有關2019冠狀病毒疫病爆發的現況持續，而有關限制及控制措施延長，貴集團的經營表現及現金流量或會受到負面影響。

鑒於上述情況，為了支持擬備綜合財務報表中的持續經營基準，管理層編製了涵蓋從二零一九年十二月三十一日起計不少於十二個月期間的貴集團現金流量預測。根據已經考慮貴集團採取多項措施和計劃而準備的現金流量預測，管理層得出結論認為貴集團有充足的財政資源支持其未來的營運，並使其可以應付二零一九年十二月三十一日起未來十二個月內到期的財務責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

(i) Assessment of going concern assumption in preparing the consolidated financial statements (Continued)

Nature of the Key Audit Matter (Continued)

The directors of the Company considered the assumptions used in cash flow projections prepared by management and the basis of management's plans and measures. They also assessed the Group's ability to generate adequate cash flows from its operation, the reasonably possible changes in the operational performance, the reasonably possible impact of the COVID-19 outbreak to the Group's operations and the estimated cash inflow to be generated from disposals of non-core properties to conclude whether it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

We focused on this area due to consideration of future events and significant management judgment and estimates involved.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's estimation and judgment applied in assessing the appropriateness of the going concern assumption and disclosure made by management included:

- Obtaining the cash flow projection prepared by management and discussing with senior management to understand the current operation, the future operation plan, the latest impact on the operation due to the COVID-19 outbreak, the expected performance, the planned capital expenditure, and the future source of financing of the Group during the forecast period.
- Assessing the basis of preparation of the cash flow projection and comparing the key assumptions used, including estimated number of retail stores, estimated online sales growth, gross profit, headcount, capital expenditure and operating expenses, with historical trend and data of the Group and external economic data to assess the reasonableness of the basis and key assumptions adopted by management during the forecast period.
- Assessing management's plan of disposals of non-core properties and comparing the estimated cash inflow generated from the disposals to the sale and purchase agreements and letters of intent concluded both before and after year end.

關鍵審計事項(續)

(i) 擬備綜合財務報表中持續經營假設的評估(續)

關鍵審計事項之性質(續)

貴公司董事考慮了管理層編製現金流量預測所採用的假設，以及管理層之計劃和措施之基礎。他們亦評估了貴集團營運產生足夠現金流量的能力、營運表現合理可能的變化、2019冠狀病毒疫病爆發對貴集團營運之合理可能影響，以及由出售非核心物業產生之估計現金流入，從而推斷按持續經營基準編制貴集團的綜合財務報表是否適當。

我們關注此領域乃由於涉及對未來事件的考慮以及重大的管理層判斷及估計。

我們的審計如何處理關鍵審計事項

對於管理層在評估持續經營假設及所作的披露是否適當所運用的估計及判斷，我們的程序包括：

- 取得管理層編製的現金流量預測，並與高級管理人員討論，以了解其當前的營運狀況、未來的營運計劃、2019年冠狀病毒疫病爆發對貴集團營運之最新影響、貴集團在預測期間內的預期表現、計劃的資本性開支以及貴集團未來的資金來源。
- 評估現金流量預測的編製基準，並把當中使用的重要假設(包括估計零售店舖數量、估計線上銷售的增長、毛利、人員數目、資本性開支和營運開支)與貴集團過往的趨勢和數據以及外部經濟數據比較，以評估管理層所採用預測期間內的基準及重要假設是否合理。
- 評估管理層出售非核心物業的計劃，並把出售產生的現金流入估算與年末前及年末後簽訂出售物業的買賣合同及意向書比較。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

(i) Assessment of going concern assumption in preparing the consolidated financial statements (Continued)

How our audit addressed the Key Audit Matter (Continued)

- Examining the letter of intent from the Company's Chairman to arrange a loan facility to the Group.
- Testing the mathematical accuracy of the cash flow projection and evaluating the sensitivity analysis prepared by management around the key assumptions of the cash flow projection to ascertain the extent and likelihood of such changes in assumptions have been appropriately considered.
- Considering whether the disclosures prepared by management relating to going concern included in the consolidated financial statements are appropriate.

We found the basis and key assumptions used in the management's cash flow projection were supported by available evidence and the disclosures made in the consolidated financial statements based on procedures performed were consistent with the basis and key assumptions used.

(ii) Provisions for impairment of inventories

Nature of the Key Audit Matter

Refer to Notes 4.1 and 20 to the consolidated financial statements

At 31 December 2019, the Group held inventories of HK\$162,013,000, which were carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. In the determination of these estimates, the directors applied judgment based upon a detailed analysis of aged inventories, historical experience of selling similar products, the future sales plans and possible changes in customer taste and competitor actions in response to changes in industry conditions.

We focused on this area due to the significance of the balance and significant management judgment and estimates involved.

關鍵審計事項(續)

(i) 擬備綜合財務報表中持續經營假設的評估(續)

我們的審計如何處理關鍵審計事項(續)

- 查閱由貴公司主席向貴集團安排銀行融資的意向書。
- 測試現金流量預測的計算是否準確，並評估管理層對於現金流量預測的重要假設所作的敏感性測試，以確定假設出現變化的程度和可能性已作適當考慮。
- 考慮管理層在綜合財務報表中擬備的關於持續經營的披露是否適當。

根據所進行的程序，我們認為現有證據足以支持管理層現金流量預測中的基準和重要假設，而綜合財務報表中所作的披露與所採用的基準及重要假設一致。

(ii) 存貨減值撥備

關鍵審計事項之性質

請參閱綜合財務報表附註4.1及20

於二零一九年十二月三十一日，貴集團持有存貨162,013,000港元，按成本值或可變現淨值兩者之較低者列賬。可變現淨值為按日常業務過程中之估計售價減估計銷售開支。於釐定該等估計時，董事根據過季存貨之詳細分析、出售相似產品之過往經驗、未來銷售計劃以及顧客品味及競爭對手就行業情況轉變所作出行動之可能變化而作出判斷。

我們關注此領域乃由於其結餘金額重大以及涉及重大的管理層判斷及估計。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

(ii) Provisions for impairment of inventories (Continued)

How our audit addressed the Key Audit Matter

Our procedures in relation to management's estimation and judgment applied in calculating the amount of the inventory provisions included:

- Understanding the key inventory controls operating across the Group, including the procedures on periodic review of inventory provisions, and validating their effectiveness on a sample basis.
- Testing, on a sample basis, the accuracy of inventory aging report.
- Performing analysis on inventory aging report as at the year end and movement data during the year and subsequent to the year end to identify slow-moving inventories.
- Comparing, on a sample basis, the carrying amount of inventory items against its selling price during the year and subsequent to the year end to identify inventories with net realisable value lower than its carrying amount.
- Assessing the basis of inventory provision calculation and evaluating the key assumptions used, including budgeted sales quantities and selling prices in different sales channels, with reference to historical sales performance of similar products and discussions on the Group's future sales plans with senior management.
- Testing the mathematical accuracy of the inventory provision calculation and examining management's sensitivity analysis over the key assumptions in the future sales plans.

Based upon the above, we considered that the management's estimation and judgment applied in respect of the inventory provisions were supportable by available evidence.

關鍵審計事項(續)

(ii) 存貨減值撥備(續)

我們的審計如何處理關鍵審計事項

對於管理層在計算存貨撥備金額中所運用的估計及判斷，我們的程序包括：

- 了解貴集團應用之關鍵存貨控制，包括存貨撥備之定期審閱程序，及以抽樣方式驗證其有效性。
- 以抽樣方式測試存貨貨齡報告之準確性。
- 對年末存貨貨齡報告和在年內及年末之後的變動數據進行分析，以識別滯銷存貨。
- 以抽樣方式比較存貨項目的賬面價值與其在年內及年末之後的銷售價格，以識別可變現淨值低於其賬面價值之存貨。
- 評估存貨撥備計算的編製基準，並參考相似產品的過往銷售業績以及與管理層就貴集團未來銷售計劃的討論，評估包括不同銷售渠道的預算銷售數量和售價的重要假設。
- 測試存貨撥備的計算是否準確，並查閱管理層對未來銷售計劃中的關鍵假設所作的敏感性分析。

基於以上所述，我們認為現有證據足以支持管理層就存貨撥備所運用的估計和判斷。

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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，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信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

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

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

董事及審核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》的披露規定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。

審核委員會協助董事履行其監督貴集團財務報告過程的責任。

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, 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審計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。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙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，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

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

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

核數師就審計綜合財務報表承擔的責任 (續)

- 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信息獲取充足、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。

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

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

從與審核委員會溝通的事項中，我們確定哪些事項對本期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袁國健先生。

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2020

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年三月二十七日

CONSOLIDATED INCOME STATEMENT

綜合收益表

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

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Turnover	營業額	5	2,126,362	4,127,087
Cost of sales	銷售成本		(1,345,224)	(2,066,058)
Gross profit	毛利		781,138	2,061,029
Other income	其他收入	6	25,832	42,599
Other losses – net	其他虧損－淨額	7	(3,679)	(22,223)
Selling and distribution expenses	銷售及分銷開支		(1,512,410)	(2,565,009)
General and administrative expenses	一般及行政開支		(310,416)	(302,973)
Operating loss	經營虧損	8	(1,019,535)	(786,577)
Finance costs	財務成本	9	(21,346)	(5,660)
Share of losses of associates and joint ventures	應佔聯營公司及 合營企業之虧損	18, 19	(1,291)	(868)
Loss before income tax	除所得稅前虧損		(1,042,172)	(793,105)
Income tax expense	所得稅開支	10	(54,254)	(217,088)
Loss for the year	年內虧損		(1,096,426)	(1,010,193)
Attributable to:	以下各方應佔：			
Shareholders	股東		(1,070,127)	(994,397)
Non-controlling interests	非控制性權益		(26,299)	(15,796)
			(1,096,426)	(1,010,193)
Loss per share, basic and diluted (HK cents)	每股基本及攤薄虧損 (港仙)	11	(64.9)	(60.3)

The above consolidated income statement should be read in conjunction with the accompanying notes. 以上綜合收益表應與附註一併閱讀。

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

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the year	年內虧損	(1,096,426)	(1,010,193)
Other comprehensive loss	其他全面虧損		
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>可於其後重新分類至損益的項目：</i>		
Currency translation differences	匯兌差額	(506)	(129)
<i>Items that will not be reclassified subsequently to profit or loss:</i>	<i>不可於其後重新分類至損益的項目：</i>		
Currency translation differences	匯兌差額	(18,236)	(105,905)
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益之股權投資之公平價值變動	-	(70)
Total comprehensive loss for the year	年內全面虧損總額	(1,115,168)	(1,116,297)
Attributable to:	以下各方應佔：		
Shareholders	股東	(1,087,179)	(1,096,267)
Non-controlling interests	非控制性權益	(27,989)	(20,030)
		(1,115,168)	(1,116,297)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

以上綜合全面收益表應與附註一併閱讀。

CONSOLIDATED BALANCE SHEET

綜合資產負債表

AS AT 31 DECEMBER 2019 於二零一九年十二月三十一日

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產			
Land use rights	土地使用權	14	–	39,803
Property, plant and equipment	物業、廠房及設備	15	167,265	463,650
Investment properties	投資物業	16	369,645	173,092
Right-of-use assets	使用權資產	17	68,622	–
Interests in associates	於聯營公司之權益	18	1,481	1,868
Interests in joint ventures	於合營企業之權益	19	1,002	1,949
Long-term rental deposits and prepayments	長期租金按金及預付款項		–	59,597
Deferred income tax assets	遞延所得稅項資產	29	–	47,705
			608,015	787,664
Current assets	流動資產			
Inventories	存貨	20	162,013	992,314
Trade receivables	貿易應收賬款	21	64,875	160,100
Other receivables, deposits and prepayments	其他應收賬款、按金及 預付款項	22	142,689	526,163
Pledged bank deposits	已抵押銀行存款		–	174,248
Cash and cash equivalents	現金及現金等價物	23	182,059	186,521
			551,636	2,039,346
Assets classified as held-for-sale	分類為持作出售之資產	24	71,713	142,360
			623,349	2,181,706
Current liabilities	流動負債			
Trade payables	貿易應付賬款	25	138,700	530,629
Other payables and accrued charges	其他應付賬款及應計費用		226,912	312,859
Lease liabilities	租賃負債	17	25,621	–
Contract liabilities	合約負債		7,407	9,717
Current income tax liabilities	即期所得稅負債		5,169	7,558
Bank loans	銀行貸款		–	192,309
			403,809	1,053,072
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之 資產直接相關的負債	24	8,045	992
			411,854	1,054,064
Net current assets	流動資產淨值		211,495	1,127,642
Total assets less current liabilities	總資產減流動負債		819,510	1,915,306

CONSOLIDATED BALANCE SHEET

綜合資產負債表

AS AT 31 DECEMBER 2019 於二零一九年十二月三十一日

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Equity attributable to shareholders	股東應佔權益			
Share capital	股本	26	164,914	164,914
Reserves	儲備	28	527,797	1,614,911
			692,711	1,779,825
Non-controlling interests	非控制性權益		103,642	131,631
Total equity	總權益		796,353	1,911,456
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	17	20,469	–
Deferred income tax liabilities	遞延所得稅項負債	29	2,688	3,850
			23,157	3,850
Total equity and non-current liabilities	總權益及非流動負債		819,510	1,915,306

The consolidated financial statements on page 67 to 144 were approved by the board of directors on 27 March 2020 and were signed on its behalf.

本綜合財務報表於第67至144頁已獲董事會於二零二零年三月二十七日批准及代表董事會簽署。

CHANG CHIH-KAI

張智凱

Director

董事

CHANG CHIH-CHIAO

張智喬

Director

董事

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

以上綜合資產負債表應與相關附註一併閱讀。

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

		Attributable to shareholders 股東應佔			Non- controlling interests 非控制權益 HK\$'000 千港元	Total 總計 HK\$'000 千港元
		Share capital 股本 HK\$'000 千港元	Reserves 儲備 HK\$'000 千港元			
	Note 附註					
At 1 January 2018	於二零一八年一月一日	164,914	2,709,993	160,754	3,035,661	
Loss for the year	年內虧損	-	(994,397)	(15,796)	(1,010,193)	
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益之股權投資之公平價值變動	-	(70)	-	(70)	
Currency translation differences	匯兌差額	-	(101,800)	(4,234)	(106,034)	
Total comprehensive loss	全面虧損總額	-	(1,096,267)	(20,030)	(1,116,297)	
Disposal of subsidiaries	出售附屬公司	-	-	(9,093)	(9,093)	
Share option scheme:	購股權計劃:					
Value of grantee services	承授人服務價值	28	1,185	-	1,185	
Total transactions with shareholders	與股東交易總額	-	1,185	(9,093)	(7,908)	
At 31 December 2018	於二零一八年十二月三十一日	164,914	1,614,911	131,631	1,911,456	
Loss for the year	年內虧損	-	(1,070,127)	(26,299)	(1,096,426)	
Currency translation differences	匯兌差額	-	(17,052)	(1,690)	(18,742)	
Total comprehensive loss	全面虧損總額	-	(1,087,179)	(27,989)	(1,115,168)	
Share option scheme:	購股權計劃:					
Value of grantee services	承授人服務價值	28	65	-	65	
Total transactions with shareholders	與股東交易總額	-	65	-	65	
At 31 December 2019	於二零一九年十二月三十一日	164,914	527,797	103,642	796,353	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

以上綜合權益變動表應與相關附註一併閱讀。

CONSOLIDATED CASH FLOW STATEMENT

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

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Operating activities	經營活動			
Cash generated from/(used in) operations	營運產生/(所用)之現金	30	226,291	(153,336)
Income tax paid	已付所得稅		(8,162)	(4,445)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額		218,129	(157,781)
Investing activities	投資活動			
Interest received	已收利息		1,848	5,173
Acquisition of property, plant and equipment	購置物業、廠房及設備		(26,397)	(115,323)
Proceeds from disposal of land use rights	出售土地使用權收款		–	4,450
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備收款		70,805	25,057
Proceeds from disposal of subsidiaries	出售附屬公司收款		19,815	70,848
Proceeds from disposal of an available-for-sale financial asset	出售可出售金融資產收款		–	3,624
Decrease in pledged bank deposits	已抵押銀行存款減少		174,248	7,155
Decrease in bank deposit with maturity over three months	存款期超過三個月之銀行存款減少		–	4,785
Net cash generated from investing activities	投資活動產生之現金淨額		240,319	5,769
Financing activities	融資活動			
Payments of interest on bank loans	已付銀行貸款利息		(3,416)	(5,660)
Proceeds from bank loans	銀行貸款之收款		27,964	128,905
Repayment of bank loans	償還銀行貸款		(219,155)	(93,149)
Principal element of lease payments	租賃付款之本金部份		(253,061)	–
Interest element of lease payments	租賃付款之利息部份		(17,930)	–
Net cash (used in)/generated from financing activities	融資活動(所用)/產生之現金淨額		(465,598)	30,096
Decrease in cash and cash equivalents	現金及現金等價物減少		(7,150)	(121,916)
Cash and cash equivalents as at 1 January	於一月一日之現金及現金等價物		188,748	300,114
Effect of foreign exchange rate changes	匯率變動影響		695	10,550
Cash and cash equivalents as at 31 December	於十二月三十一日之現金及現金等價物	23	182,293	188,748

The above consolidated cash flow statement should be read in conjunction with the accompanying notes. 以上綜合現金流量表應與相關附註一併閱讀。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1 GENERAL INFORMATION

Daphne International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the manufacturing, distribution and retailing of footwear and accessories in mainland China.

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the 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 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

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 judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(i) Going concern basis

The Group recorded a loss of HK\$1,096,426,000 (2018: HK\$1,010,193,000) and a net cash generated from operating activities of HK\$218,129,000 (2018: net cash used in operating activities of HK\$157,781,000) for the year ended 31 December 2019. The Group’s cash used in lease payments for the year ended 31 December 2019 of HK\$270,991,000 is classified and included in cash used in financing activities upon the adoption of HKFRS 16 “Leases” (Note 17). As at 31 December 2019, the Group had cash and cash equivalents of HK\$182,059,000 (2018: HK\$186,521,000).

1 一般資料

達芙妮國際控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）主要於中國大陸從事製造、分銷及零售鞋類產品及配件業務。

本公司為於開曼群島註冊成立之有限公司，其股份於香港聯合交易所有限公司上市。本公司之註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

除另有註明外，此綜合財務報表以港元列值。

2 主要會計政策

編製此綜合財務報表時所採用之主要會計政策載於下文。除另有註明外，該等政策貫徹應用於全部列示之年份。

2.1 編製基準

綜合財務報表乃按照所有適用香港財務報告準則（「香港財務報告準則」）和香港公司條例第622章的披露要求編製。綜合財務報表乃按歷史成本法編製。

編製符合香港財務報告準則之綜合財務報表需要運用若干關鍵會計估計。管理層亦須在應用本集團之會計政策時作出判斷。涉及較高程度判斷或複雜性的領域，或假設及估計對綜合財務報表具有重大意義的領域於附註4披露。

(i) 持續經營的基準

截至二零一九年十二月三十一日止年度，本集團錄得虧損1,096,426,000港元（二零一八年：1,010,193,000港元）及經營活動產生的現金淨額為218,129,000港元（二零一八年：經營活動所用的現金淨額157,781,000港元）。截至二零一九年十二月三十一日止年度，本集團用於租賃付款的現金270,991,000港元，於採納香港財務報告準則第16號「租賃」後分類為及計入融資活動所用之現金（附註17）。於二零一九年十二月三十一日，本集團的現金及現金等價物為182,059,000港元（二零一八年：186,521,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Going concern basis (Continued)

Following the outbreak of Coronavirus Disease 2019 in early 2020 (the “COVID-19 outbreak”), a series of precautionary and control measures have been and continued to be implemented across mainland China, such as extension of the Chinese New Year holiday and certain restrictions and controls over travelling of people. Such precautionary and control measures have limited the normal operations of the Group in mainland China, especially the opening of its retail stores and also severely affected the consumer sentiment. If the present situation in respect of the COVID-19 outbreak continued and the restrictions and control measures are prolonged, the Group’s operation performance and cash flow may be negatively affected.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The management have, during the year and up to the date of the approval of these consolidated financial statements, taken the following measures and plans to ensure the Group will have sufficient working capital in the next twelve months:

- (a) The Group continued its efforts to implement various restructuring measures with a view to improving the operating results and strengthening its working capital position. Under the current unfavourable economic situation and challenging retail business environment, the Group continued to face decrease in sales volume and average selling price in its directly-managed stores during the year ended 31 December 2019. The Group has therefore adopted a strategy to mainly focus on the development of its e-commerce business and supplemented by a reduced scale of physical store network. During 2019, the Group has substantially scaled down its physical store network and restructured its back office to minimise its operating costs.

2 主要會計政策(續)

2.1 編製基準(續)

(i) 持續經營的基準(續)

二零二零年初爆發2019冠狀病毒疫病(「2019冠狀病毒疫病爆發」)後，中國大陸各地已經並持續實施一系列防疫防疫措施，例如延長農曆新年假期和民眾出行若干限制和控制。有關防疫防疫措施已限制本集團於中國大陸的正常營運，特別是零售店舖的營業，並嚴重影響消費市道。倘有關2019冠狀病毒疫病爆發的現況持續，而有關限制及防疫措施延長，本集團的經營表現及現金流量或會受到負面影響。

鑑於上述情況，本公司董事已仔細考慮本集團未來的流動資金需求及經營表現，以及其可用融資來源，以評估本集團是否有足夠財務資源繼續作為持續經營。

於年內及直至批准此等綜合財務報表日期，管理層已採取以下措施及計劃，以確保本集團於未來十二個月擁有足夠營運資金：

- (a) 本集團繼續致力實施不同重組措施，以改善經營業績及加強其營運資金狀況。在現行不利經濟狀況及具挑戰性零售業務環境下，於截至二零一九年十二月三十一日止年度本集團繼續面對直營店銷量及平均售價下降。本集團因此已採納聚焦發展電商業務之策略，並以減少實體店網絡規模為輔。於二零一九年，本集團已大幅縮減其實體店舖網絡規模，並對後勤辦公室進行重組，以盡量減少經營成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Going concern basis (Continued)

- (b) In addition, the Group has entered into contractual arrangements with certain third parties (“operation partners”) to transfer the operating rights of all its remaining directly-managed stores in mainland China to reduce its operational leverage. Under such arrangements, the Group will supply its products for sale in the relevant stores on a consignment basis and the operation partners will collect an agreed percentage of the turnover of the relevant stores as concessionary fees. All the store operating costs, such as store staff salaries and rental expenses, will be borne by the operation partners.
- (c) Management is closely monitoring the development of the COVID-19 outbreak and assessing its impact to the Group. Meanwhile, the Group has taken a number of measures to restore the operations of its physical retail stores to normal and to minimise the adverse financial impact to the Group. These measures, among others, include negotiation with suppliers to adjust the terms of the purchase orders already placed, revisiting its merchandise purchasing plan and further control of administrative expenses.
- (d) In December 2019 and January 2020, the Group entered into various agreements to dispose of certain properties with an aggregate carrying value of HK\$23,167,000 at a total consideration of HK\$28,415,000, out of which HK\$6,853,000 has been collected subsequent to the year end date, the balance of the consideration of HK\$21,562,000 is expected to be collected by the Group in April 2020. The Group also intends to further dispose certain of its non-core properties with a carrying value of approximately HK\$47,688,000 in 2020 in an effort to enhance its liquidity position.
- (e) On 27 March 2020, the Chairman of the Company has confirmed his intention to arrange a loan facility to the Group for a term of up to one year amounting to approximately HK\$50,000,000 as and when needed.
- (f) The Group continues to look for additional sources of financing to enhance its financial position.

2 主要會計政策 (續)

2.1 編製基準 (續)

(i) 持續經營的基準 (續)

- (b) 此外，本集團已與若干第三方（「經營夥伴」）訂立合約安排，以轉讓其於中國大陸的全部餘下直營店的經營權，藉以降低經營槓桿。根據有關安排，本集團將供應產品以寄售基準於相關店舖銷售，而經營夥伴將根據相關店舖營業額的協定百分比收取特許銷售費用，而所有店舖經營成本（例如店舖員工薪金及租金）將由經營夥伴承擔。
- (c) 管理層正密切監察2019冠狀病毒疫病爆發的發展，並正在評估其對本集團的影響，同時，本集團已採取多項措施以恢復其實體零售店舖的正常營運，並將本集團所受的負面財務影響盡量減低，此等措施其中包括與供應商進行磋商，以調整已下採購訂單之條款、重新審視商品採購計劃，以及進一步控制經營費用。
- (d) 於二零一九年十二月及二零二零年一月，本集團訂立協議以出售若干物業，其合計賬面值為23,167,000港元，總代價為28,415,000港元，其中已於年結日後收取6,853,000港元，預期本集團將於二零二零年四月收取代價餘額21,562,000港元。本集團亦擬於二零二零年進一步出售若干非核心物業，其賬面值約為47,688,000港元，以提升其流動資金狀況。
- (e) 於二零二零年三月二十七日起，本公司主席已確認彼願意在有需要時安排貸款融資予本集團，金額約為50,000,000港元，為期一年。
- (f) 本集團繼續尋找額外融資來源以提升其財務狀況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Going concern basis (Continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 31 December 2019. Based on these cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2019. The Group's ability to achieve the projected cash flows depends on management's ability to achieve the following:

- (a) successful implementation of a business plan for its Core Brands Business to improve operating results and generate cash inflow;
- (b) successful implementation of measures to minimise the adverse impact of the COVID-19 outbreak on its operations and timely restoration of the Group's normal operation upon the uplift of the precautionary and control measures;
- (c) successful disposal of non-core properties and collection of sales proceeds in the expected timeframe; and
- (d) successful draw down of funds from financial support to be provided by the Chairman as mentioned above and raising of additional new sources of financing, as and when needed.

The directors of the Company, after due consideration of the basis of management's plans and measures, are confident that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 31 December 2019. Accordingly, the directors considered it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

2 主要會計政策(續)

2.1 編製基準(續)

(i) 持續經營的基準(續)

本公司董事已審閱由管理層編制之本集團現金流量預測，該現金流量預測涵蓋時期不少於由二零一九年十二月三十一日起計的未來十二個月。根據該現金流量預測，本集團將有足夠財務資源以滿足其由二零一九年十二月三十一日起計的未來十二個月內到期的財務責任。本集團能否達成預測的現金流量，將取決於管理層能否達成以下：

- (a) 成功實施就其核心品牌業務之業務計劃，以提升經營業績及產生現金流入；
- (b) 成功推行措施以盡量減少2019冠狀病毒疫病爆發對其營運的不利影響，於有關防疫控制措施撤銷後，適時恢復本集團正常營運；
- (c) 在預期時間表內成功出售非核心物業及收取銷售所得款項；及
- (d) 成功提取上文所述來自主席提供的財務支持的資金，並於有需要時籌集額外新融資來源。

在充分考慮管理層的計劃和措施之基礎後，本公司董事有信心本集團將有足夠的營運資金以應付至少由二零一九年十二月三十一日起計的未來十二個月內到期的財務責任。因此，董事認為按持續經營基準編制本集團的綜合財務報表乃屬適當的。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(ii) 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 their annual reporting period commencing 1 January 2019:

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

The Group changed its accounting policies as a result of adopting HKFRS 16 “Lease”. The Group elected to adopt the simplified transition approach and has not restated comparatives for the 2018 reporting period. This is disclosed in Note 2.2. Other amendments and interpretations listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iii) New and amended standards and interpretations not yet adopted

Certain new and amended standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for accounting period beginning on or after 1 January 2020

² Effective for accounting period beginning on or after 1 January 2021

³ Effective date is to be determined

2 主要會計政策(續)

2.1 編製基準(續)

(ii) 本集團採納之新準則及準則之修訂及詮釋

本集團已於二零一九年一月一日開始之年度報告期間首次應用下列新準則及準則之修訂及詮釋：

香港會計準則第19號之修訂	計劃修正、縮減或清償
香港會計準則第28號之修訂	於聯營公司及合營企業的長期權益
香港財務報告準則第9號之修訂	具有負補償之預付款特性
香港財務報告準則第16號	租賃
年度改進項目之修訂	二零一五年至二零一七年週期之年度改進
香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理之不确定性

本集團因採納香港財務報告準則第16號「租賃」而變動了會計政策。本集團選擇採納簡化過渡方法且並未重列二零一八年報告期間的比較數字。此變動於附註2.2披露。採納上文所列之其他修訂及詮釋並無對於過往期間已確認的金額造成任何影響，且預期不會對當期或未來期間造成重大影響。

(iii) 尚未採納之新準則及準則之修訂及詮釋

本集團並沒有提早採納已頒佈但於二零一九年十二月三十一日報告期間尚未強制生效之若干新準則及準則之修訂及詮釋。該等準則預計不會對在當期或未來報告期間，以及可預見的未來交易產生重大影響。

香港會計準則第1號及第8號之修訂	重要的定義 ¹
香港財務報告準則第3號之修訂	業務的定義 ¹
香港會計準則第39號、香港財務報告準則第7號及第9號之修訂	對沖會計處理 ¹
2018年財務報告概念框架修改	經修訂財務報告概念框架 ¹
香港財務報告準則第17號	保險合同 ²
香港財務報告準則第10號及香港會計準則第28號	投資者與其聯營公司或合資企業之間的資產出售或注資 ³

¹ 於二零二零年一月一日或之後開始之會計期間生效

² 於二零二一年一月一日或之後開始之會計期間生效

³ 生效日期有待公佈

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policy

This note explains the impact of the adoption of HKFRS 16 on the Group's consolidated financial statements.

As indicated in Note 2.1(ii) above, the Group has adopted simplified transition approach and 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 standard are therefore recognised in the opening consolidated balance sheet on 1 January 2019. The new accounting policies are disclosed below.

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 ranged from 2.7% to 5.6%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2 主要會計政策(續)

2.2 會計政策變動

本附註解釋採納香港財務報告準則第16號對本集團綜合財務報表之影響。

如上文附註2.1(ii)所述，本集團於準則內特定過渡條文許可下，採用簡化過渡方法且並未重列二零一八年報告期間的比較數字。因新租賃規則所產生之重新分類及調整於二零一九年一月一日的期初綜合資產負債表中確認，新會計政策披露如下。

於採納香港財務報告準則第16號後，本集團為之前根據香港會計準則第17號「租賃」的原則歸入「經營租賃」的租賃確認了租賃負債。該等負債乃按餘下租賃付款的現值計量，並採用承租人截至二零一九年一月一日的新增借款利率貼現。於二零一九年一月一日，承租人應用於租賃負債的增量借款加權平均利率由由2.7%至5.6%。

(i) 實務簡易處理方法

於首次應用香港財務報告準則第16號時，本集團已採用下列該準則所允許的實務簡易處理方法：

- 對擁有大致相似特點的租賃組合採用單一折現率；
- 依賴先前就租賃是否屬虧損性之評估作為進行減值審查的方案；
- 將於二零一九年一月一日剩下租賃期少於十二個月的經營租賃作為短期租賃的會計處理；
- 首次應用日期初始直接成本計量使用權資產；及
- 倘合約包含延長或終止租賃的選擇權，則於事後釐定租期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policy (Continued)

(i) Practical expedients applied (Continued)

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 “Leases” and Interpretation 4 “Determining whether an Arrangement contains a Lease”.

(ii) Measurement of lease liabilities

		HK\$'000 千港元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日所披露的經營租賃承擔	716,747
Discounted using the lessee's incremental borrowing rate of the date of initial application	採用承租人於首次應用日期的新增借款利率貼現	(25,240)
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	減：按直線法確認為開支的短期租賃及低價值租賃	(234,238)
Lease liabilities recognised as at 1 January 2019	於二零一九年一月一日確認的租賃負債	457,269
<i>Of which are:</i>	<i>其中為：</i>	
Current lease liabilities	流動租賃負債	312,899
Non-current lease liabilities	非流動租賃負債	144,370
		457,269

(iii) Measurement of right-of-use assets

Land use rights previously presented as a separate item on balance sheet were grouped as part of right-of-use assets with effect from 1 January 2019. Other right-of-use assets 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 balance sheet as at 31 December 2018.

2 主要會計政策 (續)

2.2 會計政策變動 (續)

(i) 實務簡易處理方法 (續)

本集團亦已選擇不重新評估合約在首次應用日期是否為租賃合約或是否包含租賃。相反，對於在過渡日期之前訂立的合約，本集團依據其應用香港會計準則第17號「租賃」和香港（國際財務報告詮釋委員會）詮釋第4號「釐定安排是否包括租賃」作出的評估。

(ii) 租賃負債之計量

		HK\$'000 千港元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日所披露的經營租賃承擔	716,747
Discounted using the lessee's incremental borrowing rate of the date of initial application	採用承租人於首次應用日期的新增借款利率貼現	(25,240)
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	減：按直線法確認為開支的短期租賃及低價值租賃	(234,238)
Lease liabilities recognised as at 1 January 2019	於二零一九年一月一日確認的租賃負債	457,269
<i>Of which are:</i>	<i>其中為：</i>	
Current lease liabilities	流動租賃負債	312,899
Non-current lease liabilities	非流動租賃負債	144,370
		457,269

(iii) 使用權資產之計量

以前作為資產負債表上單獨項目列報的土地使用權被歸類為使用權資產的一部分，自二零一九年一月一日起生效。其他使用權資產按照等同於租賃負債的金額計量，並按照與二零一八年十二月三十一日在綜合資產負債表內確認的與租賃相關的任何預付或應計租賃付款額予以調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policy (Continued)

(iv) Adjustments recognised in the consolidated balance sheet on 1 January 2019

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

2 主要會計政策(續)

2.2 會計政策變動(續)

(iv) 在二零一九年一月一日綜合資產負債表中所確認的調整

會計政策變更影響了二零一九年一月一日綜合資產負債表中的下列項目：

Consolidated balance sheet (extract)	綜合資產負債表 (摘錄)	At 31	Effect of the	At 1
		December 2018 As originally presented 二零一八年十二月三十一日 按原來呈列	adoption of HKFRS 16 採納香港財務報告準則第16號的影響	January 2019 Restated 二零一九年一月一日 經重述
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產			
Land use rights	土地使用權	39,803	(39,803)	–
Long-term rental deposits and repayments	長期租金按金及預付款項	59,597	(7,059)	52,538
Right-of-use assets	使用權資產	–	583,347	583,347
Current assets	流動資產			
Other receivables, deposits and prepayments	其他應收賬款、按金及預付款項	526,163	(90,853)	435,310
Current liabilities	流動負債			
Other payables and accrued charges	其他應付賬款及應計費用	312,859	(13,864)	298,995
Lease liabilities	租賃負債	–	312,899	312,899
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	–	144,370	144,370

The net impact on the Group's retained profits on 1 January 2019 as a result of adoption of HKFRS 16 is not significant.

由於採納香港財務報告準則第16號，對本集團在二零一九年一月一日保留盈利的影響並不重大。

(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.

(v) 出租人之入賬

採納香港財務報告準則第16號後，本集團不需要對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

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(i) Subsidiaries

Subsidiaries are all entities (including structured 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 over 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.

Inter-company transactions and balances between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided 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.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to former shareholders of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs. Acquisition-related costs are expensed as incurred.

2 主要會計政策(續)

2.3 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至十二月三十一日止之財務報表。

(i) 附屬公司

附屬公司為所有本集團擁有控制權之實體(包括結構性實體)。當本集團通過干預該實體以得到不同的回報,及通過對該實體的權力影響該等回報時,本集團則對該實體擁有控制權。

附屬公司由其控制權轉讓予本集團之日起全面綜合入賬,並由該控制權終止之日起終止綜合入賬。

集團內公司之間的交易及結餘予以對銷。未變現虧損亦予以撇除,除非該交易提供所轉讓資產減值的證據。附屬公司的會計政策已按需要變更,以確保與本集團採用的政策符合一致。

本集團採用會計收購法計算業務合併。收購附屬公司的轉讓代價為所轉讓資產、對被收購方原股東所產生負債及本集團所發行股本權益的公平價值。所轉讓代價包括或然代價安排產生的任何資產或負債的公平價值。於業務合併時所收購的可辨別資產及所承擔的負債及或然負債,初步按收購日的公平價值計量。本集團按逐項收購基準確認任何被收購方之非控制性權益。當被收購方之非控制性權益為現存擁有權權益並賦予其持有人於清盤時按相應比例分配該實體之資產淨值,本集團以公平價值或現存擁有權權益按比例應佔被收購方已確認可辨別資產淨值,計量被收購方之非控制性權益。所有其他非控制性權益的組件以其收購日公平價值計量,除非香港財務報告準則另有規定。收購相關成本於產生時列為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(i) Subsidiaries (Continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the shareholders in their capacity as shareholders of the subsidiary. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount 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.

(ii) Associates and joint arrangements

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 主要會計政策(續)

2.3 綜合賬目(續)

(i) 附屬公司(續)

所轉讓代價及非控制性權益公平價值之總和超出所收購之可辨別資產及所承擔負債之淨值的差額初步計量為商譽。倘該代價低於所收購附屬公司資產淨值之公平價值，則有關差額將於損益內確認。

與非控制性權益進行未導致喪失控制權的交易視為股本交易，即與以附屬公司股東身份與股東進行的交易。所支付的任何代價的公平價值與所收購的附屬公司資產淨值賬面值的相關應佔部分的差額，於權益中入賬。向非控制性權益進行出售所產生的收益或虧損亦於權益入賬。

倘本集團不再擁有控制權，其於該實體之任何保留權益按其失去控制權日期的公平價值重新計量，而賬面值變動則於損益中確認。就保留權益列作聯營公司、合營企業或金融資產之其後入賬，以該公平價值作初始賬面值。此外，先前於其他全面收益內確認與該實體有關之任何金額按猶如本集團已直接出售有關資產或負債之方式入賬。這可能意味著先前在其他全面收益內確認之金額重新分類至損益。

(ii) 聯營公司及合營安排

聯營公司指本集團可對該公司行使重大影響力但並無控制權之公司，一般持有佔其投票權20%至50%之股權。於聯營公司之投資按權益會計法入賬。根據權益法，投資初步按成本值確認，賬面值將會增減以確認投資者在收購日期後佔被投資方損益的比例。本集團於聯營公司投資包括在收購時所識別的商譽。

倘於聯營公司之所有權權益減少，而重大影響力獲保留，則先前於其他全面收益內確認之金額僅有一定比例部分重新分類至損益(如適用)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(ii) Associates and joint arrangements (Continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group assesses at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable that the investments in the associates and joint arrangements are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint arrangement and its carrying value and recognises the amount adjacent to "share of losses of associates and joint ventures" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

2 主要會計政策 (續)

2.3 綜合賬目 (續)

(ii) 聯營公司及合營安排 (續)

本集團應佔收購後盈利或虧損乃於綜合收益表確認，而應佔收購後其他全面收益變動則連同對投資賬面值作出的相應調整於其他全面收益內確認。倘本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益（包括任何其他無抵押應收賬款），則本集團不會再繼續確認虧損，除非本集團已代表該聯營公司承擔法定或推定責任或已替該聯營公司付款。

本集團於每個報告日釐定是否有任何客觀證據顯示於聯營公司及合營安排之投資減值。如存在該情況，本集團將減值金額計算為聯營公司或合營安排可收回金額與其賬面值的差額及在綜合收益表內「應佔聯營公司及合營企業虧損」確認相關金額。

因本集團與其聯營公司之間的上游及下游交易而產生的損益在本集團綜合財務報表內確認，僅以非相關投資者於聯營公司的權益為限。未變現虧損予以撇除，除非該交易提供所轉讓資產減值的證據。聯營公司的會計政策在需要時已予變動，以確保與本集團採納的政策一致。

聯營公司股權攤薄的收益或虧損於綜合收益表內確認。

根據香港財務報告準則第11號，於合營安排之投資視乎各位投資者的合約權利及義務分類為合營業務或合營企業。本集團已評估合營安排的性質及將合營安排釐定為合營企業。合營企業使用權益法入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Consolidation (Continued)

(ii) Associates and joint arrangements (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised loss is also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 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 dividends 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.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2 主要會計政策(續)

2.3 綜合賬目(續)

(ii) 聯營公司及合營安排(續)

根據會計權益法，於合營企業之權益初步按成本值確認及其後調整，以確認本集團應佔收購後損益及其他全面收益變動。當本集團應佔合營企業虧損等於或超過其於合營企業之權益(包括實質上構成本集團於合營企業之投資淨額一部份的任何長期權益)，本集團並不再繼續確認虧損，除非已產生責任或代表合營企業作出付款。

本集團與合營企業之間交易的未變現收益予以撇除，以本集團於合營企業權益為限。未變現虧損亦予撇除，除非該交易提供所轉讓資產減值之證據。合營企業的會計政策在需要時已予變動，以確保與本集團採納的政策一致。

2.4 獨立財務報表

於附屬公司的投資乃以成本減去減值的方法入賬。成本亦包括投資的直接應佔費用。附屬公司之業績由本公司按已收及應收股息入賬。

如股息超過股息宣派期間附屬公司全面收益總額或如於獨立財務報表之投資賬面值超過綜合財務報表內被投資方資產淨值(包括商譽)的賬面值，則須於收取該等投資股息時對附屬公司投資進行減值測試。

2.5 分部報告

經營分部之申報方式與向主要經營決策者(「主要經營決策者」)提供之內部報告一致。本公司執行董事已獲辨識為負責分配資源及評估經營分部表現的主要經營決策者，並作出策略性決定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

(i) 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 HK\$, while the Company's functional currency is Renminbi ("RMB").

(ii) 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial position of all the Group's entities (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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average 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
- all resulting exchange differences are recognised in other comprehensive income.

2 主要會計政策 (續)

2.6 外幣換算

(i) 功能及列賬貨幣

本集團各實體之財務報表內包括之項目乃以有關實體業務所在主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表以港元列值，而本公司之功能貨幣為人民幣(「人民幣」)。

(ii) 交易及結餘

外幣交易乃以交易或估值(如項目重新計量)日期之匯率換算為功能貨幣。結算該等交易及按年結日之匯率換算以外幣計值之貨幣資產及負債產生之匯兌收益及虧損會於綜合收益表確認。

(iii) 集團公司

功能貨幣有別於呈報貨幣之所有集團實體(並不涉及嚴重通脹經濟體系之貨幣)之業績及財務狀況會按以下方式換算為呈報貨幣：

- 各資產負債表所呈報資產及負債按該資產負債表日期之收市匯率換算；
- 各收益表內之收入及開支按平均匯率換算(除非該項平均值並非交易日匯率累計影響的合理概約值，在該情況下收益及開支按於各交易日期之匯率換算)；及
- 所有由此產生之匯兌差額於其他全面收益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(iii) Group companies (Continued)

Currency translation differences arising from foreign operations may be reclassified subsequently to profit or loss while currency translation differences arising from translation of non-foreign operations will not be reclassified subsequently to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment other than construction-in-progress are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 repair and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values, where appropriate, over their estimated useful lives, as follows:

Buildings	20 to 50 years
Leasehold improvements	1 to 3 years
Plant and machinery, furniture, fixtures and equipment and motor vehicles	5 to 10 years

2 主要會計政策(續)

2.6 外幣換算(續)

(iii) 集團公司(續)

由海外業務產生之匯兌差額可能隨後被重新分類至損益，而非海外業務產生之匯兌差額則不會隨後被重新分類至損益。

收購海外實體產生之商譽及公平價值調整均列作該海外實體之資產及負債，並按收市匯率換算。所產生之貨幣換算差額於其他全面收益內確認。

2.7 物業、廠房及設備

物業、廠房及設備(在建工程除外)按歷史成本值減累計折舊及累計減值虧損(如有)列賬。歷史成本值包括收購有關項目之直接應佔開支。

本集團僅於資產可能產生之未來經濟利益將流入本集團以及能可靠計量該項目成本時，將其後成本列入資產賬面值或確認為獨立資產(視情況而定)。更換部分之賬面值會解除確認。所有於財政期間產生之其他維修及保養費用在綜合收益表列支。

物業、廠房及設備之折舊按其估計可使用年期以直線法將成本分攤至其剩餘價值計算如下：

樓宇	20至50年
租賃物業裝修	1至3年
廠房及機器、傢俱、固定裝置及設備及汽車	5至10年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

Construction-in-progress represents buildings under construction and pending completion and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings. No depreciation is charged on construction-in-progress until such time as the relevant assets are completed and are ready for intended use. When the assets concerned are brought to use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 (Note 2.10).

Gains or losses on disposals of property, plant and equipment are the difference between the net sales proceeds and the carrying amount of the relevant assets and are recognised in the consolidated income statement.

2.8 Land use rights

All land in mainland China is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as land use rights, which are amortised over the lease periods using the straight-line method. The land use rights are stated at historical cost less accumulated amortisation and impairment losses, if any.

As disclosed in Note 2.2, the Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. The reclassifications from land use rights to right-of-use assets arising from the new leasing standards are therefore recognised in the opening balance sheets on 1 January 2019.

2 主要會計政策(續)

2.7 物業、廠房及設備(續)

在建工程指興建中及有待完成之樓宇，乃按成本值減累計減值虧損(如有)列賬。成本值包括樓宇之建造成本。於有關資產完工及可作擬定用途前，不會就在建工程作出折舊。當有關資產可予使用時，成本值將根據上述政策轉撥為物業、廠房及設備及計提折舊。

於各個結算日，本集團會檢討資產之剩餘價值及可使用年期，並作出適當調整。倘資產之賬面值超過其估計可收回金額，則即時撇減其賬面值至其可收回金額(附註2.10)。

出售物業、廠房及設備之收益或虧損為出售收款淨額與有關資產賬面值之差額，並會於綜合收益表內確認。

2.8 土地使用權

所有於中國大陸之土地為國有及沒有個人土地擁有權存在，本集團購買使用某些土地之使用權。該使用權支付之代價被視為租賃承擔預付款，並認列為土地使用權，攤銷土地使用權乃於使用權期間以直線法計算。按成本值減累計攤銷及累計減值虧損(如有)列賬。

就附註2.2所披露，由二零一九年一月一日起，本集團已採納香港財務報告準則第16號，於準則許可下採用簡化過渡方法且並未重列二零一八年報告期間的比較數字。因新租賃規則所產生之土地使用權重新分類為使用權資產，因此，於二零一九年一月一日的期初綜合資產負債表中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties

Investment properties, comprising buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group.

Investment properties are initially measured at cost, including related transaction costs. After initial recognition, the investment properties are stated at historical costs less accumulated depreciation and provision for impairment loss, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the property will flow to the Group and the cost of the property can be measured reliably. All other repair and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write off the cost over the estimated useful lives to their estimated residual values. Estimated useful lives of buildings are from 20 to 50 years.

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amounts of assets are reviewed regularly. An investment property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains or losses on disposals are determined as the difference between the net sales proceeds and the carrying amounts of the relevant assets and are recognised in the consolidated income statement.

2 主要會計政策(續)

2.9 投資物業

投資物業(包括樓宇)為獲得長期租金收益或資本升值或同時獲得兩者而持有但並非由本集團佔用之物業。

投資物業初步按成本(包括相關交易成本)計量。於初步確認後,投資物業按歷史成本值減累計折舊及累計減值虧損(如有)列賬。

歷史成本值包括收購該等資產直接應佔開支。僅於與有關物業有關連的未來經濟利益將可能流入本集團以及能可靠地計量有關物業成本時,其後成本才會包括入資產賬面值。所有其他維修及保養費用於其產生的財務期間,於綜合收益表列支。

折舊按其估計可使用年期以直線法將成本分攤至其剩餘價值。樓宇之估計可使用年期為20至50年。

於各個結算日,本集團會檢討剩餘價值及可使用年期,並作出適當調整,並定期檢討資產之賬面值。倘一項投資物業之賬面值超過其估計可收回金額,則即時撇減其賬面值至其可收回金額(附註2.10)。

出售之收益或虧損為出售收款淨額與有關資產賬面值之差額,並會於綜合收益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet ready for use are not subject to amortisation and are tested annually for impairment. Assets 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.11 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the consolidated balance sheet.

2 主要會計政策(續)

2.10 非金融資產減值

具無限可用年期或尚未可供使用之資產毋須攤銷，惟每年進行一次減值測試。資產於出現顯示可能無法收回賬面值之事件或狀況變動時進行檢討。倘資產賬面值超出其可收回金額，則會按該款額確認減值虧損。可收回金額為資產公平價值減出售成本及使用價值(以較高者為準)。評估減值時，資產乃按可個別識別現金流量(現金產生單位)之最低層次組合。已出現減值之非金融資產(除商譽外)於各結算日檢討是否可能撥回減值。

2.11 持作出售的非流動資產(或出售組別)

非流動資產(或出售組別)如果其賬面金額可被收回，主要通過銷售交易而非持續使用，以及視為極有可能出售，則歸類為持作出售。其按賬面值及公平價值減銷售成本的較低者計量，而遞延稅項資產、僱員福利產生的資產及金融資產等按公平值列賬的資產及保險合約項下的合約權利指明豁免此要求者除外。

非流動資產(包括屬於出售組別的資產)在分類為持作出售時不會折舊或攤銷。分類為持作出售的出售組別的負債所產生的利息及其他開支繼續確認。

分類為持作出售的非流動資產和分類為持作出售的出售組別的資產與綜合資產負債表中的其他資產分開列示。分類為持作出售的出售組別的負債與綜合資產負債表中的其他負債分開列示。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets

(i) Classification

The Group classifies its financial assets as 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 flow.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) 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.

(iii) 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 主要會計政策(續)

2.12 投資和其他金融資產

(i) 分類

本集團將其金融資產分類為按攤餘成本計量的金融資產。

分類取決於實體管理金融資產的業務模式和現金流的合同條款。

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。

(ii) 確認及終止確認

金融資產之常規買賣於買賣日期確認，買賣日期即本集團承諾買賣資產之日期。自投資收取現金流量之權利屆滿或轉讓，且本集團已轉讓所有權絕大部分風險及回報時，將會解除確認金融資產。

(iii) 計量

於初步確認時，本集團按其公平價值計量金融資產，如果金融資產並非按公平價值計入損益(按公平價值計入損益)，則加上直接歸屬於收購該金融資產的交易成本。

在確定其現金流量是否僅為本金和利息支付時，會考慮具有嵌入式衍生工具的金融資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.12 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

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. The Group classified its debt instruments as financial assets at 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 profit or loss and presented in "other losses – net" together with foreign exchange gains and losses.

(iv) 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 and other receivables, 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 主要會計政策 (續)

2.12 投資和其他金融資產 (續)

(iii) 計量 (續)

債務工具

債務工具的後續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。本集團將其債務工具分類為按攤銷成本計量的金融資產。

為收取合同現金流而持有的資產，如果該等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計入損益，並以「其他虧損－淨額」連同匯兌收益及虧損列賬。

(iv) 減值

本集團以前瞻性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。

就貿易及其他應收款項而言，本集團採用香港財務報告準則第9號所准許的簡化方法，該方法規定預期終身虧損將於初步確認應收款項時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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 Group or the counterparty.

2.14 Inventories

Inventories comprise raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.12 for further information about the Group's accounting for trade and other receivables for a description of the Group's impairment policies.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.18 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 主要會計政策(續)

2.13 抵銷金融工具

倘有抵銷已確認金額的法定可執行權力，且有意按淨額基準結算或變現資產並同時結算負債時，則金融資產與負債將相互抵銷，淨額於資產負債表內呈報。這法定可執行權力不能取決於將來發生之事件，但必須執行於日常業務及當本集團或交易方出現違約、無力償還或破產事件。

2.14 存貨

存貨包括原材料、在製品及製成品，按成本值或可變現淨值兩者之較低者入賬。成本值按加權平均法計算，包括物料成本、直接工資、其他直接成本及有關生產之經常開支(根據一般營運能力)，惟不包括借貸成本。可變現淨值按日常業務之估計售價減適用之不定額銷售開支釐定。

2.15 貿易及其他應收賬款

貿易應收款項是指客戶在正常業務過程中銷售貨品或提供服務的款項。

貿易及其他應收款項初步按無條件代價金額確認，除非其包含重大融資成分，並按公平值確認。本集團持有貿易及其他應收款項，目的是收取合約現金流量，因此採用實際利率法按攤銷成本計量。有關本集團貿易及其他應收款項會計處理的進一步資料，以及本集團減值政策的描述，請參閱附註2.12。

2.16 現金及現金等價物

現金及現金等價物包括手頭現金、原訂於三個月或以內到期之金融機構活期存款。

2.17 股本

普通股分類為權益。發行新股份或購股權所增加之直接成本(扣除稅項)於權益中列為所得款項之扣減項目。

2.18 貿易及其他應付賬款

貿易及其他應付賬款首先按公平價值確認，其後以實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowings and Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

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 balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

2.20 Current and deferred income taxes

The income tax for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement, 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.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 主要會計政策 (續)

2.19 借貸及借貸成本

借貸初步以公平價值確認(扣除所產生交易成本)。借貸其後以攤銷成本列賬;收款(扣除交易成本)與贖回價值之間之差額,乃以實際利率法於借貸期間在綜合收益表確認。

借貸歸類為流動負債,除非本集團有無條件權利將債項還款期延長至結算日起計最少十二個月後則除外。

直接歸屬於收購、建設或生產合資格資產(即必須佔用大量時間以準備就緒以供擬定使用或出售之資產)的一般及特定借貸成本將加到該等資產的成本之上,直至該等資產已大致準備就緒,以供擬定使用或出售。所有其他借貸成本在產生期間在綜合收益表內列支。

2.20 即期及遞延所得稅項

本年度所得稅包括即期及遞延稅項。所得稅於綜合收益表確認,除與於其他全面收益或直接於權益確認之項目相關。在該情況下,稅項分別於其他全面收益或直接於權益中確認。

(i) 即期所得稅

即期所得稅開支按本集團經營所在及產生應課稅收入之地方於結算日已實施或大致上實施之稅法計算。管理層定期評估就適用稅項法規有待詮釋的情況的稅項申報情況,並在適當情況下按預期將支付予稅務機構的款額為基準確定撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income taxes (Continued)

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, 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, the deferred income tax is 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 substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will be reversed in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 主要會計政策(續)

2.20 即期及遞延所得稅項(續)

(ii) 遞延所得稅項

內部差額

遞延所得稅項乃就資產與負債之稅基及其於綜合財務報表中之賬面值兩者之暫時差額，以負債法確認。然而，如在初步確認商譽時產生的遞延所得稅負債，不予確認；倘遞延所得稅項乃產生自於(業務合併除外)初步確認資產或負債之交易，而交易當時並無影響會計或應課稅盈利或虧損，則不會列賬。遞延所得稅項乃以於結算日已實施或大致上實施之稅率及法例釐定，並預期於變現相關遞延所得稅資產或結算遞延所得稅項負債時適用。

遞延所得稅項資產按可能出現可用作抵銷暫時差額之日後應課稅盈利之程度來確認。

外部差額

本集團就於附屬公司、聯營公司及合營之投資所產生之應課稅暫時差額作出遞延所得稅項負債撥備，除非本集團可控制撥回暫時差額之時間，且暫時差額不大可能於可預見將來撥回之遞延所得稅負債則屬例外。一般而言，本集團無法控制聯營公司暫時差額之撥回。僅當訂有協議讓本集團於可預見將來有能力控制暫時差額之撥回，否則因聯營公司未分派盈利所產生之應課稅暫時差額相關之遞延所得稅項負債將不被確認。

因於附屬公司、聯營公司及合營安排之投資產生之可扣減暫時差額而確認之遞延所得稅項資產，僅以暫時差額極有可能於未來撥回及有充足的應課稅盈利可供用作對沖可利用的暫時差額為限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income taxes (Continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(i) Bonus plans

The Group recognises a liability and an expense for bonuses with reference to a number of factors including the Group's operating results, individual and market performance and directors' discretion. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Pension obligations

The Group participates in various defined contribution retirement schemes which are established by governments or separately administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions to separately administered funds on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions are recognised as employee benefits 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.

2 主要會計政策 (續)

2.20 即期及遞延所得稅項 (續)

(iii) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅項資產和負債涉及由同一稅務機關對應課稅實體或不同應課稅實體徵稅，並有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅項資產與負債互相抵銷。

2.21 僱員福利

(i) 花紅計劃

本集團參考多項因素就花紅確認負債及開支，包括本集團之經營業績、個人及市場表現及董事之酌情決定。於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。

(ii) 退休金責任

本集團參與由政府或獨立管理基金成立的多項定額供款退休計劃。定額供款計劃為本集團按強制、合約或自願方式向獨立管理基金作出定額供款之退休金計劃。如基金並無足夠資產支付所有僱員於本期間及過往期間提供服務而享有之有關僱員服務福利，本集團亦無法定或推定責任再次支付供款。於到期支付時，本集團供款確認為僱員福利開支及以可全數取得供款前已退出該計劃之僱員供款扣減。預付供款確認為資產，惟以現金退款或日後付款扣減為限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (Continued)

(iii) Share-based compensation

Equity-settled share-based payment transactions

The Group operates two equity-settled share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, including any market performance conditions and excluding the impacts of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and retaining an employee of the Group over a specified period) as well as any non-vesting conditions (for example, the requirement for employees to save). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

2 主要會計政策(續)

2.21 僱員福利(續)

(iii) 以股份為基礎之補償

以權益結算以股份為基礎之付款交易

本集團推行兩項以權益結算以股份為基礎之補償計劃，據此，僱員向本集團提供服務以作為獲授本集團股本工具(購股權)之代價。授出購股權而取得僱員服務之公平價值乃確認為開支。於歸屬期內列作開支之總金額乃參照已授出購股權之公平價值釐定，包括任何市場表現狀況及任何非歸屬條件之影響，並不包括任何服務及非市場表現歸屬條件之影響。非市場歸屬條件包括在預期可予歸屬之購股權數目之假設。支銷總金額於歸屬期間內確認，即達成所有規定歸屬條件之期間。於各結算日，本集團會根據非市場歸屬條件修訂可予歸屬之購股權數目之估計，並於綜合收益表確認修訂原來估計數字(如有)之影響，以及對權益作相應調整。

當購股權獲行使時，已收之收款扣除任何直接應佔交易成本，乃計入股本(面值)及股份溢價中。

如註銷股本結算獎勵，該項獎勵視為猶如已於註銷日期歸屬，並隨即確認該獎勵尚未確認的任何開支。然而，如新的獎勵取代已註銷獎勵並於授出日期被指定為替代獎勵，已註銷及新獎勵視為猶如原有獎勵的修訂。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (Continued)

(iii) Share-based compensation (Continued)

Equity-settled share-based payment transactions (Continued)

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards is reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Cash-settled share-based payment transactions

For cash-settled share-based payment transactions, the Group measures the services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(v) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 主要會計政策 (續)

2.21 僱員福利 (續)

(iii) 以股份為基礎之補償 (續)

以權益結算以股份為基礎之付款交易 (續)

如以沒收方式註銷權益獎勵，當並未達成歸屬條件（市場條件除外），該項獎勵於沒收日期尚未確認的任何開支視為猶如從未確認。同時，就該項已註銷權益獎勵於先前確認的任何開支於沒收日期從賬目撥回。

未行使購股權的攤薄影響（如有）反映為計算每股盈利的額外股份攤薄。

以現金結算以股份為基礎之付款交易

就以現金結算以股份為基礎之付款交易，本集團以已獲得之服務及所產生之負債之公平價值計量有關負債。直至負債結算前，本集團於每報告期結束日及負債結算日重新計量負債之公平價值，公平價值之任何變動則確認於有關期間之損益中。

(iv) 辭退福利

當本集團在正常退休日期前終止僱傭，或當僱員接納自願冗員裁減以換取該等利益時產生應付辭退福利。本集團於下列日期（以較早者為準）確認辭退福利：(a)當本集團不再撤回該等利益之要約；及(b)當本集團確認屬於香港會計準則第37號範圍之內並涉及支付辭退福利之重組成本。如屬鼓勵自願冗員裁減而作出之要約，根據預期接納要約的僱員人數計算辭退福利。在結算日後十二個月以後到期的福利折現至現值。

(v) 僱員假期權利

僱員享有年假的權利在該等假期向僱員累算時確認。就僱員於直至結算日所提供的服務而產生的年假之估計負債作出撥備。

直至放取假期時才確認僱員享有病假及產假的權利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of economic resources 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 the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Revenue recognition

(i) Sale of goods – wholesale

Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

The goods are often sold with sales discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. No element of financing is deemed present.

(ii) Sale of goods – retail

Revenue from the sale of goods is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods.

2 主要會計政策(續)

2.22 撥備

倘本集團因過往事件而須承擔現有法定或推定責任，而履行該責任時有可能涉及經濟資源流失，並能可靠地衡量涉及金額，則確認有關撥備。不會就未來經營虧損確認撥備。

倘有多項類似責任，於釐定履行有關責任而引致經濟資源流出之可能性時，會整體考慮該等責任類別。即使同一責任類別所包含任何一個項目之資源流出之可能性極低，仍須確認撥備。

撥備乃按履行該責任預計所需開支以除稅前貼現率計算之現值計量，有關貼現率反映當時市場對貨幣時間值及該責任特定風險之評估。因時間流逝而增加之撥備確認為利息支出。

2.23 收入確認

(i) 銷售貨品 – 批發

銷售於貨品之控制權轉移時確認，即貨品送抵客客戶，而客戶對產品銷售之渠道及價格有完全決定權，且不存在可能影響客戶對產品接收的未履行義務時予以確認。

產品銷售通常有銷售折扣。銷售收入是根據合同約定的價格扣除於銷售時估計的銷扣後確認，並排除融資成分的存在。

(ii) 銷售貨品 – 零售

銷售貨品收入會在本集團出售貨品予客戶時確認，當顧客購買貨品時，交易金額之款項需立即支付。

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2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.24 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:

From 1 January 2019, 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.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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 fund 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.

2 主要會計政策(續)

2.24 租賃

如上文附註2.2解釋，本集團已變更作為承租人的租賃會計政策。新政策請參見下文所述：

自二零一九年一月一日起，本集團在租賃資產可供其使用的當日將租賃確認為使用權資產和相應的負債。

合同可能同時包含租賃和非租賃組成部分。本集團基於各租賃與非租賃組成部分的單獨價格相對比例分攤合同對價。不過，對於本集團作為承租人的房地產租賃，本集團已選擇不拆分租賃與非租賃組成部分，而是將其作為一項單一的租賃組成部分進行會計處理。

租賃產生的資產和負債按現值進行初始計量。租賃負債包括以下租賃付款額的淨現值：

- 固定付款額(包括實質固定付款額)，扣除任何應收的租賃激勵；
- 基於指數或比率確定的可變租賃付款額，採用租賃期開始日的指數或比率進行初始計量；
- 本集團根據餘值擔保預計應付的金額；
- 本集團合理確定將行使的購買選擇權的行權價格；以及
- 在租賃期反映出本集團將行使選擇權的情況下終止租賃的罰款金額。

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使用權資產價值接近的資產，在類似期間以類似抵押條件借入資金而必須支付的利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.24 Leases (Continued)

To determine the incremental borrowing rate, the Group used 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.

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.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. 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 rental income. 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 主要會計政策(續)

2.24 租賃(續)

為確定增量借款利率，本集團應在可能的情况下，以承租人最近收到第三方融資為起點，並進行調整以反映融資條件自收到第三方融資後的變化。

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。

使用權資產按成本計量，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。

使用權資產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使用權資產計提折舊。

與低價值資產租賃相關的付款額按直線法確認為費用，計入損益。短期租賃是指租賃期為十二個月或者少於十二個月的租賃。低價值資產包括辦公設備。

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。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金收入相同的基礎確認為費用。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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.25 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the board of directors and the shareholders of the Company, where appropriate.

2.26 Government subsidies

Government incentives are recognised at their fair value where there is reasonable assurance that the incentives will be received and all attaching conditions will be complied with.

2.27 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2.28 Franchise and royalty income

Franchise and royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Group's financial performance. The use of financial derivatives to manage certain risk exposures should be approved by the board of directors.

(i) Foreign exchange risk

The Group mainly operates in mainland China with transactions primarily settled in RMB, HK\$ and United States dollars ("US\$"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currencies other than the functional currency of the Group's entities to which they relate. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to HK\$ and US\$.

2 主要會計政策(續)

2.25 股息分派

向本公司股東分派之股息乃於董事會及本公司股東(如適用)批准股息之期間內在本公司及本集團財務報表確認為負債。

2.26 政府補貼

政府補貼於有合理保證會收到補貼並且所有附加條件均獲遵守之情況下按其公平價值確認。

2.27 利息收入

利息收入按實際利率法按時間比例確認。當一筆應收款項出現減值時，本集團將賬面金額減至其可收回金額，即按該金融工具原實際利率貼現的估計未來現金流量，並繼續將折現解除作為利息收入。減值貸款的利息收入按原實際利率確認。

2.28 專營權及特許權收入

專營權及特許權收入根據有關協議規定按累算基準確認。

3 財務風險管理

3.1 財務風險因素

本集團業務面對多項財務風險：外匯風險、現金流量及公平價值利率風險、信貸風險及流動資金風險。本集團之整體風險管理針對金融市場之難以預測性，並尋求減低對本集團財務表現構成之潛在不利影響。使用金融衍生工具管理若干風險需由董事會批准。

(i) 外匯風險

本集團主要於中國大陸營運，交易主要以人民幣、港元及美元結算。外匯風險來自未來商業交易及以本集團實體相關功能貨幣以外之貨幣計值之已確認資產與負債。本集團承擔來自多個貨幣(主要為港元及美元)的外匯風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

The Group manages its foreign exchange risk by performing regular review of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated.

As at 31 December 2019, if the RMB had strengthened/weakened by 5% against the HK\$ or the US\$ with all other variables held constant, the loss for the year would have increased/decreased by approximately HK\$646,000 (2018: HK\$7,502,000) as a result of the translation of HK\$ and US\$ denominated cash and bank balances and payables.

(ii) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk mainly arising from bank deposits bearing interest at floating rates and the interest income of which was not material during the year.

(iii) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of trade receivables, other receivables, rental deposits and bank deposits stated in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

The majority of the Group's trade and other receivables arose from credit sales to trading customers. The Group has policies in place to evaluate and monitor the credit terms and payment history of its customers to ensure recoverability of trade debts. The Group also reviews the balance of trade receivables at each balance sheet date to ensure that adequate provision for uncollectible receivables is made.

Rental deposits are mainly placed with various landlords in mainland China, Taiwan and Hong Kong and are due to refund upon the expiry of the tenancy agreements and handover of the leased premises. In accordance with expected credit loss, the Group has provided a loss allowance. During the year, the defaults by the landlords were not material.

3 財務風險管理(續)

3.1 財務風險因素(續)

(i) 外匯風險(續)

本集團透過定期審閱本集團之外匯風險淨額，管理本集團之外匯風險，本集團於預期相關外幣出現大幅波動時或會使用遠期外匯合約。

於二零一九年十二月三十一日，若人民幣兌港元或美元升值／減值5%，在所有其他可變動因素維持不變下，由於換算港元及美元計值之現金及銀行結餘及應付賬款，年內虧損將減少／增加約646,000港元（二零一八年：7,502,000港元）。

(ii) 現金流量及公平價值利率風險

本集團所承擔之現金流量利率風險主要來自按浮動利率計息之有息銀行存款，及年內利息收入並不重大。

(iii) 信貸風險

本集團並無高度集中之信貸風險。本集團有關其金融資產之最大信貸風險反映於綜合資產負債表所載貿易應收賬款、其他應收賬款、租金按金及銀行存款之賬面值。

本集團大部分貿易及其他應收賬款來自貿易客戶之信貸銷售。本集團已有政策評估及監控客戶之信貸期及付款記錄，以確保收回貿易應收賬款。本集團亦於各結算日審視貿易應收賬款之結餘，確保就未能收回之應收款項作出充足撥備。

租金按金主要給予中國大陸、台灣及香港之多名業主，並於租賃協議屆滿及交還租賃物業時可予退還。年內，本集團並無重大業主違約事件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

As at 31 December 2019 and 2018, substantially all the Group's bank deposits, including pledged bank deposits and cash and cash equivalents, were placed with registered financial institutions located in mainland China, Taiwan and Hong Kong which were of acceptable credit quality based on management's assessment. The Group has a policy to limit the credit exposure to any financial institution and management does not expect any significant loss arising from non-performance of these counterparties.

Impairment of financial assets

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the ageing and shared credit risk characteristics. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the movements in loss allowance for trade receivables are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	9,661	5,231
Exchange adjustment	匯率調整	(327)	(434)
Increase in loss allowance recognised in profit or loss during the year	年內在損益中確認的虧損撥備增加	5,767	4,935
Unused amount reversed	未使用的金額抵銷	-	(71)
At 31 December	於十二月三十一日	15,101	9,661

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(iii) 信貸風險 (續)

於二零一九年及二零一八年十二月三十一日，本集團絕大部份銀行存款，包括已抵押銀行存款及現金及現金等價物乃存放於中國大陸、台灣及香港之註冊金融機構，而根據管理層之評估，該等機構之信貸質素屬可接納。本集團有政策限制其承受任何金融機構之信貸風險，管理層並不預期會承擔該等交易對手不履約所產生的任何損失。

金融資產減值

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，即對所有貿易應收款項確認整個存續期間的預期虧損撥備。

為計量預期信貸虧損，貿易應收款項已根據賬齡和共同信貸風險特徵分組。預期信用損失率基於二零一九年十二月三十一日前36個月內銷售的支付情況以及期間發生的相應歷史信用損失確定。歷史信用損失率已作出調整，以反映影響客戶支付應收款項能力的當前和前瞻性宏觀經濟因素資訊。據此貿易應收款項虧損撥備變動如下：

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綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The Group recorded a loss of HK\$1,096,426,000 (2018: HK\$1,010,193,000) and a net cash generated from operating activities of HK\$218,129,000 (2018: net cash used in operating activities of HK\$157,781,000) for the year ended 31 December 2019. The Group's cash used in lease payments for the year ended 31 December 2019 of HK\$270,991,000 is classified and included in cash used in financing activities upon the adoption of HKFRS 16 "Leases" (Note 17). As at 31 December 2019, the Group had cash and cash equivalents of HK\$182,059,000 (2018: HK\$186,521,000).

Following the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across mainland China, such as extension of the Chinese New Year holiday and certain restrictions and controls over travelling of people. Such precautionary and control measures have limited the normal operations of the Group in mainland China, especially the opening of its retail stores and also severely affected the consumer sentiment. If the present situation in respect of the COVID-19 outbreak continued and the restrictions and control measures are prolonged, the Group's operation performance and cash flow may be negatively affected.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures undertaken to mitigate the liquidity pressure and to improve the financial position of the Group are summarised in Note 2.1(i).

3 財務風險管理(續)

3.1 財務風險因素(續)

(iv) 流動資金風險

審慎的流動資金風險管理意味著維持足夠之現金及從充足的承諾信貸額度獲得資金。

管理層監控本集團流動資金需求的滾動預測，以確保其擁有足夠現金以應付業務需求。

截至二零一九年十二月三十一日止年度，本集團錄得虧損1,096,426,000港元(二零一八年：1,010,193,000港元)及經營活動產生的現金淨額為218,129,000港元(二零一八年：經營活動所用的現金淨額157,781,000港元)。截至二零一九年十二月三十一日止年度，本集團用於租賃付款的現金270,991,000港元，於採納香港財務報告準則第16號「租賃」後分類為及計入融資活動所用之現金(附註17)。於二零一九年十二月三十一日，本集團的現金及現金等價物為182,059,000港元(二零一八年：186,521,000港元)。

二零二零年初2019冠狀病毒疾病爆發後，中國大陸各地已經並持續實施一系列防疫控疫措施，例如延長農曆新年假期和民眾出行若干限制和控制。有關防疫控疫措施已限制本集團於中國大陸的正常營運，特別是零售店舖的營業，並嚴重影響消費市道。倘有關2019冠狀病毒疾病爆發的現況持續，而有關限制及控疫措施延長，本集團的經營表現及現金流量或會受到負面影響。

鑑於上述情況，本公司董事已仔細考慮本集團未來的流動資金需求及經營表現，以及其可用融資來源，以評估本集團是否有足夠財務資源繼續作為持續經營。該等計劃和措施實施以減輕流動資金壓力和改善本集團之財務狀況，詳情請參閱附註2.1(i)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Within 1 year 一年內 HK\$'000 千港元	Between 1 and 5 years 一至五年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 31 December 2019	於二零一九年十二月三十一日			
Trade payables	貿易應付賬款	138,700	-	138,700
Other payables	其他應付賬款	118,751	-	118,751
Lease liabilities	租賃負債	27,138	21,687	48,825
		284,589	21,687	306,276
At 31 December 2018	於二零一八年十二月三十一日			
Trade payables	貿易應付賬款	530,629	-	530,629
Other payables	其他應付賬款	298,020	-	298,020
Bank loans	銀行貸款	195,290	-	195,290
		1,023,939	-	1,023,939

3.2 Fair value estimation of financial instruments

Financial instruments carried at fair value are measured according to the levels of the fair value hierarchy defined as follows:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(iv) 流動資金風險 (續)

下表根據於結算日至合約到期日之剩餘期間，將本集團金融負債分析為相關到期組別。該表披露之金額乃合約非貼現現金流量。

3.2 金融工具之公平價值估計

按公平價值列賬之金融工具乃根據以下界定之公平價值層級計量：

- (i) 第一層—相同資產或負債於活躍市場的報價(未作調整)；
- (ii) 第二層—為第一層報價以外，其他直接(即價格)或間接(即從價格推衍)可觀察的有關資產或負債的資料；及
- (iii) 第三層—並非根據可觀察的市場數據的資產或負債的資料(即無法觀察的資料)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation of financial instruments (Continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Details of the fair value of the investment properties are disclosed in Note 16.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern as well as maximising returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, obtain new bank loans or issue new shares.

As at 31 December 2019, the Group had a net cash (2018: net cash) position (the aggregate balances of all bank deposits and cash and cash equivalents exceeded the balance of bank loans, including assets classified as held-for-sales) by approximately HK\$182,293,000 (2018: HK\$170,687,000). In 2018, the Group also monitored capital using debt-to-equity ratio, calculated on the basis of total bank loans divided by total equity, which was 10.1%.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are 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 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 discussed below.

3 財務風險管理(續)

3.2 金融工具之公平價值估計(續)

倘金融工具(例如場外交易衍生工具)之市場並不活躍,本集團以估值方法確定公平價值,該等估值方法盡量採用現有的可觀察市場數據及盡可能減少依賴個別實體而定之估計。如公平價值所需的所有重大數據為可觀察的,該工具納入第二層。

投資物業之公平價值詳情載列於附註16。

3.3 資本風險管理

本集團資本管理之主要目標為保障本集團之持續經營能力及盡量提高股東回報及其他持份者之利益。

本集團管理其資本架構,並就經濟狀況變動作出調整。本集團可能調整向股東派發之股息、取得新銀行借貸或發行新股份以維持或調整資本結構。

於二零一九年十二月三十一日,本集團擁有淨現金(二零一八年:淨現金)狀況(所有銀行存款和現金及現金等價物,包括分類為持作出售之資產,的總結餘超過銀行貸款結餘約182,293,000港元(二零一八年:170,687,000港元))。於二零一八年,本集團採用淨負債比率(即銀行貸款總額除以總權益)監察資本,該淨負債比率為10.1%。

4 重要會計估計及判斷

本集團基於過往經驗及其他因素,包括經考慮有關情況後合理預期日後將發生之事件,持續評估估計及判斷。

本集團會對未來作出估計及假設。誠如其界定涵義,所產生之會計估計甚少與有關之實際結果相同。有重大風險會對下個財政年度之資產及負債之賬面值造成大幅調整之估計及假設論述如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market conditions and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in industry conditions. Management reassesses these estimates at each balance sheet date.

4.2 Income tax

The Group is subject to income taxes in several jurisdictions. Judgment is required in determining the provision for income taxes. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against the temporary differences or tax losses can be utilised. Deferred income tax liabilities on temporary differences relating to undistributed profits of the Group's subsidiaries in mainland China are recognised to the extent that profits are expected to be distributed as the Company controls and pre-determines the dividend policy of these subsidiaries and management expects it is probable that profits will be partly retained and not distributed from these subsidiaries to their foreign holding companies in the foreseeable future. Management reassesses its expectation at each balance sheet date.

4 重要會計估計及判斷(續)

4.1 存貨之可變現淨值

存貨之可變現淨值乃於日常業務過程中之估計售價減估計出售開支。此等估計乃根據現時市況及製造及出售性質類似產品之過往經驗而作出，可能會因本集團經營地點之經濟狀況轉變及因客戶品味改變及競爭對手就行業情況轉變所作出之行動而有重大變化。管理層於各結算日重新評估有關估計。

4.2 所得稅

本集團須繳納數個司法權區之所得稅，決定所得稅撥備時須作出判斷。日常業務中有多項無法確定最終稅項之交易及計算。倘最終稅務結果與初步記錄款額有別，差額將影響作出確定期間之即期及遞延所得稅項撥備。

倘管理層考慮可能出現日後應課稅盈利而須動用暫時差額或稅項虧損，即會確認與暫時差額及稅項虧損相關之遞延所得稅項資產。本集團並已就中國大陸附屬公司之未分派盈利，在將於可見未來分派盈利之情況下，確認暫時差額之遞延所得稅項負債，因本公司可控制及預先制定該等附屬公司之股息政策，管理層預期該等附屬公司在可見將來將保留部分盈利，而非向其海外控股公司分派盈利。管理層於各結算日重新評定其預期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.3 Consolidation of some stores operating under franchise arrangement and some limited liability companies in mainland China

Some stores in mainland China were operated under franchise and other relevant contractual agreements with franchisees. Management considered the nature of its relationship with these franchisees and also how they interacted with the Group, e.g. financing reliance and business relationships, etc. and determined that the Group had the ability to direct these franchisees to act on the Group's behalf. The Group considered the decision-making rights of these franchisees and its indirect exposure, or rights, to variable returns through these franchisees together with its own and hence determined it had control over the operation of these stores. The applicable tax of these stores was calculated based on the tax rates applicable to the respective entities.

The Group also appointed a number of limited liability companies to provide certain day-to-day operational and administrative services to its stores in mainland China. Pursuant to the terms in the service agreements and the nature of relationship with these companies, management considered the Group has the power to direct the relevant activities of these companies and it has the ability to use its power over these companies to affect its exposure to returns.

5 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing, distribution and retailing of footwear and accessories.

The CODM has been identified as the executive directors. The CODM assesses the performance of the business from a business unit perspective, i.e. Core Brands Business, Other Brands Business and Manufacturing Business and allocate resources accordingly.

The CODM assesses the performance of the operating segments based on a measure of segment results before finance costs, amortisation and impairment of intangible assets and unallocated corporate income and expenses. Certain corporate overhead expenses, including management fee, rental and utilities were reallocated among individual segments based on estimated consumption.

Revenue from external customers is arrived at after elimination of inter-segment revenue. Inter-segment revenue is charged in accordance with terms as determined and agreed mutually by relevant parties. Revenue from external customers of Core Brands Business and Other Brands Business is mainly derived from mainland China and Taiwan. None of the customers accounted for 10% or more of the total turnover of the Group for each of the two years ended 31 December 2019 and 2018.

4 重要會計估計及判斷(續)

4.3 於中國大陸根據專營權安排經營之若干店舖及若干有限責任公司的綜合入賬

於中國大陸的部份店舖乃按照特許經營及其他相關之約訂協議由特許經營商戶營運。管理層考慮本集團與該等特許經營商戶的關係性質，及其對本集團的相互影響如財政依靠、商業關係等，確定本集團具有能力支配該等特許經營商戶代其作為。本集團認為其對該等特許經營商戶具有決定權，及對其擁有改變該等店舖之收益的間接影響或權利，因此認定對此等店舖營運具有控制權。此等店舖之適用稅項乃按照各家實體之適用稅率計算。

本集團亦聘用若干有限責任公司對中國大陸之店舖提供若干日常經營及行政管理服務。根據服務協議內的條款及與該等公司之關係之性質，管理層認為，本集團擁有指示該等公司相關活動的權力及能夠利用其對該等公司的權力影響其對收益的承擔。

5 分部資料

本集團主要從事製造、分銷及零售鞋類產品及配件業務。

已認定執行董事為主要經營決策者。主要經營決策者按業務分部，即核心品牌業務、其他品牌業務及製造業務評核業務表現，並將資源作相應分配。

主要經營決策者根據分部業績(未計入財務成本、無形資產攤銷及減值和未分配企業收入及開支)之計量，評核經營分部之業務表現。若干企業經常開支(包括管理費、租金及水電開支)乃根據估計使用量於各分部間重新分配。

對外客戶收益乃於抵銷分部間收益後達成。分部間之收益乃按經雙方釐定及同意之條款支取。核心品牌業務及其他品牌業務之對外客戶收益主要來自中國大陸及台灣。於截至二零一九年及二零一八年十二月三十一日止兩個年度，各年概無客戶佔本集團總營業額10%或以上。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (CONTINUED)

The Group's non-current assets, excluding deferred income tax assets, are mainly located in mainland China.

The following is an analysis of the Group's revenue and results by reportable segment as reviewed by the CODM:

5 分部資料(續)

本集團之非流動資產(遞延所得稅項資產除外)主要位於中國大陸。

以下為由主要經營決策者審閱之本集團按可申報分部之收益及業績分析：

		Year ended 31 December 2019 截至二零一九年十二月三十一日止年度				
		Core Brands Business 核心品牌業務 HK\$'000 千港元	Other Brands Business 其他品牌業務 HK\$'000 千港元	Manufacturing Business 製造業務 HK\$'000 千港元	Inter-segment elimination/ Corporate 分部門 抵銷/企業 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Revenue from external customers	對外客戶收益	1,737,608	388,754	-	-	2,126,362
Inter-segment revenue	分部門間收益	145,260	-	88,442	(233,702)	-
Total segment revenue	總分部門收益	1,882,868	388,754	88,442	(233,702)	2,126,362
Segment results	分部門業績	(951,591)	(48,713)	(35,527)	21,990	(1,013,841)
Corporate income	企業收入					11,389
Corporate expenses	企業開支					(17,083)
Operating loss	經營虧損					(1,019,535)
Finance costs	財務成本					(21,346)
Share of losses of associates and joint ventures	應佔聯營公司及合營企業之虧損					(1,291)
Loss before income tax	除所得稅前虧損					(1,042,172)
Other information for disclosure:	其他披露資料:					
Depreciation of investment properties	投資物業折舊	5,406	-	-	2,366	7,772
Depreciation of property, plant and equipment	物業、廠房及設備折舊	61,531	5,037	9,901	3,841	80,310
Depreciation of right-of-use assets	使用權資產折舊	225,511	25,244	217	592	251,564
Capital expenditure	資本開支	26,104	224	69	-	26,397

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5 SEGMENT INFORMATION (CONTINUED) 5 分部資料(續)

Year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		Core Brands Business 核心 品牌業務 HK\$'000 千港元	Other Brands Business 其他 品牌業務 HK\$'000 千港元	Manu- facturing Business 製造業務 HK\$'000 千港元	Inter-segment elimination/ Corporate 分部間 抵銷/企業 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Revenue from external customers	對外客戶收益	3,544,599	582,488	–	–	4,127,087
Inter-segment revenue	分部間收益	254,167	–	215,757	(469,924)	–
Total segment revenue	總分部收益	3,798,766	582,488	215,757	(469,924)	4,127,087
Segment results	分部業績	(788,192)	(26,740)	1,398	15,684	(797,850)
Amortisation of intangible assets	無形資產攤銷					(303)
Impairment of intangible assets	無形資產減值					(20,371)
Corporate income	企業收入					49,675
Corporate expenses	企業開支					(17,728)
Operating loss	經營虧損					(786,577)
Finance costs	財務成本					(5,660)
Share of losses of associates and joint ventures	應佔聯營公司及合營企業之虧損					(868)
Loss before income tax	除所得稅前虧損					(793,105)
Other information for disclosure:	其他披露資料:					
Amortisation of intangible assets	無形資產攤銷	–	303	–	–	303
Amortisation of land use rights	土地使用權攤銷	738	–	135	769	1,642
Depreciation of investment properties	投資物業折舊	3,285	–	–	1,959	5,244
Depreciation of property, plant and equipment	物業、廠房及設備折舊	115,758	7,164	8,345	4,478	135,745
Impairment of intangible assets	無形資產減值	15,079	5,292	–	–	20,371
Impairment of property, plant and equipment	物業、廠房及設備減值	10,640	–	–	–	10,640
Capital expenditure	資本開支	97,245	1,614	16,464	–	115,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 SEGMENT INFORMATION (CONTINUED)

5 分部資料(續)

The following is an analysis of the Group's assets and liabilities by reportable segment as reviewed by the CODM:

以下為由主要經營決策者審閱之本集團按可申報分部之資產及負債分析：

		As at 31 December 2019 於二零一九年十二月三十一日			
		Core Brands Business 核心品牌業務 HK\$'000 千港元	Other Brands Business 其他品牌業務 HK\$'000 千港元	Manufacturing Business 製造業務 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment assets	分部資產	609,326	103,836	66,463	779,625
Investment properties	投資物業				369,645
Interests in associates	於聯營公司之權益				1,481
Interests in joint ventures	於合營企業之權益				1,002
Assets classified as held-for-sale	分類為持作出售之資產				71,713
Corporate assets	企業資產				7,898
Total assets	總資產				1,231,364
Segment liabilities	分部負債	358,374	48,451	5,662	412,487
Deferred income tax liabilities	遞延所得稅項負債				2,688
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之資產直接相關的負債				8,045
Corporate liabilities	企業負債				11,791
Total liabilities	總負債				435,011

		As at 31 December 2018 於二零一八年十二月三十一日			
		Core Brands Business 核心品牌業務 HK\$'000 千港元	Other Brands Business 其他品牌業務 HK\$'000 千港元	Manufacturing Business 製造業務 HK\$'000 千港元	Group 集團 HK\$'000 千港元
Segment assets	分部資產	2,306,533	159,133	118,085	2,583,751
Investment properties	投資物業				173,092
Interests in associates	於聯營公司之權益				1,868
Interests in joint ventures	於合營企業之權益				1,949
Deferred income tax assets	遞延所得稅項資產				47,705
Assets classified as held-for-sale	分類為持作出售之資產				142,360
Corporate assets	企業資產				18,645
Total assets	總資產				2,969,370
Segment liabilities	分部負債	718,223	117,392	45,771	881,386
Deferred income tax liabilities	遞延所得稅項負債				3,850
Liabilities directly associated with assets classified as held-for-sale	與分類為持作出售之資產直接相關的負債				992
Corporate liabilities	企業負債				171,686
Total liabilities	總負債				1,057,914

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6 OTHER INCOME

6 其他收入

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Franchise and royalty income	特許權及專營權收入	3,641	243
Government subsidies	政府補貼	3,036	19,068
Gross rental income	租金收入總額	12,786	11,794
Interest income	利息收入	1,848	5,173
Others	其他	4,521	6,321
		25,832	42,599

7 OTHER LOSSES – NET

7 其他虧損－淨額

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Gain on disposal of land use rights	出售土地使用權收益	–	2,670
Gain on disposal of subsidiaries	出售附屬公司收益	4,400	34,290
Impairment of intangible assets	無形資產減值	–	(20,371)
Impairment of property, plant and equipment	物業、廠房及設備減值	–	(10,640)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	(11,594)	(17,488)
Net exchange gain/(loss)	匯兌收益／(虧損)－淨額	3,515	(10,684)
		(3,679)	(22,223)

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8 OPERATING LOSS

Operating loss is stated after charging the following:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Amortisation of land use rights	土地使用權攤銷	-	1,642
Amortisation of license rights	特許使用權攤銷	-	303
Auditors' remuneration	核數師酬金	3,658	5,021
Cost of inventories sold, including reversal of provision for slow-moving inventories of HK\$23,024,000 (2018: HK\$314,724,000)	售出存貨成本，包括滯銷存貨撥備撥回23,024,000港元(二零一八年：314,724,000港元)	1,299,376	1,972,268
Depreciation of investment properties	投資物業折舊	7,772	5,244
Depreciation of property, plant and equipment	物業、廠房及設備折舊	80,310	135,745
Depreciation of right-of-use assets	使用權資產折舊	251,564	-
Employee benefits expense (Note 13)	僱員福利開支(附註13)	582,911	752,252
Expenses relating to short-term leases and variable lease payments	有關短期租賃和可變租賃付款開支	350,763	-
Net impairment loss on financial assets	金融資產減值虧損淨額	5,767	4,982
Loss on termination of leases	終止租賃虧損	80,173	-
Operating lease rentals (including concessionaire fees) in respect of land and buildings	土地及樓宇的經營租賃租金(包括商場特許銷售費)	-	1,227,314

8 經營虧損

經營虧損已扣除下列各項：

9 FINANCE COSTS

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest on bank loans	銀行貸款利息	3,416	5,660
Interest on lease liabilities	租賃負債利息	17,930	-
		21,346	5,660

9 財務成本

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綜合財務報表附註

10 INCOME TAX EXPENSE

10 所得稅開支

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current income tax	即期所得稅稅項	5,743	7,932
Under/(over) provision in prior years	過往年度撥備不足/ (超額撥備)	201	(222)
Deferred income tax (Note 29)	遞延所得稅稅項 (附註29)	48,310	209,378
		54,254	217,088

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the applicable domestic tax rates of the Group's entities as follows:

本集團有關除所得稅前虧損之所得稅與假若採用本集團實體之適用當地稅率而計算之理論稅項之差額如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss before income tax	除所得稅前虧損	(1,042,172)	(793,105)
Add: share of losses of associates and joint ventures	加：應佔聯營公司及 合營企業虧損	1,291	868
		(1,040,881)	(792,237)
Income tax credit calculated at applicable domestic tax rates	以當地適用稅率計算之 所得稅抵免	257,394	193,868
Income not subject to tax	毋須繳稅收入	8,809	15,895
Expenses not deductible for tax purposes	不可扣稅開支	(11,874)	(11,600)
Tax losses for which no deferred tax asset was recognised	未確認遞延稅項資產之 稅項虧損	(264,928)	(210,884)
Derecognition of previously recognised deferred income tax assets	終止確認過往已確認之 遞延所得稅項資產	(42,022)	(206,105)
Other temporary differences not recognised	未確認之其他暫時差異	2,311	1,786
Utilisation of previously unrecognised tax losses (Under)/over provision in prior years	動用過往未確認之稅項虧損 過往年度(撥備不足)/ 超額撥備	562	900
Withholding taxes on royalties and profits appropriated by subsidiaries in mainland China	對中國大陸子公司的特許權 使用費和分配利潤預扣稅	(201)	222
Income tax expense	所得稅開支	(54,254)	(217,088)

The weighted average domestic tax rate is 25% (2018: 24%).

加權平均地方稅率為25% (二零一八年：24%)。

The applicable rate of Hong Kong profits tax is 16.5% (2018: 16.5%). No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group does not have any assessable profit arising in Hong Kong during the years ended 31 December 2019 and 2018.

香港利得稅適用稅率為16.5% (二零一八年：16.5%)。由於本集團於截至二零一九年及二零一八年十二月三十一日止兩個年度內並無於香港產生任何應課稅盈利，故綜合財務報表內並無就香港利得稅作出撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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10 INCOME TAX EXPENSE (CONTINUED)

Provision for China corporate income tax is calculated based on the statutory tax rate of 25% (2018: 25%) on the assessable income of each of the Group's entities. Income tax on overseas (other than Hong Kong and mainland China) profits has been calculated on the estimated assessable profits for the year at the applicable rates of income tax prevailing in the places where the Group operates.

Pursuant to the China corporate income tax laws, 10% withholding tax is levied on all foreign investors, except that only 5% is levied for foreign investors which are incorporated in Hong Kong, in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 31 December 2007. Withholding tax at a reduced rate of 7% (2018: 7%) by treaty is applied to the Group's entities incorporated in Hong Kong for royalties received or receivable, net with value-added tax.

11 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to shareholders of HK\$1,070,127,000 (2018: HK\$994,397,000) by the weighted average number of 1,649,142,384 (2018: 1,649,142,384) shares in issue during the year.

For each of the two years ended 31 December 2019 and 2018, basic and diluted loss per share are the same as there was no dilutive potential share.

12 DIVIDENDS

The board of directors does not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: Nil).

13 EMPLOYEE BENEFITS EXPENSE

Employee benefits expense, including directors' emoluments, represents:

10 所得稅開支(續)

中國企業所得稅乃就本集團旗下各實體的應課稅收入按法定稅率25% (二零一八年: 25%) 計算撥備。海外(香港及中國大陸以外地區)盈利之所得稅乃就本年度之估計應課稅盈利按本集團經營所在地之現行適用所得稅稅率計算。

根據中國企業所得稅法, 所有海外投資者須就外資企業於二零零七年十二月三十一日後所賺取盈利之股息分派, 繳納10%之預扣稅, 惟於香港註冊成立之海外投資者則僅須繳納5%之預扣稅。本集團於香港註冊成立之實體, 須就已扣除增值稅之已收或應收專營權費按經條約寬減之7% (二零一八年: 7%) 稅率繳納預扣稅。

11 每股虧損

每股基本虧損乃根據股東應佔虧損1,070,127,000港元(二零一八年: 994,397,000港元)除以年內已發行股份之加權平均數1,649,142,384股(二零一八年: 1,649,142,384股)計算。

截至二零一九年及二零一八年十二月三十一日止兩個年度, 各年因無潛在攤薄作用股份, 每股基本及攤薄虧損相同。

12 股息

董事會不建議就截至二零一九年十二月三十一日止年度派發股息(二零一八年: 無)。

13 僱員福利開支

僱員福利開支(包括董事酬金)指:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	403,844	677,133
Redundancy costs (Note (i))	遣散員工成本(附註(i))	139,325	15,377
Defined contribution pension costs (Note (ii))	定額供款退休金成本(附註(ii))	39,677	58,557
Share-based payment expense	以股份為基礎之付款開支	65	1,185
		582,911	752,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13 EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(i) Redundancy costs

For the year ended 31 December 2019, the Group recognised one-off restructuring costs of approximately HK\$139,325,000 in relation to staff redundancy costs arising from downscaling of its physical store network and restructuring of its back office. As at 31 December 2019, the outstanding balance of the restructuring provision amounted to HK\$65,285,000.

(ii) Defined contribution pension costs

During the year, unvested benefits were utilised by the Group to reduce the level of contributions amounting to HK\$6,000 (2018: HK\$159,000). As at 31 December 2019, there is no (2018: Nil) unvested benefits available to be utilised in future years.

(iii) Five highest paid individuals

The five highest paid individuals for the year include one (2018: two) director(s) whose emoluments are reflected in the analysis shown in Note 34. The emoluments of the remaining four (2018: three) individuals are as follows:

13 僱員福利開支(續)

(i) 遣散員工成本

截止二零一九年十二月三十一日止年度，本集團由於實體店舖網絡規模縮減和後勤辦公室重組，確認關於遣散員工成本的一次性重組成本約139,325,000港元。於二零一九年十二月三十一日，重組撥備尚未動用之餘額為65,285,000港元。

(ii) 定額供款退休金成本

年內，本集團利用未歸屬的利益6,000港元(二零一八年：159,000港元)減少供款。於二零一九年十二月三十一日，並無未來年度可利用未歸屬的利益(二零一八年：無)。

(iii) 五名最高薪人士

年內，五名最高薪人士包括一名(二零一八年：兩名)董事，其酬金分析載於附註34。其餘四名(二零一八年：三名)人士之酬金如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	14,686	8,389
Redundancy costs	遣散員工成本	13,862	-
Retirement benefits cost	退休福利成本	333	227
Share-based payment expense	以股份為基礎之付款開支	7	128
		28,888	8,744

		Number of individuals 人數	
Emolument bands	酬金幅度	2019 二零一九年	2018 二零一八年
HK\$3,000,001 to HK\$4,000,000	3,000,001港元至4,000,000港元	1	2
HK\$4,000,001 to HK\$5,000,000	4,000,001港元至5,000,000港元	1	1
HK\$8,000,001 to HK\$9,000,000	8,000,001港元至9,000,000港元	1	-
HK\$11,000,001 to HK\$12,000,000	11,000,001港元至12,000,000港元	1	-
		4	3

No emoluments have been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group. No directors or the five highest paid individuals waived or has agreed to waive any emolument during the year.

本集團並無向董事或五名最高薪人士支付任何酬金，作為吸引彼等加入本集團，或作為加入本集團時獎勵。年內，各董事或五名最高薪人士均無放棄或同意放棄任何酬金。

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14 LAND USE RIGHTS

14 土地使用權

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost	成本值		
At 1 January, as originally presented	於一月一日按原來呈列	67,534	75,914
Change in accounting policy (Note 2.2 (iv))	會計政策變動 (附註2.2(iv))	(67,534)	-
At 1 January, as restated	於一月一日經重列	-	75,914
Exchange adjustment	匯兌調整	-	(3,652)
Disposal	出售	-	(2,317)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	-	(2,411)
At 31 December	於十二月三十一日	-	67,534
Accumulated amortisation	累計攤銷		
At 1 January, as originally presented	於一月一日按原來呈列	27,731	28,145
Change in accounting policy (Note 2.2 (iv))	會計政策變動 (附註2.2(iv))	(27,731)	-
At 1 January, as restated	於一月一日經重列	-	28,145
Exchange adjustment	匯兌調整	-	(1,097)
Amortisation	攤銷	-	1,642
Disposal	出售	-	(537)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	-	(422)
At 31 December	於十二月三十一日	-	27,731
Net book value	賬面淨值		
At 31 December	於十二月三十一日	-	39,803
At 1 January	於一月一日	39,803	47,769

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 PROPERTY, PLANT AND EQUIPMENT

15 物業、廠房及設備

		Buildings	Leasehold improvements	Construction-in-progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
		樓宇	租賃物業裝修	在建工程	廠房及機器	傢俱、固定裝置及設備	汽車	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost	成本值							
At 1 January 2018	於二零一八年一月一日	752,227	608,279	120	28,436	334,011	22,691	1,745,764
Exchange adjustment	匯兌調整	(31,218)	(23,383)	(1)	(1,778)	(14,737)	(1,070)	(72,187)
Additions	添置	16,379	58,382	-	48	6,471	1,026	82,306
Transfer to investment properties	轉撥至投資物業	(139,264)	-	(119)	-	-	-	(139,383)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	(161,990)	-	-	-	-	-	(161,990)
Disposals	出售	(14,173)	(196,749)	-	(70)	(24,268)	(4,266)	(239,526)
At 31 December 2018	於二零一八年十二月三十一日	421,961	446,529	-	26,636	301,477	18,381	1,214,984
Exchange adjustment	匯兌調整	(7,638)	(1,098)	-	(684)	(4,746)	(224)	(14,390)
Additions	添置	-	8,917	-	71	1,420	305	10,713
Transfer to investment properties	轉撥至投資物業	(201,049)	-	-	-	-	-	(201,049)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	(16,964)	-	-	-	(9,383)	(430)	(26,777)
Disposals	出售	(118)	(392,426)	-	(459)	(65,596)	(9,047)	(467,646)
At 31 December 2019	於二零一九年十二月三十一日	196,192	61,922	-	25,564	223,172	8,985	515,835
Accumulated depreciation and impairment	累計折舊及減值							
At 1 January 2018	於二零一八年一月一日	130,861	459,067	-	18,816	257,749	19,981	886,474
Exchange adjustment	匯兌調整	(6,445)	(18,724)	-	(1,528)	(12,358)	(947)	(40,002)
Depreciation	折舊	17,191	83,845	-	4,208	28,375	2,126	135,745
Transfer to investment properties	轉撥至投資物業	(10,098)	-	-	-	-	-	(10,098)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	(34,444)	-	-	-	-	-	(34,444)
Provision for impairment	減值撥備	-	10,640	-	-	-	-	10,640
Disposals	出售	(3,494)	(168,222)	-	(29)	(21,283)	(3,953)	(196,981)
At 31 December 2018	於二零一八年十二月三十一日	93,571	366,606	-	21,467	252,483	17,207	751,334
Exchange adjustment	匯兌調整	(1,398)	(1,032)	-	(652)	(4,346)	(204)	(7,632)
Depreciation	折舊	13,383	44,532	-	3,610	18,559	226	80,310
Transfer to investment properties	轉撥至投資物業	(48,427)	-	-	-	-	-	(48,427)
Transfer to assets classified as held-for-sale	轉撥至分類為持作出售之資產	(3,865)	-	-	-	(3,176)	(387)	(7,428)
Disposals	出售	(7)	(350,364)	-	(273)	(60,476)	(8,467)	(419,587)
At 31 December 2019	於二零一九年十二月三十一日	53,257	59,742	-	24,152	203,044	8,375	348,570
Net book value	賬面淨值							
At 31 December 2019	於二零一九年十二月三十一日	142,935	2,180	-	1,412	20,128	610	167,265
At 31 December 2018	於二零一八年十二月三十一日	328,390	79,923	-	5,169	48,994	1,174	463,650

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16 INVESTMENT PROPERTIES

16 投資物業

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cost	成本值		
At 1 January	於一月一日	238,303	123,729
Exchange adjustment	匯兌調整	(5,358)	(11,120)
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	201,049	139,383
Transfer from right-of-use assets	轉撥自使用權資產	29,101	-
Transfer from/(to) assets classified as held-for-sale	轉撥自/(至)分類為持作出售之資產	54,127	(13,689)
Disposal	出售	(1,611)	-
At 31 December	於十二月三十一日	515,611	238,303
Accumulated depreciation and impairment	累計折舊及減值		
At 1 January	於一月一日	65,211	56,248
Exchange adjustment	匯兌調整	(1,616)	(3,279)
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	48,427	10,098
Transfer from right-of-use assets	轉撥自使用權資產	14,310	-
Transfer from/(to) assets classified as held-for-sale	轉撥自/(至)分類為持作出售之資產	13,473	(3,100)
Depreciation	折舊	7,772	5,244
Disposal	出售	(1,611)	-
At 31 December	於十二月三十一日	145,966	65,211
Net book value	賬面淨值		
At 31 December	於十二月三十一日	369,645	173,092
At 1 January	於一月一日	173,092	67,481

Investment properties are situated in mainland China and rented out under operating leases. Rental income arising from the investment properties amounting to HK\$12,786,000 (2018: HK\$11,794,000) is included in the "other income" in the consolidated income statement. The operating expenses arising from the investment properties are not material.

As at 31 December 2019, the fair values of the investment properties are approximately HK\$538,383,000 (2018: HK\$231,498,000). The fair values of the investment properties were estimated by management mainly using market approach. The fair value of investment properties is a level 2 fair value measurement.

As at 31 December 2019, no investment property was pledged as security. As at 31 December 2018, the carrying amount of investment properties pledged as security for certain bank loans was HK\$121,264,000.

投資物業位於中國大陸，並以經營租賃租出。投資物業產生的租金收入為12,786,000港元（二零一八年：11,794,000港元），並計入綜合收益表「其他收入」中。由投資物業產生之經營費用並不重大。

於二零一九年十二月三十一日，投資物業的公平價值約為538,383,000港元（二零一八年：231,498,000港元）。投資物業的公平價值由管理層主要採用市場法估計。投資物業的公平價值屬第二級公平價值計量。

於二零一九年十二月三十一日，並無投資物業作抵押品。於二零一八年十二月三十一日，作為若干銀行貸款抵押品的投資物業賬面值為121,264,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amount recognised in the consolidated balance sheet

		At 31 December 2019 於二零一九年 十二月 三十一日 HK\$'000 千港元	At 1 January 2019 於二零一九年 一月一日 HK\$'000 千港元
<i>Right-of-use assets:</i>			
Land use rights	使用權資產： 土地使用權	17,843	39,803
Buildings	房屋	50,779	543,544
		68,622	583,347
<i>Lease liabilities:</i>			
Current	租賃負債： 流動	25,621	312,899
Non-current	非流動	20,469	144,370
		46,090	457,269

During the year, additions to the right-of-use assets were HK\$78,740,000.

年內，使用權資產增加為78,740,000港元。

(ii) Amount recognised in the consolidated income statement

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Depreciation of right-of-use assets	使用權資產折舊	251,564	-
Interest on lease liabilities	租賃負債利息	17,930	-
Expense relating to short-term leases and variable lease payments	有關短期租賃和可變租賃 付款開支	350,763	-
Loss on termination of leases	終止租賃虧損	80,173	-

(iii) The total cash outflow for leases during the year was HK\$270,991,000.

17 租賃

本附註提供關於本集團作為承租人的租賃資訊。

(i) 於綜合資產負債表確認的金額

		At 31 December 2019 於二零一九年 十二月 三十一日 HK\$'000 千港元	At 1 January 2019 於二零一九年 一月一日 HK\$'000 千港元
<i>Right-of-use assets:</i>			
Land use rights	使用權資產： 土地使用權	17,843	39,803
Buildings	房屋	50,779	543,544
		68,622	583,347
<i>Lease liabilities:</i>			
Current	租賃負債： 流動	25,621	312,899
Non-current	非流動	20,469	144,370
		46,090	457,269

(ii) 於綜合收益表確認的金額

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Depreciation of right-of-use assets	使用權資產折舊	251,564	-
Interest on lease liabilities	租賃負債利息	17,930	-
Expense relating to short-term leases and variable lease payments	有關短期租賃和可變租賃 付款開支	350,763	-
Loss on termination of leases	終止租賃虧損	80,173	-

(iii) 年內，因租賃發生的現金流出合計為270,991,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 LEASES (CONTINUED)

(iv) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and retail stores. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have termination options as described in (vi) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

(v) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, lease payments are on the basis of variable payment terms with a wide range of sales percentages. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occur.

(vi) Termination options

Termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of termination options held is exercisable by negotiation with the respective lessor.

17 租賃(續)

(iv) 本集團的租賃活動及其會計處理

本集團出租多處辦公室、倉庫和零售店舖。租賃合同通常是固定期，由六個月至八年不等，還可能包含下文(vi)所述的終止租賃選擇權。

租賃期限應在每項租賃的基礎上進行商談，並包含不同的條款和條件。

(v) 可變租賃付款額

部分房地產租賃包含與店舖銷售額掛鈎的可變付款額條款。對於各店舖，租賃付款額是基於可變租賃付款條款確定及不同的銷售額百分比計算。使用可變付款額條款的原因有多種，包括使新設店舖的固定成本基數最小化。根據銷售額確定的可變租賃付款額在觸發該等付款額的條件發生的期間計入損益。

(vi) 終止租賃選擇權

本集團有大量房地產和設備租賃包含終止租賃選擇權，以在本集團經營所用的資產管理方面最大程度地提高運營的靈活性。本集團持有的大部分終止租賃選擇權由通過與出租人協商行使。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 INTERESTS IN ASSOCIATES

18 於聯營公司之權益

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	1,868	1,803
Exchange adjustment	匯兌調整	(301)	209
Share of losses	應佔虧損	(86)	(144)
At 31 December	於十二月三十一日	1,481	1,868

Details of the associates as at 31 December 2019 are as follows:

於二零一九年十二月三十一日，聯營公司之詳情如下：

Name 名稱	Place of incorporation and operation 註冊成立及營運地點	Particulars of paid-up capital 已繳足股本詳情	Interest held indirectly 所持間接權益	Principal activities 主要業務
Hanjiang Dayong Shoe Material Co., Ltd., Putian City 莆田市涵江大永鞋業 有限公司	China 中國	RMB5,457,000 5,457,000元人民幣	30%	Manufacture of shoe materials 製造鞋類物料
Hanjiang Jinxing Shoe Industrial Co., Ltd., Putian City 莆田涵江金星鞋業 有限公司	China 中國	US\$4,900,000 4,900,000美元	30%	Manufacture of footwear products 製造鞋類產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 INTERESTS IN JOINT VENTURES

19 於合營企業之權益

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	1,949	2,487
Exchange adjustment	匯兌調整	258	186
Share of losses	應佔虧損	(1,205)	(724)
At 31 December	於十二月三十一日	1,002	1,949

Details of the joint ventures as at 31 December 2019 are as follows:

於二零一九年十二月三十一日，合營企業之詳情如下：

Name 名稱	Place of incorporation/ operation 註冊成立／營運地點	Particulars of paid-up capital 已繳足股本詳情	Interest held indirectly 所持間接權益	Principal activities 主要業務
Marlow House Asia Limited	British Virgin Islands/ Malaysia 英屬處女群島／ 馬來西亞	2 shares of US\$1 each 2股每股面值 1美元之股份	50%	Distribution of footwear and accessories and investment holding 分銷鞋類產品及配 件以及投資控股
Ondul Investment Limited 圓漾投資有限公司	Hong Kong 香港	100,000 ordinary shares of HK\$100,000 100,000港元分為 100,000股普通股	50%	Holding of trademarks 持有商標

20 INVENTORIES

20 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	-	6,403
Work-in-progress	在製品	-	13,240
Finished goods	製成品	162,013	972,671
		162,013	992,314

Inventories as at 31 December 2019 are stated net of provisions of HK\$170,240,000 (2018: HK\$197,348,000).

於二零一九年十二月三十一日，存貨乃按扣除撥備170,240,000港元(二零一八年：197,348,000港元)後列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

21 TRADE RECEIVABLES

21 貿易應收賬款

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables	貿易應收賬款	79,976	169,761
Loss allowance	虧損撥備	(15,101)	(9,661)
Trade receivables – net	貿易應收賬款－淨額	64,875	160,100

The ageing analysis of trade receivables based on invoice date is as follows:

按發票日期計算之貿易應收賬款賬齡分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 – 30 days	0至30日	22,058	92,858
31 – 60 days	31至60日	16,777	39,538
61 – 90 days	61至90日	12,328	10,933
91 – 180 days	91至180日	10,302	11,128
181 – 360 days	181至360日	10,034	5,643
Over 360 days	360日以上	8,477	9,661
		79,976	169,761

The carrying amounts of trade receivables are denominated in the following currencies:

貿易應收賬款之賬面值以下列貨幣計值：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
RMB	人民幣	55,930	144,224
New Taiwan dollar (“NTD”)	新台幣(「新台幣」)	3,849	12,174
US\$	美元	5,096	3,702
		64,875	160,100

The carrying values of trade receivables approximate their fair values. The Group generally allows an average credit period of 30 to 90 days to its trade customers other than major and long standing customers with whom specific extended terms have been agreed between the Group and the relevant counter parties.

貿易應收賬款之賬面值與其公平價值相若。本集團一般給予貿易客戶平均30至90日信貸期，惟主要及長期客戶之特別延長信貸期則由本集團與有關客戶雙方協定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

22 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Other receivables, deposits and prepayments mainly comprise value-added tax recoverable of HK\$53,763,000 (2018: HK\$158,421,000) and rental and other deposits of HK\$50,804,000 (2018: HK\$125,216,000).

22 其他應收賬款、按金及預付款項

其他應收賬款、按金及預付款項主要包括可收回增值稅金53,763,000港元(二零一八年: 158,421,000港元)以及租金及其他按金50,804,000港元(二零一八: 125,216,000港元)。

23 CASH AND CASH EQUIVALENTS

23 現金及現金等價物

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Cash at banks and in hand	銀行存款及手頭現金	170,348	182,625
Deposits with banks within three months of maturity	存款期為三個月以內之銀行存款	11,945	6,123
		182,293	188,748
Less: Disposal group classified as held-for-sale	減: 分類為持作出售之出售組別	(234)	(2,227)
		182,059	186,521

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

現金及現金等價物之賬面值以下列貨幣計值:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
RMB	人民幣	134,514	166,364
US\$	美元	18,425	11,615
NTD	新台幣	26,385	8,893
HK\$	港元	2,969	1,876
		182,293	188,748

As at 31 December 2019, the weighted average effective interest rate of the Group's bank deposits within three months of maturity is 1.6% (2018: 2.3%) per annum.

於二零一九年十二月三十一日, 本集團存款期為三個月以內之銀行存款之加權平均實際年利率為1.6厘(二零一八年: 2.3厘)。

RMB is not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of mainland China is subject to the rules and regulations of exchange control promulgated by the government of mainland China.

人民幣不可於國際市場自由兌換。將人民幣兌換為外幣及匯出中國大陸須受中國政府頒佈之外匯管制規則及法規限制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

24 ASSETS CLASSIFIED AS HELD-FOR-SALE

24 分類為持作出售之資產

(i) The following non-current assets were classified as held-for-sale as at 31 December 2019:

(i) 於二零一九年十二月三十一日，以下非流動資產分類為持作出售：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<i>Assets classified as held-for-sale:</i>	分類為持作出售之資產：		
Right-of-use assets	使用權資產	2,901	-
Property, plant and equipment	物業、廠房及設備	27,983	111,840
Investment properties	投資物業	-	10,589
		30,884	122,429

(ii) The following assets and liabilities of disposal group were classified as held-for-sale as at 31 December 2019:

(ii) 於二零一九年十二月三十一日，以下出售組別之資產及負債分類為持作出售：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<i>Assets classified as held-for-sale:</i>	分類為持作出售之資產：		
Land use rights	土地使用權	-	1,989
Property, plant and equipment	物業、廠房及設備	30,641	15,706
Right-of-use assets	使用權資產	9,906	-
Other receivables, deposits and prepayments	其他應收賬款、按金及預付款項	48	9
Cash and cash equivalents	現金及現金等價物	234	2,227
Total assets of disposal group classified as held-for-sale	分類為持作出售之出售組別之資產合計	40,829	19,931
<i>Liabilities directly associated with assets classified as held-for-sale:</i>	與分類為持作出售之資產直接相關之負債：		
Other payables and accrued charges	其他應付賬款及應計費用	6,408	186
Deferred income tax liabilities	遞延所得稅項負債	1,637	806
Total liabilities of disposal group classified as held-for-sale	分類為持作出售之出售組別之負債合計	8,045	992

Cumulative gain/(loss) recognised in other comprehensive income relating to disposal group classified as held-for-sale is as follows:

與分類為持作出售之出售組別有關，並於其他全面收益確認的累計收益／(虧損)如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Currency translation differences	匯兌差額	19	(105)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 TRADE PAYABLES

The ageing analysis of trade payables based on invoice date is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
0 – 30 days	0至30日	19,579	171,866
31 – 60 days	31至60日	32,133	106,575
61 – 90 days	61至90日	24,294	161,221
91 – 180 days	91至180日	19,324	86,121
181 – 360 days	181至360日	37,597	118
Over 360 days	360日以上	5,773	4,728
		138,700	530,629

25 貿易應付賬款

按發票日期計算之貿易應付賬款賬齡分析如下：

26 SHARE CAPITAL

26 股本

		2019 二零一九年		2018 二零一八年	
		Number of ordinary shares of HK\$0.10 each 每股面值 0.10港元之 普通股數目	HK\$'000 千港元	Number of ordinary shares of HK\$0.10 each 每股面值 0.10港元之 普通股數目	HK\$'000 千港元
<i>Authorised:</i>	<i>法定：</i>				
At 1 January and 31 December	於一月一日及 十二月三十一日	10,000,000,000	1,000,000	10,000,000,000	1,000,000
<i>Issued and fully paid:</i>	<i>已發行及繳足：</i>				
At 1 January and 31 December	於一月一日及 十二月三十一日	1,649,142,384	164,914	1,649,142,384	164,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 SHARE-BASED PAYMENT TRANSACTIONS

(i) Equity-settled share-based payment transactions

On 29 May 2003, the Company adopted a share option scheme (the “Old Scheme”), which was amended on 7 December 2009 and expired on 28 May 2013. Upon expiry of the Old Scheme, no further share options could be granted under the Old Scheme but, in all other respects, the provisions of the Old Scheme shall remain in force to the extent necessary to give effect to the exercise of any share option granted prior to the expiry of the Old Scheme.

On 27 August 2013, a new share option scheme (the “New Scheme”) was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the New Scheme will remain in force for 10 years from the date of adoption.

The share options are generally valid for a period of ten years and will lapse if the grantees leave the Group before the share options are exercisable. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

27 以股份為基礎之付款交易

(i) 以權益結算以股份為基礎之付款交易

於二零零三年五月二十九日，本公司採納購股權計劃（「舊計劃」），該計劃於二零零九年十二月七日修訂及於二零一三年五月二十八日屆滿。於舊計劃屆滿後，舊計劃下不可再授出購股權，惟在所有其他方面，舊計劃的條文仍然具有所須的效力使舊計劃屆滿前已經授出的任何購股權能有效行使。

於二零一三年八月二十七日，本公司股東批准一項新的購股權計劃（「新計劃」）並被本公司採納。除被取消或修改外，新計劃將自採納日期起維持十年內有效。

購股權有效期一般為十年，而倘承授人於購股權可行使前不再任職於本集團，購股權即告失效。本集團並無法定或推定責任以現金購回或結清購股權。

尚未行使之購股權數目及其加權平均行使價之變動如下：

		2019 二零一九年		2018 二零一八年	
		Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權 數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權 數目
At 1 January	於一月一日	2.84	34,390,000	3.74	62,205,000
Lapsed	已失效	2.98	(10,010,000)	4.85	(27,815,000)
At 31 December	於十二月三十一日	2.79	24,380,000	2.84	34,390,000
Exercisable at 31 December	於十二月三十一日可行使	2.79	24,380,000	3.37	27,640,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(i) Equity-settled share-based payment transactions (Continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date 授出日	Expiry date 到期日	Exercise Price 行使價 HK\$ 港元	Number of share options 購股權數目	
			2019 二零一九年	2018 二零一八年
27 January 2010 二零一零年一月二十七日	26 January 2020 二零二零年一月二十六日	6.19	8,700,000	12,180,000
22 July 2010 二零一零年七月二十二日	21 July 2020 二零二零年七月二十一日	7.61	300,000	300,000
21 January 2014 二零一四年一月二十一日	20 January 2024 二零二四年一月二十日	4.50	280,000	1,260,000
25 January 2017 二零一七年一月二十五日	24 January 2027 二零二七年一月二十四日	0.70	15,100,000	20,650,000
			24,380,000	34,390,000

(ii) Cash-settled share-based payment transactions

The Company has granted share appreciation rights (“SARs”) to certain directors of the Company and certain employees of the Group. SARs are granted in units with each unit representing one ordinary share of the Company. Under the terms of grant, the outstanding SARs are subject to a vesting period of one to three years from the date of grant. The exercise price is from HK\$4.50 to HK\$6.19 per unit.

As at 31 December 2019, all (2018: all) of the outstanding SARs were exercisable. Movements in the number of SARs outstanding during the year ended 31 December 2019 are as follows:

		Number of SARs 股份增值權數目	
		2019 二零一九年	2018 二零一八年
At 1 January Lapsed	於一月一日 已失效	18,060,000 (1,560,000)	18,190,000 (130,000)
At 31 December	於十二月三十一日	16,500,000	18,060,000

There were no material expenses or liabilities in relation to the SARs.

27 以股份為基礎之付款交易(續)

(i) 以權益結算以股份為基礎之付款交易(續)

在年末尚未行使之購股權的到期日及行使價如下：

Exercise Price 行使價 HK\$ 港元	Number of share options 購股權數目	
	2019 二零一九年	2018 二零一八年
6.19	8,700,000	12,180,000
7.61	300,000	300,000
4.50	280,000	1,260,000
0.70	15,100,000	20,650,000
	24,380,000	34,390,000

(ii) 以現金結算以股份為基礎之付款交易

本公司向本公司若干董事及本集團若干僱員授出股份增值權(「股份增值權」)。股份增值權乃多份授出，而每份代表本公司一股普通股股份。根據授出條款，尚未行使之股份增值權須符合由授出日期起計一至三年之歸屬期，其行使價為每份4.50港元至6.19港元。

於二零一九年十二月三十一日，全部(二零一八年：全部)尚未行使的股份增值權可被行使。截至二零一九年十二月三十一日止年度，尚未行使股份增值權之數目變動如下：

		Number of SARs 股份增值權數目	
		2019 二零一九年	2018 二零一八年
At 1 January Lapsed	於一月一日 已失效	18,060,000 (1,560,000)	18,190,000 (130,000)
At 31 December	於十二月三十一日	16,500,000	18,060,000

並無與股份增值權有關的重大費用或負債。

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28 RESERVES

28 儲備

		Share premium	Capital redemption reserve	Capital reserve	Merger reserve	Revaluation reserve	Share-based payment reserve	Currency translation reserve	Statutory reserves	Retained profits	Total
		股份溢價	贖回儲備	股本儲備	合併儲備	重估儲備	以股份為基礎之付款儲備	匯兌儲備	法定儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note (a))		(Note (b))				(Note (c))		
			(附註(a))		(附註(b))				(附註(c))		
At 1 January 2018	於二零一八年一月一日	120,281	2,882	(197)	322	3,375	84,328	191,502	185,974	2,121,526	2,709,993
<i>Currency translation differences:</i>	<i>匯兌差額:</i>										
Group	本集團	-	-	-	-	-	-	(102,195)	-	-	(102,195)
Associates and a joint venture	聯營公司及合營企業	-	-	-	-	-	-	395	-	-	395
Change in fair value of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益之股權投資之公平價值變動	-	-	-	-	(70)	-	-	-	-	(70)
Disposal of an equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益之股權投資之出售	-	-	-	-	(3,305)	-	191	-	3,114	-
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	(3,730)	(12,967)	16,697	-
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(994,397)	(994,397)
<i>Share option scheme:</i>	<i>購股權計劃:</i>										
Value of grantee services	承授人服務價值	-	-	-	-	-	1,185	-	-	-	1,185
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	-	-	(51,240)	-	-	51,240	-
At 31 December 2018	於二零一八年十二月三十一日	120,281	2,882	(197)	322	-	34,273	86,163	173,007	1,198,180	1,614,911
<i>Currency translation differences:</i>	<i>匯兌差額:</i>										
Group	本集團	-	-	-	-	-	-	(17,009)	-	-	(17,009)
Associates and a joint venture	聯營公司及合營企業	-	-	-	-	-	-	(43)	-	-	(43)
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	204	-	(204)	-
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(1,070,127)	(1,070,127)
<i>Share option scheme:</i>	<i>購股權計劃:</i>										
Value of grantee services	承授人服務價值	-	-	-	-	-	65	-	-	-	65
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	-	-	(10,911)	-	-	10,911	-
At 31 December 2019	於二零一九年十二月三十一日	120,281	2,882	(197)	322	-	23,427	69,315	173,007	138,760	527,797

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28 RESERVES (CONTINUED)

Notes:

- (a) The capital redemption reserve represents the nominal amount of shares repurchased by the Company in 1999.
- (b) The merger reserve represents the difference between the aggregate nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the share capital issued by the Company as consideration for the acquisition pursuant to the corporate reorganisation in 1995.
- (c) As stipulated by regulations in mainland China, the Company's subsidiaries established and operated in mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves and enterprise expansion fund, at rates determined by their respective boards of directors. The statutory reserves can be utilised to offset prior year losses or be utilised for the issuance of bonus shares, whilst the enterprise expansion fund can be utilised for the development of business operations. When the statutory reserves reach an amount equal to 50% of the registered capital of the Company's subsidiaries, further appropriation is optional.

29 DEFERRED INCOME TAX

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

28 儲備(續)

附註：

- (a) 股本贖回儲備指本公司於一九九九年購回股份之面值。
- (b) 合併儲備指附屬公司於被本公司收購當日之股本面值總額與本公司根據一九九五年公司重組作為收購代價所發行股本面值兩者之差額。
- (c) 根據中國大陸法規，本公司於中國大陸成立及經營之附屬公司須將其稅後盈利(經抵銷上一年度虧損後)之一部份撥入法定儲備及企業發展基金，撥款比例由附屬公司各自之董事會釐定。法定儲備可用作抵銷上一年度虧損或用作發行紅股，而企業發展基金可用作發展業務營運。法定儲備達到本公司附屬公司註冊資本50%後，可選擇不再撥款。

29 遞延所得稅項

經適當抵銷後釐定並列入綜合資產負債表之金額如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Deferred income tax assets	遞延所得稅項資產	-	47,705
Deferred income tax liabilities	遞延所得稅項負債	(4,325)	(4,656)
Less: Disposal group classified as held-for-sale	減：分類為持作出售之出售組別	1,637	806
		(2,688)	(3,850)
Net deferred income tax (liabilities)/assets	遞延所得稅項(負債)/資產淨額	(2,688)	43,855

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29 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax is calculated on temporary differences under the liability method using the applicable tax rates.

Movements in net deferred income tax assets/(liabilities) are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 January	於一月一日	43,855	256,727
Exchange adjustment	匯兌調整	130	(4,300)
Charged to consolidated income statement	扣除自綜合收益表	(48,310)	(209,378)
Transfer to disposal group classified as held-for-sale	轉撥至分類為持作出售之出售組別	1,637	806
At 31 December	於十二月三十一日	(2,688)	43,855

29 遞延所得稅項(續)

遞延所得稅項採用負債法就暫時差額按適用稅率計算。

遞延所得稅項資產/(負債)淨值之變動如下：

Movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

年內，遞延稅項資產及負債(在同一徵稅司法權區之結餘抵銷前)之變動如下：

Deferred income tax assets 遞延所得稅項資產		Provisions 撥備		Decelerated tax depreciation 減速稅項折舊		Tax losses 稅項虧損		Others 其他		Total 總計	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元
At 1 January	於一月一日	47,081	130,903	15,456	12,868	396	128,027	2,783	6,953	65,716	278,751
Exchange adjustment	匯兌調整	(11)	(5,861)	(4)	(792)	-	1,898	-	(208)	(15)	(4,963)
(Charged)/credited to consolidated income statement	(扣除自)/計入綜合收益表	(47,070)	(77,961)	(15,452)	3,380	(396)	(129,492)	(2,783)	(3,962)	(65,701)	(208,035)
Transfer to disposal group classified as held-for-sale	轉撥至分類為持作出售之出售組別	-	-	-	-	-	(37)	-	-	-	(37)
At 31 December	於十二月三十一日	-	47,081	-	15,456	-	396	-	2,783	-	65,716

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29 DEFERRED INCOME TAX (CONTINUED)

29 遞延所得稅項(續)

Deferred income tax liabilities 遞延所得稅項負債		Accelerated tax depreciation 加速稅項折舊		Withholding tax on undistributed profits 未分派盈利預扣稅		Others 其他		Total 總計	
		2019	2018	2019	2018	2019	2018	2019	2018
		二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一九年 HK\$'000 千港元	二零一八年 HK\$'000 千港元
At 1 January	於一月一日	4,070	4,838	-	8,182	17,791	9,004	21,861	22,024
Exchange adjustment	匯兌調整	(140)	(258)	-	-	(5)	(405)	(145)	(663)
Charged/(credited) to consolidated income statement	扣除自/(計入)綜合 收益表	395	333	-	(8,182)	(17,786)	9,192	(17,391)	1,343
Transfer to disposal group classified as held-for-sale	轉撥至分類為持作出售之 出售組別	(1,637)	(843)	-	-	-	-	(1,637)	(843)
At 31 December	於十二月三十一日	2,688	4,070	-	-	-	17,791	2,688	21,861

The expiry of unrecognised tax losses are as follows:

未確認稅項虧損之屆滿情況如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Tax losses expiring in 5 years	五年內屆滿之稅項虧損	3,233,413	2,590,854
Tax losses expiring after 5 years	五年後屆滿之稅項虧損	50,609	25,303
Tax losses without expiry date	無屆滿日期之稅項虧損	75,279	75,406
At 31 December	於十二月三十一日	3,359,301	2,691,563

As at 31 December 2019, the potential deferred income tax assets in respect of the above unrecognised tax losses amounted to HK\$828,513,000 (2018: HK\$661,681,000).

於二零一九年十二月三十一日，與上述未確認稅項虧損相關之潛在遞延所得稅項資產金額為828,513,000港元(二零一八年：661,681,000港元)。

Deferred income tax liabilities of HK\$4,062,000 (2018: HK\$46,897,000), in respect of unremitted earnings of approximately HK\$73,367,000 as at 31 December 2019 (2018: HK\$926,431,000), have not been recognised for the withholding tax as the Group controls the dividend policy of these subsidiaries.

本集團並未就若干附屬公司未匯出盈利之應付預扣稅4,062,000港元(二零一八年：46,897,000港元)確認遞延所得稅項負債，因為本集團控制該等附屬公司之股息政策。於二零一九年十二月三十一日，未匯出盈利約為73,367,000港元(二零一八年：926,431,000港元)。

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30 CASH FLOW INFORMATION

(i) **Cash generated from/(used in) operations**

Reconciliation of operating loss to cash generated from/(used in) operations is as follows:

30 現金流量資料

(i) **營運產生/(所用)之現金**

經營虧損與營運產生/(所用)之現金之對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Operating loss	經營虧損	(1,019,535)	(786,577)
Amortisation	攤銷	-	1,945
Depreciation of investment properties	投資物業折舊	7,772	5,244
Depreciation of property, plant and equipment	物業、廠房及設備折舊	80,310	135,745
Depreciation of right-of-use assets	使用權資產折舊	251,564	-
Gain on disposal of land use rights	出售土地使用權產收益	-	(2,670)
Gain on disposal of subsidiaries	出售附屬公司收益	(4,400)	(34,290)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	11,594	17,488
Impairment of intangible assets	無形資產減值	-	20,371
Interest income	利息收入	(1,848)	(5,173)
Impairment of property, plant and equipment	物業、廠房及設備減值	-	10,640
Share-based payment expense	以股份為基礎之付款開支	65	1,185
Operating cash flows before working capital changes	營運資金變動前之經營現金流量	(674,478)	(636,092)
Decrease in inventories	存貨減少	809,208	194,419
Decrease in trade receivables, other receivables, deposits and prepayments	貿易應收賬款、其他應收賬款、按金及預付款項減少	531,930	299,612
Decrease in trade payables, other payables, accrued charges and contract liabilities	貿易應付賬款、其他應付賬款、應計費用及合約負債減少	(440,369)	(11,275)
Cash generated from/(used in) operations	營運產生/(所用)之現金	226,291	(153,336)

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綜合財務報表附註

30 CASH FLOW INFORMATION (CONTINUED) 30 現金流量資料(續)

(ii) Net debt reconciliation

This section sets out an analysis and the movement of net debt.

(ii) 債務淨額之對賬

本節載列債務淨額之分析及變動。

		Bank loans	Lease liabilities	Cash and cash equivalents	Total
		銀行貸款	租賃負債	現金及現金等價物	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Net debt as at 1 January 2018	於二零一八年一月一日之債務淨額	(156,274)	–	300,114	143,840
Cash flows	現金流量	(35,756)	–	(121,916)	(157,672)
Effect of foreign exchange rate changes	匯率變動影響	(279)	–	10,550	10,271
Net debt as at 31 December 2018	於二零一八年十二月三十一日之債務淨額	(192,309)	–	188,748	(3,561)
Change in accounting policy (Note 2.2(iv))	會計政策變動(附註2.2(iv))	–	(457,269)	–	(457,269)
Net debt as at 1 January 2019	於二零一九年一月一日之債務淨額	(192,309)	(457,269)	188,748	(460,830)
Cash flows	現金流量	191,191	253,061	(7,150)	437,102
Non-cash movement on leases – net	租賃之非現金變動–淨額	–	156,741	–	156,741
Effect of foreign exchange rate changes	匯率變動影響	1,118	1,377	695	3,190
Net debt as at 31 December 2019	於二零一九年十二月三十一日之債務淨額	–	(46,090)	182,293	136,203

31 COMMITMENTS

(i) Capital commitments

31 承擔

(i) 資本承擔

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備	–	634

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31 COMMITMENTS (CONTINUED)

(ii) Non-cancellable operating leases

The investment properties are leased to tenants under operating leases with rental payments every 3-12 months.

Minimum lease payments receivable on leases of investment properties are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 1 year	一年內	12,308	11,609
Between 1 and 2 years	一年至二年	11,127	10,836
Between 2 and 3 years	二年至三年	10,337	10,541
Between 3 and 4 years	三年至四年	9,048	10,561
Between 4 and 5 years	四年至五年	5,700	9,244
Later than 5 years	五年後	9,851	15,889
		58,371	68,680

31 承擔(續)

(ii) 不可撤銷經營租賃

就投資物業按經營租賃出租予租客，其租金付款額以每三個月至十二個月的方式支付。

出租投資物業之最低可收回租賃付款額如下：

32 FINANCIAL INSTRUMENTS BY CATEGORY

32 金融工具分類

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
<i>Financial assets at amortised cost:</i>	<i>以攤銷成本計量的金融資產：</i>		
Trade receivables	貿易應收賬款	64,875	160,100
Other receivables excluding non-financial assets	其他應收賬款 (扣除非金融資產)	83,244	116,431
Pledged bank deposits	已抵押銀行存款	-	174,248
Cash and cash equivalents	現金及現金等價物	182,293	188,748
Total	合計	330,412	639,527
<i>Financial liabilities at amortised cost:</i>	<i>以攤銷成本計量的金融負債：</i>		
Trade payables	貿易應付賬款	138,700	530,629
Other payables and accrued charges excluding non-financial liabilities	其他應付賬款及應計費用 (扣除非金融負債)	118,751	298,020
Lease liabilities	租賃負債	46,090	-
Bank loans	銀行貸款	-	192,309
Total	合計	303,541	1,020,958

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33 RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into the following related party transactions during the year:

(i) Transaction with a related company

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of goods to a joint venture	向合營企業銷售貨品	2,873	7,839

Sales of goods to a joint venture were conducted in the normal course of the Group's business. The terms of transactions were determined and agreed between the Group and the counter party.

(ii) Year-end balance with a related company

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivable from a joint venture	應收合營企業款項	5,096	6,158

Trade receivable from a joint venture arised mainly from the sales of goods. The balance was unsecured, interest-free and repayable according to the trade terms.

(iii) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid/payable to the directors of the Company, are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	12,458	17,173
Share-based payment expense	以股份為基礎之付款開支	36	639
		12,494	17,812

(iv) Transaction with a key management personnel

During the year ended 31 December 2019, the Group drew down a bank loan facility of HK\$27,964,000, of which the collaterals were provided by the Chairman of the Company. The bank loan was repaid in full during the year.

33 關聯方交易及結餘

本集團於年內曾進行下列關聯方交易：

(i) 與關聯公司之交易

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Sales of goods to a joint venture	向合營企業銷售貨品	2,873	7,839

向合營企業銷售貨品乃於本集團日常業務過程中進行。交易條款乃經本集團與交易方協定及同意後釐定。

(ii) 與關聯公司之年末結餘

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivable from a joint venture	應收合營企業款項	5,096	6,158

應收合營企業款項主要由銷售貨品產生。餘額為無抵押、免息，並按貿易條款償還。

(iii) 主要管理人員之薪酬

本集團主要管理人員之薪酬(包括已付/應付本公司董事之款項)如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Salaries, allowances and bonuses	薪金、津貼及花紅	12,458	17,173
Share-based payment expense	以股份為基礎之付款開支	36	639
		12,494	17,812

(iv) 與一主要管理人員之交易

截至二零一九年十二月三十一日止年度，本集團提取由本公司主席提供抵押品之銀行貸款金額為27,964,000港元。此銀行貸款已於年內全額償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 BENEFITS AND INTERESTS OF DIRECTORS

(i) Emoluments of the directors and chief executive officer (“CEO”)

34 董事利益及權益

(i) 董事及行政總裁(「行政總裁」)之酬金

		Fees	Salaries	Share-based payment expense	Total
		袍金	薪金	以股份為 基礎之 付款開支	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
		(Note (a))	(Note (b))	(Note (b))	
		(附註(a))	(附註(b))	(附註(b))	
2019	二零一九年				
Mr. Chang Chih-Kai (Chairman & CEO)	張智凱先生 (主席兼行政總裁)	-	4,020	14	4,034
Mr. Chang Chih-Chiao	張智喬先生	-	2,401	7	2,408
Mr. Chen Tommy Yi-Hsun	陳怡勳先生	-	600	7	607
Mr. Hon Ping Cho Terence (Note (c))	韓炳祖先生 (附註(c))	106	-	-	106
Mr. Huang Shun-Tsai	黃順財先生	150	-	-	150
Mr. Kuo Jung-Cheng	郭榮振先生	150	-	-	150
Mr. Lee Ted Tak Tai (Note (c))	李德泰先生 (附註(c))	225	-	-	225
		631	7,021	28	7,680
2018	二零一八年				
Mr. Chang Chih-Kai (Chairman & CEO)	張智凱先生 (主席兼行政總裁)	-	3,528	255	3,783
Mr. Chang Chih-Chiao	張智喬先生	-	2,225	128	2,353
Mr. Chen Tommy Yi-Hsun	陳怡勳先生	-	1,851	128	1,979
Mr. Chen Ying-Chieh (Note (d))	陳英杰先生 (附註(d))	430	-	-	430
Mr. Huang Shun-Tsai	黃順財先生	150	-	-	150
Mr. Kuo Jung-Cheng	郭榮振先生	150	-	-	150
Mr. Lee Ted Tak Tai	李德泰先生	450	-	-	450
		1,180	7,604	511	9,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(i) Emoluments of the directors and chief executive officer (“CEO”) (Continued)

Notes:

- (a) The emoluments paid or payable to the directors of the Company were in respect of their respective services as a director of the Company or its subsidiaries.
- (b) The emoluments paid or payable to the directors of the Company were in respect of directors’ other services in connection with the management of the affairs of the Company or its subsidiary undertakings.
- (c) Mr. Lee Ted Tak Tai resigned as independent non-executive director of the Company on 30 June 2019. Mr. Hon Ping Cho Terence was appointed as independent non-executive director on 25 September 2019.
- (d) Mr. Chen Ying-Chieh resigned as non-executive director of the Company on 18 September 2018.

(ii) Retirement benefits of directors

For each of the two years ended 31 December 2019 and 2018, no retirement benefits were paid or payable to the directors.

(iii) Termination benefits of directors, and consideration provided to third parties for making available directors’ services

For each of the two years ended 31 December 2019 and 2018, no termination benefit was paid or payable to any director of the Company. No consideration was paid or payable to any third party for making available any director’s services.

34 董事利益及權益 (續)

(i) 董事及行政總裁 (「行政總裁」) 之酬金 (續)

附註：

- (a) 已付或應付本公司董事之酬金乃根據彼等向本公司或其附屬公司提供之相關董事服務。
- (b) 已付或應付本公司董事之酬金乃根據彼等就管理本公司或其附屬企業事務而提供的其他服務。
- (c) 李德泰先生於二零一九年六月三十日辭任非執行董事職位。韓炳祖先生於二零一九年九月二十五日被委任為非執行董事職位。
- (d) 自二零一八年九月十八日起，陳英杰先生辭任非執行董事職位。

(ii) 董事退休福利

截至二零一九及二零一八年十二月三十一日止兩個年度，概無已付或應付董事退休福利。

(iii) 終止僱傭福利，及就作出董事服務向第三方提供的代價

截至二零一九及二零一八年十二月三十一日止兩個年度，概無向本公司任何董事已付或應付終止僱傭福利，亦無就作出董事服務向任何第三方已付或應付代價。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(iv) 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 and 2018, no loan, quasi-loan or other dealing was entered into by the Company or any of its subsidiary undertakings in favour of any director of the Company, any controlled body corporate by or connected entity with any director of the Company.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group'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.

35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Following the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across mainland China, such as extension of the Chinese New Year holiday and certain restrictions and controls over travelling of people. Such precautionary and control measures have limited the normal operations of the Group in mainland China, especially the opening of its retail stores, and also severely affected the consumer sentiment. These are expected to have certain negative impact on the sales of the Group in the first quarter of 2020. If the present situation in respect of the COVID-19 outbreak continued and the restrictions and control measures are prolonged, the Group's operation performance and cash flow may be negatively affected. The effect cannot be estimated as of the date on which this set of consolidated financial statements were authorised for issue. The Group will continue to closely monitor the development of the COVID-19 outbreak, take proactive measures and perform further assessment of its financial impact.

34 董事利益及權益 (續)

(iv) 有關以董事、該等董事的受控制法人團體及關聯實體為受益人的貸款、準貸款及其他交易的資料

於二零一九年及二零一八年十二月三十一日，本公司及其任何附屬企業概無訂立貸款、準貸款及其他交易以本公司任何董事、任何受控制法人團體或本公司任何董事之關聯實體為受益人。

(v) 董事於交易、安排或合約之重大權益

本公司概無於本年度年結日或於年內任何時間訂立與本集團業務有關，且本公司董事於其中直接或間接擁有重大權益之重大交易、安排或合約。

35 報告期間後發生事項

二零二零年初2019冠狀病毒疫病爆發後，中國大陸各地已經並持續實施一系列防疫控疫措施，例如延長農曆新年假期和民眾出行若干限制和控制。有關防疫控疫措施已限制本集團於中國大陸的正常營運，特別是零售店舖的營業，並嚴重影響消費市道。該情況預期對本集團於二零二零年第一季度銷售會有負面影響。倘有關2019冠狀病毒疫病爆發的現況持續，而有關限制及控疫措施延長，本集團的經營表現及現金流或會受到負面影響。於本綜合財務報表獲授權刊發的日期，該影響尚無法估計。本集團將持續密切監察2019冠狀病毒疫病爆發之發展，並主動採取措施和檢視對財務影響之進一步評估。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(i) Balance sheet of the Company

		As at 31 December 於十二月三十一日	
		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	368,822	368,822
Amount due from a subsidiary	應收附屬公司賬款	335,858	663,633
		704,680	1,032,455
Current assets	流動資產		
Prepayments	預付款項	331	333
Cash and cash equivalents	現金及現金等價物	1,488	1,529
		1,819	1,862
Current liabilities	流動負債		
Other payables and accrued charges	其他應付賬款及應計費用	3,772	4,467
Bank loans	銀行貸款	-	158,154
		3,772	162,621
Net current liabilities	流動負債淨值	(1,953)	(160,759)
Total assets less current liabilities	總資產減流動負債	702,727	871,696
Equity	權益		
Share capital	股本	164,914	164,914
Reserves	儲備	537,813	706,782
Total equity	總權益	702,727	871,696

Approved by the board of directors on 27 March 2020.

已獲董事會於二零二零年三月二十七日批准。

CHANG CHIH-KAI

張智凱
Director
董事

CHANG CHIH-CHIAO

張智喬
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

36 本公司資產負債表及儲備變動(續)

(ii) Reserve movement of the Company

(ii) 本公司儲備變動

		Share premium	Capital redemption reserve	Contributed surplus	Share-based payment reserve	Currency translation reserve	Retained profits	Total
		股份溢價	股本贖回儲備	繳入盈餘	以股份為基礎之付款儲備	匯兌儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note 28(a)) (附註28a)	(Note (a)) (附註(a))				
At 1 January 2018	於二零一八年一月一日	120,281	2,882	152,891	84,328	(6,621)	365,385	719,146
Currency translation differences	匯兌差額	-	-	-	-	(25,332)	-	(25,332)
Profit for the year	年內盈利	-	-	-	-	-	11,783	11,783
Share option scheme:	購股權計劃:							
Value of grantee services	承授人服務價值	-	-	-	1,185	-	-	1,185
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	(51,240)	-	51,240	-
At 31 December 2018	於二零一八年十二月三十一日	120,281	2,882	152,891	34,273	(31,953)	428,408	706,782
Currency translation differences	匯兌差額	-	-	-	-	(10,745)	-	(10,745)
Loss for the year	年內盈利	-	-	-	-	-	(158,289)	(158,289)
Share option scheme:	購股權計劃:							
Value of grantee services	承授人服務價值	-	-	-	65	-	-	65
Transfer upon lapse of share options	於購股權失效時轉撥	-	-	-	(10,911)	-	10,911	-
At 31 December 2019	於二零一九年十二月三十一日	120,281	2,882	152,891	23,427	(42,698)	281,030	537,813

Notes:

- (a) The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the corporate reorganisation in 1995 and the nominal amount of the Company's shares issued for the acquisition.
- (b) The Company's reserves available for distribution to its shareholders of the Company comprise share premium, contributed surplus, share-based payment reserve and retained profits. Under the Companies Law (Revised) of the Cayman Islands, the Company's reserve is available for paying distributions or dividends to shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares. In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium, of the Company.

附註:

- (a) 本公司之繳入盈餘指本公司根據一九九五年公司重組收購附屬公司之資產淨值總額與本公司因收購而發行之股份面值兩者之差額。
- (b) 本公司可供分派予本公司股東之儲備包括股份溢價、繳入盈餘、以股份為基礎之付款儲備及保留盈利。根據開曼群島公司法(經修訂)，本公司之儲備可用作向股東分派或支付股息，惟須受組織章程細則之條文所規限，而緊隨作出分派或派付股息後，本公司必須能於日常業務過程中償還到期債項。股份溢價亦可以繳足紅股形式分派。根據本公司之組織章程細則，股息須以本公司之盈利或其他儲備(包括股份溢價)支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2019:

37 附屬公司

下表載列於二零一九年十二月三十一日之主要附屬公司：

Name 名稱	Place of incorporation ^(a) 註冊成立地點 ^(a)	Particulars of issued/paid- up capital 已發行/繳足股本詳情	Interest held 所持權益	Principal activities 主要業務
Aee International Ltd. ^(a) 愛意精品鞋業(上海)有限公司 ^(a)	China 中國	US\$8,580,000 8,580,000美元	59.96%	Distribution of footwear and accessories 分銷鞋類產品及配件
Daphne Investment (Group) Co., Ltd. ^(a) 達美妮投資(集團)有限公司 ^(a)	China 中國	US\$30,000,000 30,000,000美元	100%	Distribution of footwear and accessories and investment holding 分銷鞋類產品及配件以及投資控股
Full Pearl International Limited 富珍國際有限公司	British Virgin Islands 英屬處女群島	3,294 shares of US\$1 each 3,294股每股 面值1美元之股份	59.96%	Investment holding and trading of footwear and accessories 投資控股及買賣鞋類產品及配件
Gentlefit Trading Limited 祥田貿易有限公司	Hong Kong 香港	100 ordinary shares of HK\$100; 13,055,667 non-voting deferred shares of HK\$13,055,667 ^(a) 100港元分為100股 普通股；13,055,667港元 分為13,055,667股 無投票權遞延股份 ^(a)	100%	Investment and trademark holding 投資控股及持有商標
Prime Success (BVI) Limited	British Virgin Islands 英屬處女群島	5,000,000 shares of US\$0.01 each 5,000,000股每股面值 0.01美元之股份	100%	Investment holding 投資控股
Shanghai Aixie Information Technology Co., Ltd. ^(a) 上海愛攜信息科技有限公司 ^(a)	China 中國	RMB1,000,000 1,000,000元人民幣	100%	Operation of e-commerce business 經營電子商務業務
Shoebox Commerce Co., Ltd. ^(a) 鞋櫃商貿有限公司 ^(a)	China 中國	RMB460,000,000 460,000,000元人民幣	96.46%	Distribution of footwear and accessories 分銷鞋類產品及配件
Shoebox Holdings Limited 鞋櫃控股有限公司	Hong Kong 香港	14,111 ordinary shares of HK\$381,470,740 381,470,740港元分為 14,111股普通股	96.46%	Investment and trademark holding 投資控股及持有商標
Victoria Success (Shanghai) Limited ^(a) 永恩實業(上海)有限公司 ^(a)	China 中國	US\$23,000,000 23,000,000美元	100%	Property holding 持有物業

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 SUBSIDIARIES (CONTINUED)

Notes:

- (a) These companies were established in mainland China in the form of wholly foreign-owned enterprises.
- (b) Other than investments in Full Pearl International Limited and Prime Success (BVI) Limited which are held directly by the Company, all subsidiaries shown above are held indirectly by the Company.
- (c) Other than Full Pearl International Limited and Prime Success (BVI) Limited which operate in Hong Kong, all subsidiaries shown above operate in the same place in which they were incorporated, respectively.
- (d) The non-voting deferred shares practically carry no rights to dividends, nor rights to receive notice, nor rights to attend and vote at any general meeting of the company, nor rights to participate in any distribution on winding up.
- (e) None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.
- (f) The English names of the subsidiaries established in mainland China represent the best effort by the directors in translating their Chinese names as they do not have official English names.

37 附屬公司(續)

附註：

- (a) 該等公司為於中國大陸成立之全外資企業。
- (b) 除於富珍國際有限公司及Prime Success (BVI) Limited之投資由本公司直接持有外，上列所有附屬公司均由本公司間接持有。
- (c) 除富珍國際有限公司及Prime Success (BVI) Limited於香港營運外，以上列示的所有附屬公司分別於其註冊成立地點營運。
- (d) 無投票權遞延股份實際上無權收取該公司之股息或接收任何股東大會通告或出席股東大會並於會上投票。於清盤時亦無權參與任何分派。
- (e) 各附屬公司於年末或年內任何時間概無任何未償還債務證券。
- (f) 於中國大陸成立之附屬公司的英文名稱為董事盡力翻譯其中文名稱所得，因為該等附屬公司並沒有正式的英文名稱。

DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

www.daphneholdings.com