



National Arts Entertainment and Culture Group Limited
國藝娛樂文化集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(於開曼群島註冊成立並於百慕達存續之有限公司)

Stock code 股份代號 : 8228

2016 ANNUAL REPORT
年報



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of National Arts Entertainment and Culture Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板的定位，乃為相比起其他在聯交所上市的公司帶有較高投資風險的公司提供一個上市的市場。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他資深投資者。

由於創業板上市公司的新興性質使然，在創業板買賣的證券可能會較於聯交所主板買賣的證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

香港交易及結算所有限公司及聯交所對本報告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部分內容而產生或因依賴該等內容而引致之任何損失承擔任何責任。

本報告載有遵照聯交所創業板證券上市規則之規定而提供有關國藝娛樂文化集團有限公司(「本公司」)之資料，本公司各董事願就此共同及個別承擔全部責任。本公司各董事經作出一切合理查詢後，確認就其所知及所信，本報告所載資料在各重大方面均屬準確及完整，並無誤導或欺詐成份，且並無遺漏任何其他事實，足以致使本報告或其所載任何陳述產生誤導。

CONTENTS

目錄

Page
頁次

Corporate Information	公司資料	03
Chairman's Statement	主席報告書	06
Management Discussion and Analysis	管理層討論及分析	08
Biographical Details of Directors and Senior Management	董事及高級管理層履歷	25
Environment, Social and Governance Report	環境、社會及管治報告	29
Corporate Governance Report	企業管治報告	38
Risk Management Report	風險管理報告	56
Directors' Report	董事會報告書	67
Independent Auditors' Report	獨立核數師報告書	89
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面收益表	98
Consolidated Statement of Financial Position	綜合財務狀況表	100
Consolidated Statement of Changes in Equity	綜合權益變動表	102
Consolidated Statement of Cash Flows	綜合現金流量表	103
Notes to the Consolidated Financial Statements	綜合財務報表附註	105
Financial Summary	財務摘要	232



CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. Sin Kwok Lam

Vice Chairperson, Executive Director and Chief Executive Officer

Ms. Law Po Yee

Vice Chairperson and Executive Director

Mr. Chow Kai Weng

Executive Director

Ms. Sin Ho Yee

Non-executive Director

Mr. Li Sin Hung Maxim

Independent Non-executive Directors

Mr. Chan Tin Lup Trevor
Mr. Chui Chi Yun Robert
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

COMPANY SECRETARY

Mr. Luk Ho Lun

COMPLIANCE OFFICER

Ms. Law Po Yee

董事會

主席兼非執行董事

冼國林先生

副主席兼執行董事及行政總裁

羅寶兒女士

副主席兼執行董事

周啟榮先生

執行董事

冼灝怡女士

非執行董事

李錄洪先生

獨立非執行董事

陳天立先生
崔志仁先生
黃龍德教授
李傑之先生

公司秘書

陸浩麟先生

監察主任

羅寶兒女士



HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 3011B-3012, 30/F
West Tower Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

總辦事處及主要營業地點

香港
干諾道中168-200號
信德中心西翼
30樓3011B-3012室

SHARE REGISTRAR AND TRANSFER OFFICES

Principal share registrar and transfer office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

股份過戶及登記處

主要股份過戶及登記處

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong branch share registrar and transfer office

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

香港股份過戶及登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

AUTHORISED REPRESENTATIVES

Ms. Law Po Yee
Mr. Chow Kai Weng

授權代表

羅寶兒女士
周啟榮先生

COMMITTEES

Audit Committee

Mr. Chui Chi Yun Robert (*Chairman*)
Mr. Chan Tin Lup Trevor
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

轄下委員會

審核委員會

崔志仁先生(*主席*)
陳天立先生
黃龍德教授
李傑之先生

Remuneration Committee

Mr. Chui Chi Yun Robert (*Chairman*)
Mr. Chan Tin Lup Trevor
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

薪酬委員會

崔志仁先生(*主席*)
陳天立先生
黃龍德教授
李傑之先生

Nomination Committee

Mr. Sin Kwok Lam (*Chairman*)
Mr. Chan Tin Lup Trevor
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

提名委員會

冼國林先生(*主席*)
陳天立先生
黃龍德教授
李傑之先生

LEGAL ADVISORS

Conyers Dill & Pearman

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

GROUP'S WEBSITE

<http://www.nationalarts.hk>

STOCK CODE

8228

法律顧問

Conyers Dill & Pearman

核數師

國衛會計師事務所有限公司
執業會計師
香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

主要往來銀行

恒生銀行

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

本集團網址

<http://www.nationalarts.hk>

股份代號

8228



CHAIRMAN'S STATEMENT

主席報告書



Dear Shareholders,

On behalf of the Board of Directors (the "Board") of National Arts Entertainment and Culture Group Limited (the "Company"), I am pleased to present to you the 2016 annual report of the Company and its subsidiaries (collectively the "Group").

Entertainment culture has always been the core values of the Group's business. To promote the Great China entertainment culture, the Group has actively developed the Xiqiao National Arts Film Studio (the "Studio") and National Arts Resort Hotel (the "Hotel") (collectively the "Xiqiao National Arts Film Studio Project"). At the same time, the development of culture and entertainment also drove the Group's tourism business, which enhanced the development of the Xiqiao National Arts Film Studio Project.

After years of effort and the support from all parties, the Xiqiao Arts Film Studio Project were officially launched in October 2015. Following the grand opening, several mega events have been held in the Studio and Hotel. With reference to the tourists' feedback, the Group continuously improves and innovates in providing the tourists more comprehensive and thoughtful service.

致各股東：

本人謹代表國藝娛樂文化集團有限公司(「本公司」)董事會(「董事會」)，欣然提呈本公司及其附屬公司(統稱「本集團」)之二零一六年年度報告。

娛樂文化一直是本集團的核心業務價值。為傳揚大中華娛樂文化，本集團積極發展西樵山國藝影視城(「該影視城」)及國藝渡假酒店(「該酒店」)(統稱「西樵山國藝影視城項目」)。發展文化及娛樂同時亦帶動本集團的旅遊業務，令西樵山國藝影視城項目的發展更加成熟。

有賴多年努力及各方的支持，西樵山國藝影視城項目終於在二零一五年十月正式開幕。於隆重開幕後，該影視城及該酒店已舉辦過多項大型盛事。本集團參照遊客的意見，不斷改善及創新，務求為遊客提供更全面周到的服務。

The year 2017 will be the turning point of the Group, its business to be transferred from a high investment period to a stable harvest period. In the future, the Group will committed to further develop its business in order to maximize the return of the shareholders of the Company (the "Shareholder") by ways of (i) co-operating with local and foreign enterprises, resulting in synergies for the development of the Xiqiao National Arts Film Studio Project; (ii) through the Group's current cost competitive advantage, developing network movie with high technology and (iii) intensifying efforts to develop the Group's tourism business, focusing on promoting the Studio to be a well known travel spot.

As a matter of fact, with reference to the published statistics, both the PRC film industry and tourism industry are in the high growth phase, which is a great opportunity for the development of the Group's businesses. In view of this, the Group strives to upgrade the facilities in film shooting base, in coupled with continuous promotion, with an anticipation to will make it one of the most excellent equipped and the largest studio in the Guangdong Province.

Finally, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to our Shareholders for their continuing support. And thanks to the Board members and staff for their dedication and contributions. The Group will further strengthen its core businesses and explore potential business opportunities relating to its entertainment and culture business to create long-term value for shareholders.

Thank you for your support.

Sin Kwok Lam
Chairman and Non-executive Director

Hong Kong, 22 March 2017

二零一七年將為本集團的轉捩點，業務將由高投資期過渡至穩定回報期。本集團未來將致力深入發展其業務，藉著(i)與國內和外資企業合作，為發展西樵山國藝影視城項目締造協同效益；(ii)透過本集團現有的成本競爭優勢，開發高科技網絡電影；及(iii)加大力度發展本集團旅遊業務，專注將該影視城打造成旅遊名勝，以盡量擴大本公司股東(「股東」)回報。

事實上，參照已公佈的統計數字，中國電影業及旅遊業正處於高速增長階段，是本集團發展業務的大好契機。有見及此，本集團致力提升電影拍攝基地的設備，同時不斷加強宣傳，令其成為廣東省內配備最完善及最大的影視城之一。

最後，本人謹藉此機會代表董事會衷心感謝股東一直以來的支持，亦感激董事會成員及員工所付出的努力及貢獻。本集團將進一步加強其核心業務，並發掘與其娛樂及文化業務有關的潛在商機，藉此為股東締造長期價值。

謝謝各位的支持！

主席兼非執行董事
冼國林

香港，二零一七年三月二十二日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



BUSINESS REVIEW

Xiqiao National Arts Studio Project

Located in Foshan city, Guangdong province, the Group's Xiqiao National Arts Film Studio Project has a total developed land area of 444,000 square meters and is a unique studio which incorporates tourism and recreational facilities such as film shooting areas, theme parks, hotel and performing arts complexes.

Xiqiao National Arts Film Studio officially opened in October 2015. Following the grand opening, series of festival celebrations, mega events and concerts featuring popular singers were held in the Studio. During the year 2016, the Studio had held Lunar New Year Celebration, Taiwan Food Festival, 2016 Marathon event and 2016 Halloween event, etc. And the Lunar New Year Celebration and 2016 Marathon events also recorded approximately 26,000 and 9,000 attendances respectively.

In 2016 winter, the Studio cooperated with a well know American Company jointly held a PRC's first world – class outdoor snow paradise event which included a South China's first outdoor Ski-slideway with 150 meters long. It successfully attracted large numbers of tourists and arouse a heated discussion in the city.

業務回顧

西樵山國藝影視城項目

本集團位於廣東省佛山市的西樵山國藝影視城項目，已開發土地總面積達444,000平方米，是匯集電影拍攝場地、主題樂園、酒店、表演場館等觀光和遊玩設施於一身。

於二零一五年十月，西樵山國藝影視城正式開業。隨著隆重開幕，本集團舉辦了一系列節慶活動、大型活動及流行歌手音樂會。於二零一六年，該影視城已舉辦農曆新年節慶活動、台灣美食節、二零一六年馬拉松及二零一六年萬聖節等盛事。農曆新年節慶活動及二零一六年馬拉松活動亦分別錄得約26,000及9,000的入場人次。

二零一六年冬季，該影視城與一間知名美國公司合作舉辦中國首個世界級戶外雪樂園活動，包括華南首條長達150米的戶外滑雪道，並成功吸引大量遊客慕名而來，掀起全城熱話。



On 16 November 2016, the Group entered a sales partnership agreement with a PRC company in relation to the sales of tickets of the Studio. Pursuant to the Agreement, the PRC company will be appointed as an exclusive agent to sell the Studio's ticket in the PRC, and undertook that the sales and distribution of the studio tickets will be at least 1 million per year. It will effectively stabilize the Group's revenue. Other than the sales partnership agreement, the wholly owned travel agency company namely "National Arts Travel Limited" has been established and commenced its business in the year 2016.

The Group believes that the events held and the agreements entered will effectively improve the brand awareness of the Studio and will push the Xiqiao National Arts Film Studio Project to the peak.

Film Shooting Base

The film shooting base is the core project of the Xiqiao National Arts Film Studio Project. It covers 374,000 square meters, including a lake of 120,000 square meters and numbers of indoor and outdoor studios which equipped with the most excellent and comprehensive ancillary facilities in order to provide the South China and foreign shooting crews the most realistic and delicate scenes.

By virtue of the extensive choices, supreme geographical location and multifunctional ancillary services, the shooting base has been heavily used by the production crews. During the year 2016, there were more than 60 production crews filmed in the shooting base.

於二零一六年十一月十六日，本集團就銷售該影視城的門票與一間中國公司訂立銷售合夥協議，根據該協議，中國公司將獲委任為在中國銷售該影視城門票之獨家代理及承諾每年銷售及分銷至少1,000,000張影視城門票，這將有效穩定本集團的收益。除銷售合夥協議外，本集團的全資旅行社公司「國藝旅遊有限公司」亦已成立，並於二零一六年展開業務。

本集團深信所舉辦的盛事及所訂立的協議將有效地增強該影視城的品牌知名度，並將西樵山國藝影視城項目推向高峰。

電影拍攝基地

電影拍攝基地是西樵山國藝影視城項目的核心項目，佔地374,000平方米，包括面積120,000平方米的湖泊水景及多間室內外攝影棚，配備最頂尖及全面的配套設施，以為華南及海外拍攝團隊提供最真實細緻的場景。

拍攝基地憑藉豐富的場景選擇、優越的地理位置及多功能配套服務，拍攝基地一直深受製作團隊重用。於二零一六年有逾60個製作團隊曾在拍攝基地拍攝。



On 11 January 2016, the Group has entered into a rental agreement, taking the role of rental agent, with a well known company renting film shooting equipment. The partners provided the plentiful props, attires and high-tech shooting equipment including lots of ancient costumes of Ming and Qing dynasties, antique furniture, simulated ordnance and other performing props. It is believed that it will bring substantial gain to the Group as enormous synergistic effect will be created.

Following to the growth of the PRC film market and the production crews' requirements for the scene have improved, the Group is developing a high-profile indoor studio to enrich the scenic choice. The high - profile indoor studio will expected to be completed in 2017 and will generate a favorable income.

於二零一六年一月十一日，本集團(擔任租賃代理的角色)已與一間出租電影拍攝設備的著名公司訂立租賃協議。合作夥伴應提供的大量道具、戲服及高科技拍攝設備，包括大量明清朝代的古裝戲服、古董家具、模擬軍械及其他表演道具等。相信將可產生巨大的協同效益，為集團帶來可觀收益。

隨著中國電影市場日漸成熟，以及製作團隊對場景的要求更為嚴格，本集團正在開發高配備攝影棚，令場景選擇更加豐富。高配備攝影棚預期將於二零一七年完工，並將產生可觀的收入。



Wedding Photography

The Group reached an agreement with a renowned domestic wedding photography chain group in the fourth quarter of 2013 to develop its new wedding photography business. Through which, the Group leased the Studio with an area of approximately 20 mu (13,333.33 square meters) for a term of 12 years and the wedding photography company invested RMB10 million for the construction of scenic spots in different styles such as European, Korean and Japanese styles and guarantee there will be at least 28,800 couples taking wedding photos in the scenic spots per year. The annual income of this arrangement will be no less than approximately RMB1.2 million starting from 2016.

In addition, the Group is negotiating with several jeweler, Chinese and western bakery, Chinese style wedding gown and wedding planning company in order to provide one-stop service for wedding couples. The Studio is expected to become a comprehensive wedding hot spot.

婚紗攝影

本集團於二零一三年第四季與國內一個著名的婚紗攝影連鎖集團達成協議，發展其全新的婚紗攝影業務。據此，本集團出租該影視城佔地約20畝(13,333.33平方米)的範圍，租期12年，及婚紗攝影公司已投資人民幣10,000,000元興建多個不同風格的景區，如歐式、韓式、日式等，確保每年至少有28,800對新人進入景區拍攝婚紗照。預料此項安排自二零一六年起每年產生的收入將不少於約人民幣1,200,000元。

此外，本集團正與若干珠寶、中西式禮餅、中式結婚禮服及婚禮籌辦公司磋商，為新人提供一站式婚禮服務。該影視城預期將成為全面的結婚熱門勝地。

Hotel

The 5-star Hotel next to the Studio has been officially commenced its operation in November 2015. The Hotel provides 350 suites facilitated from deluxe suites to economic standard rooms. In addition, the Hotel is equipped with a variety of recreational facilities such as SPA, Modern Swimming Pool and Chess Room. Apart from the recreation, the Hotel also provides commercial services such as business centre, meeting rooms and lecture halls.

With the development of the Hotel and the Studio becoming mature and its popularity having increased, the number of tourists continuously grow, the Group will introduced an additional facilities such as beauty services, barbecue facilities and other recreational facilities. And for the catering, it will provide more dining options and maintain high quality of foods and services.

Film Production

Entertainment culture is the core value of the Group's business. The Group is committed to produce and invest in movie and online TV programme to promote the culture and entertaining.

The movies invested by the Group, "Ip Man — the final fight" (葉問 — 終極一戰) was selected as the opening film of the "Hong Kong International Film Festival" in 2013, and was selected as the recommended film in the "20th Hong Kong Film Critics Society Award". And "Golden Brother" (男人唔可以窮) also won the best small and medium cost film award in China Image Film Festival. These achievements are really encouraging.

During 2016, the Group invested a charity movie namely "Our Days" (我們的6E班) which is in the post-production stage and will be shown in cinema soon. The theme of "Our Days" is in line with the social current status, with educational significance. The Group believes that it will be obtained certain market occupancy among the film screening industry and will enhance the Group's corporate image and brand awareness.

Apart from the above, the movie, Si Dang (死黨) and the online TV programmes (上山吧!兄弟) and (放開那個魔獸) invested by the Group will be shown in cinemas in the PRC and internet in the year 2017 respectively.

酒店

毗鄰該影視城的五星級酒店，已於二零一五年十一月正式開業。該酒店提供350間客房，包括豪華套房及經濟實惠的標準房。此外，該酒店配備各類康樂設施，如水療中心、現代游泳池及棋藝室。除康樂設施外，該酒店亦提供商務中心、會議室及演講廳。

隨著該酒店及該影視城的發展漸趨成熟、其知名度日增、旅客人數不斷上漲，本集團將引入美容服務、燒烤設備等額外設施和其他康樂設施。至於飲食方面，本集團將提供更多餐飲選擇及維持優質食品及服務。

電影製作

娛樂文化是本集團的核心業務價值。本集團矢志製作及投資電影及網上電視節目，以傳揚文化及娛樂。

由本集團投資的電影《葉問 — 終極一戰》獲選為二零一三年「香港國際電影節」的開幕電影，並獲選為「第二十屆香港電影評論學會大獎」的推薦電影，而《男人唔可以窮》亦於萬像國際華語電影節勇奪最佳中低成本製作電影大獎，實在成就非凡，令人鼓舞。

於二零一六年，本集團投資了一套慈善電影《我們的6E班》，該電影正處於後期製作階段，快將於電影院上映。《我們的6E班》的題材與目前社會現況息息相關，極具教育意義。本集團深信該電影在行內有望搶佔若干市場票房，並提升本集團的企業形像及品牌知名度。

除上述者外，本集團投資的電影《死黨》及網上電視節目《上山吧！兄弟》及《放開那個魔獸》將於二零一七年分別於電影院及互聯網上映。

Cinema

National Arts Films Production Limited (“NA Films”), an indirectly wholly-owned subsidiary of the Company, collaborated with its joint venture for the development of cinema business in a large shopping mall in a transportation hub area of Zhu Hai, Guangdong, the PRC.

NA Films held 60% equity interest in the joint venture. The cinema boasts eight screens and a total of more than 730 seats, and have commenced its operation since May 2014 which supports further comprehensive development of the Group’s entertainment and culture business.

Artiste Management

To enhance the popularity of the Group’s artistes Rose Chan, Brian Yuen, Rachel Chau, Leomon Yip else, the Group has arranged a variety of performance opportunities including the participation in the charity movie, “Our Days” (我們的6E班), an online TV programme (上山吧!兄弟), the drama and being the show host of the Lunar New Year Celebration and 2016 Marathon events.

Besides, the Group’s artistes will perform and participate in different shows and events. The Group will also identify suitable institutions for them to serve as brand representative and involve in advertising photography and drama.

With the huge market of domestic movies, the Group will continue to recruit artists with potential in the future to cope with the demands in the vast market and expand the artiste management segment, hoping that it will become one of the major income sources of the Group.

電影院

本公司間接全資附屬公司國藝影視製作有限公司(「國藝影視」)與其合營企業在中國廣東珠海市中心的大型商場合作發展電影院業務。

國藝影視持有合營企業60%股本權益。該電影院設有八個銀幕，提供合共逾730個座位，並已自二零一四年五月起投入營運，令本集團的娛樂文化業務得以更全面發展。

藝人管理

為增加本集團旗下藝人陳嘉桓、阮頌揚、周嘉莉、葉芷如等的曝光率，本集團已安排多項演出機會，包括參演慈善電影《我們的6E班》、網上電視節目《上山吧!兄弟》、舞台劇，以及擔當農曆新年節慶活動及二零一六年馬拉松活動的節目主持。

除此之外，本集團的藝人將出演及參與多個節目及活動。本集團亦會為彼等物色合適的機會，擔任品牌代言人和參與廣告攝影和戲劇。

國內電影市場龐大，本集團未來會繼續羅致有潛質的藝人，以應對龐大的市場需求，並會擴大藝人管理分部，以冀成為本集團的主要收入來源之一。

FUTURE PROSPECT

Market Trends

According to the statistics published by China National Tourism Administration, during the 2017 Lunar New Year holidays, the gross tourism revenue in Guangdong province was approximately RMB36,640 million which was the highest across the PRC and representing increase of 16.17% compared with that in 2016.

Revenue from tourism during the 2017 Lunar new holidays by provinces, regions and cities – Top Ten (on-going statistics):

未來展望

市場趨勢

根據中國國家旅遊局公佈的統計數字，於二零一七年農曆年假期間，廣東省的旅遊總收入約為人民幣366.4億元，冠絕全國，較二零一六年同期增加16.17%。

2017春節全國各省區市旅遊收入排行榜 – 前十名（統計中）：

Rank	Province, region & city		Total revenue from tourism	Year-on-year growth	Total number of tourists received	Year-on-year growth
名次	省區市		旅遊總收入 (RMB billion) (人民幣十億元)	同比增長	接待遊客總數 (million) (百萬人次)	同比增長
1	Guangdong	廣東	36.64	16.17%	48.26	13.5%
2	Sichuan	四川	35.569	19.6%	63.8359	10.2%
3	Hubei	湖北	22.57	20.3%	22.123	19.1%
4	Zhejiang	浙江	Approx. 近18.6	18.1%	21.4849	13.4%
5	Shandong	山東	16.01	16.1%	18.565	11.9%
6	Shaanxi	陝西	14.745	27.84%	30.2801	21.22%
7	Anhui	安徽	14.267	12.35%	26.8152	14.37%
8	Hunan	湖南	13.835	26.92%	22.6629	20.43%
9	Yunnan	雲南	13.553	70.60%	22.9662	65.28%
10	Fujian	福建	12.974	25.1%	18.6372	20.8%

Chart by: WANG Zhaotong (intern) of <http://travel.people.com.cn>

製表：人民網旅遊頻道王趙童（實習生）

Descriptions: This table was compiled based on the publicly available statistics and data provided by the tourism commissions of different provinces, regions and cities, and their statistical scope are different from each other.

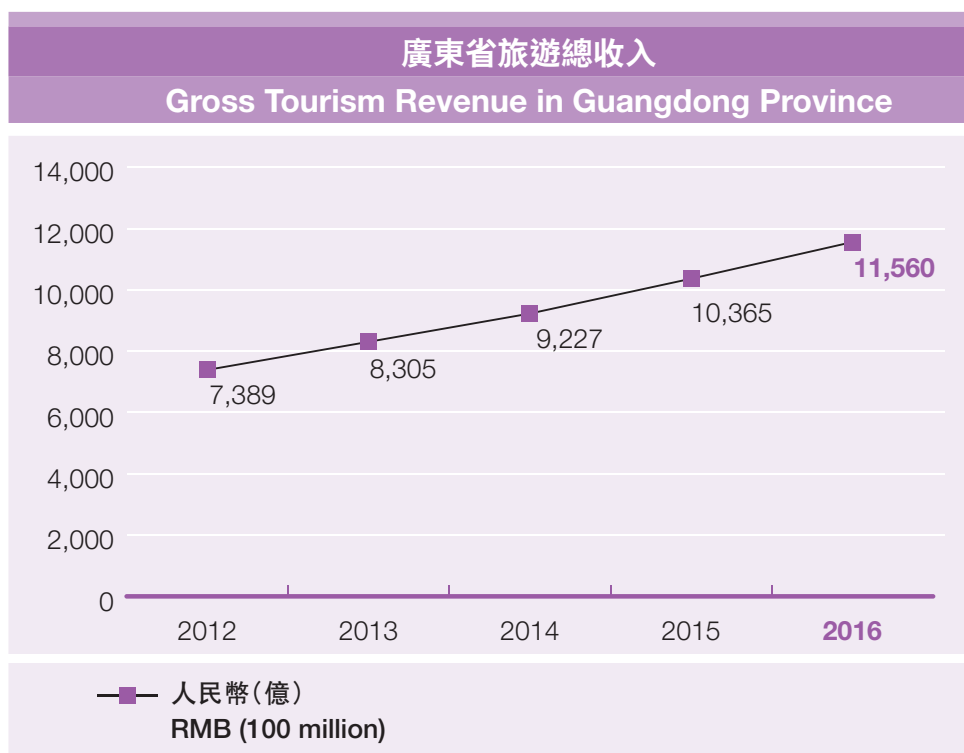
說明：本表採用的是各省區市旅遊委公開統計數據，各省市區統計涵蓋範圍或有不一。

(Reference: China National Tourism Administration web-site: http://cnta.gov.cn/xxfb/jdxwnew2/201702/t20170204_813901.shtml)

(參考自中華人民共和國國家旅遊局 – 網址：http://cnta.gov.cn/xxfb/jdxwnew2/201702/t20170204_813901.shtml)

The gross tourism revenue in Guangdong Province in the PRC continuously increased during the five years period from 2012 (approximately RMB738,900 million) to 2016 (approximately RMB1,156,000 million). The rank of Guangdong Province in the PRC in terms of gross tourism revenue has maintained the first during this five-years period.

二零一二年至二零一六年五年間，中國廣東省的旅遊總收入不斷增長，由約人民幣7,389億元增加至約人民幣11,560億元。按旅遊總收入計算，中國廣東省在此五年間一直位居榜首。

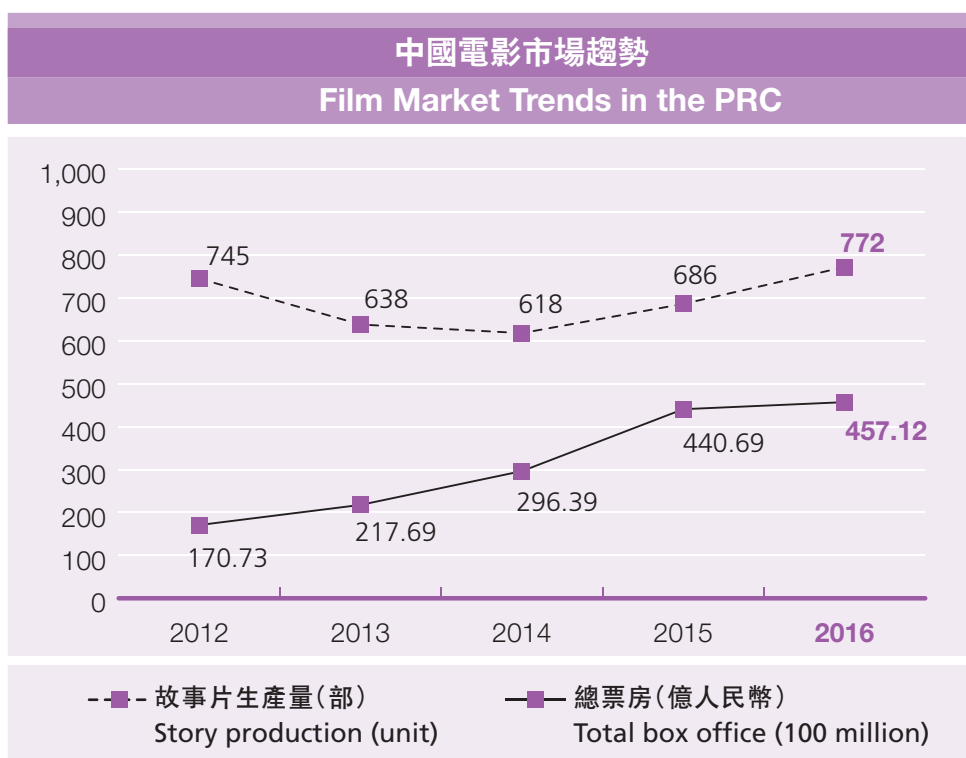


On 21 March 2013, Motion Picture Association of America published an annual report that China replace Japan being the world's second largest film market after United States, and this ranking has so far maintained.

According to the film market trends in PRC, the story production has picked up after the decline. The story production in 2016 rose to more than that in 2012 which was at peak, being the highest production in the past ten years. And the total box office has also increased during this five years period from approximately RMB170,73 million to approximately RMB45,712 million.

於二零一三年三月二十一日，美國電影協會刊發年報，指中國已取代日本成為世界第二大電影市場，緊次於美國，該排行迄今一直維持不變。

根據中國電影市場趨勢，故事製作數量下滑後再呈升勢。二零一六年的故事製作數量更升至超逾二零一二年繁盛時期的水平，為過去十年數量最多的製作。於此五年間，票房總收益亦由約人民幣170.73億元增加至約人民幣457.12億元。





Further Development

The Group believes that the upward trend will continue in both tourism industry and films industry. To cater the upward trend, the Group committed to the further development of the Xiqiao National Arts Film Studio Project.

Over 60 shooting crews conducted filming in the Studio in 2016, which was more than two comparable studios in the neighbouring districts according to Internet data. This was mainly attributable to (i) the setting and scene of the Studio was more in line with the needs of the shooting crews; and (ii) more comprehensive ancillary facilities.

For these reasons, the Group will continuously develop the Xiqiao National Arts Film Studio Project by (i) constructing high-profile indoor studio; (ii) cooperating with resourceful company in providing high-tech equipment, props, etc, and (iii) developing new hotel project. The Group expects that there will be more than 80 shooting crews to film in the Studio in 2017. Meanwhile, the Group will produce, promote and deliver new film products, implementing an "Internet plus" strategy so as to utilize more of the internet and information technology in the productions.

For tourism, the Xiqiao National Arts Film Studio Project is in the harvest period, variety of facilities have been developed. In addition to the large-scale events which will be held and the sales partnership agreement signed with a PRC company in relation to the sales of tickets of the Studio, the Group believes that large numbers of visitors will be attracted and a substantial revenue will be brought to the Group in 2017.

其他發展

本集團相信旅遊業及電影業的升趨將會持續。為應對該升勢，本集團致力進一步發展西樵山國藝影視城項目。

於二零一六年有逾60個製作團隊曾在影視城拍攝，而根據互聯網數據，拍攝基地超逾鄰近地區兩個同類拍攝基地的拍攝團隊的記錄。主因是(i)場景更切合拍攝團隊的需求；及(ii)配套設施更加全面。

就此，本集團將繼續透過(i)興建高配備室內攝影棚；(ii)與資源雄厚的公司合作，提供高科技設備、道具等；及(iii)開發全新酒店項目，發展西樵山國藝影視城項目。本集團預計二零一七年將有逾80個拍攝團隊在該影視城拍攝。與此同時，本集團將實踐「互聯網+」策略，在製作過程中善用互聯網及資訊科技，以製作、宣傳及交付新電影產品。

旅遊方面，西樵山國藝影視城項目正處於收成期，多項設施發展完備。隨即將舉辦的大型活動及就銷售該影視城的門票與一間中國公司簽署銷售合夥協議下，本集團相信二零一七年將吸引大批旅客，能為本集團帶來龐大收益。

FINANCIAL REVIEW

Results

During the year under review, the Group reported a revenue of approximately HK\$57.8 million, a increase of 44.4% as compared to the revenue in previous year for the continuing operations. The revenue was mainly attributable to the business of the Studio in the PRC, while part of the revenue was generated from the film production and distribution, sales of travel related products, artiste management and event coordination business.

Film production cost for the year under review increased by approximately HK\$5.58 million as the cost of the film production had been recognised during the year increased.

Staff costs for the year under review increase to approximately HK\$39.83 million from approximately HK\$38.76 million in 2015. An increase of approximately HK\$1.07 million in staff costs.

Finance costs for the year under review increased by approximately HK\$38.45 million by reason of the interest charged on additional shareholders' loan; interest payment of bonds issued in 2015 and 2016.

For the year ended 31 December 2016, the Group recorded a net loss of approximately HK\$327.09 million as compared to net loss for the year ended 31 December 2015 of approximately HK\$264.83 million. During the year under review, the Group incurred several non-cash flow expense items, including but not limited to, amortisation of film products and land lease prepayments which are amounted to approximately HK\$10.75 million and HK\$13.7 million respectively.

財務回顧

業績

於回顧年度，本集團錄得收入約57,800,000港元，較去年持續經營業務的收入上升44.4%。收入主要源自位於中國的影視城業務，而部分收入來自電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌業務。

回顧年度的電影製作成本上升約5,580,000港元，本年度確認之電影製作成本增加。

回顧年度的員工成本由二零一五年約38,760,000港元上升至約39,830,000港元，員工成本上升約1,070,000港元。

回顧年度的融資成本增加約38,450,000港元，乃來自新增股東貸款的利息支出；於二零一五及二零一六年發行的債券的利息付款。

截至二零一六年十二月三十一日止年度，本集團錄得虧損淨額約327,090,000港元，而截至二零一五年十二月三十一日止年度錄得虧損淨額約264,830,000港元。回顧年內，本集團產生個別非現金流的費用項目，包括但不限於影片產品攤銷及土地租賃預付款，分別約10,750,000港元及13,700,000港元。

Liquidity and Financial Resources

流動資金及財務資源

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current assets	流動資產	81,689	69,507
Current liabilities	流動負債	378,832	602,443
Current ratio	流動比率	21.6%	11.5%

Current ratio as at 31 December 2016 was 21.6% (2015: 11.5%). As at 31 December 2016, the Group's total negative cash and cash equivalents amounted to approximately HK\$4.22 million (2015: positive cash and cash equivalent approximately HK\$4.36 million).

The consolidated financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had consolidated net current liabilities of approximately HK\$297,143,000 (2015: approximately HK\$532,936,000) and suffered loss of approximately HK\$327,092,000 for the year ended 31 December 2016 (2015: approximately HK\$264,834,000). The management of the Group has been taking active steps to improve working capital of the Group by obtaining further debt or equity financing and implementing measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflow from its operations in the future. The Company also entered into subscription agreements with Mr. Sin and two third parties in respect of the subscription of the subscription shares at an agreed price which will be subject to the shareholders' approval at a special general meeting to be held on 6 April 2017. The Company shall issue the subscription shares to Mr. Sin and the two third parties to settle (i) the total interests of the promissory note, convertible bonds and loans from shareholder of Mr. Sin; and (ii) the debts of the construction costs amounting approximately RMB76,674,000 (equivalent to approximately HK\$86,520,000) respectively. In addition, the Group is actively exploring the availability of alternative source of financing, the major shareholder, who is also the major convertible bond holder of the Company, has undertaken to provide financial support to the Group to meet its liabilities as they fall due and to maintain the Group as a going concern for the next twelve months by providing certain undrawn revolving loan facilities amounting to HK\$306,000,000.

於二零一六年十二月三十一日的流動比率為21.6% (二零一五年：11.5%)。於二零一六年十二月三十一日，本集團錄得負數總現金及現金等值項目約4,220,000港元(二零一五年：正數現金及現金等值項目約4,360,000港元)。

綜合財務報表按持續基準編製，其假設於正常業務過程中變現資產及償還負債，惟本集團於截至二零一六年十二月三十一日止年度有綜合流動負債淨額約297,143,000港元(二零一五年：約532,936,000港元)及錄得虧損約327,092,000港元(二零一五年：約264,834,000港元)。本集團管理層已積極採取措施改善本集團營運資金狀況，方式為取得更多債務或股本融資以及實行措施以對多項經營開支加緊成本管控，藉此提高其日後的盈利能力及產生正面經營現金流入。本公司與冼先生及兩名第三方之間訂立認購協議，內容有關按協定價格認購認購股份，惟須經股東於將在二零一七年四月六日舉行的股東特別大會上批准後，方可作實。本公司將向冼先生及兩名第三方發行認購股份，以分別結付(i)承兌票據、可換股債券及來自股東冼先生貸款的總利息；及(ii)建築成本債務約人民幣76,674,000元(相當於約86,520,000港元)。此外，本集團現正積極探索能否獲取其他融資來源，而主要股東(亦為本公司主要可換股債券持有人)已承諾向本集團提供財務支援，通過提供若干未提取循環貸款融資306,000,000港元，以協助本集團結付到期債務及讓本集團可於未來十二個月持續經營。

Taking into account of the presently available standby credit facilities and the cash flow projections prepared by the management with reference to the current business and financing plans of the Group, the directors of the Company are of the view that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets and current liabilities respectively and to provide for any further liabilities which might arise.

Dividend

The Directors of the Company do not recommend payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

Capital Structure and Gearing Ratio

The shares of the Company were listed on GEM of the Stock Exchange on 17 October 2002. The capital of the Company comprises only ordinary shares. As at 31 December 2016, 3,998,389,482 ordinary shares were issued and fully paid. The details of the capital structure of the Group in terms of maturity profile of debt, type of capital instrument used, currency and interest rate structure are set out in the note 6 to the consolidated financial statement from page 153 to 159 of this annual report.

計及現有可動用的備用信貸融資及管理層參考本集團現有業務及融資計劃編製的現金流量預測，本集團董事認為，本集團擁有充足營運資金供其自報告期末後未來十二個月之現時所需，因此，綜合財務報表乃按持續經營基準進行編製。倘本集團不能按持續經營基準經營業務，將須作出調整以對資產及流動負債的價值進行重列及對可能產生的任何其他負債計提撥備。

股息

本公司董事不建議派付截至二零一六年十二月三十一日止年度的末期股息(二零一五年：無)。

資本架構及負債比率

本公司股份於二零零二年十月十七日在聯交所創業板上市。本公司股本僅包含普通股。於二零一六年十二月三十一日，有3,998,389,482股已發行及繳足股款普通股。本集團就債務組合到期日、所用資本工具類型、貨幣及利率架構之資本架構詳情，載於本年報第153至159頁之綜合財務報表附註6。

		2016 二零一六年		2015 二零一五年	
		Amount 金額 HK\$'000 千港元	Relative 相對 %	Amount 金額 HK\$'000 千港元	Relative 相對 %
Bank overdrafts	銀行透支	8,501	0.4%	8,345	0.4%
Loan from a related company	一間關聯公司的貸款	—	—%	12,400	0.6%
Loans from shareholders	股東的貸款	462,344	23%	139,500	6.6%
Borrowings	借貸	179,538	8.9%	269,161	12.7%
Bonds	債券	506,803	25.1%	273,970	13%
Convertible bonds	可換股債券	110,813	5.5%	377,450	17.9%
Promissory note	承兌票據	81,655	4.1%	79,576	3.8%
Finance lease obligation	財務租賃承擔	23,406	1.2%	21,666	1%
Total borrowings	借款總額	1,373,060	68.2%	1,182,068	56%
Equity	權益	639,978	31.8%	930,382	44%
Total capital employed	所運用的資本總額	2,013,038	100%	2,112,450	100%

The Group's gearing ratio (i.e. the total borrowings to the total capital employed) was approximately 68.2% as at 31 December 2016 (2015: 56%). If the bonds, convertible bonds (liability component), promissory note and finance lease obligation as stated above were to be excluded, the underlying gearing ratio was 32.3% (2015: 20.3%). The increase in the gearing ratio in current year was due to increased loans from shareholders during the year under review.

Foreign Exchange Exposure

The Group's reporting currency is expressed in Hong Kong dollars. During the reporting period for the year ended 31 December 2016, most of the transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. During the year under review, since the Group had both Hong Kong dollars and Renminbi receipts and payments, the net Renminbi exposure was not significant. The Board considers that the Group's exposure to foreign exchange risk was not significant; therefore, no hedging transaction was made during the year.

Capital Commitments

As at 31 December 2016, the Group had the following capital commitments:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted but not provided for:	已訂約但未撥備：		
Construction of properties	物業建設	128,734	187,392
Authorised but not contracted for:	已批准但未訂約：		
Construction of properties (Note)	物業建設(註)	334,896	300,000

Note: Capital commitment for construction in properties related to capital commitment for construction of film studio and hotel in Foshan, the PRC. The authorised amount was approved by the directors of the Company according to the land lease agreements signed between Lux Unicorn, the wholly-owned subsidiary of the Company and the local authority in Foshan, the PRC, in relation to the leasing of lands for development of tourism and related entertainment business and hotel operations. The completion of constructions and commencement of operations of the projects shall be within three and four years respectively from the signing of the lease agreements.

於二零一六年十二月三十一日，本集團的負債比率（即借款總額除以所運用的資本總額）約為68.2%（二零一五年：56%）。若撇除上述的債券、可換股債券（負債部分）、承兌票據及財務租賃承擔，相關負債比率為32.3%（二零一五年：20.3%）。回顧年度負債比率上升乃由於年內新增股東貸款。

外匯風險

本集團以港元作為呈報貨幣。於截至二零一六年十二月三十一日止年度報告期間，本集團大部分交易、資產及負債均以港元及人民幣結算。回顧年度內，因本集團分別以港元及人民幣收款和付款，故人民幣風險淨額並不重大。董事會認為，本集團面臨的匯兌風險並不重大，故於年內並無進行對沖交易。

資本承擔

於二零一六年十二月三十一日，本集團有以下資本承擔：

註：物業建設的資本承擔與於中國佛山興建影視城及酒店的資本承擔有關。根據盛麟有限公司（本公司之全資附屬公司）與中國佛山市地方機關就租賃土地發展旅遊業務以及相關娛樂業務及酒店業務而簽訂的土地租賃協議，本公司董事已批准法定金額。有關項目須分別於簽訂租賃協議日期起計三年及四年內竣工及投入營運。

Future Plans for Substantial Investments or Capital Assets

With reference to the announcement of the Group dated 25 August 2016 and the clarification announcement dated 26 October 2016, a wholly-owned subsidiary of the Company, Lux Unicorn Limited has entered into a joint cooperation agreement with Foshan Tengyi Culture Distribution Company Limited (佛山市騰藝文化傳播有限公司) in respect of joint cooperate a water park and eco-tourism project on the Ruxi land parcel in the Studio.

The water park and eco-tourism project is currently under negotiation and drafting, and any updates will be made available to shareholders as soon as possible.

Other than those disclosed, the Group did not have any plan for substantial investments or capital assets.

Pledge of assets

The investment properties which had a fair value at 31 December 2016 of approximately HK\$33,700,000 (2015: approximately HK\$32,200,000) were pledged to obtain banking facilities for overdrafts.

Events After the Reporting Date

On 20 January 2017, the Company has entered into the Shareholder Subscription Agreement and the PRC Subscription Agreements with a non-executive Director of the Company and the PRC Subscribers respectively.

Pursuant to the Shareholder Subscription Agreement and the PRC Subscription Agreements, the aggregate of 500,091,740 subscription shares shall be allotted and issued under the specific mandate proposed to be sought from the Independent Shareholders of the Company at the Special General Meeting (the "SGM") of the Company to be held on 6 April 2017.

The subscriptions are conditional upon, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the subscription shares. If such condition is not fulfilled, the subscriptions will not proceed. The details of the Subscriptions are disclosed in the Company's announcement dated 20 January 2017 and the Company's Circular dated 17 March 2017.

Contingent Liabilities

Other than the disclosure under "Capital Commitments" on page 21 of this annual report, the Group did not have any other material contingent liabilities as at 31 December 2016.

未來重大投資或資本性資產計劃

茲提述本集團日期為二零一六年八月二十五日的公告及日期為二零一六年十月二十六日的澄清公告，本公司全資附屬公司盛麟有限公司與佛山市騰藝文化傳播有限公司訂立共同合作協議，內容有關共同合作開發該影視城儒溪地塊的水上樂園生態旅遊項目。

該水上樂園生態旅遊項目正處於磋商及草擬階段，若有任何進展將盡快通知股東。

除已披露外，本集團並無任何重大投資或資本性資產計劃。

資產抵押

於二零一六年十二月三十一日之公允值為約33,700,000港元(二零一五年：約32,200,000港元)的投資物業已作為就透支獲取銀行融資的抵押。

報告日後事項

於二零一七年一月二十日，本公司與本公司一名非執行董事及中國認購人分別訂立股東認購協議及中國認購協議。

根據股東認購協議及中國認購協議，按擬於二零一七年四月六日舉行之本公司股東特別大會(「股東特別大會」)向本公司獨立股東尋求的特別授權下，合共500,091,740股認購股份將予配發及發行。

認購須待聯交所上市委員會批准認購股份上市及買賣後，方可作實。倘未能達致有關條件，認購事項將不會進行。認購事項的詳情已於本公司日期為二零一七年一月二十日的公告及本公司日期為二零一七年三月十七日的通函所披露。

或然負債

除本年報第21頁「資本承擔」所披露者外，本集團於二零一六年十二月三十一日概無任何其他重大或然負債。

The completion of a major and connected transaction

The Group entered into the sale and purchase agreement to purchase the entire issued share capital of Lux Unicorn Limited in 2014 (“Acquisition”) details of which one set out in the Company’s circular dated 23 March 2015 and obtained the land use right with a total site area of approximately 368.33 mu. The Group management expected the development of those nearby areas would bring along a new height of the Xiqiao National Arts Studio Project.

In regard to the acquisition in accordance with the sale and purchase agreement dated 22 December 2014, promissory note 1 amounting to HK\$80 million and Convertible Bonds in the principal amount of HK\$300 million have been issued to the Vendor or its nominee, while the remaining promissory note 2 of HK\$20 million will only be issued subject to the obtaining of the land use rights certificate in relation to the No-Certificate Land. If land use rights certificate have not been obtained on or before 31 December 2015, the consideration for the acquisition shall be adjusted by reducing therefrom an amount of HK\$20 million, and in such event, promissory note 2 shall not be issued.

完成一項重大及關連交易

本集團於二零一四年訂立買賣協議購買盛麟有限公司全部已發行股本(「收購事項」)，詳情載於本公司日期為二零一五年三月二十三日之通函)及獲得總佔地面積約為368.33畝之土地使用權。本集團管理層預期，開發該等鄰近地區將有助西樵山國藝影視城項目邁向新高峰。

就根據日期為二零一四年十二月二十二日之買賣協議進行之收購事項而言，金額為80,000,000港元之承兌票據1及本金額為300,000,000港元之可換股債券已發行予賣方或其代名人，而餘下20,000,000港元之承兌票據2僅將於獲得有關無證土地之土地使用權證後方予發行。倘有關土地使用權證於二零一五年十二月三十一日或之前未能獲得，收購代價需調整扣減20,000,000港元，因此承兌票據2將不會發行。

Employee and Remuneration Policy

As at 31 December 2016, the Group had a total of 460 (2015: 444) staff based in the PRC and Hong Kong. The Group remunerates its employees based on their performances, experiences and the prevailing industry practices. In addition to basic salaries and mandatory provident fund, staff benefits including medical coverage scheme and share options are offered.

The Group's remuneration policy was reviewed periodically by the remuneration committee and the Board's remuneration is determined by reference to market terms, company performance, and individual qualifications and performance. The Group aimed to recruit, retain and develop competent individuals who were committed to the Group's long-term success and growth. Remunerations and other benefits of employees were reviewed annually in response to both market conditions and trends, and were based on qualifications, experience, responsibilities and performance.

The current remuneration of directors and key management is determined by the individuals performance and market trends.

During the year under review the Group has not experienced any significant problems with its employees or disruption to its operation due to labour disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good working relationship with its employees.

僱員及薪酬政策

截至二零一六年十二月三十一日，本集團於中國及香港聘有合共460名(二零一五年：444名)員工。本集團的僱員薪酬乃按工作表現、資歷及當時行業慣例釐定。除基本薪金及強制性公積金外，本集團亦提供醫療保障計劃及購股權等員工福利。

薪酬委員會定期檢討本集團之薪酬政策，而董事會之薪酬乃參考市場條款、公司表現及個人資歷及表現釐定。本集團旨在招聘、挽留及培養能幹而對本集團長遠成功及增長有承擔的人士。僱員的薪酬及其他福利均每年檢討，以回應市況及趨勢，亦以資歷、經驗、責任及表現為基準。

董事及主要管理層的現時薪酬乃按個別人士的表現及市場趨勢釐定。

於回顧年度內，本集團與其僱員之間並無發生任何重大問題，亦無因勞資糾紛而引致營運受到幹擾，且在招聘及挽留有經驗員工方面亦無遭遇任何困難。董事相信，本集團與其僱員維持良好工作關係。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Ms. Law Po Yee, aged 37, was appointed as the Vice Chairperson of the Board on 26 October 2010, as an Executive Director of the Company on 5 August 2010 and as Chief Executive Officer and Compliance Officer of the Company on 9 May 2011. Ms. Law obtains a master degree of business in the University of Newcastle and has extensive experience in entertainment, artiste management and film production industries. Ms. Law also has years of banking experience, specializing in risk management. Ms. Law is the spouse of Mr. Sin Kwok Lam, non-executive Director.

Mr. Chow Kai Weng, aged 32, joined the Group in January 2010. Mr. Chow holds a Bachelor Degree of Business Administration with previous experiences in media and financial industries. Mr. Chow was appointed as Executive Director of the Company on 25 March 2011 and as the Vice Chairperson of the Board on 5 August 2016.

Ms. Sin Ho Yee, aged 32, joined the Group in March 2011. Ms. Sin obtained a diploma of Communication from the Melbourne Institute of Business and Technology. Ms. Sin was appointed as Executive Director of the Company on 25 March 2011. Ms. Sin is the daughter of Mr. Sin Kwok Lam, non-executive Director.

NON-EXECUTIVE DIRECTORS

Mr. Sin Kwok Lam, aged 59, was appointed as the Chairman of the Board and an Executive Director of the Company on 31 May 2010. Mr. Sin was re-designated from an Executive Director to a Non-executive Director in October 2010. Mr. Sin has over 20 years' banking experience in various departments including Internal Audit, Finance, Risk Management and Business. Mr. Sin is an associate member of the Chartered Institute of Banker, and he holds a Master Degree in Business Administration from Oklahoma City University, USA, a certified diploma in Accounting and Finance from the Association of Chartered Certified Accountants, a graduate Diploma in Law Course from City University, London, UK and a Bachelor Degree of Laws (LL.B.) from Manchester Metropolitan University. Mr. Sin is also the chairman and an executive director of First Credit Finance Group Limited (Stock Code: 08215), a company which shares are listed on the GEM of the Stock Exchange. Mr. Sin is the spouse of Ms. Law Po Yee, an executive Director.

執行董事

羅寶兒女士，37歲，於二零一零年十月二十六日獲委任為董事會副主席，於二零一零年八月五日獲委任為本公司執行董事，於二零一一年五月九日獲委任為本公司行政總裁及監察主任。羅女士持有紐卡索大學頒授的工商管理學碩士學位及於娛樂、藝人管理及電影製作行業擁有豐富的經驗。羅女士亦於銀行業擁有多年經驗，專門從事風險管理。羅女士為非執行董事冼國林先生的配偶。

周啟榮先生，32歲，於二零一零年一月加盟本集團。周先生持有工商管理學士學位，具備媒體及金融業的經驗。周先生於二零一一年三月二十五日獲委任為本公司執行董事及於二零一六年八月五日獲委任為董事會副主席。

冼灝怡女士，32歲，於二零一一年三月加盟本集團。冼女士持有墨爾本商業與技術學院頒授的傳訊文憑。冼女士於二零一一年三月二十五日獲委任為本公司執行董事。冼女士為非執行董事冼國林先生的女兒。

非執行董事

冼國林先生，59歲，於二零一零年五月三十一日獲委任為董事會主席及本公司執行董事。冼先生於二零一零年十月由執行董事調任為非執行董事。冼先生於銀行內部工作積累逾20年經驗，包括內部審計、財務、風險管理及業務等各領域。冼先生為英國特許銀行學會會士，持有美國奧克拉荷馬市大學的工商管理碩士學位、英國特許公認會計師公會的會計及財務研究文憑、英國倫敦城市大學法律研究文憑及曼徹斯特都會大學法律學士學位。冼先生亦為第一信用金融集團有限公司(股份代號：08215)的主席兼執行董事，該公司之股份於聯交所創業板上市。冼先生為執行董事羅寶兒女士之配偶。

Mr. Li Sin Hung Maxim, aged 46, holds a Bachelor's Degree of Business Administration and Management (with Honours). He worked for Cathay Pacific Airways Limited ("Cathay Pacific") during the period from 1996 to 1998. After his resignation from Cathay Pacific, Mr. Li continued his education in Boston and started food and beverage business and plastic resin trading business in the United States of America. In 2000, Mr. Li returned to Hong Kong and worked in The Hong Kong and Shanghai Banking Corporation Limited, Federal Express Pacific Inc. and Midland Holdings Limited. Mr. Li is a current holder of Estate Agents License (Individual) and a Certified Paralegal in Institute of Paralegals. Mr. Li was appointed as an Executive Director of the Company in May 2009 and re-designated to a Non-executive Director of the Company in May 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Tin Lup Trevor, aged 57, has been in the legal field for over 20 years. Mr. Chan received his legal education in England where he was awarded the Postgraduate Diploma in Laws (the Legal Practice Course) from the University of Wolverhampton after he had obtained the law degree from the University of London. Apart from his law degree, he also obtained a Bachelor Degree in Chinese literature and history. Before he commenced his practice, Mr. Chan had worked with the Insolvency and Criminal Litigation Sections of the Legal Aid Department for 12 years. As for the public service, Mr. Chan was an honorary chairman and legal adviser of the Urban Services Staff Association (Tsuen Wan Welfare Section). Mr. Chan is a general practice lawyer and also the Vice-Chairman of Hong Kong Legal Professionals Association and the legal adviser of Hong Kong License Consultants Association. Mr. Chan is an independent non-executive director of Sun International Group Limited (Stock Code: 08029), a company which shares are listed on the GEM of the Stock Exchange. Mr. Chan was appointed as an Independent Non-executive Director of the Company in May 2009.

李錄洪先生，46歲，持有工商管理及管理榮譽學士學位。彼於一九九六年至一九九八年曾任職於國泰航空有限公司（「國泰航空」）。李先生離開國泰航空之後，前往波斯頓進修，並於美國開展餐飲業務及塑膠原料貿易業務。李先生於二零零零年回流香港發展，曾任職於滙豐銀行、Federal Express Pacific Inc.及Midland Holdings Limited。李先生現為地產代理（個人）牌照的持有人及英國法務人員學院（Institute of Paralegals）的經認證法律顧問（Certified Paralegal）。李先生於二零零九年五月獲委任為本公司執行董事，並於二零一一年五月調任為本公司非執行董事。

獨立非執行董事

陳天立先生，57歲，從事法律專業超過20年。陳先生於英國學習法律，於倫敦大學取得法律學位後，再於英國伍爾佛漢普頓大學取得法律深造文憑（法律實踐課程）。此外，陳先生亦持有中國文學及歷史學士學位。在從事法律專業以前，陳先生曾於法律援助署訴訟科清盤破產小組及刑事組服務12年。在公共服務方面，陳先生現時為香港市政人員協會（荃灣福利部）的榮譽主席兼法律顧問。陳先生為一名負責普通事務的律師以及香港法律專業人員協會副主席及Hong Kong Licence Consultants Association法律顧問。陳先生亦為太陽國際資源有限公司（股份代號：08029）的獨立非執行董事，該公司之股份於聯交所創業板上市。陳先生於二零零九年五月獲委任為本公司獨立非執行董事。

Mr. Chui Chi Yun Robert, aged 60, holds a Bachelor's Degree in Commerce and is a practicing Certified Public Accountant in Hong Kong. Mr. Chui is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Chartered Association of Certified Accountants. Mr. Chui is currently an Independent Non-executive Director of Tse Sui Luen Jewellery (International) Limited (Stock Code: 00417), Wing Lee Property Investment Limited (Stock Code: 00864) and PPS International (Holdings) Limited (Stock Code: 08201), a non-executive director of Addchance Holdings Limited (Stock Code: 03344). He was an Independent Non-executive Director of 21 Holdings Limited (Stock Code: 01003) until his resignation in September 2011 and Aurum Pacific (China) Group Limited (Stock Code: 08148) until his resignation in March 2016. Mr. Chui was appointed as an Independent Non-executive Director of the Company in May 2009. He is also a director of a number of private companies and associations.

Prof. WONG Lung Tak, Patrick, B.B.S., J.P., aged 69, was appointed as an Independent Non-executive Director of the Company in 2010 and is currently the members of Audit Committee, Disclosure Committee, Investment Advisory Committee, Nomination Committee and Remuneration Committee of the Company. Prof. Wong is a Practicing Certified Public Accountant. He is the managing practicing director of Patrick Wong CPA Limited and has over 40 years experience in the accountancy profession. Prof. Wong obtained a Doctor of Philosophy Degree in Business, and was awarded a Badge of Honour in 1993 by the Queen of England. Prof. Wong has been appointed as a Justice of the Peace since 1998 and was awarded a Bronze Bauhinia Star (B.B.S.) in 2010 by The Government of the Hong Kong Special Administrative Region. Prof. Wong is currently an independent non-executive Director of C C Land Holdings Limited (Stock Code: 01224), Water Oasis Group Limited (Stock Code: 01161), Galaxy Entertainment Group Limited (Stock Code: 00027), Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (Stock Code: 00874) (formerly Guangzhou Pharmaceutical Company Limited), Real Nutraceutical Group Limited (Stock Code: 02010), Sino Oil and Gas Holdings Limited (Stock Code: 00702), Winox Holdings Limited (Stock Code: 06838), BAIC Motor Corporation Limited (Stock Code: 01958) and Li Bao Ge Group Limited (Stock Code: 08102). He was also an Independent Non-Executive Director of Munsun Capital Group Limited (previously known as China Precious Metal Resources Holdings Co., Limited) and Bisu Technology Group International Limited (previously known as Excel Development (Holdings) Limited) and resigned on 3 October 2016 and 10 August 2015 respectively, all are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

崔志仁先生，60歲，持有商學士學位，亦為香港執業會計師。崔先生為香港會計師公會及英國特許公認會計師公會的資深會員。崔先生現時為謝瑞麟珠寶(國際)有限公司(股份代號：00417)、永利地產發展有限公司(股份代號：00864)及寶聯控股有限公司(股份代號：08201)的獨立非執行董事以及互益集團有限公司(股份代號：03344)的非執行董事。他曾擔任21控股有限公司(股份代號：01003)及奧栢中國集團有限公司(股份代號：08148)的獨立非執行董事，分別直至二零一一年九月及二零一六年三月辭任。崔先生於二零零九年五月獲委任為本公司獨立非執行董事。彼亦為多間私人公司和機構的董事。

黃龍德教授，銅紫荊星章，太平紳士，69歲，於二零一零年獲委任為本公司獨立非執行董事，且現時為本公司審核委員會、披露委員會、投資顧問委員會、提名委員會及薪酬委員會的成員。黃教授乃執業會計師。彼為黃龍德會計師事務所有限公司的首席執業董事，於會計專業擁有40多年經驗。黃教授取得商業哲學博士學位，並於一九九三年獲英女皇頒發榮譽獎章。黃教授於一九九八年獲委任為太平紳士，並於二零一零年獲香港特別行政區政府頒授銅紫荊星章。黃教授現為中渝置地控股有限公司(股份代號：01224)、奧思集團有限公司(股份代號：01161)、銀河娛樂集團有限公司(股份代號：00027)、廣州白雲山醫藥集團股份有限公司(股份代號：00874)(前稱廣州藥業股份有限公司)、瑞年國際有限公司(股份代號：02010)、中國油氣控股有限公司(股份代號：00702)、盈利時控股有限公司(股份代號：06838)、北京汽車股份有限公司(股份代號：01958)及利寶閣集團有限公司(股份代號：08102)的獨立非執行董事。彼亦曾擔任麥盛資本集團有限公司(前稱中國貴金屬資源控股有限公司)及比速科技集團國際有限公司(前稱怡益控股有限公司)的獨立非執行董事並分別於二零一六年十月三日及二零一五年八月十日辭任，以上公司均於香港聯合交易所有限公司(「聯交所」)上市。

Mr. Li Kit Chee, aged 62, has more than 30 years' experience in auditing, accounting and secretarial services. Mr. Li holds a Bachelor degree of Social Sciences (with Honours) in the University of Hong Kong. Mr. Li is also a fellow member of The Chartered Association of Certified Accountants. Mr. Li is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a managing director of Arthur Li, Yau & Lee C.P.A. Limited. Mr. Li is a director of Cheong Yip Corporate Services Limited, which is principally engaged in corporate service related business. Mr. Li is also an Independent Non-executive Director of Henry Group Holdings Limited (Stock Code: 00859) and Tysan Holdings Limited (Stock Code: 00687), whose shares are listed on the Main Board of the Stock Exchange. Immediately prior to his appointment as an Independent Non-executive Director of the Company in June 2014, Mr. Li was an Independent Non-executive Director of First Credit Finance Group Limited, whose shares are listed on the GEM of the Stock Exchange (Stock Code: 08215) until his resignation in May 2014.

SENIOR MANAGEMENT

Mr. Luk Ho Lun, aged 32, joined the Group in 31 March 2016, is the company secretary of the Group. Mr. Luk was admitted as a solicitor in Hong Kong in October 2015. Mr. Luk is an Accredited General Mediator of Hong Kong Mediation Accreditation Association Limited and Hong Kong International Arbitration Centre, a Certified Fraud Examiner of Association of Certified Fraud Examiners (United States), a member of Chartered Institute of Arbitrators (United Kingdom). Mr. Luk obtained a Bachelor Degree of Laws (with Honors) and a Postgraduate Certificate in Laws from City University of Hong Kong, and a Master Degree of Laws from the University of Hong Kong. Mr. Luk has over 4 years' experience in legal and corporate secretary area.

李傑之先生，62歲，於審核、會計及秘書服務業擁有30多年經驗。李先生為香港大學榮譽社會科學學士。李先生為英國特許公認會計師公會的資深會員及香港會計師公會的註冊會計師。李先生為李傑之合夥會計師行有限公司董事總經理，亦為昌業企業服務有限公司董事，該公司主要從事企業服務相關業務。李先生亦為鎮科集團控股有限公司(股份代號：00859)及泰升集團控股有限公司(股份代號：00687)的獨立非執行董事，該等公司股份均於聯交所主板上市。緊接於二零一四年六月獲委任為本公司獨立非執行董事前，李先生曾於聯交所創業板上市公司第一信用金融集團有限公司(股份代號：08215)擔任獨立非執行董事，並於二零一四年五月辭任。

高級管理層

陸浩麟先生，32歲，於二零一六年三月三十一日加入本集團，為本集團之公司秘書。陸先生於二零一五年十月在香港正式宣誓成為律師，陸先生為香港調解資歷評審協會有限公司及香港國際仲裁中心之認可調解員、美國註冊舞弊審查師協會之註冊舞弊審查師及英國仲裁學會之會員。陸先生持有香港城市大學之法學(榮譽)學士學位、法學專業證書及香港大學之法學碩士學位。陸先生於法律及公司秘書範疇累積逾4年經驗。

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report is the first Environmental, Social and Governance (“ESG”) Report presented by the Company to the public in compliance with the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules. In this report, the Group strives to disclose its policies and practices towards the environment, social and governance aspects of the Company and its principal operating subsidiaries in Hong Kong and the PRC for the year ended 31 December 2016.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

The Group incorporated corporate, environmental and social responsibilities into its business strategies to promote healthy entertainment to and integration of society, contribute to environmental sustainability, achieve healthy and harmonious developments of its staff as well as continue to create long-term value for its stakeholders. During the year 2016, the Company has implemented relevant ESG policies, which:

- in compliance with the requirements of the relevant laws and regulations on corporate environment, society and governance that have a significant impact to the Group’s business;

環境、社會及管治報告

本報告為本公司根據創業板上市規則附錄20所載之環境、社會及管治報告指引向公眾呈報之首份環境、社會及管治（「環境、社會及管治」）報告。在本報告內，本集團致力披露其截至二零一六年十二月三十一日止年度，就本公司及其香港及中國主要營運附屬公司在環境、社會及管治方面之政策及常規。

環境、社會及管治政策

本集團將企業、環境及社會責任納入其業務策略，以推廣健康娛樂和社會共融，為環境可持續性作出貢獻，實現健康和諧的員工發展，與此同時繼續為其持份者締造長期價值。於二零一六年，本公司已實施相關環境、社會及管治政策，其內容：

- 符合對本集團業務構成重大影響之相關法律及法規之企業環境、社會及管治規定；





- continue to facilitate social integration by actively implementing the concept of “eliminating racial discrimination and building a harmonious society”;
 - encourage the employees to raise their awareness towards “energy and resource savings”, support and promote energy saving and emission reduction measures;
 - integrate green philosophy into the development of the Group and ensure the Group is in compliance with the environmental laws and regulations; and
 - strive to establish healthy and harmonious relationships with its employees, shareholders, suppliers and other stakeholders.
- 繼續積極執行「消除種族歧視及建立和諧社會」之概念，促進社會共融；
 - 鼓勵僱員提高其對「節約能源及資源」的意識、支持及加強節能及減排措施；
 - 在本集團發展中加入綠色概念，確保本集團遵守環境法律及法規；及
 - 致力於與僱員、股東、供應商及其他持份者建立良好而和諧的關係。

ENVIRONMENTAL

Emissions

As the Group is principally engaged in investment holding and its principal subsidiaries in Hong Kong mainly participate in film production and distribution, provision of management service to artistes and provision of travel-related products, it does not have significant air emissions, discharge into water or land in relation to its operations in Hong Kong. And no substantial hazardous waste was produced by the Group during the reporting period.

環境

排放

由於本集團主要從事投資控股及其香港附屬公司主要從事電影製作及發行、提供藝人管理服務及提供旅遊相關產品，故其並無重大氣體排放，亦無於水域及土地投放廢品及於其辦事處及投資物業棄置其香港營運所產生的無害固體廢品。於報告期間，本集團並無生產重大有害廢品。

In relation to the Hotel and Studio operation of the Group in the PRC, to mitigate environmental pollution, the Group strives to reduce, reuse and recycle throughout its operations and promotes green construction in carrying out development projects, such as dust control, noise reduction and waste water treatment.

Throughout the period under review, the Group has strictly complied with national and regional laws and regulations in the PRC in respect of emission, disposal and generation of waste, including the Law of the PRC on Environmental Protection (中華人民共和國環境保護法), the Law of the PRC on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法), the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), Regulations on Environmental Protection Administration of Construction Projects in Guangdong Province (廣東省建設項目環境保護管理條例), as well as the statutory requirements in Hong Kong, including Waste Disposal Ordinance (Cap.354), Product Eco-responsibility Ordinance (Cap. 603) and other relevant laws and regulations.

Use of Resources

With the operation of studios and hotels, energy and water consumption have increased accordingly.

In order to reduce unnecessary usage and improve efficient use of resources, the Group has established the “energy and resource savings” policy, under which:

- lights and electronic appliances in living area or workplace must be turned off when they are not in use;
- the temperature of the air conditioners shall be maintained at 25.5° C;
- power of the computers, copy machines, printers and other office equipment must be turned off when the staff are off duty or on leave;
- recyclable resources e.g. recycle paper, washable tableware, water recycling shall be used;
- solid waste shall be reduced by practices such as using e-memo instead of physical paper and food waste shall be reduced by promoting the concept of “not to order more than enough”; and
- carry out regular leakage tests on concealed piping and check for overflowing tanks, waste, worn tap washers and other defects of the system.

就本集團於中國之該酒店及該影視城業務，為紓緩環境污染，本集團致力在營運過程中落實減少、重用及回收原則，並在發展項目方面主張綠色建設，例如控制灰塵、降低噪音及處理污水。

於回顧期間，本集團嚴格遵守中國有關排放、棄置及產生廢物的國家及地區法律及法規，包括《中華人民共和國環境保護法》、《中華人民共和國環境噪聲污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國水污染防治法》、《廣東省建設項目環境保護管理條例》，以及香港的規例規定，包括《廢物處置條例》(第354章)、《產品環保責任條例》(第603章)及其他相關法律及法規。

資源使用

隨著影視城及酒店投入營運後，能源及水消耗相應有所增加。

為減少不必要地使用資源及提高使用效益，本集團已制定「節約能源及資源」政策，據此：

- 確保無人使用時關閉生活區或工作場所電燈及電器設備；
- 確保空調溫度維持於25.5° C；
- 確保員工下班或休假時關閉電腦、複印機、打印機及其他辦公室設備的電源；
- 使用可回收資源，例如再造紙、可洗餐具、用水回收；
- 透過使用電子備忘錄而非實質紙張等實踐，減少固體廢物，並推廣「夠用就好」概念，減少浪費食物；及
- 定期對隱藏喉管進行洩漏測試，並檢查內部供水系統，修理有毛病的水箱、水頭及其他的供水設施。

The Group will continuously monitor and manage the use of resources in order to reduce its operating costs as well as the carbon footprints.

Environment and Natural Resources

Over the past few years, the Group has developed rapidly and a series of new projects that may have a significant impact on the environment and natural resources have been constructed.

In view of that, the Group has established a green policy in project construction, which requires:

- to take into account of environmental protection and take reasonable actions at the initial project planning stage to the largest extent to avoid damage to the natural ecology in the construction process;
- implementation of the greening projects in the Studio and Hotel, in particular, more than 530 trees in total have been planted in the Studio and Hotel during the year under review; and
- construction waste screening facilities to be established to reuse inert materials.

The Group regularly reviews its environmental protection policy and has adopted preventive measures that are necessary to the reduction of the environment risks and has ensured that the Group is in compliance with relevant laws and regulations.

SOCIAL

Employment

The Group understands that the employees are its most important asset. In view of that, the Group has spared no effort in recruiting and retaining talented staff by establishing a human resource policy, under which:

- employees are reviewed annually on a performance basis with reference to the market standards for consideration of promotion and/or reward;
- a wide range of benefits are provided, including comprehensive medical insurance, continuous education scheme and staff discount scheme;
- a staff manual is established to govern the recruitment, promotion, discipline, working hours and leaves;
- a variety activities are organized from time to time to improve the cohesion of staff members including annual carnival show, Mid-Autumn Festival reunion dinner and “monthly star” birthday parties;

本集團將繼續監察及管理資源的使用，以降低其營運成本及碳排放。

環境及天然資源

過去幾年，本集團快速成長，並建設一連串可能對環境及天然資源構成重大影響的新項目。

有見及此，本集團在項目建設方面制定綠色政策，規定：

- 在項目規劃初期考慮環境保護，以及採取合理措施，盡量減少建設過程中對自然生態造成損害；
- 在該影視城及該酒店推行綠化項目，特別是於回顧年內已在該影視城及該酒店種植超過530株樹木；及
- 興建建築廢料篩選設施，重用惰性物料。

本集團定期檢討其環保政策，並已採用必要的預防措施，以減低環境風險，確保本集團符合相關法律及法規。

社會

僱傭

本集團深知僱員乃其最寶貴的資產。有鑑於此，本集團制定人力資源政策，竭盡所能羅致及挽留優秀人員，據此：

- 參考市場標準，每年審閱僱員的表現，以考慮作出升遷及／或獎賞；
- 提供各種各樣的福利，包括綜合醫療保險、持續進修計劃及員工折扣計劃；
- 制定員工手冊，規管招聘、升遷、紀律、工時及休假；
- 不時組織各類活動，加強員工的凝聚力，包括年度嘉年華會、中秋慶團圓晚宴及「每月之星」生日派對；

- clear work processes according to professional and ethical labour practices which have been clearly communicated to all employees. Certain policies to govern employees' affairs such as payroll, attendance and termination are clearly set out in staff appointment letters in compliance with the Employment Ordinance; and
- diversity of workforce are promised, including in terms of age, gender and nationality, as well as a culture of including equal opportunity. The management regularly reviews the Group's remuneration policy in relation to relevant market standards.

For the year ended 31 December 2016, the proportion of the Group's male and female employees is equally distributed where the majority of the Group's employees are aged from 25 to 30.

During the year under review, the Group has fully complied with the rules and regulations of the PRC, including Company Law of the PRC (中華人民共和國公司法), Contract Law of the PRC (中華人民共和國合同法), Labor Contract Law of the PRC (中華人民共和國勞動合同法), as well as the statutory requirements in Hong Kong, including Companies Ordinance (Chapter 622 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other relevant rules in relation to the Group's employment matters. Further, the Group will continuously update and review any changes in applicable laws, rules and regulations from time to time.

Health and Safety

To enhance employees' work ability, the Group strives to provide a healthy and safe work environment, such as:

- providing auxiliary tools e.g. trolley, pump-action water dispenser, ladder, etc;
- organizing a series of trainings in relation to occupational safety;
- equipping fire extinguishers, sprinklers, hose reels and smoke detectors;
- arranging regular pests control; and
- supporting team members to achieve a healthy work-life balance.

Appropriate measures will be continuously taken by the Group to improve the safety and health of the employees in workplace.

- 根據專業及道德的勞工常規的清晰工作流程，並向全體僱員清楚地傳達。若干政策規管僱員事務，如薪資、出席及終止，已清楚載於僱員委任函中，並遵守僱傭條例；及

- 承諾保持員工多樣性，包括年齡、性別及國籍以及機會平等的文化。管理層就有關市場標準定期檢討本集團的薪酬政策。

截至二零一六年十二月三十一日止年度，本集團的男女僱員比例分佈平均，本集團大多數僱員年齡介乎25至30歲。

於回顧年內，本集團已全面遵守中國的規則及法規，包括《中華人民共和國公司法》、《中華人民共和國合同法》、《中華人民共和國勞動合同法》，以及香港的法例規定，包括《公司條例》(香港法例第622章)、《僱傭條例》(香港法例第57章)及與本集團僱傭事宜有關其他相關規則。此外，本集團將繼續不時更新及審閱適用法律、規則及法規的變動情況。

健康及安全

為加強僱員的工作能力，本集團致力提供健康及安全的工作環境，例如：

- 提供輔助工具，例如手推車、泵式水機、梯等；
- 組織一系列與職業安全有關的培訓；
- 安裝滅火器、花灑、消防喉及煙霧探測器；
- 安排定期進行滅蟲；及
- 支援團隊成員實現健康的工作生活平衡。

本集團將繼續採取適當措施，改善僱員在工場的安全及健康。

During the year under review, the Group has compliance with the rules and regulations of the PRC, including Production Safety Law of the PRC (中華人民共和國安全生產法) and Occupational Disease Prevention Law of the PRC (中華人民共和國職業病防治法), as well as the statutory requirements in Hong Kong, including Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other relevant rules in relation to the Group's health and safety.

Development and Training

Following the business development and the changes of the environment of the business operation, the Group encourages and supports the employees in personal and professional training and also encourages a culture of experience-sharing.

During the year under review, the Group made full use of internal resource to organize various forms of training covering management, customers service, financial, etc to the PRC office with support from Hong Kong head office. Other than the internal training programme, the Group established a continuous education scheme (the "education scheme"). According to the education scheme, the employee who passed the probation will be entitled to the subsidy for the specified course approved by the management with the maximum amount to HK\$50,000.

Labour Standards

The Group strictly prohibits any child and forced labour in its Hong Kong and PRC operations. A Comprehensive recruitment processes are established requiring background checks on candidates and formalized reporting procedures to address any exceptions found. Group also performs regular reviews and inspections to detect the existence of any child or forced labour in the operations. At the meantime, the Group also avoids engaging vendors of administrative supplies and services and contractors that are known to employ child or forced labour in their operations

During the year under review, the Group has complied with the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) made under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Convention on the Abolition of Forced Labor in respect of use of labour, the Labor Law of the PRC (中華人民共和國勞動法) in relation to the recruits juveniles under the age of 16 and the juvenile employee's lawful rights and interests, and the Provisions on Prohibition of Child Labor that was formulated and enforced in the PRC since 1 December 2002.

於回顧年內，本集團已遵守中國的規則及法規，包括《中華人民共和國安全生產法》及《中華人民共和國職業病防治法》，以及香港的法例規定，包括《職業安全及健康條例》(香港法例第509章)及與本集團健康及安全有關之其他相關規則。

發展及培訓

繼業務發展及營業環境改變後，本集團鼓勵及支持僱員參與個人及專業培訓，亦鼓勵分享經驗的文化。

於回顧年內，本集團善用內部資源，在香港辦事總處的協助下，為中國辦公室舉辦不同形式的培訓，包括管理、客戶服務、財務等。除內部培訓計劃外，本集團亦成立了持續進修計劃(「進修計劃」)。根據進修計劃，通過試用期的僱員將有權就特定課程享有管理層批准的津貼，上限金額為50,000港元。

勞工準則

本集團嚴格禁止其香港及中國業務僱用任何童工及強制勞工。本集團已建立需檢查候選人背景的完善的招聘流程及處理任何例外情況的正式的報告程序，另外亦定期進行審查及檢查，以防止經營中存在的任何童工或強制勞動。與此同時，本集團亦避免委聘該等已知悉在其經營中僱用童工或強制勞動的賣方和承包商提供行政用品及服務。

於回顧年內，本集團已遵守《僱傭條例》(香港法例第57章)項下《僱用兒童規例》(香港法例第57B章)、有關僱用勞工《廢止強迫勞動公約》、有關僱用16歲以下青少年及其法律權益的《中華人民共和國勞動法》，以及自二零零二年十二月一日起制定及執行的《人民共和國禁止使用童工規定》。

Supply Chain Management

The Group believes that the quality of its products and services as well as our reputation will be influenced by the work with its suppliers. Therefore, the Group strives to establish a stable and long-term cooperation with its suppliers and established a policy for selecting and reviewing the suppliers.

In selecting new suppliers, the Group compares between at least three different companies and emphasizes the legal compliance and integrity culture of suppliers' operations, beyond cost considerations. On-site inspections and research are conducted before the commencement of business with suppliers, followed by annual examination and evaluation in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility to ensure suppliers operated in compliance with the national standards or relevant requirement, and there are no child labour or forced labour issues. The examination and evaluation results will be used as the basis for continuation or termination of cooperation in the future.

As to constructors, all major raw material suppliers are required to comply with the Environment Protection Law of the PRC (中華人民共和國環保法) and those with ISO14000 environmental management accreditation will be given priority in the selection process.

Product Responsibility

The Group adheres to a policy of quality products and customer-oriented services, providing consumers with high-quality products and comprehensive services. The Group has developed a series of standards on quality assurance, and has adopted a day-to-day quality control system over the Group's products and services. Meanwhile, the Group also emphasizes the importance of communication with its customers. The Group has built up several communication channels for its customers to provide their feedback and rate the Group's services, where any complaint cases accepted will be recorded in the quality control systems and followed up and handled by the customer service team. Meanwhile, the team will identify the causes with the relevant responsible departments and develop preventive measures. For significant issues, it will be reported and discussed at the monthly meeting.

供應鏈管理

本集團相信我們產品及服務質素及我們的聲譽受其供應商的工作影響。因此，本集團致力與其供應商建立穩定及長期的合作，並已就挑選及檢閱供應商制定一項政策。

挑選新供應商時，本集團最少比較三間不同的公司，並重視供應商營運之法律合規記錄及忠誠文化，更甚於成本考慮。與供應商開展業務前，我們會先進行實地視察及調查，然後對多方面進行年度審查及評價，包括職業健康及安全、僱員權利保障、環保及企業社會責任，以確保其經營符合國家標準或相關規定，以及並無童工或強制勞工問題。審查及評價結果將用作日後延續或終止合作的基準。

就承包商而言，所有主要原材料供應商均須遵守《中華人民共和國環保法》，在甄選過程中，該等符合ISO14000環境管理認證的供應商會予以優先考慮。

產品責任

本集團奉行優質產品及「僱客至上」服務的宗旨，為消費者提供優質產品及全面服務。本集團已就其產品及服務制定一系列品質核證標準，亦已採用日常質量監控系統。與此同時，本集團亦重視與客戶的溝通。本集團已為其客戶建立多個溝通渠道，以便提供其回饋意見及評價本集團的服務，一旦接獲任何投訴，皆會記入質控系統，由客戶服務團隊跟進及處理，而團隊將聯同負責部門識別有關成因，以制定預防措施。至於重要事宜，則於每月例會匯報及討論。

For the advertising of travel-related products, the Group strictly complied with the standards set out by the Travel Industry Council (the "TIC") and the Trade Descriptions Ordinance (Chapter 362 of Laws of Hong Kong) and the Law of the PRC on the Protection of the Rights and Interests of Consumers (中華人民共和國消費者權益保護法). Before the submission to the TIC, the draft of the advertisements are reviewed by the Senior Management and granted the approval. All the advertisements will not be published before approved by TIC.

To respect and support the innovation, the Group develop a copy right policy according to the guideline issued by Intellectual Property Department. Before using the registered original film, image and music, the Group will first apply to the relevant authorities and obtain approval. For the film production and distribution in Hong Kong, the films will be reviewed and approved by Senior Management and the Office for Film, Newspaper and Article Administration of the HKSAR before the publication. And before the first publication and use, the management will review the relevant approved documents again to ensure that there is no violation of the relevant legislation.

Other than the statutory requirement mentioned as the above. During the year under review, the Group has also complied with Food Safety Law of the PRC (中華人民共和國食品安全法), Measures for the Control of Security in the Hotel Industry (旅館業治安管理辦法), Fire Prevention Law of the Peoples Republic of China (中華人民共和國消防法) as well as the statutory requirements in Hong Kong, including Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), Prevention of Copyright Piracy Ordinance (Chapter 544 of the Laws of Hong Kong) other relevant laws and rules in relation to the Group's business operation.

Protection for Customer Privacy

The Group attaches great importance to the protection of customer privacy and strictly complies with the relevant provisions of the national laws and regulations including the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), Tort Law of the PRC (中華人民共和國侵權責任法) and General Principles of the Civil Law of the PRC (中華人民共和國民法通則). During the year under review, there were no incidents or substantiated complaints concerning breaches of customer privacy or losses of customer data.

在旅遊相關產品的廣告方面，本集團嚴格遵守香港旅遊業議會（「旅遊業議會」）所載準則及《商品說明條例》（香港法例第362章）及《中華人民共和國消費者權益保護法》。向旅遊業議會提交廣告草擬本前，會先由高級管理層審閱及批准。未經旅遊業議會批准的廣告概不會發佈。

為尊重及支持創新，本集團根據知識產權署公佈的指引建立一項版權政策。在使用已註冊原創影片、圖片及音樂前，本集團將首先向有關部門申請及取得審批。就於香港的電影製作及發行，有關電影將由高級管理層及香港特別行政區影視及娛樂事務管理處檢視及批准後，方會發佈。在首次發佈及使用前，管理層將再次審閱相關經核准文件，確保並未違反有關法律規定。

除上文所述的法定規定，於回顧年度，本集團亦已遵守《中華人民共和國食品安全法》、《旅館業治安管理辦法》、《中華人民共和國消防法》以及香港的法定規定，包括《版權條例》（香港法例第528章）、《防止盜用版權條例》（香港法例第544章）以及有關本集團業務營運的其他相關法律及規則。

保護客戶隱私

本集團非常重視保護客戶隱私及嚴格遵守國家法律及法規的相關條款，包括《個人資料（隱私）條例》（香港法例第486章）、《中華人民共和國侵權責任法》及《中華人民共和國民法通則》。於回顧年度，並無有關侵犯客戶隱私或遺失客戶數據的事件或經證實的投訴。

Anti-corruption

The Group is committed to develop a comprehensive internal control system to prevent, and detect its employee from engaging in acts of corruption, bribery, extortion, fraud and money laundering to protect the legitimate interests of the Group. Other than the internal control system, the Group has established a reporting channel including telephone, e-mail and mail for receiving complaints regarding alleged corruption cases either on a named basis or anonymously. All receiving complaints will be investigated and handled by the internal audit department under the guidance of the vice chairman of the Group.

The Group strengthens the management of risks in relation to anti-corruption and internal control in accordance with national laws and regulations, such as the Criminal Law of the PRC (中華人民共和國刑法), the Anti-Money Laundering Law of the PRC (中華人民共和國反洗錢法), Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法), Rules for the Implementation of Main-body Responsibility Regarding the Construction of Party Style & Honest Administration Issued by Party Committee (黨委落實黨風廉政建設主體責任的實施細則), as well as the statutory requirements in Hong Kong, including Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), Independent Commission Against Corruption Ordinance (Chapter 204 of the Laws of Hong Kong) and other relevant rules in relation to anti-corruption and has complied with such laws and regulations throughout the period under review.

In 2016, no significant risks relating to corruption, extortion, fraud and money laundering were identified. There were no confirmed incidents in relation to corruption or public legal cases brought against the Group or its employees concerning corruption.

Community Investment

As a responsible and ethical enterprise, the Group understands the needs of the communities and takes the communities' interests into consideration in its business operation. Through film production and the cooperation with charity organization, the Group support the development of community culture to contribute to the society.

The Group has actively implemented the concept of "eliminating racial discrimination and building a harmonious society" and invested in a charity movie named "Our Days" ("我們的6E班") to facilitate the social integration. The charity movie will be shown in cinema in Hong Kong in 2017 and all of the revenue generated (after deducting costs) will be donated to a charity organization to help the ethnic minority and vulnerable groups in Hong Kong.

反貪腐

本集團致力發展全面的內部監控系統，以防治及發現僱員牽涉任何腐敗、賄賂、勒索、欺詐及洗錢行為，以保護本集團合法利益。除內部監控外，本集團設立了包括電話、電郵及郵件等方式的申報渠道，以處理所接到的涉及聲稱腐敗事件的投訴，投訴可以記名或匿名方式提出。所接到的所有投訴將由內部審計部門在本集團副主席的指引下處理。

本集團根據國家法律及法規(如《中華人民共和國刑法》、《中華人民共和國反洗錢法》、《中華人民共和國反不正當競爭法》、《黨委落實黨風廉政建設主體責任的實施細則》)，以及香港各法定規定(包括《防止賄賂條例》(香港法例第201章)、《廉政公署條例》(香港法例第204章)及其他有關反腐敗的相關規則)加強對反貪腐相關風險的管理及內部監控，且於整個回顧期間已遵守相關法律及法規。

於二零一六年，並無辨識有關腐敗、勒索、欺詐及洗錢的重大風險。概無已確認發生的貪腐事件或針對本集團或其僱員提出的腐敗相關公共案件。

社區投資

作為富有責任感和道德感的企業，本集團理解社區需求及在其業務營運過程中考慮社區的利益。透過影片製作及與慈善機構合作，本集團支持社區文化發展，並為社會貢獻力量。

本集團已積極推行「消除種族歧視，共建和諧社會」理念，並投資名為「我們的6E班」慈善電影，藉此促進社會融合。慈善電影將於二零一七年在香港院線上映，所產生的全部收益(扣除成本後)將捐贈予慈善機構，以幫助香港的少數族群及弱勢群體。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 December 2016. This report highlights the key corporate governance practices of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year 2016, the Company has adopted and complied with all code provisions, where appropriate as set out in Appendix 15 to the GEM Listing Rules (the "Corporate Governance Code") with an aim of maximizing the Shareholders' interest, enhancing the stakeholders' transparency and accountability.

The Company is committed to maintaining a high standard of corporate governance with sound and reasonable corporate governance practices and procedures during the year ended 31 December 2016 discussed the below:

Code Provision A.1.1 (Board meetings)

- The Company held four regular Board meetings during the year 2016.

Code Provision A.4.1 (Re-election of non-executive directors)

- Non-executive directors of the Company were appointed for a specific term, subject to re-election. Three independent Non-executive Directors were re-elected at the AGM held in June 2016.

Code Provision A.5.1 (Establish a nomination committee)

- The Company established a nomination committee with specific written terms of reference which deal clearly with its authority and duties. The nomination committee of the Company included three independent Non-executive Directors and one Non-executive Director which is chaired by the Chairman of the Board.

Code Provision C.1.5 (Present annual and interim reports)

- The Company announced the unaudited interim report and audited annual report of the financial year 2016. In addition, the company also announced the unaudited operational information for the first and third quarters of the financial year 2016.

根據創業板上市規則第18.44條，董事會欣然呈列截至二零一六年十二月三十一日止年度之企業管治報告。此報告著重闡述本公司之主要企業管治常規。

遵守企業管治守則

於二零一六年全年，本公司已採納並遵守創業板上市規則附錄15所載的全部守則條文(倘適用)(「企業管治守則」)，以為股東創造更大利益、提高利益相關方的透明度及問責制。

截至二零一六年十二月三十一日止年度，本公司依照以下良好及合理的企業管治常規及程序致力維持高水平的企業管治：

守則條文A.1.1條 (董事會會議)

- 本公司於二零一六年舉行四次定期董事會會議。

守則條文A.4.1 (非執行董事膺選連任)

- 本公司非執行董事按指定任期獲委任，並膺選連任。三名獨立非執行董事於二零一六年六月舉行的股東週年大會膺選連任。

守則條文A.5.1 (成立提名委員會)

- 本公司已成立提名委員會，並訂明具體職責範圍，以清楚說明其權限及職責。本公司提名委員會包括三名獨立非執行董事及一名非執行董事，由董事會主席擔任主席。

守則條文C.1.5 (呈列年報及中期報告)

- 本公司公佈二零一六財政年度的未經審核中期報告及經審核年報。此外，本公司亦公佈二零一六財政年度第一及第三季度之未經審核經營資料。

Code Provision C.2.3 (Risk management and internal control system review)

- The Company adopted a systematic and sustainable risk management and internal control system during the year under review. The Board reviews and considers the nature and extent of significant risk in its business and the external environment and the scope and quality of management's ongoing monitoring of risks and of the internal control system annually.

The other key corporate governance principles and practices of the Company are also outlined in this corporate governance report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company is committed to maintaining a high standard of corporate governance with sound and reasonable corporate governance practices and procedures with an aim of maximizing the Shareholders' interests as well as to enhancing the stakeholders' transparency and accountability. The Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the year ended 31 December 2016.

BOARD OF DIRECTORS

The Board has a balanced composition of Executive and Non-executive Directors which represents a mixture of experts specializing in management, law, accounts and finance. All Directors possess comprehensive qualifications and experience as well as exposure to diversified industries which are crucial to the growth of the Group.

Responsibilities

The Board is responsible for the overall leadership of the Group, formulating and oversee the Group's business strategies and monitoring the financial performance, risk management and internal controls of the Group's business and operations.

守則條文C.2.3 (風險管理及檢討內部監控系統)

- 本公司回顧年度採納系統性及可持續風險管理及內部監控系統。董事會每年審閱及檢討其業務及外部環境之重大風險性質及程度，以及管理層持續監察風險及內部監控系統的範圍及質量。

本公司其他主要企業管治原則及常規亦於本企業管治報告概述。

董事進行證券交易

本公司致力通過完善及合理的企業管治常規及程序保持高水準的企業管治，旨在為股東帶來最大利益，同時提高對權益關涉者之透明度及問責性。本公司已採納有關董事進行證券交易之行為守則，其條款至少與創業板上市規則第5.48至5.67條所載之交易必守準則同樣嚴格。經向董事作出具體查詢後，彼等確認於截至二零一六年十二月三十一日止年度一直遵守交易必守準則及本公司有關董事進行證券交易之行為守則。

董事會

本公司董事會內執行及非執行董事分佈平衡，董事會具備管理、法律、會計及金融等行業之專業知識。全體董事具備對本集團業務成長至為重要之綜合資格及經驗，並曾涉足多個行業。

職責

董事會負責本集團的整體領導，制定及監督本集團的業務策略以及監察本集團業務及營運之財務表現、風險管理及內部監控。

To oversee particular aspects of the Group's affairs, the Board has established three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee. The Board has delegated to the Board Committees respectively to responsible for maintaining an appropriate financial reporting, risk management and internal control, reviewing its directors' remuneration policy and reviewing the structure, size and composition of the Board. The details of each Board Committee are set out in the section headed "Board Committees" from page 45 to page 48 of this annual report.

The Board has delegated the senior management to be responsible for (i) the day-to-day management of the Group's businesses; (ii) implementation of the strategies approved by the Board and (iii) providing all such information to the Board as is necessary to enable the Board to monitor the performance of the management. The Board also gives clear directions to the management team as to their powers of management, and circumstances in which the management team should report back.

為監督本集團事務的特定方面，董事會已成立三個董事委員會，即審核委員會、薪酬委員會及提名委員會。董事會已分別委派董事委員會負責維持適當財務報告、風險管理及內部監控、檢討其董事薪酬政策及檢討董事會的架構、人數及組成。有關各董事委員會的詳情載於本年報第45至48頁的董事委員會一節。

董事會已委派高級管理層負責(i)本集團業務之日常管理；(ii)秩序董事會通過之策略；及(iii)為董事會提供監察管理層表現所需的一切資料。董事會亦就管理層團隊之管理權力範圍及管理層團隊應作報告之情況向其提供清晰指示。

Board composition

Through out the year and as at the date of this annual report, the Board comprises two Non-executive Directors, three Executive Directors and four Independent Non-executive Directors as set out below:

董事會組成

於年內及於本年報日期，董事會由以下兩名非執行董事、三名執行董事及四名獨立非執行董事組成：

Name of Directors 董事姓名	Date of first appointment to the Board 首次獲委任至董事會的日期	Date of last re-election as Director 最後一次重選為董事的日期
<i>Non-executive Directors</i> 非執行董事		
Mr. Sin Kwok Lam (Chairman) 冼國林先生(主席)	31 May 2010 二零一零年五月三十一日	29 June 2015 二零一五年六月二十九日
Mr. Li Sin Hung Maxim 李鍊洪先生	13 May 2009 二零零九年五月十三日	19 June 2014 二零一四年六月十九日
<i>Executive Directors</i> 執行董事		
Ms. Law Po Yee (Vice Chairperson) 羅寶兒女士(副主席)	5 August 2010 二零一零年八月五日	29 June 2015 二零一五年六月二十九日
Mr. Chow Kai Weng (Vice Chairperson) 周啟榮先生(副主席)	25 March 2011 二零一一年三月二十五日	19 June 2014 二零一四年六月十九日
Ms. Sin Ho Yee 冼灝怡女士	25 March 2011 二零一一年三月二十五日	19 June 2014 二零一四年六月十九日
<i>Independent Non-executive Directors</i> 獨立非執行董事		
Mr. Chan Tin Lup Trevor 陳天立先生	13 May 2009 二零零九年五月十三日	24 June 2016 二零一六年六月二十四日
Mr. Chui Chi Yun Robert 崔志仁先生	13 May 2009 二零零九年五月十三日	24 June 2016 二零一六年六月二十四日
Prof. Wong Lung Tak Patrick 黃龍德教授	3 February 2010 二零一零年二月三日	24 June 2016 二零一六年六月二十四日
Mr. Li Kit Chee 李傑之先生	1 June 2014 二零一四年六月一日	29 June 2015 二零一五年六月二十九日

The Biographical details of each of the Directors and the relationships between them (if any) are set out in the section headed "Biographical Details of Directors and Senior Management" from page 25 to page 28 of this annual report.

各董事之履歷及彼等之關係(如有)載於本年報第25至28頁的「董事及高級管理層履歷」一節。

Chairman and Chief Executive Officer

As required by code provision A.2.1 of Appendix 15 to the GEM Listing Rules, the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual to ensure a clear division between their respective independence and accountability and to maintain a balance of power and authority. The Chairman of the Board and the Chief Executive Officer of the Company are currently held by Mr. Sin Kwok Lam and Ms. Law Po Yee respectively.

The Chairman of the Company, Mr. Sin Kwok Lam, is responsible for formulating the long-term strategies of the Company and overseeing its overall business development. The Chief Executive Officer of the Company, Ms. Law Po Yee, focuses on implementing the Company's business strategies and policies approved and delegated by the Board and overseeing the Company's day-to-day operations.

Non-executive Directors

Under code provision A.4.1 of Appendix 15 to the GEM Listing Rules, Non-executive Directors should be appointed for a specific term and subject to re-election. Each of the existing Non-executive Directors has been appointed by the Company for a specific term of one year and are subject to retirement by rotation in accordance with the Bye-laws of the Company (the "Bye-laws").

Independent Non-executive Directors

During the year ended 31 December 2016, the Company complied with Rules 5.05 and 5.08 of the GEM Listing Rules relating to the appointment of Independent Non-executive Directors. The Company appointed four Independent Non-executive Directors and with appropriate professional qualifications or accounting or related financial management expertise.

Appointment, Re-election and Removal of Directors

The Board is responsible for the appointment of any potential new directors and the nomination of directors for re-election by Shareholders at the annual general meeting of the Company (the "AGM"). In accordance with the Bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy on the Board or as an addition to the existing Board, whom is subject to retirement and re-election at the first AGM after his/her appointment.

All Executive Directors and Non-executive Directors are engaged on service contracts with the Company for a term of one year.

主席及行政總裁

誠如創業板上市規則附錄15守則條文第A.2.1條所規定，主席及行政總裁之角色應有區分且並非由一人同時兼任，以明確劃分其各自獨立性及問責制並維持權利及職權之平衡。董事會主席及本公司行政總裁目前分別由冼國林先生及羅寶兒女士擔任。

本公司主席冼國林先生負責制定本公司的長期策略及監督其整體業務發展。本公司行政總裁羅寶兒女士專注執行本公司的業務策略及董事會通過及委派的政策，以及監察本公司的日常營運。

非執行董事

根據創業板上市規則附錄15守則條文第A.4.1條，非執行董事應按指定任期獲委任，並膺選連任。本公司委任的各名現有非執行董事任期為一年及將根據本公司細則（「公司細則」）輪值退任。

獨立非執行董事

於截至二零一六年十二月三十一日止年度，本公司遵守有關委任獨立非執行董事之創業板上市規則第5.05條及第5.08條。本公司委任四名獨立非執行董事，彼等擁有合適專業資格或會計或相關財務管理專業知識。

委任、重選及罷免董事

董事會負責任命新董事人選及提名董事供股東於本公司股東週年大會（「股東週年大會」）上重選。根據本公司之公司細則，董事有權不時及隨時任命任何人士為董事，以填補董事會臨時空缺或成為現有董事會新成員，惟其須於獲任命後首屆股東週年大會上告退及接受重選。

本公司所有執行董事及非執行董事均與本公司訂立任期為一年的服務合約。

The Company has also entered into a letter of appointment with each of the Independent Non-executive Directors for a term of one year subject to retirement, re-election and removal in accordance with the Bye-laws.

In accordance with Bye-law 83(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

With pursuant to the Bye-law 84(1) and 84(2) of the Bye-laws, at each AGM one third of the Directors for the time being shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. Such retiring Directors shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

Directors' insurance

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

Directors' Continuing Professional Development

Directors' ongoing training is very important to the maintenance of high corporate governance standards in the Company. The Company adopted a policy on Induction of and Continuous Professional Development to encourage all Directors in continuing updated on developments in the statutory and regulatory regime and changes in the business and market environment in which the Group operates to facilitate the discharge of their responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

To assist the directors in continuing their professional development, the Company recommends that they regularly attend relevant seminars and courses at the expenses of the Company and are required to provide the Company with his/her annual training record to ensure the enhancement of their knowledge and skill.

本公司亦已與各獨立非執行董事訂立委任書，委任年期為一年，並須根據組織章程細則及公司細則退任、重選連任及罷免。

根據本公司的公司細則第83(2)條，任何獲董事會委任以填補臨時空缺的董事，其任期將直至獲委任後的首屆股東大會為止，並須於該大會上重選連任，而任何獲董事會委任作為現有董事會新增成員的董事，其任期僅至下屆股東週年大會為止，並將於屆時合資格膺選連任。

根據本公司的公司細則第84(1)及84(2)條，於每屆股東週年大會上當時三分之一的董事須輪值退任，惟每名董事須最少每三年輪值退任一次。有關退任董事均符合資格膺選連任，並於其退任的大會上繼續出任董事。

董事保險

本公司已為董事安排適當的保險以保障針對董事的法律行動。

董事的持續專業發展

董事持續接受培訓對本公司維持高水平的企業管治而言十分重要。本公司採納一項有關就任須知及持續專業發展的政策，以鼓勵全體董事持續獲知有關法定及監管制度的最新發展，以及有關本集團營運的業務及市場環境變化，以協助其履行其於創業板上市規則及有關法例規定項下的職責及義務。

為輔助董事持續專業發展，本公司推薦彼等定期參加相關講座及課程，費用由本公司支付，所有董事均須每年向本公司提供其培訓記錄，以確保彼等的知識及技能有所提升。

For the year ended 31 December 2016, all Directors have participated in the continuous professional developments in relation to regulatory updates, duties and responsibilities of the Directors and the business of the Group in the following manner:

截至二零一六年十二月三十一日止年度，全體董事均已參與有關監管事宜之最新資料、董事之職務與職責及本集團業務之持續專業發展活動，詳情如下：

Name of Directors 董事姓名	Types of Training 培訓類別
<i>Non-executive Directors</i> 非執行董事	
Mr. Sin Kwok Lam (Chairman) 冼國林先生(主席)	A&B
Mr. Li Sin Hung Maxim 李錫洪先生	A&B
<i>Executive Directors</i> 執行董事	
Ms. Law Po Yee (Vice Chairperson) 羅寶兒女士(副主席)	A&B
Mr. Chow Kai Weng (Vice Chairperson) 周啟榮先生(副主席)	A&B
Ms. Sin Ho Yee 冼灝怡女士	A&B
<i>Independent Non-executive Directors</i> 獨立非執行董事	
Mr. Chan Tin Lup Trevor 陳天立先生	A&B
Mr. Chui Chi Yun Robert 崔志仁先生	A&B
Prof. Wong Lung Tak Patrick 黃龍德教授	A&B
Mr. Li Kit Chee 李傑之先生	A&B

Remarks:

備註：

A: Attending internal briefing session in relating to corporate governance

A: 參加有關企業管治的內部簡報會議

B: Reading materials in relation to regulatory update

B: 閱讀有關監管事宜之最新訊息的資料

Directors' Responsibilities For Financial Reporting in Respect of The Financial Statements

The Directors are responsible for the preparation of the financial statements for each financial year to give a true and fair view of the state of affairs of the Group. In preparing the financial statements for the year ended 31 December 2016, the Directors have consistently selected and applied appropriate accounting policies and standards, made judgments and estimates that are prudent, fair and reasonable, and prepared the financial statements on a going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Board therefore continues to adopt the going concern approach in preparing the accounts.

The statement of the external auditor of the Company regarding its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 95 to 97 of this annual report.

BOARD COMMITTEES

As an integral part of good corporate governance and to enhance the function of the Board, three Board Committees namely the Audit Committee, Remuneration Committee and Nomination Committee have been established. Each Board Committee was established with specific written terms of reference which deal clearly with its authority and duties and are reviewed from time to time.

Audit Committee

The Audit Committee of the Company was established in 2002 with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee currently comprises four Independent Non-executive Directors, being Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee.

The Company has complied with Rules 5.28 of the GEM Listing Rules, the Audit Committee must comprise a minimum of 3 members, at least one of whom is an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise and chaired by an Independent Non-executive Director.

董事就財務報表的財務申報責任

董事負責就各財政年度編製財務報表，以真實及公平地反映本集團的財務狀況。於編製截至二零一六年十二月三十一日止年度之財務報表時，董事已貫徹選擇及應用適當的會計政策及準則，並作出謹慎、公平及合理之判斷及估計及按持續經營基準編製財務報表。

董事確認，在作出一切合理諮詢後，確認就其所悉、所知及所信，彼等並不知悉可能對本公司持續經營能力引起重大揣測的事件或條件存在重大不確定性。因此，董事會於編製賬目時繼續採納持續經營法。

本公司外聘核數師關於彼等對財務報表之申報責任之聲明，載於本年報第95至97頁的獨立核數師報告書。

董事委員會

作為良好的企業管治的一部分，並提升董事會的職能，已成立三個董事委員會，分別為審核委員會、薪酬委員會及提名委員會。各董事委員會的成立訂有具體的書面職權範圍，清楚說明其授權及職責，並會不時檢討。

審核委員會

本公司審核委員會於二零零二年成立，其書面職權範圍符合創業板上市規則附錄十五所載的企業管治守則。審核委員會目前由四名獨立非執行董事組成，即崔志仁先生(主席)、陳天立先生、黃龍德教授及李傑之先生。

本公司已遵守創業板上市規則第5.28條，審核委員會至少由3名成員組成，其中最少一名為持有適當專業資格或會計或相關財務管理專業知識的獨立非執行董事，且主席須由獨立非執行董事擔任。

The primary duties of the Audit Committee are: (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) review and monitor the Company's financial reporting system, risk management and internal control systems and (iii) review of the Company's financial information.

During the year ended 31 December 2016, the Audit Committee held four meetings for the reviewing of the Group's annual, half-yearly and quarterly results, assessing and evaluating of the effectiveness of the Group's risk management procedures and internal control system. The Audit Committee has, save for the relevant issues as required, made recommendations to the Board after reviewing the scope of services offered on the reappointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor. The attendance record of these meetings are set out in the section headed "Board and Committees Meetings and Attendance" on page 48 of this annual report.

Remuneration Committee

The Remuneration Committee of the Company was established in 2005 with its written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. Pursuant to Rule 5.34 of the GEM Listing Rules, the remuneration committee currently comprises four Independent Non-executive Directors, being Mr. Chui Chi Yun Robert, Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. Mr. Chui Chi Yun Robert is the Chairman of the Remuneration Committee.

The major responsibilities of the Remuneration Committee include: (i) make recommendations to the Board on the Group's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and determining the remuneration packages of individual Executive Directors and senior management including benefits in kind, pension rights and compensation payments and, (iii) ensuring that none of the Directors or their associates will involve in deciding his own remuneration. The Remuneration Committee adopted the approach under Code Provision B.1.2(c)(ii) to make recommendation to the Board on the remuneration packages of the Directors and senior management of the Company.

During the year ended 31 December 2016, the Remuneration Committee held one meeting in relating to the overall remuneration policy and structure and making recommendation to the Board on the remuneration packages of individual Executive Directors and senior

審核委員會的主要職責為：(i)就外聘核數師任命、續聘及罷免向董事會作出推薦建議，及批准外聘核數師的薪酬及委聘條款及任何有關其辭任或罷免的問題；(ii)檢討及監察本公司之財務報告系統、風險管理及內部監控系統及(iii)審閱本公司之財務資料。

於截至二零一六年十二月三十一日止年度，審核委員會舉行四次會議，以審閱本集團之年度、半年及季度業績、評估及估計本集團風險管理程序及內部監控系統的有效性。除規定的相關事宜外，審核委員會已於檢討外聘核數師提供的工作後就續聘核數師向董事會提出建議，及批准外聘核數師的薪酬及聘任條款。有關會議的出席記錄載於本年報第48頁「董事會及委員會會議及出席記錄」一節。

薪酬委員會

本公司薪酬委員會於二零零五年成立，其書面職權範圍符合創業板上市規則附錄15所載的企業管治守則。根據創業板上市規則第5.34條，薪酬委員會目前由四名獨立非執行董事組成，即崔志仁先生、陳天立先生、黃龍德教授及李傑之先生。崔志仁先生為薪酬委員會主席。

薪酬委員會之主要職責乃包括：(i)就本集團所有董事及高級管理人員之整體薪酬政策及結構及制訂正規而具透明度的薪酬政策制定程序向董事會作出建議；(ii)檢討及釐定各名執行董事及高級管理層之薪酬方案(包括實物福利、退休金權利及賠償)，及(iii)確保並無董事參與釐訂其本身之薪酬；薪酬委員會採納守則條文第B.1.2(c)(ii)條下之方法以就本公司董事及高級管理層之薪酬方案向董事會作出推薦建議。

於截至二零一六年十二月三十一日止年度，薪酬委員會舉行一次會議審核及釐定整個薪酬政策及架構，並就個別執行董事及高級管理層的薪酬方案

management in assessing their performance and approval of the relevant terms of service contracts. The attendance record is set out in the section headed "Board and Committees Meetings and Attendance" on page 48 of this annual report.

Nomination Committee

The Nomination Committee of the Company was established in 2012 with its written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee currently comprises one Non-executive Director and three Independent Non-executive Directors, being Mr. Sin Kwok Lam, Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr Li Kit Chee. The Chairman of the Nomination Committee is Mr. Sin Kwok Lam, a Non-executive Director.

The primary functions of the Nomination Committee are mainly (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding the identification of suitable, qualified individuals for selection and appointment as Directors; (ii) to assess the independence of Independent Non-executive Directors of the Company; and (iii) to make recommendations to the Board on the appointment, re-appointment or re-designation of, and succession planning for, Directors, in particular the Chairman and the Chief Executive Officer.

The Company has adopted a board diversity policy in September 2013 concerning diversity of the Board. Under this policy, the diversity of the Board is considered in terms of factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merit, and candidates are considered against various objective criteria, with due regard for the benefits of diversity on the Board. The measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. The nomination committee will review the policy on a regular basis and will discuss any revision that may be required, and recommend any proposed changed to the Board for approval.

During the year ended 31 December 2016, the Nomination Committee held one meeting (i) reviewed the structure, size, composition and the diversity policy of the Board; (ii) Assessed the independence of Independent Non-executive Directors; (iii) reviewed the training and continuous professional development of Directors and (iv) evaluated Directors' time commitment and the contribution required from Directors to discharge their responsibilities. The attendance record is set out in the section headed "Board and Committees Meetings and Attendance" on page 48 of this annual report.

向董事會提供建議；以及批准服務合約的相關條款。有關會議的出席記錄載於本年報第48頁「董事會及委員會會議及出席記錄」一節。

提名委員會

本公司提名委員會於二零一二年成立，並根據創業板上市規則附錄15所載之企業管治守則訂明書面職權範圍。提名委員會目前由一名非執行董事及三名獨立非執行董事組成，即冼國林先生、陳天立先生、黃龍德教授及李傑之先生。提名委員會之主席為非執行董事冼國林先生。

提名委員會之主要職責包括：(i)檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並就物色合資格可選舉及獲委任董事的合適人士向董事會提出建議；(ii)核評本公司獨立非執行董事的獨立性；及(iii)就董事的委任或重新委任或調任，以及董事(尤其是主席及行政總裁)的繼任計劃向董事會提出建議。

本公司已於二零一三年九月採納一項有關董事會成員多元化的董事會成員多元化政策。在該政策下，董事會成員多元化乃考慮到性別、年齡、文化與教育背景、種族、專業經驗、技能、知識及服務年期等因素。董事會所有委任均以用人唯才為基準，並以多方面的客觀標準並充分顧及董事會成員多元化的裨益考慮人選。提名委員會將每年商討及協定推行董事會成員多元化的可計量目標，並推薦董事會採納該可計量目標。提名委員會將定期檢討該政策，就任何須作出的修訂進行討論，並推薦董事會批准任何修訂建議。

於二零一六年十二月三十一日止年度，提名委員會舉行一次會議(i)檢討董事會之架構、大小、組成及成員多樣化政策；(ii)評估獨立非執行董事之獨立性；(iii)檢討董事之培訓及持續專業發展；及(iv)評估董事付出的時間及所需作出的貢獻以履行其職責。出席會議記錄載於本年報第48頁「董事會及委員會會議及出席記錄」一節。

Board and Committees Meetings and Attendance

The Board is scheduled to meet at least four times each year on a quarterly basis to discuss the Group's business development, operations and financial performance. Notice of not less than 14 days in advance together with the formal agenda will be addressed to all Directors for all regular board meeting. For additional Board meetings which require discussion and resolution of significant issues arising during the operation of the Company, notice is given in a reasonable time in advance. To enable the Directors to make informed decisions, the Board papers together with all appropriate and relevant materials and information in relation to the matters to be discussed and considered at the Board meeting are sent to all Directors. Proper minutes of Board meetings and Committees meetings are kept by the Company Secretary of the Company. Draft minutes are normally circulated to Directors for comments and records respectively within a reasonable time after each meeting and the final version is open for inspection on reasonable note by any Directors.

The attendance record of each Director at Board meetings, the Board Committees meetings and general meetings during the year ended 31 December 2016 is set out in the following table:

董事會及委員會會議及出席記錄

董事會預定每年按季舉行最少四次會議，以討論本集團之業務發展、營運及財務表現。舉行所有董事會定期會議前向全體董事發出至少14天通知連同正式議程。對於需要商討及議決本公司營運期間發生的重大事項而舉行之額外董事會會議，將事先於合理時間內發出通知。為了讓董事在知情情況下作出決定，董事會向全體董事提供有關於董事會會議討論及考慮事宜的適用相關材料及資料。董事會會議及委員會會議之會議記錄由本公司之公司秘書妥當保存。會議記錄草案一般會於每次會議後之合理時間內交由董事評述及記錄，終稿可在任何董事提出合理之通知後供董事查閱。

於截至二零一六年十二月三十一日止年度，各董事出席董事會會議、董事委員會會議及股東大會之記錄表列如下：

Name of Directors	Board Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Nomination Committee Meeting	General Meeting
董事姓名	董事會會議	薪酬委員會會議	審核委員會會議	提名委員會會議	股東大會
<i>Executive Directors</i>					
Ms. Law Po Yee (Vice Chairperson)	5/6	—	—	—	—
Mr. Chow Kai Weng (Vice Chairperson)	6/6	—	—	—	—
Ms. Sin Ho Yee	6/6	—	—	—	—
<i>Non-executive Directors</i>					
Mr. Sin Kwok Lam (Chairman)	5/6	—	—	1/1	1/1
Mr. Li Sin Hung Maxim	3/6	—	—	—	1/1
<i>Independent Non-executive Directors</i>					
Mr. Chan Tin Lup Trevor	6/6	1/1	4/4	1/1	1/1
Mr. Chui Chi Yun Robert	6/6	1/1	4/4	—	1/1
Prof. Wong Lung Tak Patrick	6/6	1/1	4/4	1/1	1/1
Mr. Li Kit Chee	6/6	1/1	4/4	1/1	1/1
Total number of meetings	6	1	4	1	1

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance functions performed by the Board include: (i) formulating and reviewing the corporate governance policies and practices of the Company; (ii) reviewing and monitoring the training and continuous professional development of Directors and the senior management; (iii) reviewing and monitoring the policies and practices of the Company in compliance with the relevant laws and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance; manual applicable to employees and Directors and (v) reviewing the compliance with the Code of Corporate Governance by the Company and the disclosure in the Corporate Governance Report.

COMPANY SECRETARY

On 31 March 2016, Mr. Chan Man Hung resigned his position as a Company Secretary of the Company and Mr. Luk Ho Lun ("Mr. Luk") was appointed as the Company Secretary of the Company. Mr. Luk is responsible for advising the Board on corporate governance matters; ensuring proper board policy and procedures are followed for ensuring good information flow within the board and also facilitate induction and professional development of Directors.

During the year ended 31 March 2016, the Board has access to the advice and services of Mr. Luk at all time in accordance with the code provision F.1.4 of Appendix 15 to the GEM Listing Rules. And Mr. Luk has taken no less than 15 hours of professional training during the period under review pursuant to the Rule 5.15 of GEM Listing Rules.

THE AUDITOR

The Company engaged HLB Hodgson Impey Cheng Limited ("HLB") as the external auditor for the financial year ended 31 December 2016. HLB is independent and there are no relationships between HLB and the Company that are likely to impair its independence. The roles and responsibilities of HLB are stated in the Independent Auditors' Report on pages 89 to 97 of this annual report.

For the year ended 31 December 2016, the Audit fee of the Group to HLB amounted to HK\$610,000. In addition, approximately HK\$178,000 was charged for non-audit services, including quarterly and interim report.

INTERNAL CONTROL

The Board acknowledged that the internal control play an important role in improving the profitability of the Company and the efficiency and effectiveness of resource used. During the year under review, the Company applied a series of systematic and accountability internal controls and has conducted a review of the effectiveness of the risk management and internal control systems of the Group.

企業管治職能

董事會負責履行的企業管治職責包括：(i)制定及檢討本公司的企業管治政策及常規；(ii)檢討及監察董事及高級管理層的培訓及持續專業發展；(iii)檢討及監察本公司在遵守有關法律及監管規定方面的政策及常規；(iv)制定、檢討及監察適用於僱員及董事的操守守則及合規手冊；及(v)檢討本公司遵守《企業管治守則》的情況及《企業管治報告》內的披露。

公司秘書

於二零一六年三月三十一日，陳文鴻先生辭任本公司之公司秘書，而陸浩麟先生（「陸先生」）獲委任為本公司之公司秘書。陸先生負責向董事會就企業管治事宜提出意見；確保有妥當的董事會政策及程序以保證董事會內部信息流通，並促進董事的任職及專業發展。

於截至二零一六年三月三十一日止年度內，董事會根據創業板上市規則附錄15之守則條文第F.1.4條可隨時獲取陸先生的意見及服務。於回顧年度內，陸先生已根據創業板上市規則第5.15條接受不少於15小時的專業培訓。

核數師

本公司聘用國衛會計師事務所有限公司（「國衛」）擔任截至二零一六年十二月三十一日止財政年度之外部核數師。國衛獨立於本公司，且國衛與本公司概無任何可能損害其獨立性的關係。國衛的職務及責任載列於本年報第89至97頁之獨立核數師報告。

截至二零一六年十二月三十一日止年度，本集團應付國衛的核數費用達610,000港元。此外，約178,000港元為非核數服務（包括季度及中期報告）收費。

內部監控

董事會清楚內部監控對提升本公司盈利能力及所用資源的效益及效能而言十分重要。於審閱年度內，本公司應用一系列系統並具問責性的內部監控措施並對本集團風險管理及內部監控系統之成效作出審查。

Internal control framework

The Group has had in place an internal control for many years. The Board has overall responsibility for maintaining an adequate and effective risk management and internal control systems of the Company to safeguard the Shareholders' interests and the Company's assets, while the management is primarily responsible for the design, implementation, and maintenance of internal control. The Group's internal control framework comprises five components as the below:

(i) Control Environment

- The Board of the Group and senior management demonstrate a strong commitment to integrity and high ethical values.
- Management establishes a reporting relationships and authorization protocols (including the assignment of authority and responsibility, and accountability for actions).
- Providing ongoing education and training in relation and performance feedback and appraisals and competitive compensation packages to hire competent staff.

(ii) Risk Assessment

- Setting a clear business objectives to enable the identification and assessment of risks relating to objectives.
- The Board and management of the Group decide the risk acceptance level and strive to maintain risk within that level.
- Prioritized the significant risks in gross term in consideration of the Company's objectives.
- Consider the potential for fraud in assessing risks to the achievement of objectives. Identify relevant and important changes and take action as necessary.

(iii) Control Activities

- Segregation of duties is typically built into the selection and development of control activities.
- Selects and develops control activities to mitigate risks to the achievement of objectives to acceptable levels.

內部監控框架

本集團已建立內部監控多年。董事會全權負責維持本公司風險管理及內部監控系統的充分性及有效性，以保障股東權益及本公司的資產，而管理層則主要負責設計、執行及維持內部監控。本集團的內部監控框架由以下五個部分組成：

(i) 環境監控

- 本集團董事會及高級管理層堅決承諾保持正直品格及高度的道德價值觀。
- 管理層建立申報關係及授權協議(包括下派授權及責任，以及行動問責性)。
- 提供相關的持續教育及培訓、表現反饋及考核以及優厚的薪酬待遇以招聘出色員工。

(ii) 風險評估

- 設立清晰的業務目標，識別及評估有關目標風險。
- 本集團董事會及管理層制定風險承受水平，務求控制風險。
- 考慮本公司目標，以總值排列重要風險的先後次序。
- 評估完成目標的風險時將詐騙可能納入考慮，識別相關重要變動並於有需要時採取行動。

(iii) 監控活動

- 通常而言，挑選及發展監控活動已建立職責分工。
- 篩選及發展監控活動，將完成目標的風險減輕至可接受程度。

(iv) *Information and Communication*

- Effective communication with both internal and external parties in relation to the functioning of an internal control system.
- Information systems provide operational, financial and compliance-related information, both internally- and externally generated, that facilitates the running and control of a business and is necessary for informed decision-making and external reporting.

(v) *Monitoring Activities*

- The internal control system accomplished through ongoing monitoring activities and/or separate evaluations to ensure it operates effectively.
- Deficiencies are evaluated against criteria established by regulators, recognized standard-setting bodies or management and the board of directors, and deficiencies are communicated to management and the board of directors as appropriate.

Internal Control Policies

The Group's internal control has put in place by the Board, management, and other personnel of the Group, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

In the Group, the internal control covers every activity and transaction, while the Group emphasized that everyone is an important part of internal control systems. The internal control policies of the Group comprises five aspects:

- *Separation of Duties*

Separation of duties involves splitting responsibility of particular experienced employees for personnel administration, planning, performance monitoring, marketing and accounting and requiring critical tasks to be reviewed by the management of the Group.

(iv) 信息及溝通

- 有關運行內部監控系統有效的內外溝通。
- 信息系統提供以促進業務營運及監控並對知情決策及外部申報而言實屬必要，源自內外部的營運、財務及合規的相關資料。

(v) 監控活動

- 內部監控系統透過持續監控活動及／或個別評估得到實現，以確保有效運作。
- 根據監管員、受認可標準設定組織或管理人員及董事會建立的標準評估不足，並在適當的情況下將不足告知管理層及董事會。

內部監控政策

本集團的內部監控已由董事會、管理層及本集團其他員工設計，以就完成以下類別的目標提供合理保證：

- 營運的有效性及效益
- 財務申報的可靠性
- 適用法律及法規的合規情況

本集團的內部監控覆蓋每項活動及交易，本集團強調每人都是內部監控系統重要的一員。本集團的內部監控政策由五個方面組成：

- 職責分工

職責分工涉及按個別有特定經驗的員工就人事行政、規劃、表現監控、市場營銷及會計等分配職責，並要求本集團管理層審閱重要項目。

- *Access Control*

Controlling access to different parts of data and/or system via passwords, lockouts and electronic access logs can keep unauthorized users out of the data and/or system while access tracking can also serve to deter attempts at fraudulent access in the first place.

- *Approval Authority*

Requiring specific managers to authorize certain types of transactions such as large amount orders, significant transaction, etc and approval for particular activities such as recruitment, marketing plans, large payments and expenses, etc to prevent unscrupulous employees from making large fraudulent transactions.

- *Documentations*

Standardizing documents used for particular activities (e.g. Hotel room reservation form, petty cash claim form, administration memo, etc) to maintain consistency in record keeping over time. Using standard document formats can make it easier to review past records when searching for the source of a discrepancy in the system.

- *Internal Audit*

Internal audits include test on the Group's operating procedures, documents examination, hand-counting cash and any physical assets tracked, etc to oversee the effectiveness of the internal controls.

Internal Audit Process on the Internal Control System

The Group set up an internal audit department comprising of the experienced staff with in financial, marketing, administration, risk management field. The internal audit department is responsible to for the day-to-day internal audit function by (i) examinary documents; (ii) performing test on the operating procedures; and (iii) identifies and evaluates the internal control defects. All finding and recommendation on internal control deficiencies were reported to the Board quarterly.

In view of the Group's simple operating structure, it was decided that the Board would be directly responsible for the risk management and internal control systems of the Group. Incomplete statement the reviewing of the quarterly report prepared by the internal audit department, the Board has also through the Audit Committee had conducted to annual review on the risk management and internal control systems of the Group. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group.

- *權限控制*

控制透過密碼、門鎖及電子存取記錄取得數據及／或系統的不同部分，能防止未經授權使用者取得數據及／或系統。同時存取跟蹤亦可以第一時間偵測試圖以欺詐手段獲取資料的行為。

- *批准授權*

如大額訂單及重要交易等若干交易種類以及如招聘、市場營銷計劃、大額付款及開支等若干活動均需要指定經理授權及批准，以防僱員進行不法的大額欺詐交易。

- *文件記錄*

統一用於特定活動(如酒店訂房表格、小額現金申索表及行政備忘等)的文件規範，以維持一致的記錄保存。在系統裡搜索差異點時，使用標準化文件格式審閱過往記錄更為方便。

- *內部審核*

內部審核包含本集團營運程序、文件審查、手點現金及任何實物資產跟蹤等測試，以監督內部監控的有效執行。

內部監控系統之內部審核程序

本集團設立了內部審核部門，成員包括在財務、營銷、行政、風險管理方面經驗豐富的員工。內部審核部門負責日常內部審核職能，包括(i)審查文件；(ii)對經營程序進行測試；及(iii)識別及評價內部監控的不足之處。有關內部監控不足之處的調查結果及推薦建議會每季呈報予董事會。

鑑於本集團的經營架構簡單，因此決定由董事會直接負責本集團的風險管理及內部監控系統。除審閱內部審核部門所編製的季度報告外，董事會透過審核委員會對本集團的風險管理及內部監控系統進行年度審閱。有關審閱涵蓋本集團財務、營運及合規監控和風險管理職能等範疇的重大監控。

The Company has formulated the policy of disclosure of inside information. The Company regularly reminds the Directors and employees about due compliance with the policy regarding the inside information.

Internal Audit Function and Activities

Pursuant to the Corporate Governance code provision C.2.5 of Appendix 15 to the GEM Listing Rules, the Company has established an internal audit department to responsible to the day to day internal audit function, and the Board of the Group through the Audit Committee to carry out the analysis and annual independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems.

During the year under review, the internal audit function by internal audit department accordingly and the quarterly reports were submitted to the Board, and the Board reviewed the quarterly reports and no major issue was raised for improvement. The Audit Committee has conducted annual review on all aspects of the Group's activities, risk management, internal control and corporate governance processes and assisted the Board to independently assess the effectiveness of the internal controls system and risk management. The Audit Committee had held four meetings during the year ended 31 December 2016 in relation to the evaluation of the internal control procedures to assess its effectiveness and prevent and detect any procedural failure or deficiency of the risk management and internal control systems. No major issue was raised for improvement.

To maintain a high quality of internal controls and support the business growth of the Company, the Audit Committee continuously review and recommend to the management on the internal controls. Meanwhile, the Audit committee enhance their competency by keeping itself updated on developments in the statutory and regulatory regime and changes in the business and market environment to further strengthen the overall internal controls.

Internal Control and Risk Management Effectiveness

In respect to the year ended 31 December 2016, the Board considered the internal control and risk management systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's Internal control system and its risk management are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

本公司制定內幕消息披露政策，並定期提醒董事及僱員妥善遵守內幕消息的所有政策。

內部審核職能及活動

根據創業板上市規則附錄15企業管治守則條文第C.2.5條，本公司已成立內部審核職能，以負責日常內部審核職能，而本集團董事會則透過審核委員會對本公司之風險管理及內部監控系統之充足性及有效性進行分析及年度獨立評核。

於回顧年內，內部審核由內部審核部門負責，已向董事會提交季度報告，而董事會亦已審閱季度報告，且並無提出任何需要改善的重大事宜。審核委員會已對本集團活動、風險管理、內部監控及企業管治程序等所有方面進行年度審閱，並協助董事會獨立評估內部監控系統及風險管理的有效性。審核委員會於截至二零一六年十二月三十一日止年度曾舉行四次會議，內容有關評價內部監控程序，以評估其有效性及防止和偵測風險管理及內部監控系統是否存在任何程序失效或缺陷。概無提出任何需要改善的重大事宜。

為維持高質素的內部監控，並支持本公司的業務增長，審核委員會持續檢討內部監控並向管理層推薦有關內部監控的建議。同時，審核委員會將持續更新法定及監管制度之發展及業務及市場環境之變動以提升委員的能力並進一步加強整體內部監控。

內部監控及風險管理的成效

就截至二零一六年十二月三十一日止年度而言，董事會認為內部監控及風險管理系統有效及足夠。概無識別任何可能對股東構成影響的重要關注事項。

請注意本集團的內部監控系統及其風險管理旨在合理管理而不是消除無法達致業務目標的風險，但無法排除可能出現重大錯誤陳述或虧損。

CONSTITUTIONAL DOCUMENTS

There is no any changes in the Company's constitutional documents during the year ended 31 December 2016.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board is committed to maintaining an ongoing and transparent communication with all shareholders which enables shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. The Board also believes that it is vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.nationalarts.hk" as a communication platform with all Shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Board considers general meetings of the Company as an important channel for Shareholders to exchange views with the Board and will endeavor to be available at the meetings to answer any questions raised by Shareholders.

SHAREHOLDERS' RIGHTS

It is the Company's responsibility to ensure Shareholders' interest. To do so, the Company maintains on-going dialogues with Shareholders and encourage their participation in the AGM or other general meetings. Notice of meeting containing agenda, proposed resolutions and postal voting form are sent to registered Shareholders by post. All registered Shareholders are entitled to attend annual and extraordinary general meetings, provided that their shares have been recorded in the register of members of the Company.

According to the Bye-laws of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting ("SGM") to be called by the Board, provided that such requisition properly states the object(s) and deposited at the registered office of the Company for the attention of the Company Secretary, and be verified with and confirmed by the Company's share registrar that such requisition is proper and in order.

章程文件

於截至二零一六年十二月三十一日止年度，本公司的章程文件沒有任何修改。

與股東保持溝通及投資者關係

董事會致力維持與全體股東進行持續及透明之通訊，幫助股東及投資者作出最佳的投資決策及加強其對本集團業務表現及策略的瞭解。董事會亦相信，此對與本公司潛在及現有投資者建立及維持持續的投資者關係而言亦極為重要。

公司備有一個網站[www.nationalarts.hk]作為與所有股東及投資者溝通的平台，公眾可透過該網站查閱本集團的業務發展及營運、財務資料、企業管治常規及其他資料。

董事會認為，本公司股東大會為股東與董事會交流意見提供一個重要渠道，此外，董事會將盡量出席大會並回答股東提出的任何問題。

股東權利

保障股東權益是本公司的職責。為此，本公司持續與股東保持聯繫，並鼓勵彼等出席股東週年大會或其他股東大會參與本公司事務。我們以郵遞方式向登記股東寄發大會通告，當中載有會議議程、提呈的決議案以及郵遞投票表格。所有所持股份載於本公司股東名冊內的登記股東均有權出席股東週年大會及股東特別大會。

根據本公司的公司細則，任何於遞呈要求日期持有本公司附帶權利可於本公司股東大會上投票之繳足股本不少於十分之一的一名或以上股東，有權於任何時候透過向董事會或本公司秘書發出書面請求，要求董事會召開股東特別大會（「股東特別大會」）。有關書面請求須列明大會的目的，並送交本公司之註冊辦事處（註明收件人為公司秘書），有關請求將由本公司之股份過戶登記處核實，以確認書面請求屬妥善及適宜。

The SGM shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitioner(s) or any of them representing more than one-half of their total voting rights may do so, but any SGM so convened shall not be held after the expiration of 3 months from the date of deposit of the requisition. A meeting convened by the requisitioner(s) shall be convened in the same manner as if the meeting was convened by the Board.

Pursuant to the Bermuda Companies Act 1981, either any number of registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("Requisitionists"), or not less than 100 registered shareholders, can request the Company in writing to (i) provide shareholders entitled to receive notice of the next general meeting with notice of any resolution(s) which may properly be moved and is intended to be moved at that meeting; and (ii) circulate to shareholders entitled to have notice of any general meetings any statement(s) in not more than 1,000 words with respect to the matter referred to in any proposed resolutions or other businesses to be dealt with at that meeting. A requisition signed by all the Requisitionist(s) with a sum sufficient to meet the Company's relevant expenses shall be deposited at the registered office of the Company not less than six weeks in case of a requisition requiring a notice of resolution(s) or before the meeting. If an AGM is called for on a date six weeks or less after the deposit of such requisition, such requisition, through not deposited within the required time period, shall be deemed to have been properly deposited for the purpose thereof.

Enquiries from shareholders

Shareholders' enquiries regarding their shareholdings should be directed to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited. Other enquiries from Shareholders can be directed to the Company whose contact details are shown on page 4 of this annual report.

股東特別大會應於遞呈該請求後兩個月內舉行。倘遞呈後二十一日內，董事會未有召開該大會，則該等呈請人或佔全體呈請人總投票權一半以上之呈請人，可自行召開股東特別大會，但任何如此召開之股東特別大會不得在上述請求書遞呈日期起計三個月屆滿後舉行。由呈請人召開之大會須以接近董事會召開大會之方式召開。

根據百慕達一九八一年公司法，持有本公司附帶權利可於本公司股東大會投票之繳足股本不少於二十分之一(5%)之登記股東(「呈請人」)，或不少於100名有關登記股東，可向本公司提交書面要求：(i)向有權接收下一屆股東大會通告之股東發出通知，以告知任何可能於該大會上正式動議及擬於會上動議之決議案；及(ii)向有權獲寄發任何股東大會通告之股東傳閱不超過1,000字之陳述書，以告知於該大會上提呈之決議案所述事宜或將處理之事項。由所有呈請人簽署之呈請須送交本公司註冊辦事處，並須在不少於(倘為要求決議案通知之呈請)大會舉行前六週或大會舉行前遞交及須支付足以彌補本公司相關開支之款項。惟倘在遞交呈請後六週或較短期間內之某一日召開股東週年大會，則該呈請雖未有在規定時間內遞交，就此而言亦將被視為已妥為遞交。

股東查詢

股東可向本公司於香港之股份過戶登記分處卓佳秘書商務有限公司查詢彼等之持股情況。股東之其他查詢可向本公司作出，聯絡資料載於本年報第4頁。

RISK MANAGEMENT REPORT

風險管理報告

To Ensure the long-term growth and achieve the Group's strategic objectives, an effective risk management take an essential and important role. Since 2016, the Group adopted a systematic and sustainable approach in order to provide a clear responsibility and accountability structure for risk management.

The Group's risk management framework clearly stated the role of the Board, Audit Committee, senior management of the Company (the "Senior Management") and business unit and their own responsibilities to risk management. The aim is to identify risks and then manage them so that they can be understood, reduced, mitigated or avoided. The Group Risk Management Report was presented to the Board for review in December 2016.

為確保長期增長及實現本集團策略性目標，執行有效的風險管理實在不可或缺。自二零一六年以來，本集團採納有系統及可持續的措施，藉此為風險管理提供一個清晰的負責及問責架構。

本集團的風險管理架構清楚列明董事會、審核委員會、本公司高級管理層(「高級管理層」)及各業務單位的角色，以及彼等自身對風險管理的責任。目的是識別風險，然後加以管理，務求能夠明白、降低、紓緩或避免風險。本集團的風險管理報告已於二零一六年十二月提呈予董事會以供其審閱。

THE GROUP'S RISK MANAGEMENT FRAMEWORK

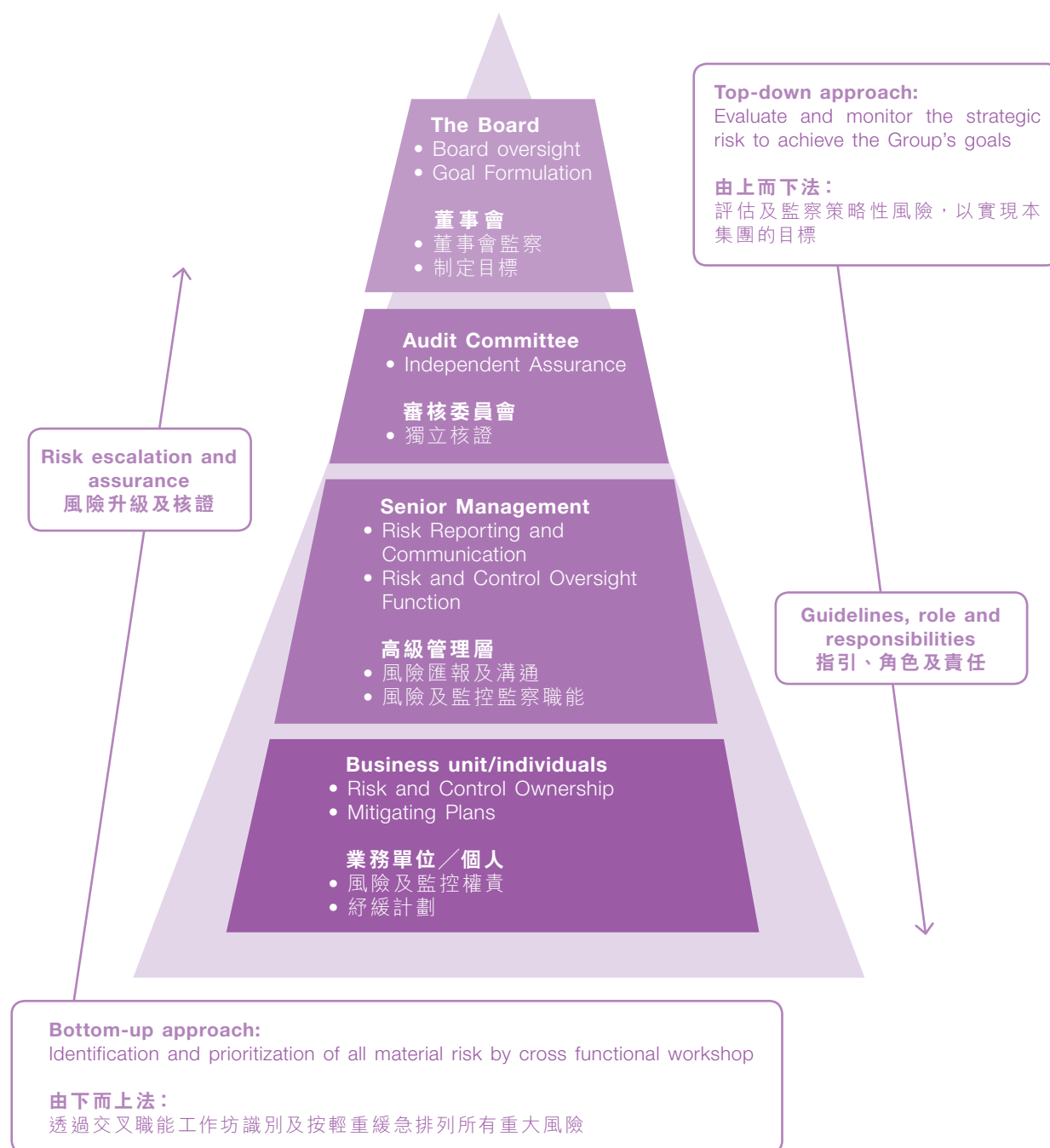
The Group's risk management framework and its own responsibilities:

The Group's risk management framework

本集團的風險管理架構

本集團的風險管理架構及其自身的責任：

本集團的風險管理架構



The Group's Risk Management Responsibilities

1. The Board is responsible to:
 - i. Formulate the annual business objectives, planning and decision making at the strategic level;
 - ii. Oversee management in the design, implementation and monitoring of the risk management framework and approves risk appetite. Meeting with Audit Committee and Senior Management to ensure the risk management framework is maintained appropriately and effectively.
2. Audit Committee is responsible to:
 - i. Oversee the Group's overall risk assessment along with the effectiveness of the risk controls and mitigation process and identify all material risks that may impact the achievement of the Group's business objectives;
 - ii. Review the risk reports and breaches of risk tolerances and policies, and discusses with Senior Management in relation to the selected risks for more detailed review. Summarise the material risk and circulate to the Board.
3. Senior Management is responsible to:
 - i. Review the risk management process regularly, and report on the key risks and considers common risks across the Group. The Group Risk Management Report shall be prepared and submitted to the Audit Committee;
 - ii. Identify the Group's financial risks and non-financial risks, including strategic reputational, regulatory, operational risk and ranking the risk with reference to their own materiality and circumstances. And the risk register shall be established;
 - iii. Establish various policies, procedures and guidelines with defined authority for effective segregation in relation to the risk management and the established an effective communication channel reporting of any malpractice and unethical conduct. The training programme was arranged for the Group's employee regularly to ensure their understanding of the Group's business objective and their own duties.

本集團的風險管理責任

1. 董事會負責：
 - i. 制定全年業務目標、規劃及作出策略性決策；
 - ii. 監察管理層對風險管理架構的設計、實施及監察，並批准風險承受度。與審核委員會及高級管理層舉行會議，以確保風險管理架構獲適當及有效地維持。
2. 審核委員會負責：
 - i. 監察本集團整體風險評估，以及風險監控及紓緩程序的有效性，並識別所有可能影響本集團實現業務目標的重大風險；
 - ii. 審閱風險報告及違反風險承受能力和政策的事宜，並就選定風險與管理層進行討論以作更深入的審閱。向董事會概述並呈報重大風險。
3. 高級管理層負責：
 - i. 定期審閱風險管理程序，匯報主要風險，以及考慮整個本集團的常見風險。須編製集團風險管理報告，並遞交予審核委員會；
 - ii. 識別本集團的財務風險及非財務風險，包括策略性信譽、監管、營運風險，並參照其自身的重要性及情況排列有關風險，以及設立風險名冊；
 - iii. 制定多項風險管理政策、程序及指引，界定權限以有效區分職責，並設立有效的溝通渠道，以匯報任何不當及不道德行為。本集團定期為僱員安排培訓計劃，確保彼等明白本集團的業務目標及自身的職責。

4. Business units is responsible to:

- i. Carry out risk management activities in day-to-day operation in their areas of responsibility, making effective risk management processes and mitigating plans in accordance with good practices and guidelines established by the Senior Management;
- ii. Reporting any malpractice and unethical conduct within the Group without fear of reprisal and victimization, and discuss with the Senior Management on any difficulties in relation to the risk management on a timely basis. Business Unit Risk Management Reports shall be prepared and submitted to the Senior Management.

4. 業務單位負責：

- i. 遵從高級管理層制定的良好常規及指引，在日常營運過程中執行職責範圍內的風險管理活動，作出有效的風險管理程序及紓緩計劃；
- ii. 匯報本集團內的任何不常及不道德行為，而毋須畏懼報復或受害，及時就風險管理的任何困難與高級管理層討論。須編製業務單位風險管理報告，並遞交予高級管理層。

The Group's Risk Management Process

The Group's risk management process consists of five major phases; 1) Establishing the risk context; 2) Identifying risks; 3) Risk assessment and evaluation; 4) Developing control and mitigation plans; 5) Risk reporting and monitoring, covering the business and decision-making processes including strategy formulation, business development and planning, capital allocation, investment decisions and day-to-day operation:

本集團的風險管理程序

本集團的風險管理程序包括五大階段：1)設定風險背景；2)識別風險；3)風險評估；4)制定監控及紓緩計劃；5)風險報告及監察，涵蓋業務及決策程序，包括制定策略、業務發展及規劃、資金分配、投資決定及日常營運：

1). Establishing the risk context 設定風險背景

- Risk reference tables for the Group were established and updated by the business units and reviewed by the Senior Management regularly.
業務單位為本集團設立及更新風險參考表，並由高級管理層定期審閱。
- The Senior Management sets a common risk language to avoid any conflicting terminology or confusion.
高級管理層設定一般風險語言，避免使用任何衝突詞彙或混淆。

2). Identifying risks 識別風險

- In annual business planning process, divisions and departments are required to identify all material risks that may impact their achievement of business objectives.
在全年業務規劃過程中，分部及部門須識別可能影響其實現業務目標的所有重大風險。
- Divisions and departments identify the risks at the business unit level and Senior Management identifies the risks including financial and non-financial risk at the Group level.
分部及部門識別業務單位層面的風險，高級管理層識別集團層面的財務及非財務風險。

3). Risk assessment and evaluation
風險評估

- Divisions and departments assess and score the risk identified along with their impact on the business and the likelihood of their occurrence.

分部及部門評估及評價所識別的風險，以及其對業務的影響及其發生的可能性。

- Senior Management shall ensure a detailed project risk be assessed for each investment project and properly documented.

高級管理層應確保就各個投資項目進行詳細的項目風險評估，並妥善記錄在案。

- The risks identified in the annual business planning process and/or in each investment planning process are evaluated based on the same set of risk profiling criteria as the quarterly risk review process.

在全年業務規劃過程中及／或在各個投資規劃過程中所識別的風險根據與季度風險審閱過程的同一套風險分析準則評估。

4). Developing control and mitigation plans
制定監控及紓緩計劃

- Senior Management reviews the effectiveness of the risk management process and approves the mitigation plans.

高級管理層檢討風險管理程序的有效性及其批准紓緩計劃。

- Divisions and departments identified risk and then processes the mitigating plans in accordance with good practices and guidelines established by the Senior Management.

分部及部門遵從高級管理層所制定的良好常規及指引，識別風險，然後制定紓緩計劃。

5). Risk reporting and monitoring
風險報告及監察

- Emerging risks and/or overarching strategic risks, which may have a material impact on the Group over a longer timeframe, are monitored and discussed on a quarterly basis by the Audit Committee and the Board.

新形成的風險及／或重要的策略性風險長遠而言或會對本集團造成重大影響，由本集團審核委員會與董事會監察及每季進行討論。

- The Board established a communication channel including bottom-up and top-down review process across the Group.

董事會制定溝通渠道，包括對本集團整體進行由下而上及由上而下的審閱。

- Business units prepared the quarterly Business Unit Risk Management Report and submitted to the Senior Management. The Senior Management reviews the Business Unit Risk Management Report and highlights the material risk in the Group Risk Management Report and submitted to the Audit Committee on a quarterly basis.

業務單位編製季度業務單位風險管理報告並遞交予高級管理層。高級管理層每季審閱業務單位風險管理報告，及重點指出集團風險管理報告中的重大風險，並遞交予審核委員會。

Material Risks of the Group

In 2016, the Group adopted the ERM System in the identification and analysis of existing and emerging risks to the business strategy planning and business development of the Group including: Business, strategic and regulatory risks, Financial risk and Operational risk. The ERM System adopted was compiled to cover: 1) the material risks of the Group in both existing and new business; and 2) associated action plans and controls designed to mitigate the material risks, where applicable, at appropriate levels:

本集團的重大風險

於二零一六年，本集團採用企業風險管理制度，以識別及分析本集團的業務策略規劃和業務發展的現有及新形成風險，包括業務、策略及監管風險、財務風險及營運風險。所採納的企業風險管理制度的編製目的是涵蓋：1)本集團在現有及新興業務中的重大風險；及2)旨在紓緩適當層面上的重大風險的相關行動計劃及監控(如適用)：

Risk Description

風險描述

Business, strategic and regulatory risks: They are the risks in relation to the impact from the market environments, changes of corporate structure, non-compliance of regulatory, rules or laws and the strategy planning of the Group. These risks included longer-term risks for the upcoming 3-5 year and are reviewed by Audit Committee quarterly and documented in the Group Risk Management Report.

業務、策略及監管風險：此等乃與市場環境、公司架構變動、違反監管規定、規則或法律及本集團策略規劃所產生影響有關的風險。該等風險包括未來3至5年的長期風險，由審核委員會每季審閱及在集團風險管理報告中記錄在案。

Risk Mitigations

風險紓緩措施

Online Threats

The continuous and rapid growth of online activities including digital media and online marketing further drives changes in business behavior while altering the entire competitive landscape, especially in the PRC.

網上威脅

網上活動持續快速地增長，包括：數碼媒體及網上營銷進一步促使營商行為改革，同時改變整個競爭格局，特別是在中國。

- In the film production segment, the Group plans to introduce various elements e.g. Computer Graphics Technologies, Virtual Reality, etc. and invest in online TV programme, micro movies, etc to cope with the high demands in online market.
就電影製作分部，本集團計劃引入不同的元素，例如電腦繪圖技術、虛擬實景等，並投資網上電視節目、微電影等，以應對網上市場的龐大需求。
- The Group uses variety online media e.g. Facebook, Instagram, etc to establish communication channel with existing and new customers. In the meantime, the Group cooperate with other online media to put more focus on marketing efforts to attract targeted customers.
本集團利用不同的網上媒體，例如Facebook、Instagram等，成立與現有及新客戶的溝通渠道。與此同時，本集團與其他網上媒體合作，向目標客戶投放更多營銷資源。

Changes in Corporate Governance Code

With effect from 1 January 2016, Hong Kong Stock Exchange has amended its Corporate Governance Code relating to risk management.

企業管治守則變化

自二零一六年一月一日起，香港聯交所修訂其關於風險管理的企業管治守則。

- In 2016, the Group has set up an enterprise risk management framework and provides a range of guideline, procedures and policies for employee across the Group to comply with Amendments and further adjustments are being made to relevant processes to ensure timely compliance.
於二零一六年，本集團成立企業風險管理架構，並提供一系列指引、程序及政策，要求本集團全體僱員遵守，亦會對相關程序作出修訂和進一步調整，確保適時遵守有關規則。

Risk Description

風險描述

Product Competitiveness

The Group is well known for operating the Xiqiao National Arts Studio Project including film shooting areas, theme parks, etc. in Foshan City. However, some of the tourists may raise their attention to the theme park with similar nature nearby since it got the national AAAA level tourist attractions identity in August 2016.

產品競爭力

眾所周知，本集團在佛山市營運西樵山國藝影視城項目，包括拍攝場地、主題公園等。然而，若干旅客或因鄰近類似性質的主題公園在二零一六年八月取得國家4A級旅遊景點認可，而慕名前往。

Risk Mitigations

風險紓緩措施

- To enhance the competitiveness of Xiqiao National Arts Studio Project, the Group cooperated with resourceful companies to jointly organize or/and develop a series of unique projects such as snow paradise event in 2016.
為提高西樵山國藝影視城項目的競爭力，本集團計劃與資源雄厚的公司合作，共同組織或／及發展一系列特有項目，如二零一六年的雪樂園活動。
- Meanwhile the Group is planning to construct a numbers of indoor shooting bases and enhance the filming ancillary facilities.
與此同時，本集團已計劃興建多個室內拍攝棚及提升拍攝配套設施。

Financial risks: They are multiple types of risk associated with financing, including financial transactions. Financial risk is one of the major concerns of the Group across different fields and geographies. The Group reviewed the financial performance and assessed these risks before and after making each investment decision. The Group's risk management report in relation to these risks was prepared and reviewed on quarterly basis.

財務風險：與融資(包括金融交易)相關的多種類型風險。財務風險為本集團跨不同領域及地區的主要問題之一。本集團檢討財務表現及於作出每個投資決定前後評估該等風險。本集團就該等風險之風險管理報告按每季度一次進行編製及審閱。

Highly dependent on the debt financing

The repayment of the debts and the payment of the relevant interest as a result of the financing by issuing bonds, convertible bonds, shareholder's loan with a regular interest payment may put pressure to the Group's cash flow.

高度倚賴債務融資

透過發行債券、可換股債券、股東貸款融資，定期支付利息，可能導致償還債務及支付相關利息對本集團的現金流造成壓力。

- The Group passed a resolution at the annual general meeting held on 24 June 2016 under which the Directors were granted a general unconditional mandate to allot, issue and deal with Shares for fund raising purpose. Substitution of debt financing with equity financing can effectively reduce debt interest payments and improve the Group's cash flow.
本集團於二零一六年六月二十四日舉行的股東週年大會通過一項決議案，據此董事獲授一般授權，以就融資配發、發行及處置股份。用股權融資代替債務融資可有效減少支付債務利息且提高本集團現金流量。
- The Group is in discussion with the Non-executive Director in relation to the interest repayment of the shareholder's loan, convertible bond and promissory note by the way of issuing new shares instead of cash payments.
本集團目前與非執行董事進行討論，有關償還股東貸款、可換股債券及承兌票據之利息，以發行新股份取代現金支付。

Risk Description

風險描述

Foreign currency risk associated with the Group's investments

The Group's foreign currency risk remains low through currency matching practices of revenue, cost and debt.

於本集團投資有關的外匯風險

透過配對收益、成本及債務貨幣的自然對沖，本集團的外匯風險維持較低水平。

Risk Mitigations

風險紓緩措施

- Maintain current currency matching practices of revenue, cost and debt.
維持目前配對收益、成本及債務貨幣的配對做法。
- Project level debts to be denominated in and/or swapped into functional currency where possible. 以功能貨幣計值及／或轉換為功能貨幣(倘適用)的項目債務。
- Adopt hedging transaction in line with the Group Treasury Policy, where applicable, at appropriate levels.
接納符合本集團庫務政策的適當水平對沖交易(倘適用)。

Operational risks: They are the risks of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group considered that these risk are closely related to good and quality management. In view of that, the Group has set up an effective internal control system. Details on Internal Control are set out in the Corporate Governance Report on pages 38 to 55 of this annual report.

經營風險：因內部程序、員工及系統不足或失效或外來項目而產生。本集團認為該等風險與良好及高質量管理緊密相關。有鑒於此，本集團已設立有效內部監控系統。內部監控的詳情載於本年報第38至55頁的企業管治報告。

Recruitment, staff retention and training

China's film and service industries are developing rapidly, and demand for talent has increased substantially. New technologies emerged yet there is a lack of relevant external training. The Group may face shortages and losses in human resources and technology.

招聘、挽留員工及訓練

中國之電影及服務行業正迅速發展，對人才需求亦日益增長。新興技術出現但缺乏相關對外訓練。本集團或面臨人力資源及技術之短缺及損失。

- The Group recognizes that young people play an important role in our future success, and it is essential to attract them to join our Group and encourage them to develop their career with the Group. The Group shifts the focus towards recruiting fresh graduates and develop a range of training programmes to cultivate home grown talents for the future management pipeline.
本集團認為年輕人對我們的未來成功至為重要，我們須吸引年輕人加入本集團及鼓勵其於本集團發展其事業。本集團將重心轉移至招聘應屆畢業生及開發一系列訓練項目以培養本地人才作日後管理。
- The Group held a series of activities for employees (e.g. Chinese New Year Celebration, Annual Dinner, etc) and provides Employee Discount Program with an aim to enhance the staff's sense of belonging to the Group and to establish a good working relationship with the management.
本集團為僱員舉行一系列活動(如慶祝中國農曆新年、年度晚會等)及提供僱員折扣項目，以提高員工於本集團的歸屬感及與管理層建立良好關係。

Risk Description

風險描述

Reputation Threat

On 18 February 2016, a newspaper reported that the Group was not in a position to repay its loans and related interest in a timely manner, which posed a threat to the creditworthiness of the Group. Investors may lose confidence in the Group.

對聲譽的威脅

於二零一六年二月十八日，有報章報道本集團並無及時償還貸款及相關利息，對本集團的信譽造成威脅。投資者可能對本集團失去信心。

Business Growth in the PRC

The business of the Group in PRC (including hotel, film shooting base, cinema) grows rapidly. We are exposed to infrastructure risks, including weak local management team structure, inexperience of staff and inadequate systems, etc.

於中國的業務發展

本集團於中國之業務(包括酒店、電影拍攝基地、電影院)飛快發展。我們現正面臨基礎建設風險，包括本地管理團隊架構疲弱、員工經驗不足及系統不足等。

Risk Mitigations

風險紓緩措施

- The Group immediately responded to the news report by explaining that the failure was due to difficulties in arranging funds during the Lunar New Year and not due to financial problems of the Group.
本集團即時就新聞報道作出回應，解釋未能及時償還債務乃由於農曆新年時資金安排出現困難而並非本集團存在財務問題。
- In order to avoid the similar reputation threat, the Group appointed an external expert to review and monitor the risk in relation to the Group's reputation and report to the Group regularly.
為了避免類似的聲譽威脅，本集團外聘專家檢討及監察有關本集團聲譽的風險及定期向本集團報告。
- Tailored training programmes covering management, customers service, financial, etc are offered with support from Hong Kong head office to enhance employees' capability and to improve personal performance.
香港總公司全力支持，提供量身度做的培訓項目(包括管理、客戶服務、財務等)，以提高僱員能力及個人表現。
- Senior Management of Hong Kong head office will travel to the PRC office for experience sharing and an effective communication channel was established between Hong Kong head office and the PRC office for the reporting and enquiry.
香港總公司之高級管理層將走訪中國辦事處作經驗交流，香港總公司及中國辦事處之間建立有效溝通渠道以作報告及查詢。

The Group understands that to be a successful business, risk management is very important. In 2017, the Group will continue to (including but not limited to):

- Improve and enhance the risk management framework and its implementation to ensure compliance with the Corporate Governance Code and other applicable regulations.
- Offer risk awareness training programme to the PRC existing and new business and continue to review the effectiveness of the Internal Control System in the PRC.
- Seek for opportunities to provide both internal and/or external training for the employees to enhance their risk awareness and risk management technique.

It should be acknowledged that the Group's risk management focuses on the risk detection, reducing, and avoidance to the reasonable level but not absolute assurance against material misstatement or loss.

On behalf of the Board

**National Arts Entertainment
and Culture Group Limited**

Law Po Yee

*Vice Chairperson, Executive Director
and Chief Executive Officer*

Hong Kong, 22 March 2017

本集團深知風險管理對一間成功企業而言極為關鍵。於二零一七年，本集團將繼續(包括但不限於)：

- 改善及提高風險管理框架及執行，確保其符合企業管治守則及其他適用法規。
- 向中國現有及新公司提供風險意識培訓項目及繼續檢討中國內部監控系統的有效性。
- 尋找機遇為僱員提供內部及／或外部培訓，以提高其風險意識及風險管理技能。

無可否認，本集團的風險管理專注於風險測試、減少風險及避免風險至合理水平，就重大失實陳述或損失作出並非絕對的保證。

承董事會命

國藝娛樂文化集團有限公司

副主席、執行董事及行政總裁

羅寶兒

香港，二零一七年三月二十二日

DIRECTORS' REPORT

董事會報告書

The board of directors of the Company has pleasure in presenting the directors' report together with the audited financial statements of National Arts Entertainment and Culture Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the Group include film production and distribution, the provision of management services to artistes, event coordination, provision of travel related products and operations of film studio and hotel.

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 98 to 99.

No dividend was paid during the year. The Board does not recommend the payment of a dividend for the year ended 31 December 2016 (2015: Nil).

FINANCIAL SUMMARY

A summary of the financial results and the assets, liabilities and equity of the Group for the last five financial years is set out on page 232.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group during the year are set out in note 15 and note 16, respectively, to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 19 to the consolidated financial statements.

本公司董事會欣然提呈國藝娛樂文化集團有限公司(「本公司」)及其附屬公司(統稱為「本集團」)截至二零一六年十二月三十一日止年度之董事會報告書連同經審核財務報表。

主要業務

本公司主要從事投資控股。本集團之主要業務包括電影製作及發行、提供藝人管理服務、活動統籌、提供旅行相關產品及經營影視城和酒店。

本集團主要業務及經營地區之分析載於綜合財務報表附註8。

業績及分配

本集團截至二零一六年十二月三十一日止年度之業績載於第98至99頁之綜合損益及其他全面收益表。

本年度內並無派付股息。董事會不建議派付截至二零一六年十二月三十一日止年度之股息(二零一五年：無)。

財務摘要

本集團過去五個財政年度之財務業績以及資產、負債及權益概要載於第232頁。

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於年內之變動詳情分別載於綜合財務報表附註15及附註16。

附屬公司

本公司附屬公司之詳情載於綜合財務報表附註19。

SHARE CAPITAL AND WARRANTS

Details of movements in share capital of the Company during the year are set out in note 39 to the consolidated financial statements.

Details of movements in the reserves of the Company during the year are set out in the consolidated statement of changes in equity and note 40 to the consolidated financial statements.

CONVERSION OF CONVERTIBLE BONDS

On 31 May 2016 and 12 July 2016, 470,000,000 and 196,666,666 ordinary shares of HK\$0.01 each in the Company ("Shares") were allotted and issued respectively, at HK\$0.180 per Share upon the exercise of the subscription rights attached to the 9% convertible bonds ("CB5") in the principal amount of HK\$300,000,000 issued by the Company on 15 April 2015. The CB5 was issued as part consideration of the Company's acquisition of 100% interest in Lux Unicorn Limited, details of which are set out in the Company's announcement dated 22 December 2014 and the Company's circular dated 23 March 2015.

Pursuant to the CB5,

- (1) the maturity date of the CB5 is the date falling on the day being the third anniversary of the issue date of the CB5 or if that is not a business day, the first business day thereafter;
- (2) the holder of the CB5 can convert the CB5 into Share ("Conversion Share") during the period commencing from the date of first issue of the CB5 up to and including the date falling on the seventh day immediately prior to the maturity date of the CB5 provided that if (a) the Company shall default in making payment in full in respect of the CB5 which shall have been called for redemption on the date fixed for redemption thereof or (b) the CB5 has become due and payable prior to the maturity date by reason of the occurrence of any of the events of default described in the instrument constituting the CB5 or (c) the CB5 is not redeemed on the maturity date, without prejudice to the right of the holder of the CB5 to receive default interest, the conversion right attaching to such CB5 will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys (both principal and interest) payable in respect of the CB5 has been duly received by the holder of the CB5, PROVIDED THAT no holder of the CB5 shall exercise any conversion rights attached to the CB5 to the extent

股本及認股權證

本公司股本於年內之變動詳情載於綜合財務報表附註39。

本公司儲備於年內之變動詳情載於綜合權益變動表及綜合財務報表附註40。

兌換可換股債券

於二零一六年五月三十一日及二零一六年七月十二日，本公司於其在二零一五年四月十五日發行本金額為300,000,000港元之9%可換股債券（「第五批可換股債券」）附帶的認購權獲行使後，按每股0.180港元之價格，分別配發及發行470,000,000股及196,666,666股每股面值0.01港元之普通股（「股份」）。本公司發行第五批可換股債券作為本公司收購盛麟有限公司100%權益的部分代價，詳情載於本公司日期為二零一四年十二月二十二日之公告及本公司日期為二零一五年三月二十三日之通函。

根據第五批可換股債券，

- (1) 第五批可換股債券之到期日為第五批可換股債券發行日期之第三週年當日，或倘當日並非營業日，則為當日之後首個營業日；
- (2) 第五批可換股債券持有人可於下列期間將第五批可換股債券轉換為股份（「兌換股份」）：自首次發行第五批可換股債券日期起至緊接第五批可換股債券到期日前第七日（包括當日）期間，惟倘(a)本公司未能就應於已確定贖回日期提出贖回之第五批可換股債券全數支付款項，或(b)於到期日之前，因發生構成第五批可換股債券之文書所述之任何違約事件而導致第五批可換股債券到期應付，或(c)於到期日，未有贖回第五批可換股債券，在不損害第五批可換股債券持有人收取違約利息之情況下，有關第五批可換股債券附帶之兌換權將重新有效及／或將繼續可獲行使，直至第五批可換股債券持有人正式收取就該等第五批可換股債券應付之所有金額（本金及利息）之營業日期結束（包括當日）為止，惟倘於緊隨兌換後，(i)第五批可換股債券持有人連同其一致行動人士合共將直接或間接控制或持有本公司投票權30%或以上之權益（或香

that immediately after such conversion (i) the holder of the CB5 together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or such percentage as may from time to time be specified in The Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or otherwise being obliged to make a general offer for Shares in accordance with the requirement of The Hong Kong Code on Takeovers and Mergers or (ii) there will not be sufficient public float of the Shares as required under the GEM Listing Rules;

- (3) the initial conversion price is HK\$0.18 per Conversion Share, which are subject to adjustments;
- (4) the CB5 bears interest of 9% per annum and the holder of the CB5 is entitled to request the Company to pay interest to it under the provisions of the CB5 by way of allotment and issuance of new Shares ("Interest Conversion Shares");
- (5) based on the initial conversion price of HK\$0.18 per conversion share and assuming full conversion of the CB5 and all interest on the CB5 are paid by Interest Conversion Shares, there will be up to 1,666,666,666 Conversion Shares and up to 450,000,000 Interest Conversion Shares. As at 31 December 2016, 1,110,000,000 Conversion Shares and 0 Interest Conversion Shares have been allotted and issued respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company has approximately HK\$177.26 million reserves available for distribution to shareholders (2015: approximately HK\$476.17 million).

DIRECTORS

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

Chairman and Non-executive Director:

Mr. Sin Kwok Lam

Vice Chairperson and Executive Director and Chief Executive Officer:

Ms. Law Po Yee

Vice Chairperson and Executive Director:

Mr. Chow Kai Weng

Executive Director:

Ms. Sin Ho Yee

港公司收購及合併守則可能不時訂明會觸發強制性全面收購要約水平之有關百分比)，或作出須根據香港公司收購及合併守則規定對股份提出全面收購要約的行動，或(ii)股份之公眾流通量將低於創業板上市規則之要求，則第五批可換股債券持有人概不得行使任何第五批可換股債券附帶的兌換權；

- (3) 初步兌換價為每股兌換股份0.18港元(可予調整)；
- (4) 第五批可換股債券按年利率9%計息，第五批可換股債券持有人有權根據第五批可換股債券的條文要求本公司透過配發及發行新股份之方式向其支付利息(「利息兌換股份」)；
- (5) 根據初步兌換價每股兌換股份0.18港元，假設第五批可換股債券獲悉數轉換，以及第五批可換股債券所有利息均已透過利息兌換股份支付，則將有最多1,666,666,666股兌換股份及450,000,000股利息兌換股份。截至二零一六年十二月三十一日，已分別配發及發行1,110,000,000股兌換股份及0股利息兌換股份。

可供分派儲備

於二零一六年十二月三十一日，本公司可供分派予股東之儲備約為177,260,000港元(二零一五年：約476,170,000港元)。

董事

年內及直至本報告日期，董事為：

主席兼非執行董事：

冼國林先生

副主席兼執行董事及行政總裁：

羅寶兒女士

副主席兼執行董事：

周啟榮先生

執行董事：

冼灝怡女士

Non-executive Director:

Mr. Li Sin Hung Maxim

Independent Non-executive Directors:

Mr. Chan Tin Lup Trevor
Mr. Chui Chi Yun Robert
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

In accordance with Bye-law 84 of the Bye-laws of the Company, Mr. Li Sin Hung Maxim, Mr. Chow Kai Weng and Ms. Sin Ho Yee shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. All other directors continue in office.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors and Non-executive Directors has entered into a service contract with the Company for a term of one year. The service contract is terminable by either party by serving a written notice of not less than one calendar month to the other. Each Executive Director and Non-executive Director is entitled to a basic salary and remuneration subject to an annual revision by the Remuneration Committee of the Board.

Details of the directors' fees or emolument payable to Directors are set out in note 13 to the consolidated financial statements.

Each of the Independent Non-executive Directors has been appointed for a term of one year with specific terms as stated in the letter of appointment. The letter of appointment is terminable from either party by serving a written notice not less than one calendar month to the other.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Security on the Growth Enterprise Market Rule of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The Board considers all the Independent Non-executive Directors are independent.

非執行董事：

李錄洪先生

獨立非執行董事：

陳天立先生
崔志仁先生
黃龍德教授
李傑之先生

依照本公司之公司細則第84條，李錄洪先生、周啟榮先生及冼灝怡女士須於應屆股東週年大會上告退，惟彼等符合資格並願意膺選連任。所有其他董事繼續留任。

董事服務合約

各執行董事及非執行董事已與本公司訂立任期為一年之服務合約。有關服務合約可由其中一方向另一方發出不少於一個曆月之書面通知予以終止。各執行董事及非執行董事有權獲得底薪及酬金，惟董事會薪酬委員會每年可予修訂。

應付予董事之董事袍金或薪酬詳情載於綜合財務報表附註13。

本公司各獨立非執行董事任期為一年，具體任期載於任命書內。任命書可由其中一方向另一方發出不少於一個曆月之書面通知予以終止。

除上文所披露外，概無擬於應屆股東週年大會上膺選連任之董事與本公司或其任何附屬公司訂有任何本集團不可於一年內不作賠償(法定賠償除外)而終止之服務合約。

獨立非執行董事之獨立性

本公司已接獲各獨立非執行董事根據香港聯合交易所有限公司創業板證券上市規則(「創業板上市規則」)第5.09條發出的有關其獨立性之年度確認函。董事會認為本公司全部獨立非執行董事均屬獨立人士。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange, were as follows:

1. Long Positions in the ordinary shares HK\$0.01 each of the Company ("Share")

Name of Directors 董事姓名	Capacity/Nature of interest 身份/權益性質	Number of Shares held 所持 股份數量	Interest in controlled corporation 於受控制 公司之權益	Total 總計	Approximate percentage of the issued share capital of the Company (Note 1) 佔本公司 已發行股本 之概約百分比 (附註1)
(a) The Company (Ordinary shares of HK\$0.1 each) 本公司(每股面值0.1港元之普通股)					
Mr. Sin Kwok Lam ("Mr. Sin") (Note 2) 冼國林先生(「冼先生」)(附註2)	Beneficial owner 實益擁有人	783,473,000	-	783,473,000	19.59%
	Interest of spouse 配偶權益	23,352,000	-	23,352,000	0.58%
Ms. Law Po Yee ("Ms. Law") (Note 3) 羅寶兒女士(「羅女士」)(附註3)	Beneficial owner 實益擁有人	23,352,000	-	23,352,000	0.58%
	Interest of spouse 配偶權益	783,473,000	-	783,473,000	19.59%

Note 1: This is based on the total issued shares as at 31 December 2016 (i.e. 3,998,389,482 shares)

董事及主要行政人員於股份、相關股份及債券之權益及淡倉

於二零一六年十二月三十一日，董事、本公司主要行政人員及彼等各自之聯繫人於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券擁有之根據證券及期貨條例第XV部第7及第8分部之規定須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括上述人士根據該等證券及期貨條例條文被當作或視為擁有之權益及淡倉)，或根據證券及期貨條例第352條之規定須登記於所述之登記冊內之權益及淡倉，或根據創業板上市規則第5.46條至5.67條之規定須知會本公司及聯交所之權益及淡倉如下：

1. 於本公司每股面值0.10港元之普通股(「股份」)之好倉

附註1：此乃基於二零一六年十二月三十一日全部已發行股份(即3,998,389,482股)

Note 2: Mr. Sin is beneficially interested in 783,473,000 Shares, representing approximately 19.59% of the issued share capital of the Company. For the purposes of Divisions 2 and 3 of the SFO only, by virtue of SFO, Mr. Sin, the spouse of Ms. Law, was deemed to be interested in all the Shares in which Ms. Law was interested.

Note 3: Ms. Law is the spouse of Mr. Sin and for the purposes of Division 2 and 3 of The SFO only, Ms. Law is deemed to be interested in the Shares in which Mr. Sin is deemed or taken to be interested for by virtue of the SFO.

附註2: 冼先生於有783,473,000股股份擁有權益，佔本公司已發行股本約19.59%。僅根據證券及期貨條例第2及第3分部，冼先生(羅女士之配偶)被視為於羅女士擁有權益之所有股份中擁有權益。

附註3: 僅根據證券及期貨條例第2及第3分部，羅女士為冼先生之配偶，故羅女士被視為於冼先生根據證券及期貨條例被視為或當作擁有權益之股份中擁有權益。

2. Long position in the underlying Shares

2. 於相關股份之好倉

Name of Director 董事姓名	Capacity 身份	Number of shares held 股份數目	Approximate percentage of the issued share capital of the Company (Note 1)
			佔本公司已發行 股本之概約百分比 (附註1)
Mr. Sin 冼先生	Beneficial Owner 實益擁有人	568,125,680 (Note 3) (附註3)	14.21%
	Interest of Spouse (Note 4) 配偶權益(附註4)	7,476,933	0.19%
Ms. Law 羅女士	Beneficial Owner 實益擁有人	7,476,933 (Note 5) (附註5)	0.19%
	Interest of Spouse (Note 4) 配偶權益(附註4)	568,125,680	14.21%
Ms. Sin Ho Yee 冼灝怡女士	Beneficial Owner 實益擁有人	1,394,580 (Note 6) (附註6)	0.03%
Mr. Chow Kai Weng 周啟榮先生	Beneficial Owner 實益擁有人	150,920 (Note 7) (附註7)	0.004%
Mr. Chan Tin Lup Trevor 陳天立先生	Beneficial Owner 實益擁有人	134,249 (Note 8) (附註8)	0.003%
Prof. Wong Lung Tak Patrick 黃龍德教授	Beneficial Owner 實益擁有人	134,249 (Note 9) (附註9)	0.003%
Mr. Chui Chi Yun Robert 崔志仁先生	Beneficial Owner 實益擁有人	134,121 (Note 10) (附註10)	0.003%
Mr. Li Sin Hung Maxim 李錄洪先生	Beneficial Owner 實益擁有人	50,272 (Note 11) (附註11)	0.001%

Notes:

1. This is based on the total issued Shares as at 31 December 2016 (i.e. 3,998,389,482 Shares).
2. For the purposes of Divisions 2 and 3 of the SFO only, by virtue of the SFO, Mr. Sin, the spouse of Ms. Law was deemed to be interested in all the underlying Shares in which Ms. Law was interested.
3. These underlying Shares represent (i) 7,964,160 Shares to be issued upon exercise of the physically settled share options granted to Mr. Sin on 29 September 2010 pursuant to the share option scheme adopted on 22 July 2002 and terminated on 29 September 2010 ("Post-IPO Share Option Scheme") under which the said options can be exercised by Mr. Sin between 29 September 2010 and 2 September 2020 at the exercise price of HK\$2.89 per Share; (ii) 3,360,403 Shares to be issued upon exercise of the physically settled share options granted to Mr. Sin on 28 March 2011 pursuant to the share option scheme adopted on 29 September 2010 ("New Share Option Scheme") under which the said options can be exercised by Mr. Sin between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; (iii) 134,450 Shares to be issued upon exercise of the physically settled share options granted to Mr. Sin on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Sin between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share; and (iv) 556,666,667 of underlying Shares which can be exercised by Mr. Sin between 15 April 2016 and 14 April 2018 at the exercise price of HK\$0.18 per share.
4. For the purposes of Divisions 2 and 3 of the SFO only, by virtue of the SFO, Ms. Law is the spouse of Mr. Sin and is deemed to be interested in the underlying Shares in which Mr. Sin is deemed or taken to be interested.
5. These underlying Shares represent (i) 3,982,080 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 29 September 2010 pursuant to the Post-IPO Share Option Scheme under which the said options can be exercised by Ms. Law between 29 September 2010 and 2 September 2020 at the exercise price of HK\$2.89 per Share; (ii) 3,360,403 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Ms. Law between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (iii) 134,450 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Ms. Law between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share.

附註：

1. 此乃基於二零一六年十二月三十一日的已發行股份總數(即3,998,389,482股股份)。
2. 僅就證券及期貨條例第2及3分部而言，根據證券及期貨條例，冼先生(羅女士之配偶)被視為於羅女士擁有權益的全部相關股份中擁有權益。
3. 該等相關股份指(i)於根據於二零零二年七月二十二日採納及於二零一零年九月二十九日終止之購股權計劃(「首次公開發售後購股權計劃」)於二零一零年九月二十九日授予冼先生的實物結算購股權獲行使後將予發行之7,964,160股股份，據此，冼先生可於二零一零年九月二十九日至二零二零年九月二日期間行使前述購股權，行使價為每股2.89港元；(ii)於根據於二零一零年九月二十九日採納之購股權計劃(「新購股權計劃」)於二零一一年三月二十八日授予冼先生的實物結算購股權獲行使後將予發行之3,360,403股股份，據此冼先生可於二零一二年三月二十八日至二零一二年三月二十七日日期間行使前述購股權，行使價為每股7.62港元；(iii)於根據新購股權計劃於二零一二年三月三十一日授予冼先生的實物結算購股權獲行使後將予發行之134,450股股份，據此冼先生可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元；及(iv) 556,666,667股相關股份，可由冼先生於二零一六年四月十五日至二零一八年四月十四日期間行使，行使價為每股0.18港元。
4. 僅就證券及期貨條例第2及3分部而言，根據證券及期貨條例，羅女士為冼先生之配偶及被視為於冼先生擁有權益的全部相關股份中擁有權益。
5. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年九月二十九日授予羅女士的實物結算購股權獲行使後將予發行之3,982,080股股份，據此，羅女士可於二零一零年九月二十九日至二零二零年九月二日期間行使前述購股權，行使價為每股2.89港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予羅女士的實物結算購股權獲行使後將予發行之3,360,403股股份，據此羅女士可於二零一二年三月二十八日至二零一二年三月二十七日日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一二年三月三十一日授予羅女士的實物結算購股權獲行使後將予發行之134,450股股份，據此羅女士可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。

6. These underlying Shares represent (i) 1,344,161 Shares to be issued upon exercise of the physically settled share options granted to Ms. Sin Ho Yee on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Ms. Sin between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (ii) 50,419 Shares to be issued upon exercise of the physically settled share options granted to Ms. Sin on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Sin between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per share.
7. These underlying Shares represent (i) 24,888 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow Kai Weng on 29 September 2010 pursuant to the Post-IPO Share Option Scheme under which the said options can be exercised by Mr. Chow between 29 September 2010 and 2 September 2020 at the exercise price of HK\$2.89 per Share; (ii) 58,807 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Chow between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (iii) 67,225 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Chow between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share.
8. These underlying Shares represent (i) 33,420 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chan Tin Lup Trevor on 20 May 2010 pursuant to the Post-IPO Share Option Scheme under which the said options can be exercised by Mr. Chan between 20 May 2010 and 19 May 2020 at the exercise price of HK\$3.38 per Share; (ii) 33,604 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chan on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Chan between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (iii) 67,225 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chan on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Chan between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share.
6. 該等相關股份指(i)於根據新購股權計劃於二零一一年三月二十八日授予冼灝怡女士的實物結算購股權獲行使後將予發行之1,344,161股股份，據此冼女士可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(ii)於根據新購股權計劃於二零一二年三月三十一日授予冼女士的實物結算購股權獲行使後將予發行之50,419股股份，據此冼女士可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。
7. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年九月二十九日授予周啟榮先生的實物結算購股權獲行使後將予發行之24,888股股份，據此，周先生可於二零一零年九月二十九日至二零二零年九月二日期間行使前述購股權，行使價為每股2.89港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予周先生的實物結算購股權獲行使後將予發行之58,807股股份，據此周先生可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一二年三月三十一日授予周先生的實物結算購股權獲行使後將予發行之67,225股股份，據此周先生可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。
8. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月二十日授予陳天立先生的實物結算購股權獲行使後將予發行之33,420股股份，據此，陳先生可於二零一零年五月二十日至二零二零年五月十九日期間行使前述購股權，行使價為每股3.38港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予陳先生的實物結算購股權獲行使後將予發行之33,604股股份，據此陳先生可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一二年三月三十一日授予陳先生的實物結算購股權獲行使後將予發行之67,225股股份，據此陳先生可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。

9. These underlying Shares represent (i) 33,420 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong Lung Tak, Patrick on 20 May 2010 pursuant to the Post-IPO Share Option Scheme under which the said options can be exercised by Prof. Wong between 20 May 2010 and 19 May 2020 at the exercise price of HK\$3.38 per Share; (ii) 33,604 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Prof. Wong between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (iii) 67,225 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Prof. Wong between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share.
10. These underlying Shares represent (i) 33,292 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui Chi Yun Robert on 13 May 2010 pursuant to the Post-IPO Share Option Scheme under which the said options can be exercised by Mr. Chui between 13 May 2010 and 12 May 2020 at the exercise price of HK\$3.38 per Share; (ii) 33,604 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Chui between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (iii) 67,225 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Chui between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share.
11. These underlying Shares represent (i) 25,065 Shares to be issued upon exercise of the physically settled share options granted to Mr. Li Sin Hung Maxim on 20 May 2010 pursuant to the Post-IPO Share Option Scheme under which the said options can be exercised by Mr. Li between 20 May 2010 and 19 May 2020 at the exercise price of HK\$3.38 per Share; (ii) 8,401 Shares to be issued upon exercise of the physically settled share options granted to Mr. Li on 28 March 2011 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Li between 28 March 2012 to 27 March 2021 at the exercise price of HK\$7.62 per Share; and (iii) 16,806 Shares to be issued upon exercise of the physically settled share options granted to Mr. Li on 31 March 2012 pursuant to the New Share Option Scheme under which the said options can be exercised by Mr. Li between 31 March 2012 and 30 March 2017 at the exercise price of HK\$5.59 per Share.
9. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月二十日授予黃龍德教授的實物結算購股權獲行使後將予發行之33,420股股份，據此，黃教授可於二零一零年五月二十日至二零二零年五月十九日期間行使前述購股權，行使價為每股3.38港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予黃教授的實物結算購股權獲行使後將予發行之33,604股股份，據此黃教授可於二零一二年三月二十八日至二零一二年三月二十七日日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一二年三月三十一日授予黃教授的實物結算購股權獲行使後將予發行之67,225股股份，據此黃教授可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。
10. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月十三日授予崔志仁先生的實物結算購股權獲行使後將予發行之33,292股股份，據此，崔先生可於二零一零年五月十三日至二零二零年五月十二日期間行使前述購股權，行使價為每股3.38港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予崔先生的實物結算購股權獲行使後將予發行之33,604股股份，據此崔先生可於二零一二年三月二十八日至二零一二年三月二十七日日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一二年三月三十一日授予崔先生的實物結算購股權獲行使後將予發行之67,225股股份，據此崔先生可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。
11. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月二十日授予李錦洪先生的實物結算購股權獲行使後將予發行之25,065股股份，據此，李先生可於二零一零年五月二十日至二零二零年五月十九日期間行使前述購股權，行使價為每股3.38港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予李先生的實物結算購股權獲行使後將予發行之8,401股股份，據此李先生可於二零一二年三月二十八日至二零一二年三月二十七日日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一二年三月三十一日授予李先生的實物結算購股權獲行使後將予發行之16,806股股份，據此李先生可於二零一二年三月三十一日至二零一七年三月三十日期間行使前述購股權，行使價為每股5.59港元。

3. Long position in the debentures of the Company

Name of Directors 董事姓名	Capacity 身份	Currency of debenture 債券之貨幣	Denomination or unit size of the debenture 債券之面值或單位	Amount of debenture 債券金額
Mr. Sin 冼先生	Beneficial owner 實益擁有人	HK\$ 港元	593,710,000	HK\$605,978,000 605,978,000港元

Save as disclosed above, none of the Directors, Chief Executive or their associates had, as at 31 December 2016, any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2016, the persons or corporations, other than a director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO or had otherwise been notified to the Company were as follows:

1. Long Positions in the shares of the Company

Name of shareholder 股東姓名	Capacity 身份	No. of shares held 持有股份數目	Approximate percentage of the issued share capital of the Company (Note) 佔本公司已發行股本 之概約百分比(附註)
Tse Young Lai 謝欣禮	Beneficial owner 實益擁有人	563,547,600	14.09%

Note: This is based on the total issued Shares as at 31 December 2016 (i.e. 3,998,389,482 Shares).

3. 於本公司債券之好倉

除上文所披露外，於二零一六年十二月三十一日，各董事、主要行政人員及彼等各自之聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何根據證券及期貨條例第XV部第7及第8分部之規定須知會本公司及聯交所之(包括上述人士根據該等證券及期貨條例條文被當作或視為擁有之權益或淡倉)，或根據證券及期貨條例第352條規定須登記於所述登記冊內之權益或淡倉，或根據創業板上市規則第5.46條至第5.67條之規定須知會本公司及聯交所之權益或淡倉。

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零一六年十二月三十一日，根據本公司按照證券及期貨條例第XV部第336條規定存置之登記冊所記錄，或本公司已獲知會，下列人士或法團(除本公司董事或行政總裁外)於本公司之股份及相關股份中擁有權益或淡倉：

1. 於本公司股份之好倉

附註：此乃根據二零一六年十二月三十一日已發行股份(即3,998,389,482股股份)計算。

Save as disclosed above, as at 31 December 2016, the Company has not been notified of any persons, other than a director or chief executive of the Company, who had interests or short positions in the shares or underlying Shares of the Company which would fall to be disclosed to the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO.

SHARE OPTION SCHEMES

Pursuant to a written resolution of the sole shareholder of the Company dated 22 July 2002, the Company conditionally adopted and approved Post-IPO Share Option Scheme. The principal terms of which are set out in Appendix IV to the prospectus of the Company dated 9 October 2002.

Pursuant to a resolution passed by the extraordinary general meeting of the Company dated 29 September 2010, a new share option scheme (the "New Share Option Scheme") was adopted and the Post-IPO Share Option Scheme was terminated. The principal terms of New Share Option Scheme are set out in the circular of the Company dated 6 September 2010.

Post-IPO Share Option Scheme

As at 31 December 2016, the share options to subscribe for an aggregate of 12,885,263 shares of the Company granted pursuant to the Post-IPO Share Option Scheme were outstanding. The details of the Post-IPO Share Option Scheme as at 31 December 2016 are set out as follows:

Category of Participants 參與人類別	Exercise price per share 每股行使價 (HK\$) (港元)	Date of grant 授出日期	Number of share options 購股權數目					Outstanding as at 31 December 2016 於二零一六年十二月三十一日 尚未行使
			As at 1 January 2016 於二零一六年一月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	Cancelled during the year 年內註銷	
Directors 董事	3.66	13 May 2010 二零一零年五月十三日	33,292	-	-	-	-	33,292
Directors 董事	3.38	20 May 2010 二零一零年五月二十日	91,905	-	-	-	-	91,905
Directors 董事	2.89	29 September 2010 二零一零年九月二十九日	11,971,128	-	-	-	-	11,971,128
Other participants 其他參與人士	3.66	13 May 2010 二零一零年五月十三日	249,698	-	-	-	-	249,698
Other participants 其他參與人士	2.89	29 September 2010 二零一零年九月二十九日	539,240	-	-	-	-	539,240
Total 總數			12,885,263	-	-	-	-	12,885,263

除上文披露者外，於二零一六年十二月三十一日，本公司並無獲任何人士(除本公司董事或主要行政人員外)通知，於本公司股份或相關股份中擁有權益或淡倉而須向本公司披露或記入根據證券及期貨條例第XV部第336條須存置之登記冊。

購股權計劃

根據本公司唯一股東於二零零二年七月二十二日之書面決議案，本公司有條件地採納及批准首次公開招股後購股權計劃。有關的主要條款載於日期為二零零二年十月九日之本公司招股章程附錄四內。

根據本公司於二零一零年九月二十九日舉行之股東特別大會上通過之決議案，一項新的購股權計劃(「新購股權計劃」)獲採納，而首次公開招股後購股權計劃被終止。新購股權計劃之主要條款載於本公司於二零一零年九月六日發出之通函內。

首次公開招股後購股權計劃

於二零一六年十二月三十一日，根據首次公開招股後購股權計劃授出而可認購本公司合共12,885,263股股份之購股權尚未獲行使。於二零一六年十二月三十一日之首次公開招股後購股權計劃詳情如下：

New Share Option Scheme

In accordance with the resolution passed at the annual general meeting of the Company (the "AGM") held on 29 June 2015, the scheme limit on the grant of options under the New Share Option Scheme and any other share option schemes of the Company was refreshed to up to 288,838,948 Shares, being 10% of the Shares in issue as at the date of AGM (i.e. 2,888,389,483 Shares in issue) (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the New Share Option Scheme) (the "Refreshed Scheme Limit"); and the Directors are authorized, at their absolute discretion, to grant share options to subscribe for Shares within the Refreshed Scheme Limit in accordance with the rules of the New Share Option Scheme; to allot, issue and deal with the Shares pursuant to the exercise of share options granted under the New Share Option Scheme within the Refreshed Scheme Limit; and to do such acts and execute such documents for or incidental to implement the New Share Option Scheme within the Refreshed Scheme Limit.

(i) New Share Option Scheme Purpose

The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to selected person and to promote the success of the business of the Group.

(ii) Qualifying participants

The participants of the New Share Option Scheme include any employee of the Company or any subsidiary of the Company, a director, a shareholder, a supplier, a customer or any subsidiary of the Company; an agent, adviser, consultant, strategist, contractor, sub-contractor, expert or entity that provides research, development or other technological support or any valuable services to Company or any of its subsidiary; a holder of any securities issued.

新購股權計劃

根據於二零一五年六月二十九日舉行之本公司股東週年大會(「股東週年大會」)上通過之決議案，根據新購股權計劃及本公司任何其他購股權計劃授出購股權之計劃限額已更新至最多288,838,948股股份，為於股東週年大會當日已發行股份之10%(即2,888,389,483股已發行股份)(根據新購股權計劃之前授出、尚未行使、註銷、失效或行使之購股權除外)(「更新計劃限額」)；及授權董事全權酌情根據新購股權計劃之規則授出可認購股份之購股權，數額以更新計劃限額為限；於根據新購股權計劃所授出之購股權獲行使時，配發、發行及處理股份，數額以更新計劃限額為限；及因應於更新計劃限額範圍內執行新購股權計劃作出有關行動及簽立有關文件。

(i) 新購股權計劃目的

新計劃旨在吸引及挽留最優秀的人才、向經甄選人士提供額外獎勵，以及推動本集團業務成功。

(ii) 合資格參與者

新購股權計劃的參與者包括本公司或其任何附屬公司的任何僱員、董事、股東、供應商、客戶或本公司任何附屬公司；向本公司或其任何附屬公司提供研發或其他技術支援或任何有價值服務的代理、顧問、專業顧問、策略師、承辦商、分承辦商、專家或實體；任何已發行證券的持有人。

(iii) Maximum number of shares

In accordance with the resolution passed at the annual general meeting of the Company (the "AGM") held on 29 June 2015, the scheme limit on the grant of options under the New Share Option Scheme and any other share option schemes of the Company was refreshed to up to 288,838,948 Shares, being 10% of the Shares in issue as at the date of the AGM (i.e. 2,888,389,483 Shares in issue) (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the New Share Option Scheme) (the "Refreshed Scheme Limit") and representing approximately 7.22% of the issued Shares as at the date of this annual report (i.e. 3,998,389,482 Shares); and the Directors are authorized, at their absolute discretion, to grant share options to subscribe for Shares within the Refreshed Scheme Limit in accordance with the rules of the New Share Option Scheme; to allot, issue and deal with the Shares pursuant to the exercise of share options granted under the New Share Option Scheme within the Refreshed Scheme Limit; and to do such acts and execute such documents for or incidental to implement the New Share Option Scheme within the Refreshed Scheme Limit.

(iv) Maximum entitlement of each qualifying participant

No qualifying participant shall be granted any options which, if exercised in full, would result in such person's maximum entitlement exceeding 1% of the aggregate number of Shares for the time being issued and issuable under the New Share Option Scheme in the 12-month period up to and including the proposed grant date unless such grant is approved in advance by the Shareholders in general meeting. No qualifying participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates shall be granted any options, which, if exercised in full, would result in the shares issued and issuable to such person under the New Share Option Scheme in the 12-month period up to and including the proposed grant date for such options, unless such grant of options is approved in advance by the Shareholders of the Company in general meeting: (a) representing in aggregate over 0.1% of the number of Shares then in issue; and (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to such person under the relevant scheme, in excess of HK\$5 million.

(iii) 最高股份數目

根據於二零一五年六月二十九日舉行之本公司股東週年大會(「股東週年大會」)上通過之決議案，根據新購股權計劃及本公司任何其他購股權計劃授出購股權之計劃限額已更新至最多288,838,948股股份，佔股東週年大會當日已發行股份(即2,888,389,483股已發行股份)之10%(根據新購股權計劃之前授出、尚未行使、註銷、失效或行使之購股權除外)(「更新計劃限額」)及佔於本年報日期已發行股份(即3,998,389,482股股份)約7.22%；及授權董事全權酌情根據新購股權計劃之規則授出可認購股份之購股權，數額以更新計劃限額為限；於根據新購股權計劃所授出之購股權獲行使時，配發、發行及處理股份，數額以更新計劃限額為限；及因應於更新計劃限額範圍內執行新購股權計劃作出有關行動及簽立有關文件。

(iv) 每名合資格參考者可獲授權益上限

倘若授予合資格參與者之購股權於截至建議授出日期(包括當日)止12個月期間獲全面行使，將導致該人士可獲授權益上限超逾當時根據新購股權計劃已發行股份及可發行股份總數之1%，則該合資格參與者不獲授予購股權，惟獲股東於股東大會上預先批准者除外。如合資格參與者為主要股東或獨立非執行董事或任何彼等各自之聯繫人士及符合以下情況，均不得獲授購股權(惟購股權授予已經本公司股東在股東大會上預先批准者除外)：根據新購股權計劃，已經及將會授予該等人士之購股權獲全面行使後將導致已經及將予發行股份之數目於截至及包括預計授出日期止前12個月期間(包括授出日期)：(a)合計超逾已發行股份數目0.1%；及(b)根據相關購股權計劃，每次授出購股權予該人士之有關日期於聯交所之每日報價表所列之股份收市價計算，總值超逾五百萬港元。

(v) Option Period

The share options may be exercised in whole or in part by the Participant at any time during the exercise period, i.e. not exceed 10 years from the date of grant of the relevant New Share Options pursuant to the New Scheme, by delivering to the Company a notice duly signed in a form approved by the Board (together with payment of the exercise price in full in respect of each New Share to be subscribed for) and delivery of the New Share Option certificate for amendment or cancellation.

(vi) Minimum Period for which an Option must be Held before it can be Exercised

No offer of a New Share Option which is capable of or open for acceptance shall be made after the expiry of the exercise period pursuant to the New Scheme.

(vii) Payment on Acceptance of the Option

HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 14 days from the date on which the offer is granted.

(viii) Basis of Determining the Exercise Price

The exercise price for the share under the New Scheme will be determined by the Board in its absolute discretion at the time of making the offer of grant of a new share option but in any case the subscription price must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Day immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

(v) 購股權年期

參與者可於行使期(即根據新計劃授出相關新購股權的日期起計不超過10年)內,隨時透過向本公司送交已按董事會批准的形式妥為簽署的通知(連同就將予認購的每股新股份支付的全數行使價款項),並送交新購股權證書以供修訂或註銷,以行使全部或部分購股權。

(vi) 行使前須持有購股權之最短期限

根據新計劃,不得於行使期屆滿後提呈可獲接納或可供接納的新購股權。

(vii) 就接納購股權之付款

承授人於接納購股權建議時須向本公司支付1港元。購股權建議將可於授出建議日期起計14天內予以接納。

(viii) 釐定行使價之基準

新計劃下的股份行使價將由董事會於提呈授出新購股權時全權酌情釐定,惟認購價無論如何最少須為下列三者中的較高者:(i)股份於提呈授出日期(必須為營業日)在聯交所每日報價表所報的收市價;(ii)股份於緊接提呈授出日期前五個營業日在聯交所每日報價表所報的平均收市價;及(iii)股份面值。

(ix) Remaining life of the scheme

The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme becomes unconditional. The Board may amend any of the provisions of the New Scheme or withdraw or otherwise terminate the New Scheme at any time but no alterations shall be made to the advantage of any Participant unless approved by the Shareholders in general meeting. All New Share Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the New Scheme.

As at 31 December 2016, the share options to subscribe for an aggregate of 10,787,062 shares of the Company granted pursuant to the New Share Option Scheme were outstanding. The details of the New Share Option Scheme as at 31 December 2016 are set out as follows:

(ix) 計劃之餘下年期

新計劃於新計劃成為無條件之日起計10年內有效。董事會可隨時修訂新計劃的任何條文，或撤回或以其他方式終止新計劃，惟除非經股東於股東大會上批准，否則不得作出任何有利於任何參與者的修訂。所有有關終止前已授出但當時尚未行使的新購股權將繼續有效，並受限於新計劃的條款及可根據該等條款行使。

於二零一六年十二月三十一日，根據新購股權計劃授出可認購本公司合共10,787,062股股份之購股權尚未獲行使。於二零一六年十二月三十一日之新購股權計劃詳情如下：

Category of Participants 參與人類別	Exercise price per share* 每股行使價* (HK\$) (港元)	Date of grant 授出日期	Number of share options 購股權數目					Outstanding as at 31 December 2016 於二零一六年十二月三十一日 尚未行使
			As at 1 January 2016 於二零一六年一月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	Cancelled during the year 年內註銷	
Directors 董事	7.62	28 March 2011 二零一一年三月二十八日	8,232,987	-	-	-	-	8,232,987
Directors 董事	5.59	31 March 2012 二零一二年三月三十一日	605,025	-	-	-	-	605,025
Other participants 其他參與人士	7.62	28 March 2011 二零一一年三月二十八日	1,881,825	-	-	-	-	1,881,825
Other participants 其他參與人士	5.59	31 March 2012 二零一二年三月三十一日	67,225	-	-	-	-	67,225
Total 總數			10,787,062	-	-	-	-	10,787,062

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed below, no Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance subsisting during or at the end of the year under review:

i. the Directors' interests in the CB5 as set out below:

Name of the directors	Date of acquired	As at 1 January 2016	Acquired during the year	Converted during the year	Transferred during the year	Redeemed during the year	Outstanding as at 31 December 2016
董事姓名	收購日期	於二零一六年一月一日	年內收購	年內兌換	年內轉讓	年內贖回	於二零一六年十二月三十一日尚未行使
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Mr. Sin 冼先生	22 December 2014 二零一四年十二月二十二日	220,200,000	—	(18,000,000)	(102,000,000)	—	100,200,000
		<u>220,200,000</u>	<u>—</u>	<u>(18,000,000)</u>	<u>(102,000,000)</u>	<u>—</u>	<u>100,200,000</u>

ii. the Directors' interests in the convertible bonds in the principal amount of HK\$420,000,000 which was issued by the Company to Mr. Sin Kwok Lam, and a substantial shareholder of the Company on 2 October 2013 ("CB4") has a maturity of 3 years from the date of issue and bears coupon interest at 4% per annum, accrued daily and payable annually in arrears and default rate of 8% per annum annually in arrears will be charged on any sum due and payable under the CB4 from the due date to the date of actual payment in full. The Directors' interests in the CB4 as set out below:

Name of the directors	Date of acquired	As at 1 January 2016	Acquired during the year	Converted during the year	Transferred during the year	Redeemed during the year	Outstanding as at 31 December 2016
董事姓名	收購日期	於二零一六年一月一日	年內收購	年內兌換	年內轉讓	年內贖回	於二零一六年十二月三十一日未償還
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Mr. Sin 冼先生	02 October 2013 二零一三年十月二日	46,200,000	—	—	(46,200,000)	—	—
Ms. Law 羅女士	02 October 2013 二零一三年十月二日	38,220,000	—	—	—	(38,220,000)	—
Mr. Chow Kai Weng (Executive Director) 周啟榮先生(執行董事)	01 October 2016 二零一三年十月一日	—	46,200,000	—	—	(46,200,000)	—
		<u>84,420,000</u>	<u>46,200,000</u>	<u>—</u>	<u>(46,200,000)</u>	<u>(84,420,000)</u>	<u>—</u>

董事於合約之權益

除下文披露者外，概無董事於回顧年內或年終存續之任何重大交易、安排或合約中直接或間接擁有重大權益：

i. 下表載列董事於第五批可換股債券之權益：

ii. 董事於本金額為420,000,000港元可換股債券之權益乃由本公司於二零一三年十月二日發行予本公司之主要股東冼國林先生(「第四批可換股債券」)，第四批可換股債券於發行日期起計三年到期，每年息率為4%，利息每日累計並須每年按期末支付方式付息。倘未能支付第四批可換股債券的任何到期應付金額，須從到期日至實際全數支付日期按每年8%的違約利率支付利息。下表載列董事於第四批可換股債券之權益：

- iii. Mr. Sin's interests in the promissory notes ("PN1") which was in the principal amount of HK\$80,000,000 as at the date of its first issue and issued by the Company on 15 April 2015. The PN1 will expire on 14 April 2018 and bear interest at the rate of 9% per annum on the outstanding principal accrued daily on a 365 days basis and payable annually in arrears. During the year ended 31 December 2016, no early repayment of the PN1 was made by the Company, the outstanding principal amount of the PN1 as at 31 December 2016 amounted to HK\$80,000,000. Further details of the PN1 are set out in the announcement of the Company dated 22 December 2014 and the Company's circular dated 23 March 2015;
 - iv. The Directors' interests in the Post-IPO Share Option Scheme, details of which are set out under the paragraph headed "Directors' and Chief Executives' interests and short positions in Shares, underlying Shares and Debentures" of this Director's report;
 - v. The Directors' interests in the New Share Option Scheme, details of which are set out under the paragraph headed "Directors' and Chief Executives' interests and short positions in Shares, underlying Shares and Debentures" of this Director's report;
- iii. 冼先生於承兌票據(「承兌票據1」)(於其首次發行日期本金額為80,000,000港元)之權益乃由本公司於二零一五年四月十五日發行。承兌票據1將於二零一八年四月十四日屆滿，根據未償還本金額按9%之年利率計息，利息以365日每日累計並須每年按期末支付方式付息。截至二零一六年十二月三十一日止年度，本公司概無提早償還承兌票據1，於二零一六年十二月三十一日未償還承兌票據1之本金額為80,000,000港元。承兌票據1之更多詳情載於本公司日期為二零一四年十二月二十二日之公佈及本公司日期為二零一五年三月二十三日之通函；
 - iv. 董事於首次公開發售後購股權計劃之權益，詳情載於本董事會報告書中「董事及主要行政人員於股份、相關股份及債券之權益及淡倉」一段；
 - v. 董事於新購股權計劃之權益，詳情載於本董事會報告書「董事及主要行政人員於股份、相關股份及債券之權益及淡倉」一段；

vii. The Directors' interests in the Shareholders' loan and other loan agreement advanced by the Directors to the Company as set out below:

vii. 下表載列董事於股東貸款及本公司董事墊付之其他貸款協議之權益：

Name of the directors	Date of loan	Nature of loan	Interest rate	Principle amount	As at 1 January 2016		Drawdown during the year	Repaid during the year	Outstanding as at 31 December 2016	
					於二零一六年一月一日	於二零一六年十二月三十一日			未償還	未償還
董事姓名	貸款日期	貸款性質	利率	本金額	HK\$	HK\$	年內提取	年內償還	未償還	未償還
				港元	港元	港元	港元	港元	港元	港元
Mr. Sin 冼先生	12 May 2015	Terms Loan	13%	7,500,000	7,500,000	—	—	—	7,500,000	
	二零一五年五月十二日	有期貨款								
	02 June 2015	Terms Loan	13%	5,000,000	5,000,000	—	—	—	5,000,000	
	二零一五年六月二日	有期貨款								
	11 August 2015	Terms Loan	11%	3,000,000	3,000,000	—	—	—	3,000,000	
	二零一五年八月十一日	有期貨款								
	25 August 2015	Revolving Loan	12%	20,000,000	2,000,000	15,000,000	(1,000,000)	—	16,000,000	
	二零一五年八月二十五日	循環貸款								
	09 October 2015	Revolving Loan	10%	50,000,000	40,000,000	—	—	—	40,000,000	
	二零一五年十月九日	循環貸款								
	03 November 2015	Terms Loan	10%	62,000,000	62,000,000	—	—	—	62,000,000	
	二零一五年十一月三日	有期貨款								
	29 January 2016	Revolving Loan	11%	150,000,000	—	105,000,000	—	—	105,000,000	
二零一六年一月二十九日	循環貸款									
19 February 2016	Terms Loan	—	40,000,000	—	40,000,000	—	—	40,000,000		
二零一六年二月十九日	有期貨款									
19 February 2016	Revolving Loan	6%	100,000,000	—	59,900,000	—	—	59,900,000		
二零一六年二月十九日	循環貸款									
30 June 2016	Revolving Loan	15%	150,000,000	—	75,110,000	—	—	75,110,000		
二零一六年六月三十日	循環貸款									
				<u>587,500,000</u>	<u>119,500,000</u>	<u>295,010,000</u>	<u>(1,000,000)</u>	<u>413,510,000</u>		
Ms. Law 羅女士	01 October 2016	Terms Loan	5%	39,748,800	—	39,748,800	(4,087,966)	—	35,660,834	
	二零一六年十月一日	有期貨款								
				<u>39,748,800</u>	<u>—</u>	<u>39,748,800</u>	<u>(4,087,966)</u>	<u>35,660,834</u>		
Mr. Chow Kai Weng (Executive Director) 周啟榮先生(執行董事)	01 October 2016	Terms Loan	5%	48,048,000	—	48,048,000	—	—	48,048,000	
	二零一六年十月一日	有期貨款								
				<u>48,048,000</u>	<u>—</u>	<u>48,048,000</u>	<u>—</u>	<u>48,048,000</u>		
				<u>675,296,800</u>	<u>119,500,000</u>	<u>382,806,800</u>	<u>(5,087,966)</u>	<u>497,218,834</u>		

Note: The maturity date of the terms loans and revolving loans from the Directors of Company is on or after 30 June 2018.

附註：定期貸款及來自本公司董事的循環貸款之到期日為二零一八年六月三十日或之後。

EQUITY-LINKED AGREEMENT

Details of the share option scheme of the Company and the CB 5, being equity-linked agreements of the Company subsisting as at 31 December 2016, including the class and number of shares that may be issued, and consideration that the Company has or will receive, are disclosed under the paragraph headed "Share Option Schemes" in the section headed "Directors' Report" on pages 77 to 81 of this annual report and the paragraph headed "Conversion of Convertible Bonds" in the section headed "Directors' Report" on pages 68 to 69 of this annual report respectively.

As at 31 December 2016, the carrying amount of outstanding principal amount of the CB5 was approximately HK\$100,200,000, which may be converted into 556,666,667 ordinary shares of the Company at the initial conversion price of HK\$0.18 per conversion share.

During the year under review 2016, no equity-linked agreement was entered into by the Company.

RETIREMENT BENEFITS SCHEMES

Before 30 November 2000, the Group did not contribute to any retirement benefit scheme for either its employees or the Directors in Hong Kong. With effect from 1 December 2000, the Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group has followed the minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

The Group's subsidiary in the PRC, in compliance with the applicable regulations of the PRC, participated in social insurance schemes (including retirement benefit scheme, medical insurance scheme and unemployment benefit scheme) operated by the relevant local government authorities. The Group is required to make contribution to the social insurance schemes on behalf of employees who are registered permanent residents in the PRC. The insurance premium is borne by the Group and the employees on a specified proportion of the employees' salaries laid down under the relevant PRC law.

During the year, the employer's contributions to the retirement benefit scheme charged to the consolidated statement of comprehensive income amounted to approximately HK\$6,277,000 (2015: HK\$5,392,000).

權益掛鈎協議

本公司購股權計劃及第五批可換股債券(即於二零一六年十二月三十一日存續之本公司權益掛鈎協議)之詳情(包括可予發行之股份類別及數目及本公司已或將收取之代價)分別於本年報第77至81頁「董事會報告書」一節「購股權計劃」一段及本年報第68至69頁「董事會報告書」一節「兌換可換股債券」一段披露。

於二零一六年十二月三十一日，未償還第五批可換股債券之賬面值約為100,200,000港元，可按初步兌換價每股兌換股份0.18港元兌換成556,666,667本公司股普通股。

於二零一六年回顧年度，本公司概無訂立任何權益掛鈎協議。

退休福利計劃

於二零零零年十一月三十日前，本集團並無為其於香港之僱員或董事向任何退休福利計劃作出供款。由二零零零年十二月一日起，本集團根據強制性公積金計劃管理局之規則及規例參加強制性公積金計劃。本集團於香港之僱員須參與該計劃。本集團已遵守最低法定供款規定，按合資格僱員相關總收入之5%作出供款。

為符合中國之適用規例，本集團於中國之附屬公司參與由相關地方政府機關營運之社會保障計劃(包括退休福利計劃、醫療保險計劃及失業福利計劃)。本集團須代表屬中國登記永久居民之僱員向社會保障計劃作出供款。本集團及僱員會分別按照相關中國法律訂明之僱員薪金特定比例承擔保費。

年內，於綜合全面收益表扣除之退休福利計劃僱主供款約為6,277,000港元(二零一五年：5,392,000港元)。

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

COMPETING INTERESTS

None of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates had any interest, whether directly or indirectly, in a business which competes or may compete with the business of the Group.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company maintained a sufficient public float as at the date of this annual report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of significant related party transactions undertaken by the Group during the year in the ordinary course of business are set out in Note 45 to the consolidated financial statements. None of such related party transactions falls under the definition of "connected transaction" or "continuing connected transaction" under Chapter 20 of the GEM Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

買賣或贖回本公司上市證券

本公司及其任何附屬公司於截至二零一六年十二月三十一日止年度概無買賣或贖回本公司任何上市證券。

競爭權益

董事或本公司管理層股東(定義見創業板上市規則)或彼等各自之聯繫人概無於與本集團業務構成競爭或可能構成競爭之業務中擁有任何直接或間接權益。

獲准彌償條文

為董事利益而制定之獲准彌償條文目前及過往於整個回顧年度皆已生效。本公司已就其董事及高級管理層可能因企業活動而被提出法律行動安排適當的董事及高級職員責任保險。

充足公眾持股量

根據本公司從公開渠道獲得的資料及據董事截至本年報刊發前之最後可行日期所知，截至本年報日期，本公司已維持充足的公眾持股量。

關聯方交易及關連交易

本集團於年內在日常業務過程中進行的重大關聯方交易詳情載於綜合財務報表附註45。概無有關關聯方交易符合創業板上市規則第20章下的「關連交易」或「持續關連交易」的定義。本公司已根據創業板上市規則第20章遵守適用披露規定。

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers of the Group accounted for approximately 10.17% of the Group's revenue for the year. The Group's largest customer accounted for approximately 2.17% of its revenue.

The five largest suppliers of the Group accounted for approximately 48.57% of the Group's purchases for the year. The Group's largest supplier accounted for approximately 23.16% of its purchases.

Save as disclosed above, none of the Directors, their respective associates nor shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers at any time during the year.

CORPORATE GOVERNANCE

The Company has complied with all of the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2016. Please refer to the Corporate Governance Report on pages 38 to 55 for details.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2016.

主要供應商及客戶

年內，本集團五大客戶佔本集團收入約10.17%，而本集團最大客戶佔其收入約2.17%。

年內，本集團五大供應商佔本集團採購額約48.57%，而本集團最大供應商佔其採購額約23.16%。

除上文所披露外，董事、彼等各自之聯繫人或任何據董事所知擁有本公司已發行股本5%以上之股東於年內任何時間概無擁有本集團五大客戶或供應商之任何實益權益。

企業管治

於截至二零一六年十二月三十一日止年度，本公司一直遵守創業板上市規則附錄15所載企業管治常規守則之所有守則條文。詳情請參閱第38至55頁之企業管治報告。

董事進行證券交易的標準守則

本公司已採納一套有關董事進行證券交易之行為守則，其條款不遜於創業板上市規則第5.48條至5.67條所載之規定交易標準。本公司已向全體董事作出特定查詢，而全體董事已確認，彼等於截至二零一六年十二月三十一日止年度一直遵守有關規定交易標準及本公司所採納有關董事進行證券交易之行為守則。

AUDIT COMMITTEE

The Company has established an Audit Committee in 2002 which now comprises four Independent Non-executive Directors, Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee.

During the year, the Audit Committee has met four times to review the Company's annual reports and financial statements, interim reports and quarterly reports and discuss with the management over issues relating to auditing, internal control and financial reporting. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2016.

Please refer to the Corporate Governance Report on pages 38 to 55 for details.

AUDITOR

The consolidated financial statements for the year ended 31 December 2016 were audited by HLB Hodgson Impey Cheng Limited ("HLB") who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of HLB as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

**National Arts Entertainment
and Culture Group Limited**
Law Po Yee

*Vice Chairperson, Executive Director
and Chief Executive Officer*
Hong Kong, 22 March 2017

審核委員會

本公司於二零零二年成立審核委員會。審核委員會現時成員包括四名獨立非執行董事，分別為崔志仁先生(主席)、陳天立先生、黃龍德教授及李傑之先生。

審核委員會於年內曾舉行四次會議，以審閱本公司之年度報告及財務報表、中期報告及季度報告，並與管理層就有關審計、內部監控及財務報告等議題進行討論。審核委員會已審閱本集團截至二零一六年十二月三十一日止年度之經審核財務業績。

詳情請參閱第38至55頁之企業管治報告。

核數師

截至二零一六年十二月三十一日止年度之綜合財務報表已由國衛會計師事務所有限公司(「國衛」)審核。國衛將於應屆股東週年大會上退任，惟符合資格及願意接受續聘。續聘國衛為本公司核數師的決議案將於本公司應屆股東週年大會上提呈。

承董事會命

國藝娛樂文化集團有限公司
副主席、執行董事及行政總裁
羅寶兒

香港，二零一七年三月二十二日

INDEPENDENT AUDITORS' REPORT

獨立核數師報告書



31/E, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

**TO THE MEMBERS OF NATIONAL ARTS
ENTERTAINMENT AND CULTURE GROUP LIMITED**
*(Incorporated in the Cayman Islands and continued in
Bermuda with limited liability)*

致國藝娛樂文化集團有限公司各股東
(於開曼群島註冊成立及於百慕達存續之有限公司)

OPINION

We have audited the consolidated financial statements of National Arts Entertainment and Culture Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 98 to 231, which comprise the consolidated statements of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

本核數師(以下簡稱「我們」)已審核載於第98至231頁國藝娛樂文化集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,包括二零一六年十二月三十一日之綜合財務狀況報表及截至該日止年度之綜合損益及其他全面收入表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映了貴集團於二零一六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》的披露規定妥為編製。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(「守則」),我們獨立於貴集團,並已根據道德守則履行其他道德責任。我們相信,我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

KEY AUDIT MATTERS

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

Key audit matter 關鍵審計事項

Net current liabilities 淨流動負債

Refer to note 3 to the consolidated financial statements.
請參閱綜合財務報表附註3。

The Group had net current liabilities of approximately HK\$297,143,000 as at year end and suffered a loss of approximately HK\$327,092,000 during the year. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern and have led us to spend significant effort in evaluating the assessment made by management.

貴集團於年結日有淨流動負債約297,143,000港元並於年內錄得虧損約327,092,000港元。此等事項或情況可能對貴集團能否繼續作為一個持續經營實體帶來重大疑問，並促使我們投入大量努力檢討管理層所做評估。

關鍵審核事項

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。

How our audit addressed the key audit matter 我們的審計如何處理關鍵審計事項

Our procedures in relation to net current liabilities mainly included:

- We obtained approved cash flow forecasts covering at least twelve months from the end of the reporting period and challenged the assumptions and judgement made by management. We reviewed other available information provided by management;
- We reviewed documentation in place in respect of discussions with third parties in relation to long-term debt financing;
- We evaluated the management's plan for future actions in relation to its going concern assessment, taking into account any relevant events subsequent to the year-ended through discussion with the Audit Committee; and
- We evaluated the adequacy of disclosure about these events or conditions.

我們就淨流動負債所採取的程序主要包括：

- 我們取得涵蓋報告期末後最少十二個月的經核准現金流量預測，並質詢管理層所做假設和判斷。我們已審閱由管理層提供的其他可供參閱的資料；
- 我們已審閱就與第三方討論有關長遠債務融資已就位的文件存檔；
- 我們檢視管理層關於持續經營評估的未來行動計劃，當中加以考慮任何於年結後的相關事項(透過與審核委員會商討)；及
- 我們檢討有關此等事項或狀況的披露是否足夠。

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter (continued)

How our audit addressed the key audit matter (continued)

關鍵審計事項(續)

我們的審計如何處理關鍵審計事項(續)

Fair value of hotel properties and film studio **酒店物業及影視城的公允值**

Refer to note 15 to the consolidated financial statements.
請參閱綜合財務報表附註15。

Hotel properties and film studio are property, plant and equipment measured using the revaluation model. The fair values of the hotel properties and film studio were approximately HK\$752,402,000 and HK\$884,127,000 respectively as at 31 December 2016. Management engaged an independent external valuer to assess in determining the fair values of the properties.

The area is of most significance in our audit because the balances are material and the valuations of the hotel properties and film studio involved the use of significant estimates and assumptions and judgements.

酒店物業及影視城乃使用重估模型計量的物業、廠房及設備。酒店物業及影視城於二零一六年十二月三十一日的公允值分別約為752,402,000港元及884,127,000港元。管理層委託一名獨立外聘估值師評估以釐定該等物業的公允值。

上述方面對我們的審計最為重要，因有關結餘巨大而且酒店物業及影視城的估值涉及重大估算及假設和判斷。

Our procedures in relation to management's valuation of the fair value of hotel properties and film studio mainly included:

- Evaluating the objectivity, independence and competency of management's valuer;
- Engaging our own valuation expert to assist us in assessing the methodologies and reasonableness of inputs and assumptions adopted in the valuation of the hotel properties and film studio;
- Checking on the accuracy and relevance of the inputs data used; and
- Considering the accounting treatment of any revaluation gains or losses in the consolidated financial statements.

我們就管理層評估酒店物業及影視城的公允值所採取的程序主要包括：

- 檢視管理層所聘估值師的客觀、獨立及勝任度；
- 自行委聘估值專家協助我們評核酒店物業及影視城估值所採用的方法論和輸入數據與假設的合理性；
- 複檢所採用輸入數據的準備和相關程度；及
- 考慮任何重估收益或虧損於綜合財務報表內的會計處理方法。

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter (continued)

How our audit addressed the key audit matter (continued)

關鍵審計事項(續)

我們的審計如何處理關鍵審計事項(續)

Carrying amounts of land lease prepayments **土地租賃預付款的賬面值**

Refer to note 17 to the consolidated financial statements.
請參閱綜合財務報表附註17。

The carrying amounts of land lease prepayments were approximately HK\$470,061,000 as at 31 December 2016.

Our procedures in relation to management's assessment of the carrying amount of the land lease prepayments mainly included:

The carrying amounts of land lease prepayments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

- Conducting analytical procedures and assessing management judgement of the carrying amounts of land lease prepayments;
- Recalculating and checking the amount of amortisation based on the amortisation rate and considering whether amortisation methods are consistent and reasonable; and
- Understanding of management's process around impairment assessment, where indicators existed.

For the purpose of assessing impairment, the recoverable amounts were determined by management based on the facts and circumstances. In carrying out the impairment assessments, significant judgement was required to determine the reasonableness of key assumptions, including discount rates and constructions costs.

土地租賃預付款於二零一六年十二月三十一日的賬面值約為470,061,000港元。

我們就管理層評估土地租賃預付款的賬面值所採取的程序主要包括：

當發生任何事件或狀況變化顯示賬面值將可能無法收回時，會對土地租賃預付款賬面值會作減值檢討。

- 進行分析程序及評價管理層有關土地租賃預付款賬面值的判斷；
- 根據攤銷率重新計算和複檢攤銷金額，並研究攤銷辦法是否貫徹一致和合理；及

就減值評估而言，可收回金額由管理層根據事實和環境釐定。進行減值檢討時，需要作出重大判斷以確定關鍵假設(包括折現率及建設費用)的合理性。

- 若設有指標，了解管理層關乎減值評價的程序。

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter (continued)

How our audit addressed the key audit matter (continued)

關鍵審計事項(續)

我們的審計如何處理關鍵審計事項(續)

Impairment assessment of long-term other receivable

長期其他應收款項的減值評估

Refer to note 27 to the consolidated financial statements.
請參閱綜合財務報表附註27。

As at 31 December 2016, the Group had long-term other receivable of approximately HK\$88,651,000 secured by collateral.

In carrying out the impairment assessments, management engaged an independent external valuer to assist in determining the fair value of the collateral. Significant judgement is required for the fair value of the projected future cash flows of the other long-term receivable based on the management's experience and market condition.

於二零一六年十二月三十一日，貴集團有約88,651,000港元的長期其他應收款項以抵押品提供保證。

進行減值評核時，管理層委託了獨立外聘估值師協助確定抵押品的公允值。管理層需要根據經驗及市場狀況就長期其他應收款項預測未來現金流量公允值作出重大判斷。

Our procedures in relation to management's impairment of long-term other receivable mainly included:

- Conducting analytical procedures and assessing management judgement for the fair value of consideration receivable;
- Evaluating the objectivity, independence and competency of management's valuer; and
- Engaging our own valuation expert to assist in assessing the methodologies and reasonableness of assumptions adopted in the valuation of the collateral.

我們就管理層計算長期其他應收款項減值所採取的程序主要包括：

- 進行分析程序及評價管理層有關應收代價公允值的判斷；
- 檢視管理層所聘估值師的客觀、獨立及勝任度；及
- 自行委聘估值專家協助我們評核抵押品估值所採用的方法論和假設的合理性。

OTHER INFORMATION

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

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 HKFRS 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 is responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的全部資料，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審核，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核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，如果我們認為其他資料存在重大錯誤陳述，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佈的《香港財務報告準則》及香港《公司條例》的披露規定編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製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。

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

審核委員會負責監察 貴集團之財務申報程序。

AUDITORS' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act of Bermuda, 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 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

核數師就審核綜合財務報表承擔 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，並出具載有我們意見的核數師報告。本報告根據百慕達公司法(一九八一年)第90條僅向閣下(作為整體)發出，除此之外本報告別無其他目的。本核數師並不會就本報告內容對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審核，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》進行審核的過程中，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，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，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。
- 了解與審核相關的內部控制，以設計適當的審核程序，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。

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

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

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.

核數師就審核綜合財務報表承擔 的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果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，則我們應當作出有保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核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。

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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 auditors' 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 director on the audit resulting in this independent auditors' report is Hui Chun Keung, David.

核數師就審核綜合財務報表承擔 的責任(續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期間的綜合財務報表的審核最為重要，因而構成關鍵審核事項。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核項目董事為許振強。

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 22 March 2017

國衛會計師事務所有限公司
香港執業會計師

許振強
執業證書編號：P05447

香港，二零一七年三月二十二日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	收入	7	57,827	40,038
Other income	其他收入	7	13,514	3,042
Other (losses) and gains	其他(虧損)及收益	7	(193)	127
Cost of film production	電影製作成本		(10,745)	(5,162)
Staff costs	員工成本	10	(39,832)	(38,763)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	10	(59,578)	(51,820)
Amortisation of land lease prepayments	預付土地租賃攤銷	10	(13,703)	(10,168)
Other operating expenses	其他經營費用		(133,279)	(99,558)
Finance costs	融資成本	9	(119,356)	(80,909)
Loss on fair value changes of convertible bonds	可換股債券公允值變動虧損		(22,200)	(19,945)
Gain/(loss) on fair value changes of investment properties	投資物業公允值變動收益/(虧損)		1,500	(900)
Share of loss of an associate	分佔一間聯營公司虧損		(143)	(119)
Share of loss of a joint venture	分佔一間合營企業虧損		(904)	(697)
Loss before income tax	除所得稅前虧損		(327,092)	(264,834)
Income tax expense	所得稅開支	11	—	—
Loss for the year	本年度虧損	10	(327,092)	(264,834)
Other comprehensive (expense)/ income	其他全面(開支)/收入			
Items that will not be reclassified to profit or loss	不會重列為損益的項目			
Gain arising on revaluation of properties transferred to investment properties	重估轉撥至投資物業的物業的收益		—	16,344
(Loss)/gain on revaluation of properties held for own use	重估持作自用物業的(虧損)/收益		(13,790)	80,190
Income tax credit/(expense) relating to revaluation of properties held for own use	有關重估持作自用物業的所得稅抵免/(開支)		3,448	(20,048)
Items that may be reclassified subsequently to profit or loss	其後可能重列為損益的項目			
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生的匯兌差額		(68,879)	(76,357)
Other comprehensive (expense)/ income for the year, net of tax	本年度其他全面(開支)/收入，扣除稅項		(79,221)	129
Total comprehensive expense for the year	本年度全面開支總額		(406,313)	(264,705)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

	Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Loss for the year attributable to: 應佔本年度虧損：			
Owners of the Company 本公司擁有人		(327,091)	(264,828)
Non-controlling interests 非控股權益		(1)	(6)
		(327,092)	(264,834)
Total comprehensive expense attributable to: 應佔全面開支總額：			
Owners of the Company 本公司擁有人		(406,312)	(264,699)
Non-controlling interests 非控股權益		(1)	(6)
		(406,313)	(264,705)
Loss per share 每股虧損			
Basic and diluted 基本及攤薄	12	(HK8.84 cents 港仙)	(HK8.51 cents 港仙)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2016 於二零一六年十二月三十一日

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	1,684,984	1,760,457
Investment properties	投資物業	16	33,700	32,200
Land lease prepayments	預付土地租賃	17	470,061	472,345
Intangible asset	無形資產	18	1,079	1,079
Investment in an associate	聯營公司投資	20	113	256
Investment in a joint venture	合營企業投資	21	7,020	7,924
Available-for-sale investment	可供出售投資	22	5,250	5,000
Other receivable and deposits	其他應收款項及按金	27	93,551	99,742
			2,295,758	2,379,003
Current assets	流動資產			
Film products and film production in progress	電影產品及在製電影產品	23	3,630	10,745
Investments in films/dramas production	電影／戲劇製作的投資	24	6,461	—
Trade receivables	應收貿易款項	25	6,693	3,440
Inventories	存貨	26	2,414	2,380
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	27	55,794	37,823
Amount due from a joint venture	應收合營企業款項	21	2,414	2,414
Cash and bank balances	現金及銀行結餘	28	4,283	12,705
			81,689	69,507
Current liabilities	流動負債			
Trade payables	應付貿易款項	29	1,846	1,179
Other payables and accruals	其他應付款項及應計費用	30	159,020	125,217
Bank overdrafts	銀行透支	28	8,501	8,345
Loan from a related company	一間關聯公司的貸款	31	—	12,400
Loans from shareholders	股東的貸款	32	10,873	107,000
Borrowings	借貸	33	131,490	185,942
Finance lease obligation	財務租賃承擔	34	3,036	5,954
Bonds	債券	35	61,115	2,073
Convertible bonds	可換股債券	36	—	151,382
Provision for income tax	所得稅撥備		2,951	2,951
			378,832	602,443
Net current liabilities	流動負債淨額		(297,143)	(532,936)
Total assets less current liabilities	資產總值減流動負債		1,998,615	1,846,067

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
綜合財務狀況表

At 31 December 2016 於二零一六年十二月三十一日

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current liabilities	非流動負債			
Other payables	其他應付款項	30	24,236	26,909
Loans from shareholders	股東的貸款	32	451,471	32,500
Borrowings	借貸	33	48,048	83,219
Bonds	債券	35	445,688	271,897
Convertible bonds	可換股債券	36	110,813	226,068
Promissory note	承兌票據	37	81,655	79,576
Finance lease obligation	財務租賃承擔	34	20,370	15,712
Deferred tax liabilities	遞延稅項負債	38	176,356	179,804
			1,358,637	915,685
Net assets	資產淨值		639,978	930,382
Capital and reserves	資本及儲備			
Share capital	股本	39	399,839	333,172
Reserves	儲備		239,901	596,971
Equity attributable to owners of the Company	本公司擁有人應佔權益		639,740	930,143
Non-controlling interests	非控股權益		238	239
Total equity	權益總額		639,978	930,382

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 22 March 2017 and are signed on its behalf by:

綜合財務報表已由董事會於二零一七年三月二十二日批准及授權刊發，並由下列董事代表董事會簽署：

Law Po Yee
羅寶兒
Director
董事

Sin Kwok Lam
冼國林
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔										Attributable to non-controlling interests		
		Share capital (note 39)	Share premium	Special reserve (note 40)	Contributed surplus (note 40)	Properties revaluation reserve	Translation reserve	Share option reserve	Convertible bond equity reserve	Warrant reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
		股本 (附註39)	股份溢價	特別儲備 (附註40)	實繳盈餘 (附註40)	物業重估儲備	換算儲備	購股權儲備	可換股債券權益儲備	認股權儲備	累計虧損	小計	非控股權益應佔	權益總額
		HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元
At 1 January 2015	於二零一五年一月一日	288,839	620,011	1,000	78,791	338,871	(2,222)	26,229	51,040	6,399	(336,484)	1,072,474	-	1,072,474
Issue of convertible bonds arising from the acquisition of a subsidiary	收購一間附屬公司導致發行可換股債券	-	-	-	-	-	-	-	46,697	-	-	46,697	-	46,697
Share issued upon conversion of convertible bonds (note 39)	兌換可換股債券時發行股份 (附註39)	44,333	43,759	-	-	-	-	-	(12,421)	-	-	75,671	-	75,671
Lapse of warrants	認股權證失效	-	-	-	-	-	-	-	-	(6,399)	6,399	-	-	-
Lapse of the equity component of convertible bonds	可換股債券的權益部分失效	-	-	-	-	-	-	-	(5,235)	-	5,235	-	-	-
Capital injected by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	-	245	245
Transaction with owners	與擁有人進行的交易	44,333	43,759	-	-	-	-	-	29,041	(6,399)	11,634	122,368	245	122,613
Loss for the year	本年度虧損	-	-	-	-	-	-	-	-	-	(264,828)	(264,828)	(6)	(264,834)
Gain arising on revaluation of properties transferred to investment properties	重估轉撥至投資物業的物業的收益	-	-	-	-	16,344	-	-	-	-	-	16,344	-	16,344
Gain on revaluation of properties held for own use, net of tax	重估持作自用物業的收益，扣除稅項	-	-	-	-	60,142	-	-	-	-	-	60,142	-	60,142
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生的匯兌差額	-	-	-	-	-	(76,357)	-	-	-	-	(76,357)	-	(76,357)
Total comprehensive income/(expense) for the year	本年度全面收入/(開支)總額	-	-	-	-	76,486	(76,357)	-	-	-	(264,828)	(264,699)	(6)	(264,705)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	333,172	663,770	1,000	78,791	415,357	(78,579)	26,229	80,081	-	(589,678)	930,143	239	930,382
Share issued upon conversion of convertible bonds (note 39)	兌換可換股債券時發行股份 (附註39)	66,667	67,936	-	-	-	-	-	(18,679)	-	-	115,924	-	115,924
Early settlement of convertible bonds	提早結付可換股債券	-	-	-	-	-	-	-	(2,893)	-	2,878	(15)	-	(15)
Lapse of the equity component of convertible bonds	可換股債券的權益部分失效	-	-	-	-	-	-	-	(42,912)	-	42,912	-	-	-
Transaction with owners	與擁有人進行的交易	66,667	67,936	-	-	-	-	-	(64,484)	-	45,790	115,909	-	115,909
Loss for the year	本年度虧損	-	-	-	-	-	-	-	-	-	(327,091)	(327,091)	(1)	(327,092)
Loss on revaluation of properties held for own use, net of tax	重估持作自用物業的虧損，扣除稅項	-	-	-	-	(10,342)	-	-	-	-	-	(10,342)	-	(10,342)
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生的匯兌差額	-	-	-	-	-	(68,879)	-	-	-	-	(68,879)	-	(68,879)
Total comprehensive expense for the year	本年度全面開支總額	-	-	-	-	(10,342)	(68,879)	-	-	-	(327,091)	(406,312)	(1)	(406,313)
At 31 December 2016	於二零一六年十二月三十一日	399,839	731,706	1,000	78,791	405,015	(147,458)	26,229	15,597	-	(870,979)	639,740	238	639,978

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES 經營業務的現金流量		
Loss before tax 除稅前虧損	(327,092)	(264,834)
Adjustments for: 就下列各項作出調整:		
Finance costs 融資成本	119,356	80,909
Bank interest income 銀行利息收入	(6)	(6)
Amortisation of film products 電影產品攤銷	10,745	5,093
Amortisation of land lease prepayments 預付土地租賃攤銷	13,703	10,168
Depreciation of property, plant and equipment 物業、廠房及設備折舊	59,578	51,820
Gain on disposal of property, plant and equipment 出售物業、廠房及設備的收益	—	(127)
Loss on fair value changes of convertible bonds 可換股債券公允值變動的虧損	22,200	19,945
Net losses on early settlement of convertible bonds 提早結付可換股債券的虧損淨額	193	—
Waiver of interest of convertible bond 豁免可換股債券利息	(12,513)	—
(Gain)/loss on fair value changes of investment properties 投資物業公允值變動的(收益)/虧損	(1,500)	900
Share of loss of an associate 分佔一間聯營公司虧損	143	119
Share of loss of a joint venture 分佔一間合營企業虧損	904	697
	(114,289)	(95,316)
Operating cash flows before movements in working capital 營運資金變動前的經營現金流量		
(Increase)/decrease in inventories 存貨(增加)/減少	(34)	1,723
Increase in film products and film production in progress 電影產品及在製電影產品增加	(3,630)	(3,295)
Increase in trade receivables 應收貿易款項增加	(3,253)	(2,675)
Increase in prepayments, deposits and other receivables 預付款項、按金及其他應收款項增加	(6,462)	(10,248)
Increase in amount due from a joint venture 應收合營企業款項增加	—	(2,414)
Increase in trade payables 應付貿易款項增加	667	1,021
Increase in other payables and accruals 其他應付款項及應計費用增加	18,764	88,966
NET CASH USED IN OPERATING ACTIVITIES 經營業務所用現金淨額	(108,237)	(22,238)
CASH FLOWS FROM INVESTING ACTIVITIES 投資活動的現金流量		
Investments in films/dramas production 電影/戲劇製作投資	(6,461)	—
Interest received 利息收入	6	6
Acquisition of a subsidiary, net of cash acquired 收購一間附屬公司，減去所收購現金	—	(1,079)
Payments for property, plant and equipment 物業、廠房及設備付款	(88,377)	(203,762)
Proceeds on disposal of property, plant and equipment 出售物業、廠房及設備所得款項	—	400
Payments for land lease prepayments 支付土地租賃預付款	(11,419)	—
Investment in an associate 聯營公司投資	—	(375)
Purchases of available-for-sale investment 購買可供出售投資	(125)	(5,000)
NET CASH USED IN INVESTING ACTIVITIES 投資活動所用現金淨額	(106,376)	(209,810)

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量		
Interest paid	已付利息	(83,051)	(61,076)
Proceeds from shareholders loans	股東貸款所得款項	286,234	190,450
Repayments of shareholders loans	償還股東貸款	(13,788)	(95,190)
Proceeds from borrowings	借貸所得款項	61,494	289,064
Repayments of borrowings	償還借貸	(265,996)	(181,503)
Repayments of loan from a related company	償還一間關聯公司的貸款	(12,400)	—
Proceeds from issuance of bonds	發行債券所得款項	242,678	303,000
Transaction costs of issuance of bonds	發行債券的交易成本	(18,045)	(34,390)
Repayments of bonds	償還債券	(3,000)	(78,775)
Repayments of convertible bonds	償還可換股債券	—	(64,400)
Repayment of finance leases obligation	償還財務租賃承擔	(98)	(31)
Capital contributed by non-controlling interest	非控股權益注資	—	245
NET CASH GENERATED BY FINANCING ACTIVITIES	融資活動所得現金淨額	194,028	267,394
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目(減少)/增加淨額	(20,585)	35,346
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	年初現金及現金等值項目	4,360	(1,118)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	匯率變動對所持外幣現金結餘的影響	12,007	(29,868)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	年末現金及現金等值項目	(4,218)	4,360
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結餘分析		
Cash and bank balances	現金及銀行結餘	4,283	12,705
Bank overdrafts	銀行透支	(8,501)	(8,345)
		(4,218)	4,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

1. GENERAL INFORMATION

National Arts Entertainment and Culture Group Limited (the “Company”) was incorporated in the Cayman Islands on 16 November 2001 as an exempted company under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 14 October 2010, the Company deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda effective on 14 October 2010. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company’s principal place of business in Hong Kong is Units 3011B-12, 30/F, West Tower Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company’s shares are listed on The Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company is principally engaged in investment holding. The principal activities of the Group include film production and distribution, the provision of management services to artistes, event coordination, operations of film studio and hotel and provision of travel related products. Details of the principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements. The Company and its subsidiaries are referred to as the Group hereafter.

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

1. 一般資料

國藝娛樂文化集團有限公司(「本公司」)於二零零一年十一月十六日根據開曼群島公司法第22章(一九六一年法例3，經綜合及修訂)在開曼群島註冊成立為獲豁免公司。於二零一零年十月十四日，本公司於開曼群島撤銷註冊，並根據百慕達法例正式於百慕達以獲豁免公司形式存續，於二零一零年十月十四日生效。本公司的註冊辦事處為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司的香港主要營業地點位於香港干諾道中168-200號信德中心西座30樓3011B-12室。

本公司股份於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。本公司主要從事投資控股。本集團之主要業務包括電影製作及發行、提供藝人管理服務、活動統籌、經營影視城和酒店及提供旅行相關產品。有關本公司附屬公司主要業務之詳情載列於綜合財務報表附註19。本公司及其附屬公司於下文統稱為本集團。

綜合財務報表以港元(「港元」，亦為本公司的功能貨幣)呈列，除另有指明外，所有價值均四捨五入至最接近的千位數(「千港元」)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

Amendments to HKFRS that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS	Annual Improvements to HKFRS 2012–2014 Cycle

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

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效之香港財務報告準則

本集團已於本年度首次採用以下香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則之修訂：

香港財務報告準則第14號	監管遞延賬目
香港財務報告準則第11號(修訂本)	收購合營業務權益的會計方法
香港會計準則第1號(修訂本)	披露計劃
香港會計準則第16號及香港會計準則第38號(修訂本)	澄清折舊及攤銷的可接納方法
香港會計準則第16號及香港會計準則第41號(修訂本)	農業：生產性植物
香港會計準則第27號(修訂本)	獨立財務報表之權益法
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)	投資實體：應用綜合入賬之例外情況
香港財務報告準則(修訂本)	香港財務報告準則二零一二年至二零一四年週期之年度改進

除下文所述者外，於本年度應用香港財務報告準則之修訂對本集團於本年度及先前年度之財務表現及狀況及／或對此等綜合財務報表所載之披露資料並無重大影響。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The Group has applied the amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* for the first time in the current year. The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue, or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

In addition, the amendments also clarify that in choosing an appropriate amortisation method an entity could determine the predominant limiting factor that is inherent in the intangible asset.

In accordance with the transitional provisions, the Group has applied the amendments prospectively from 1 January 2016. Prior to this date, the Group's film rights had been amortised in proportion to the estimated projected revenues over their economic beneficial period (a revenue-based amortisation model). With the adoption of these amendments, the Group amortises its film rights using a straight-line method of amortisation.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第16號及香港會計準則第38號 (修訂本)澄清折舊及攤銷的可接納方法

本集團已於本年度首次應用香港會計準則第16號及香港會計準則第38號(修訂本)澄清折舊及攤銷的可接納方法。香港會計準則第16號(修訂本)物業、廠房及設備禁止實體就物業、廠房及設備項目使用以收入為基礎之折舊法。香港會計準則第38號(修訂本)無形資產引入一項可推翻之假設，即收入並非無形資產攤銷之合適基準。此項假設僅可於以下兩種有限情況下被推翻：

- a) 當無形資產是以收入來衡量；或
- b) 當可證明收入與無形資產經濟利益之消耗存在高度關聯時。

此外，該等修訂澄清於選擇適當攤銷方法時，一個實體應釐定無形資產本身之主要限制因素。

根據過渡性條文，本集團按未來適用法應用自二零一六年一月一日生效之修訂。於該日前，本集團的影片權利以有關經濟受益期間的預計收入按比例攤銷(以收入為基準之攤銷模式)。藉應用有關修訂，本集團使用直線攤銷法對其影片權利進行攤銷。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

New and amendments to HKFRS in issue but not yet effective

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

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ²
HKFRS 16	Leases ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKAS 7	Disclosure Initiative ³
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

- 1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
- 2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- 3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- 4 Effective for annual periods beginning on or after a date to be determined.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂香港財務報告準則及其修訂本

本集團並無提早採用以下已頒佈但尚未生效之新訂香港財務報告準則及其修訂本：

香港財務報告準則第9號	金融工具 ²
香港財務報告準則第15號	來自客戶合約的收益及相關修訂 ²
香港財務報告準則第16號	租賃 ¹
香港財務報告準則第2號(修訂本)	澄清股份為基礎之付款交易之計量 ²
香港財務報告準則第4號(修訂本)	應用香港財務報告準則第9號金融工具，連同香港財務報告準則第4號保險合約 ²
香港會計準則第7號(修訂本)	披露計劃 ³
香港會計準則第12號(修訂本)	確認關於未變現虧損之遞延稅項資產之確認 ³
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴

- 1 於二零一九年一月一日或之後開始的年度期間生效，可提早應用。
- 2 於二零一八年一月一日或之後開始的年度期間生效，可提早應用。
- 3 於二零一七年一月一日或之後開始的年度期間生效，可提早應用。
- 4 於有待釐定之日期或之後開始的年度期間生效。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

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

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂香港財務報告準則及其修訂本(續)

香港財務報告準則第15號來自客戶合約收益

香港財務報告準則第15號已獲頒佈，其制定一項單一全面模式供實體用作將自客戶合約所產生收益入賬。香港財務報告準則第15號於生效後將取代現時的收益確認指引，包括香港會計準則第18號收益、香港會計準則第11號建築合約及相關詮釋。

香港財務報告準則第15號的核心原則乃實體應確認收入以在反映實體預期交換該等貨品或服務而應得的對價的數額中體現向客戶轉讓承諾貨品或服務。具體而言，該準則引入確認收益的五個步驟：

- 第一步： 識別與客戶訂立的合約；
- 第二步： 識別合約中的履約責任；
- 第三步： 釐定交易價；
- 第四步： 將交易價分配至合約中的履約責任；
- 第五步： 於實體完成履約責任時(或就此)確認收益。

根據香港財務報告準則第15號，實體於完成履約責任時(或就此)確認收益，即於特定履約責任相關的商品或服務的「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況的處理方法加入更明確的指引。此外，香港財務報告準則第15號要求作出更詳盡披露。

於二零一六年，香港會計師公佈頒佈香港財務報告準則第15號的澄清，內容關於識別履約責任、主體對代理代價，以及發牌應用指引。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

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

HKFRS 15 Revenue from Contracts with Customers (Continued)

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂香港財務報告準則及其修訂本(續)

香港財務報告準則第15號來自客戶合約收益(續)

本公司董事預期日後應用香港財務報告準則第15號可能導致作出更多披露，然而，本公司董事並不預期應用香港財務報告準則第15號將對有關報告期間確認之收益時間及金額有重大影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。當香港財務報告準則第16號生效時，將取代香港會計準則第17號租賃及相關的詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低值資產租賃外，經營及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債的任何重新計量而作出調整。租賃負債初步按租賃款項(非當日支付)之現值計量。隨後，租賃負債會就(其中包括)利息及租賃款項以及租賃修訂的影響作出調整。就現金流量分類而言，本集團目前將預付租賃款項呈列為與自用租賃土地及分類為投資物業的租賃土地有關的投資現金流量，其他經營租賃款項則呈列為經營現金流量。根據香港財務報告準則第16號，有關租賃負債的租賃款項將分配至本金及利息部分，並分別以融資現金流量呈列。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

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

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

HKFRS 16 Leases (Continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately HK\$146,699,000 as disclosed in note 41. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The Group is in the process of making an assessment on what the impact of the other new or revised HKFRS is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂香港財務報告準則及其修訂本(續)

香港財務報告準則第16號租賃(續)

根據香港會計準則第17號，本集團已就融資租賃安排及租賃土地(本集團為承租人)之預付租賃款項確認一項資產及相關融資租賃負債。應用香港財務報告準則第16號，可能導致該等資產之分類出現潛在變化，視乎本集團是否將資產使用權獨立呈報或於相關基本資產尚屬自有而會呈報之相同項目內呈報。

相較承租人會計處理而言，香港財務報告準則第16號實質上沿用香港會計準則第17號的出租人會計規定，及繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求作出更詳盡披露。

於二零一六年十二月三十一日，如附註41所披露，本集團有不可撤銷經營租賃承擔約146,699,000港元。初步評估顯示該等安排將符合香港財務報告準則第16號之租賃定義，故本集團將就所有該等租賃確認使用權資產及相關負債，惟倘該等資產於採用香港財務報告準則第16號後符合低價值或短期租賃之資格則作別論。此外，應用新規定可能導致上述之計量、呈報及披露變動。然而，在董事完成詳盡審視前，難以提供關於財務影響之合理估計。

本集團正在評估其他新訂或經修訂香港財務報告準則於初次應用期間預期將有之影響。目前之結論為採納該等準則不大可能對本集團之經營業績及財務狀況有重大影響。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

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

The consolidated financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had consolidated net current liabilities of approximately HK\$297,143,000 (2015: approximately HK\$532,936,000) and suffered loss of approximately HK\$327,092,000 for the year ended 31 December 2016 (2015: approximately HK\$264,834,000). The management of the Group has been taking active steps to improve working capital of the Group by obtaining further debt or equity financing and implementing measures to tighten cost controls over various operating expenses in order to improve its profitability and to generate positive cash inflow from its operations in the future. The Company also entered into subscription agreements between the Company, Mr. Sin Kwok Lam ("Mr. Sin") and two third parties in respect of the subscription of the subscription shares at an agreed price which will be subject to the shareholders' approval at a special general meeting to be held on 6 April 2017. The Company shall issue the subscription shares to Mr. Sin and the two third parties to settle (i) the total interests of the promissory notes, convertible bonds and loans from shareholder of Mr. Sin; and (ii) the debts of the construction costs amounting approximately RMB76,674,000 (equivalent to approximately HK\$86,520,000) respectively. In addition, the Group is actively exploring the availability of alternative source of financing, the major shareholder, who is also the major convertible bond holder of the Company, has undertaken to provide financial support to the Group to meet its liabilities as they fall due and to maintain the Group as a going concern for the next twelve months by providing certain undrawn revolving loan facilities amounting to HK\$306,000,000.

3. 重要會計政策

綜合財務報表準則已根據香港會計師公會頒布的香港財務報告準則編製。此外，綜合財務報表包含創業板上市規則及香港公司條例規定的適用披露資料。

誠如下列會計政策所說明，除某些金融工具以各報告期末的公允值列賬外，綜合財務報表乃根據歷史成本法編製，詳情闡述於下文會計政策。

綜合財務報表按持續基準編製，其假設於正常業務過程中變現資產及償還負債，惟本集團於截至二零一六年十二月三十一日止年度有綜合流動負債淨額約297,143,000港元(二零一五年：約532,936,000港元)及錄得虧損約327,092,000港元(二零一五年：約264,834,000港元)。本集團管理層已積極採取措施改善本集團營運資金狀況，方式為取得更多債務或股本融資以及實行措施以對多項經營開支加緊成本管控，藉此提高其日後的盈利能力及產生正面經營現金流入。本公司亦在本公司、冼國林先生(「冼先生」)與兩名第三方之間訂立認購協議，內容有關按協定價格認購認購股份，惟須經股東於將在二零一七年四月六日舉行的股東特別大會上批准後，方可作實。本公司將向冼先生及兩名第三方發行認購股份，以分別結付(i)承兌票據、可換股債券及來自股東冼先生貸款的總利息；及(ii)建築成本債務約人民幣76,674,000元(相當於約86,520,000港元)。此外，本集團現正積極探索能否獲取其他融資來源，而主要股東(亦為本公司主要可換股債券持有人)已承諾向本集團提供財務支援，通過提供若干未提取循環貸款融資306,000,000港元，以協助本集團結付到期債務及讓本集團可於未來十二個月持續經營。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taking into account of the presently available standby credit facilities and the cash flow projections prepared by the management with reference to the current business and financing plans of the Group, the directors are of the view that the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets and current liabilities respectively and to provide for any further liabilities which might arise.

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

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

3. 重要會計政策(續)

經參考本集團現有業務及融資計劃，計及現時可得的備用信貸融資及管理層編製的現金流預測，董事認為本集團擁有充足的營運資金，可滿足報告期末起計未來十二個月的現時需求，因此，綜合財務報表已按持續經營基準編製。倘本集團未能持續經營，則將作出調整，重列各資產及流動負債的價值，及為可能產生的任何其他負債計提撥備。

歷史成本一般是基於為交換商品及服務而支付代價之公允值。

公允值為於計量日期市場參與者間之有序交易中出售資產將收取或轉讓負債將支付之價格，無論該價格乃可直接觀察或採用另一種估值技術予以估計。於估計資產或負債之公允值時，倘市場參與者於計量日期對資產或負債進行定價時將資產或負債之特徵考慮在內，則本集團會將該等特徵考慮在內。於此等綜合財務報表中用於計量及／或披露用途之公允值乃按有關基準予以釐定，以下各項除外：在香港財務報告準則第2號範圍內之以股份支付款項交易、在香港會計準則第17號範圍內之租賃交易以及與公允值具備某些相似點但並非公允值之計量標準，比如香港會計準則第2號中之可變現淨值或香港會計準則第36號中之使用價值。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. 重要會計政策(續)

此外，就財務報告而言，公允值計量分為第一、第二或第三級，此等級別之劃分乃根據公允值輸入數據的可觀察程度及輸入數據對公允值計量的整體重要性，現概述如下：

- 第一級輸入數據乃實體於計量日期可從相同資產或負債於活躍市場中所報價格(未調整)得出；
- 第二級輸入數據乃第一級所載報價以外，可從資產或負債直接或間接觀察輸入數據得出的輸入數據；及
- 第三級輸入數據乃資產或負債無法觀察的輸入數據。

重要會計政策載列如下。

綜合基準

綜合財務報表包括本公司及受本公司及其附屬公司控制之實體(包括特殊目的實體)之財務報表。當本公司存在以下情況時取得控制權：

- 擁有對被投資公司之權力；
- 面臨或擁有參與被投資公司所得可變回報之風險或權利；及
- 擁有行使其權力以影響其回報之能力。

倘有關事實或情況表明上文列出之三項控制權要素中之一項或多項存在變動，則本集團會對其是否控制被投資公司進行重新評估。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

3. 重要會計政策(續)

綜合基準(續)

當本集團擁有被投資公司之投票權不到大部分，則於投票權足以為其提供直接單方面指導被投資公司相關活動之實際能力時，本集團擁有對被投資公司之權力。於評估本集團於被投資公司之投票權是否足以為其提供權力時，本集團會考慮所有相關事實及情況，包括：

- 本集團持有投票權之規模相對於其他選票持有人持有投票權之規模及分散性；
- 本集團、其他選票持有人或其他各方持有的潛在投票權；
- 其他合同安排產生之權利；及
- 於需要作出決定(包括之前股東大會上之投票模式)時表明本集團當前擁有或並無擁有直接指導相關活動之能力之任何額外事實及情況。

附屬公司之綜合於本集團獲得對附屬公司之控制權時開始，並於本集團失去對附屬公司之控制權時終止。具體而言，於年內收購或出售之附屬公司之收入及開支計入自本集團獲得控制權之日直至本集團不再控制附屬公司之日綜合損益及其他全面收益表。

損益及各項其他全面收益項目歸屬於本公司擁有人及非控股權益。附屬公司之全面收益總額歸屬於本公司擁有人及非控股權益，即使這將導致非控股權益出現虧絀結餘。

倘有需要，將對附屬公司之財務報表作出調整，以使其會計政策與本集團所用之會計政策一致。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation *(Continued)*

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. 重要會計政策(續)

綜合基準(續)

與本集團成員公司間之交易有關之所有集團內資產及負債、股權、收入、開支及現金流量於綜合時悉數對銷。

本集團於現有附屬公司的擁有權變動

倘本集團於現有附屬公司擁有權之變動並無導致本集團對附屬公司失去控制權，則作為股本交易入賬。本集團權益的相關組成部分(包括儲備及非控股權益)的賬面值會予以調整以反映彼等於附屬公司的有關權益變動。於重新歸類相關權益組成部分後而對非控股權益作出調整的金額與已付或已收代價之公允值的任何差額直接於權益中確認並歸屬於本公司之擁有人。

當本集團失去對附屬公司之控制，收益或虧損於損益確認且按照：(i)已收代價公允值及任何保留權益公允值總額與(ii)資產(包括商譽)的賬面值及本公司擁有人應佔附屬公司負債之間的差額計算。所有先前於其他全面收益確認之有關該附屬公司之款項，將按猶如本集團已直接出售該附屬公司之相關資產或負債入賬(即按適用香港財務報告準則之規定／許可條文重新分類至損益或轉撥至另一類權益)。於失去控制權當日於前附屬公司保留之任何投資之公允值將根據香港會計準則第39號，於其後入賬時被列作初步確認之公允值，或(如適用)於初步確認時於聯營公司或合營企業之投資成本。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

3. 重要會計政策(續)

於聯營公司及合營企業之投資

聯營公司為本集團對其有重大影響力之實體。重大影響力指參與被投資者之財務及營運政策決定之權力，但對該等政策並無控制或共同控制權。

合營企業指一項聯合安排，對安排擁有共同控制權之訂約方據此對聯合安排之資產淨值擁有權利。共同控制是指按照合約約定對某項安排所共有的控制，共同控制僅在當相關活動要求共同享有控制權之各方作出一致同意之決定時存在。

聯營公司及合營企業之業績及資產與負債以權益法計入綜合財務報表，除非有關投資或其中一部分分類為持作出售，於此情況下，有關投資或分類為持作出售的部分則按香港財務報告準則第5號持作銷售之非流動資產及已終止經營業務入賬。並未分類為持作出售的於聯營公司或合營企業投資之任何保留部分將使用權益法列賬。根據權益法，於聯營公司或合營企業之投資初步按成本於綜合財務狀況表確認，並於其後就確認本集團應佔該聯營公司或合營企業之損益及其他全面收益而作出調整。當本集團應佔聯營公司或合營企業之虧損超出本集團於該聯營公司或合營企業之權益時(包括實質上成為本集團於該聯營公司或合營企業投資淨額一部分之任何長期權益)，本集團終止確認其所佔進一步虧損。僅於本集團已產生法律或推定責任，或已代表該合營企業支付款項之情況下，方會進一步確認虧損。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

(Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 重要會計政策(續)

於聯營公司及合營企業之投資(續)

於被投資方成為一家聯營公司或合營企業當日，於聯營公司或合營企業的投資採用權益法入賬。於收購一間聯營公司或合營企業之投資時，投資成本超過本集團分佔該被投資方可識別資產及負債公允淨值之任何部分乃確認為商譽，並計入投資之賬面值。倘本集團所佔可識別資產及負債於重新評估後之公允淨值高於投資成本，則會即時於取得投資的期間在損益確認。

香港會計準則第39號之規定適用於釐定是否需要就本集團於聯營公司或合營企業之投資確認任何減值虧損。倘需要，投資之全部賬面值(包括商譽)透過比較其可收回金額(使用價值及公允值減銷售成本的較高者)與其賬面值，根據香港會計準則第36號*資產減值*，作為單一資產進行減值測試。已確認的任何減值虧損均構成投資賬面值之一部分。倘可收回投資金額其後增加，則該減值虧損撥回撥根據香港會計準則第36號予以確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

(Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. 重要會計政策(續)

於聯營公司及合營企業之投資(續)

當本集團不再對聯營公司擁有重大影響力或不再對合營企業擁有共同控制權，則將其列賬為出售被投資方全部權益，並於損益內確認所產生之收益或虧損。當本集團保留於前聯營公司或合營企業之權益，且保留權益為香港會計準則第39號範圍內的金融資產時，則本集團按當日之公允值計量保留權益，而公允值則被視為初步確認時之公允值。聯營公司或合營企業之賬面值與任何保留權益之公允值及出售聯營公司或合營企業相關權益所得任何所得款項之間的差額，乃計入出售聯營公司或合營企業之損益的釐定。此外，本集團按與該聯營公司或合營企業直接出售相關資產或負債相同之基準入賬有關該聯營公司或合營企業之前於其他全面收益確認的所有金額。因此，倘聯營公司或合營企業之前於其他全面收益確認的損益獲重新分類至出售相關資產或負債之損益，則本集團將於終止使用權益法時將權益損益重新分類至損益(作為重新分類調整)。

當於聯營公司之投資成為於合營企業之投資時或當於合營企業之投資成為於聯營公司之投資時，本集團繼續使用權益法。於發生該等所有權權益變動時，公允值不會重新計量。

倘本集團減少其於聯營公司或合營企業的擁有權權益但本集團繼續使用權益法，則本集團於出售有關資產或負債時會將該收益或虧損重新分類至損益的情況下，會將先前就該等擁有權權益減少而在其他全面收益確認的損益按比例重新分類至損益。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

(Continued)

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue and costs, if applicable, can be measured reliably on the following bases:

Income derived from the production and distribution of films, when the production is completed and the film is released, the film has been distributed to the cinema circuit and the amount can be measured reliably, which is generally when the cinema circuit confirms to the Group its share of box receipts.

Revenue from hotel operations and sales of travel related products are recognised when services are provided.

Income derived from the licensing of the distribution and broadcasting rights over films, when the Group's entitlement to such payments has been established which, subject to the terms of the relevant agreements, is usually upon delivery of the film negatives to the customers.

Artiste management fee income, food and beverage and ancillary services are recognised when the agreed services are rendered.

Entrance fee income is recognised when the tickets are accepted and surrendered by the customer.

Sale of goods is recognised when the significant risk and rewards of ownership of the goods have been transferred to the buyers.

Rental income under operating leases is recognised over the lease term. Contingent rentals are recognised on the accounting period when they are incurred.

3. 重要會計政策(續)

於聯營公司及合營企業之投資(續)

當集團實體與本集團聯營公司或合營企業交易(例如銷售或注入資產)時，與聯營公司或合營企業交易而產生之收益及虧損於本集團之綜合財務報表中確認，惟僅以與本集團無關之聯營公司或合營企業之權益為限。

收入確認

倘經濟利益將很可能流入本集團，且收入及成本(如適用)能可靠地計量，則按下列基準確認收入：

電影製作及發行產生的收入於完成製作及電影發行至電影院線且金額能可靠計量時(一般為電影院線向本集團確認分佔票房收益之時)確認。

酒店營運及銷售旅遊相關產品產生的收入於提供服務時確認。

特許電影發行及放映權所產生的收入於本集團享有該等款項的權利確立時(須視乎相關協議條款而定，一般為向客戶交付電影底片之時)確認。

藝人管理費收入、餐飲及附設服務於提供協定的服務時確認。

門券收入按顧客同意及交回門票時確認。

貨品銷售於貨品擁有權的主要風險及回報轉予買家時確認。

經營租賃的租金收入在租賃期內確認。或有租金在賺取的會計期間確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition (Continued)

Interest income is recognised on time-proportion basis using effective interest method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. 重要會計政策(續)

收入確認(續)

利息收入以實際利率法按時間比例基準確認。

租賃

凡租約之條款將擁有權之絕大部分風險及回報轉由承租人承擔者，即歸類為財務租約。所有其他租約均列為經營租約。

本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法於損益表內確認。除根據公允值模型計量的投資物業外，於磋商及安排經營租賃時產生之初步直接成本會加入租賃資產之賬面值，該等成本以直線法按租約年期確認為開支。

本集團作為承租人

經營租約費用(包括收購根據經營租約持有之土地成本)於租約期間按直線法確認為支出，惟另有系統基準更能代表使用租賃資產所產生經濟利益之時間模式則除外。經營租約下之或然租金在產生年度確認為開支。

倘訂立經營租約時收取租賃優惠，則有關優惠確認為負債。優惠總利益以直線法確認為租金開支減少，惟另有系統基準更能代表使用租賃資產所產生經濟利益之時間模式則除外。

自用租賃土地

當租賃同時包括土地及樓宇部份，本集團根據評估與各部份擁有權有關的所有風險及回報是否已絕大部份轉移至本集團，以將各部份單獨分類為融資租賃或經營租賃，除非清楚顯示兩個部份均屬經營租賃，在此情況下，整項租賃則分類為經營租賃，特別是最低租賃付款(包括任何一次性預付款)在租賃期開始時按於租賃土地部份及樓宇部份的租賃利益相對公允值的比例分配至土地及樓宇部份。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (Continued)

Leasehold land for own use (Continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “Land lease prepayments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

3. 重要會計政策(續)

租賃(續)

自用租賃土地(續)

租賃款項能夠可靠地分配時，入賬列作經營租賃之租賃土地之權益於綜合財務狀況表內呈列為「預付土地租賃」，按直線基準在租賃期間攤銷。倘未能可靠地於土地及樓宇部份之間分配租賃款項，則整項租賃一般會分類為融資租賃，併入賬列作物業、廠房及設備。

外幣

在編製各個別集團實體的財務報表時，以該實體之功能貨幣以外之貨幣(外幣)計價之交易按交易日期之現行匯率確認。在報告期末，以外幣計值之貨幣項目均按該日之現行匯率重新換算。按公允值計量以外幣計值之非貨幣項目，乃按於公允值釐定當日之現行匯率重新換算。按歷史成本計量以外幣計值之非貨幣項目毋須重新換算。

結付貨幣項目及重新換算貨幣項目而產生的匯兌差額均於產生期間在損益內確認，惟以下各項除外：

- 與作未來生產用途之在建資產有關之外幣借貸之匯兌差額，該等匯兌差額於被視為該等外幣借貸利息成本之調整時計入該等資產之成本；
- 為對沖若干外幣風險而訂立之交易之匯兌差額；及

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies (Continued)

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. 重要會計政策(續)

外幣(續)

- 應收或應付海外業務而結算並無計劃亦不可能發生(因此構成海外業務投資淨額之一部分)之貨幣項目之匯兌差額，該等匯兌差額初步於其他全面收益內確認，並於償還貨幣項目時自權益重新分類至損益。

就綜合財務報告呈報方式而言，本集團海外業務之資產及負債按各報告期末之現行匯率折算為本集團之呈報貨幣(即港元)。收入及開支項目則按期間之平均匯率折算，除非該期間內匯率出現大幅波動，在該情況下，則採用交易日期之現行匯率折算。所產生之匯兌差額(如有)於其他全面收入確認並累計於權益列入外匯儲備(歸類為非控股權益(如適用))。

借貸成本

與購入、建設或生產須待一段頗長時間後始能投入作擬定用途或出售之合資格資產直接產生之借貸成本，均計入該等資產的成本，直至有關資產大體上可作擬定用途或出售為止。

將就合資格資產之支出所作指定用途借款進行短期投資而賺取之投資收入，從合資格撥充資本之借貸成本中扣除。

所有其他借貸成本均於產生之期間於損益內確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Retirement benefit costs and employee benefits

Retirement benefit costs

Retirement benefits to employees are provided through defined contribution plans. The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries or the maximum mandatory contribution as required by the MPF Scheme and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Company's subsidiaries which operate in the PRC, except Hong Kong, are required to participate in the employee retirement scheme operated by the relevant local government bureau in the PRC and to make contributions for their eligible employees. The contributions payable by the subsidiary are calculated based on a certain percentage of the salaries and wages of those eligible employees and are recognised as an expense during the period to which they relate.

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

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 reporting date.

3. 重要會計政策(續)

退休福利成本及僱員福利

退休福利成本

給予僱員的退休福利透過定額供款計劃提供。本集團已根據強制性公積金計劃條例，為合資格參與界定供款強制性公積金退休福利計劃(「強積金計劃」)的僱員設立強積金計劃。有關供款乃根據強積金計劃按僱員基本薪金的若干百分比或強制性供款上限計算，並根據強積金計劃的規則在應付該等供款時在全面收益表中扣除。強積金計劃的資產乃由獨立管理基金持有，與本集團的資產分開持有。按照強積金計劃的規則，本集團的僱主供款乃於僱主向強積金計劃作出供款時全數撥歸僱員所有，惟本集團僱主的自願供款則於僱員在供款全數歸屬前離職時退還本集團。

於中國(不包括香港)經營的本公司附屬公司的僱員必須參與由中國相關地方政府設立的僱員退休計劃，由公司為合資格僱員供款。該附屬公司應付的供款按其合資格僱員薪金及工資的若干百分比計算，並於相關期間確認為開支。

短期僱員福利

短期僱員福利是指預計在僱員提供相關服務的年度報告期末後十二個月以前將全數結付的僱員福利(離職福利除外)。短期僱員福利於僱員提供相關服務的年度內確認。

僱員享有年假的福利於僱員應享時確認。本集團就僱員於截至報告日止提供服務而產生的年假的估計負債作出撥備。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Retirement benefit costs and employee benefits

(Continued)

Short-term employee benefits (Continued)

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 January 2005 are recognised in the consolidated financial statements. The Group operates equity settled share-based compensation plans for remuneration of its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share options reserve. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

3. 重要會計政策(續)

退休福利成本及僱員福利(續)

短期僱員福利(續)

非累計補假(如病假及產假)於支取時方予確認。

離職福利

離職福利於本集團不能取消提供該等福利時及於本集團確認涉及支付離職福利重組成本時(以較早者為準)確認。

以股份為基準的僱員報酬

所有於二零零二年十一月七日後授出且未於二零零五年一月一日歸屬的以股份為基準付款安排乃於綜合財務報表確認。本集團為其僱員及董事的酬金設有以權益結算以股份為基準的報酬計劃。

就授出任何以股份為基準的報酬而獲得的所有僱員服務均按其公允值計量，並以所授出購股權的價值間接釐定。有關價值乃於授出日期評估，並排除任何非市場歸屬條件的影響。

所有以股份支付的報酬於授出日期(所授購股權於當日即時歸屬)最終全數確認為開支，並相應計入購股權儲備。倘歸屬期或其他歸屬條件適用，則根據對預期歸屬購股權數目可得的最佳估計數字，於歸屬期內確認開支。非市場歸屬條件計入預期可行使的購股權數目的假設內。如其後有任何跡象顯示預期歸屬的購股權數目與之前估計的數目不同，則會修訂有關估計。倘最終獲行使的購股權數目較原來歸屬者為少，不會調整於過往期間確認的開支。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Share-based employee compensation (Continued)

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Issue of convertible bonds as share-based payment transaction

If the identifiable consideration received by the Company appears to be less than the fair value of the convertible bonds issued, the Company measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible bonds issued and that of the identifiable consideration received, and the difference is recognised in the profit or loss immediately unless qualified for capitalization.

The debt component (i.e. the bondholder's right to demand payment in cash) of the convertible bond will be accounted for as a cash-settled share-based payment transaction while the equity component (i.e. the bondholder's right to demand settlement in the Company's shares) of the convertible bond will be accounted for as an equity-settled share-based payment transaction. The entity first measures the fair value of the debt component, and then measure the fair value of the equity component by taking into account that the bondholder must forfeit the right to receive cash in order to receive the equity instrument. Subsequent to initial recognition, the debt component of the convertible bond is stated at fair value, with changes recorded in the income statement under gain/(loss), net. The equity component is not re-measured subsequent to initial recognition.

3. 重要會計政策(續)

以股份為基準的僱員報酬(續)

於購股權獲行使時，先前於購股權儲備內確認的數額將撥入股份溢價。當購股權於隨後被沒收或於到期日仍未行使，則先前於購股權儲備確認的數額將撥入累計虧損。

發行可換股債券作為以股份為基礎之付款交易

倘本公司所收取的可辨識代價少於已發行可換股債券之公允值，本公司按已發行可換股債券公允值與已收取已識別代價公允值之間的差額計算已收取(將收取)不可識別服務，並即時於損益內確認差額，除非有關金額可撥付資本。

可換股債券之債務部分(即債券持有人要求以現金付款之權利)，將作為現金結算以股份為基礎之付款交易入賬，而可換股債券之權益部分(即債券持有人要求以本公司股份償付之權利)，將作為以股本結算以股份為基礎之付款交易。實體首先計量債務部分之公允值，其後計量權益部分之公允值，其中已考慮債券持有人必須放棄收取現金之權利，方可收取權益工具。初始確認後，可換股債券之債務部分按公允值列賬，而變動則記入收益表之收益/(虧損)淨值項下。權益部分於初始確認後不作重新計量。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 重要會計政策(續)

稅項

所得稅支出為現時應付稅項與遞延稅項之總和。

現時應付稅項按本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表所報「除稅前虧損」不同，此乃由於其不包括在其他年度應課稅的收入或可抵扣稅的支出項目，亦不包括可作免稅或不可抵扣稅之項目。本集團現時稅項負債以報告期末已頒佈或實際頒佈之稅率計算。

遞延稅項為就綜合財務報表所列資產及負債之賬面值與計算應課稅溢利所用相應稅基兩者間之暫時差額予以確認。遞延稅項負債通常會就所有應課稅暫時差額予以確認。遞延稅項資產通常按可能出現可利用暫時差額抵扣稅之應課稅溢利時就所有可抵扣稅暫時差額予以確認。倘於一項交易中，因商譽或因業務合併以外原因開始確認其他資產及負債而引致之暫時差額既不影響應課稅溢利，亦不影響會計溢利，則不會確認該等資產及負債。

遞延稅項負債乃按與於附屬公司及聯營公司之投資及於合營企業之權益相關之應課稅暫時差額而確認，惟倘本集團可控制暫時差額的撥回及暫時差額有可能不會於可見將來撥回則除外。遞延稅項資產只會就因該等有關投資所產生之可扣稅暫時差額，在可能出現足夠應課稅溢利以利用暫時差額之利益，而在可見將來預期可被撥回時確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. 重要會計政策(續)

稅項(續)

遞延稅項資產之賬面值乃於報告期末進行檢討，並在不再可能有足夠應課稅溢利以收回全部或部分資產價值時作調減。

遞延稅項資產及負債乃按預期於償還負債或變現資產期間適用之稅率及根據於報告期末已訂定或實際訂定之稅率(及稅法)計量。

遞延稅項負債及資產之計量反映本集團於報告期末預期將要收回或償還其資產及負債之賬面值之稅務後果。

就按公允價值模式計量之投資物業之遞延稅項負債及遞延稅項資產之計量而言，該等物業之賬面值乃假定為可透過銷售悉數收回，除非此假定被推翻則作別論。倘投資物業為可予折舊，且持有之商業模式乃旨在隨時間而非透過銷售而消耗該投資物業內之絕大部分經濟利益，則此項假定即被推翻。

即期及遞延稅項於損益中確認，惟倘即期及遞延稅項與其他全面收入或直接在權益中確認之項目有關，則即期及遞延稅項亦分別於其他全面收益或直接於權益中確認。倘即期或遞延稅項於業務合併之初步會計處理時產生，則稅務影響乃計入業務合併之會計處理內。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress (“CIP”), hotel properties and film studio, are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold land	Over the lease term
Buildings	Over the shorter of the lease term or 3 $\frac{1}{3}$ %
Leasehold improvements	Over the shorter of the lease term or 20%
Furniture, fixtures and office equipment	20%
Motor vehicles and yacht	20%

The assets' estimated useful lives, depreciation method and estimated residual values are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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. All other costs, such as repairs and maintenance are charged as an expense during the financial period in which they are incurred.

3. 重要會計政策(續)

物業、廠房及設備

除在建工程(「在建工程」)、酒店物業及影視城外，物業、廠房及設備按收購成本減累計折舊及任何減值虧損列賬。資產的成本包括其購買價及將其運送至今日所在及達致現時狀況作擬定用途的任何直接所屬成本。

物業、廠房及設備乃根據其估計可使用年期，並於考慮到該等項目的估計剩餘價值後按以下年率以直線法計提折舊，以撇銷成本：

租賃土地	租期
樓宇	租期或3 $\frac{1}{3}$ % (取較短者)
租賃物業裝修	租期或20% (取較短者)
傢俬、裝置及辦公室設備	20%
汽車及遊艇	20%

資產的估計可使用年期，折舊方法估計餘值乃於各報告日檢討及調整(如適合)。

報廢或出售所產生的盈虧乃出售該項資產所得款項與其賬面值的差額，並於損益內確認。

其後成本僅於與項目有關的未來經濟利益將有可能流入本集團，而項目的成本能可靠地計量時，才計入資產的賬面值或確認為獨立資產(如適用)。維修及保養費等所有其他成本於產生的財政期間內作為開支扣除。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

CIP other than hotel constructions represents plant and building under construction and is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

CIP in relation to hotel constructions, Hotel properties and Film studio are stated at valuation less accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the properties revaluation reserve to retained earnings.

3. 重要會計政策(續)

物業、廠房及設備(續)

在建工程(酒店工程除外)指興建中的廠房及樓宇，並按成本減任何累計虧損列賬，毋須進行折舊。成本包括直接建築成本，以及在建造和安裝期間內資本化的借款費用。當資產投入擬定用途所需的準備工作大致完成時，該等成本即終止資本化，在建工程則轉至物業、廠房及設備的適當類別。當在建工程已經竣工並可隨時投入擬定用途，則將在建工程則轉至物業、廠房及設備的適當類別。

有關酒店工程、酒店物業及影視城的在建工程按估值減累計折舊列賬。重估須有足夠的規律性，以確保賬面值不會與採用報告期末的公允值所釐定者存在重大差異。

重估增值於其他全面收入內確認，並於物業重估儲備項下的權益累計。重估減值首先以相同物業之前的估值增值抵銷，其後於損益確認。其後任何增值乃於損益確認，惟以從前所扣減的數額為限，餘額計入物業重估儲備。

於出售後，就先前估值已變現的重估儲備中相關部分由樓宇重估儲備撥入保留盈利。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment properties) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year of the retirement or disposal.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. 重要會計政策(續)

投資物業

投資物業指為賺取租金收入及／或資本增值(而非作為生產或提供貨品或服務或行政管理用途)或為於日常業務過程中銷售而持有的土地及樓宇權益(包括就原應符合投資物業定義的物業根據經營租賃而持有的租賃權益)。該等物業最初按成本(包括任何直接應佔開支)計算。於首次確認後，投資物業按反映報告期末市況的公允值列賬。

因投資物業的公允值變動產生的收益或虧損於產生年度計入損益。

報廢或出售投資物業產生的任何收益或虧損於報廢或出售年度在損益確認。

無形資產

於業務合併中收購的無形資產

於業務合併過程中收購之無形資產會與商譽分開確認，初始按收購日期之公允值(被視為成本)確認。

於初始確認後，在業務合併中收購的使用年期有限的無形資產按成本減累計攤銷及任何累計減值虧損呈報，其基準與單獨收購的無形資產相同。相反地，在業務合併中收購的使用年期無限的無形資產按成本減任何其後累計減值虧損列賬(請參閱下文有關有形及無形資產減值虧損的會計政策)。

無形資產於出售或預期不會通過使用或出售而產生任何未來經濟利益時終止確認。終止確認無形資產產生的收益及虧損按出售所得款項淨額與該資產賬面值的差額計量，並於終止確認資產時在損益內確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment on tangible and intangible assets other than goodwill

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 重要會計政策(續)

有形及無形資產的減值

於報告期末，本集團檢討其使用年期有限的有形及無形資產賬面值，以釐定是否有任何跡象顯示該等資產已經遭受減值虧損。倘存在任何有關跡象，則估計資產的可收回金額，以釐定減值虧損(如有)的幅度。當不可能估計個別資產的可收回金額時，本集團會估計該資產所屬現金產生單位的可收回金額。當可識別合理及穩定的分配基準時，企業資產亦分配至個別現金產生單位，或分配至可識別合理及穩定的分配基準的最小組別的現金產生單位。

使用年期無限的無形資產及尚不可供使用的無形資產至少每年及於其存在或會減值的跡象時進行減值測試。

可收回金額為公允值減出售成本與使用價值兩者的較高者。於評估使用價值時，乃使用可反映現時市場對貨幣時間值的評估及該資產特有的風險(未來現金流量的估計並無就此作調整)的稅前貼現率，將估計未來現金流量貼現至其現值。

有形及無形資產(不包括商譽)的減值

倘某項資產(或現金產生單位)的可收回金額估計低於其賬面值，則該資產(或現金產生單位)的賬面值須減少至其可收回金額。減值虧損即時於損益內確認。

倘一項減值虧損於其後撥回，則將該資產(或現金產生單位)的賬面值增至經修訂的估計可收回金額，惟增加後的賬面值不得超過假設過往年度未曾就該項資產(或現金產生單位)確認減值虧損而釐定的賬面值。減值虧損的撥回即時於損益內確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Film products

Film products are completed films produced by the Group. Film products, are stated at cost less subsequent accumulated amortisation and accumulated impairment loss. Amortisation of film products is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are one to three years. An impairment loss is made when there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

Film production in progress

Film production in progress is stated at cost less any impairment losses. Costs include all direct costs associated with the production of films such as direct labour costs, cost of services, facilities and raw materials consumed in the creation of a film. Upon completion, these films under production are reclassified as film products. Film production in progress is accounted for on a film-by-film basis. An impairment loss is made when there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

Investments in films/dramas production

Investments in films/dramas production are stated initially cost and adjusted thereafter for the net income derived from the investments less any accumulated impairment losses. An impairment loss is made when there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are determined by the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. 重要會計政策(續)

電影產品

電影產品乃本集團完成製作的電影。電影產品按成本減其後累計攤銷及累計減值虧損列賬。電影產品攤銷以直線法按其估計可使用年期撇銷其成本值減其剩餘價值計算。主要可使用年期為一至三年。倘用於釐定可收回金額之估計有變動及賬面值超過可收回金額，則作出減值虧損。

在製電影產品

在製電影產品按成本減任何減值虧損列賬。成本包括與製作電影相關的所有直接成本，例如直接勞工成本、製作電影時所用的服務、設施及原材料的成本。於完成製作時，在製電影產品會重新分類為電影產品。在製電影產品以每套電影為基準入賬。倘用於釐定可收回金額之估計有變動及賬面值超過可收回金額，則作出減值虧損。

投資電影／戲劇製作

投資電影／戲劇製作初步按成本列賬及其後就投資所得收入淨額減任何累計減值虧損作調整。倘用於釐定可收回金額之估計有變動及賬面值超過可收回金額，則作出減值虧損。

存貨

存貨按成本與可變現淨值的較低者確認。成本(包括固定及浮動間接開支之適當部分)乃按加權平均法計算。可變現淨值指存貨估計售價減所有完成估計成本及銷售所需成本。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 重要會計政策(續)

撥備

倘本集團因過去事件引致現時的責任(法律或推定)，而本集團很可能須履行該項責任且能可靠地估計該項責任之金額時，則確認撥備。

確認為撥備之金額是於報告期末經計及有關責任之風險及不明朗因素後，對償付現有責任之所需代價之最佳估計。倘撥備使用償付現有責任之估計現金流量計量，則其賬面值為該等現金流量之現值(倘貨幣時間價值的影響屬重大)。

倘用以償還撥備之部分或全部經濟利益預期將由第三方收回，則當實質上確認將收到償款且應收金額能可靠計量時，應收款項方確認為資產。

金融工具

金融資產及金融負債乃於某集團實體成為工具合同條文的訂約方時確認。

金融資產及金融負債初步按公允值計量。收購或發行金融資產及金融負債(按公允值計入損益之金融資產及金融負債除外)直接應佔的交易成本乃於初步確認時，計入金融資產或金融負債的公允值內或自當中扣除(如適用)。收購按公允值計入損益之金融資產或金融負債直接應佔的交易成本即時於損益中確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity investments, available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

3. 重要會計政策(續)

金融工具(續)

金融資產

金融資產被分類為下列指定類別：按公允價值計入損益之金融資產（「按公允價值計入損益之金融資產」）、持有至到期之投資、可供出售（「可供出售」）金融投資及貸款及應收款項。分類視乎金融資產之性質及用途而定，並於首次確認時釐定。以常規方式購買或出售金融資產以交易日期基準確認及終止確認。以常規方式購買或出售是指要求在相關市場中之規則或慣例約定之時間內交付資產之金融資產買賣。

實際利率法

實際利率法乃計算債務工具的攤銷成本及按有關期間攤分利息收入的方法。實際利率乃將估計日後現金收入（包括已付或已收構成整體實際利率一部分的所有費用及點率、交易成本及其他溢價或折讓）按債務工具的預期年期或（倘合適）較短期間準確折現至初步確認時賬面淨值之利率。

就債務工具而言，收入按實際利率基準確認，惟按公允價值計入損益之金融資產（其利息收入計入收入或虧損淨額）除外。

按公允價值計入損益之金融資產

倘金融資產為持作買賣或指定按公允價值計入損益，該等金融資產分類為按公允價值計入損益之金融資產。

倘若出現下列情況，則金融資產分類為持作買賣：

- 購入之主要目的為於不久將來出售；或
- 於首次確認時，其為本集團聯管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 6.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

- a) those that the entity upon initial recognition designates as at fair value through profit or loss;

3. 重要會計政策(續)

金融工具(續)

金融資產(續)

按公允值計入損益之金融資產(續)

- 其為並非指定及實際作為對沖工具之衍生工具。

倘發生以下情況，於初步確認時可指定金融資產(惟持作買賣金融資產除外)按公允值計入損益：

- 該指定消除或大幅減低以其他方式計量或確認可能出現之不一致情況；或
- 金融資產組成金融資產或金融負債組別或兩者之一部分，其受到管理及其表現根據本集團已存檔之風險管理或投資策略以及有關組合按該基準所內部提供之資料，按公允值基準作出評估；或
- 組成含有一項或多項內含衍生工具之合約一部分，以及香港會計準則第39號金融工具：確認及計量准許全部合併合約(資產或負債)指定為按公允值計入損益。

按公允值計入損益之金融資產以公允值計量，重新計量所產生的任何損益於損益確認。在損益中確認的收益或虧損淨額包括金融資產賺取的任何股息或利息及計入綜合損益及其他全面收益表。公允值按附註6所述方式釐定。

持有至到期之投資

持有至到期之投資為擁有固定或可釐定付款及固定到期日，且本集團有明確意向及能力將該等投資持有至到期之非衍生金融資產，惟下列項目除外：

- a) 實體於初次確認時指定為按公允值計入損益之金融資產；

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments (Continued)

- b) those that the entity designates as available for sale; and
- c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated in equity. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in equity is reclassified to profit or loss (see the accounting policy in respect of impairment losses on financial assets below).

3. 重要會計政策(續)

金融工具(續)

金融資產(續)

持有至到期之投資(續)

- b) 實體指定為可供出售的金融資產；及
- c) 符合貸款和應收款項的金融資產。

於首次確認後，持有至到期之投資以實際適用利率法計算之攤銷成本減任何減值列賬(見下文金融資產減值虧損的會計政策)。

可供出售金融資產

可供出售金融資產乃指定為可供出售或非歸類為(a)貸款及應收款項，(b)持有至到期之投資或(c)按公允值計入損益的金融資產的非衍生工具。

本集團分類為可供出售金融資產並於活躍市場上買賣之權益股本及債務證券於各報告期末按其公允值計量。與使用實際利率法計算之利息收入有關之可供出售貨幣金融資產之賬面值變動於損益中確認。倘本集團確定收取可供出售股本工具股息之權利，則於損益確認有關股息。可供出售金融資產賬面值之其他變動於投資重估儲備一列下之其他全面收益確認及累計。倘投資出售或被釐定為已減值，則先前於投資重估儲備累計之累積收益或虧損重新分類至損益賬(見下文有關金融資產減值虧損之會計政策)。

可供出售金融資產賬面值之其他變動於其他綜合收入確認並於權益累計。於投資被出售或被釐定為減值時，過往於權益累計之累計收益或虧損會重新分類至損益(見下文有關金融資產減值虧損之會計政策)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets (Continued)

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, amount due from a joint venture and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. 重要會計政策(續)

金融工具(續)

金融資產(續)

可供出售金融資產(續)

可供出售權益投資之股息在本集團收取股息之權利獲確立時，於損益中確認。

在任何活躍市場並無市場報價及無法可靠的計量公允值之可供出售股本投資及與該等無報價股本投資掛鈎及必須透過交付該等投資進行結算之衍生工具，於各報告期末按成本減任何已識別減值虧損計算(見下文有關金融資產減值虧損之會計政策)。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款額、並無活躍市場報價的非衍生性金融資產。初步確認後，貸款及應收款項(包括應收貿易款項、按金及其他應收款項、應收一間合營企業款項及現金及銀行結餘)採用實際利率法按攤銷成本減任何減值(見下文有關金融資產減值虧損的會計政策)計量。

利息收入按所採納之實際利率確認，惟確認利息屬不重大之短期應收款項則除外。

金融資產的減值

金融資產(按公允值計入損益列賬之金融資產除外)乃於報告期末評估減值跡象。倘有客觀證據證明，金融資產估計未來現金流量於初步確認金融資產後發生之一件或多件事務而受到影響，則金融資產出現減值。

就可供出售股本投資而言，該投資之公允值大幅或長期低於其成本乃被視為減值之客觀證據。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

3. 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(續)

對於所有其他金融資產，減值之客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約，如未能繳付或延遲償還利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 因財務困難導致該金融資產之活躍市場消失。

應收款項組合出現減值的客觀證據包括本集團過往收款經驗、組合內超出平均信貸期(30天至90天)的延遲付款數量有所增加及國家或地區經濟狀況出現可能導致應收款項未能償還的明顯變動。

就按攤銷成本列賬之金融資產而言，已確認減值虧損金額為該資產之賬面值與估計未來現金流量以金融資產之原實際利率貼現之現值之間之差額。

就按成本列賬之金融資產而言，減值虧損之金額按該資產之賬面值與估計未來現金流量按類似金融資產現時市場回報率貼現之現值之間之差額計量。該減值虧損不會於其後之期間撥回(見下文會計政策)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under equity. In respect of AFS debt investments, impairment losses are subsequently reserved through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 重要會計政策(續)

金融工具(續)

金融資產(續)

金融資產的減值(續)

所有金融資產(不包括應收貿易款項)的減值虧損會直接於金融資產的賬面值中作出扣減，惟應收貿易款項的賬面值會透過撥備賬作出扣減。當應收貿易款項被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷的款項如其後收回，將計入損益。

當可供出售金融資產被視為減值時，先前於其他全面收益確認之累計收益或虧損於期間內重新分類至損益。

對於按攤銷成本計量的金融資產而言，倘減值虧損金額於隨後期間有所減少，而有關減少在客觀上與確認減值後發生的事件有關，則先前已確認的減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日的賬面值不得超過未確認減值時之已攤銷成本。

就可供出售股本投資而言，先前在損益中確認之減值虧損不會透過損益撥回。減值虧損出現後公允值之任何增加於其他全面收益中確認並於權益中累計。就可供出售債務投資而言，倘投資之公允值增加能與減值虧損獲確認後發生之事件存有客觀聯繫，則減值虧損其後透過損益撥回。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

3. 重要會計政策(續)

金融工具(續)

金融負債及股本工具

分類為債務或股本

集團實體之債務及股本工具根據合約安排內容及金融負債及股本工具釋義分類為金融負債或股本。

股本工具

股本工具乃證明實體資產經扣減其所有負債後剩餘權益之合約。本集團所發行股本工具按已收取所得款項減直接發行成本確認。

本公司購回本身之股本工具於權益直接確認及扣除。購買、出售、發行或註銷本公司本身之股本工具概不會於損益確認收益或虧損。

實際利率法

實際利率法指計算金融負債攤銷成本及於相關期間內分配利息開支之方法。實際利率指透過金融負債預期年期或(倘適用)較短期間將估計未來現金付款(包括構成實際利率一部分的所有已付或已收費用及積點、交易成本及其他溢價或折讓)準確貼現至初步確認之賬面淨值之利率。利息開支按實際利率基準確認，惟分類為按公允值計入損益之該等金融負債之利息開支計入收益或虧損淨額。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FTVPL or (iii) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 重要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

按公允值計入損益之金融負債

倘金融負債乃(i)持作買賣或(ii)指定為按公允值計入損益或(iii)可能由收購方就業務合併的一部分支付的或然代價(香港財務報告準則第3號適用的情況)，金融負債被分類為按公允值計入損益。

倘若出現下列情況，則金融負債分類為持作買賣：

- 購入之主要目的為於不久將來購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為並非指定及實際作為對沖工具之衍生工具。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes/excludes any interest paid on the financial liabilities and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 6.

Financial liabilities at fair value through profit or loss of the Group are convertible bonds classified as share-based payment transactions and are measured at fair value on initial recognition. At the end of each reporting period subsequent to initial recognition, financial liabilities at fair value through profit or loss are re-measured at fair value, with changes in fair value recognised directly in the period in which they arise.

3. 重要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

按公允值計入損益之金融負債(續)

倘發生以下情況，於初步確認時可指定金融負債(惟持作買賣金融負債除外)按公允值計入損益：

- 該指定消除或大幅減低以其他方式計量或確認可能出現之不一致情況；或
- 金融負債組成金融資產或金融負債組別或兩者之一部分，其受到管理及其表現根據本集團已存檔之風險管理或投資策略以及有關組合按該基準所內部提供之資料，按公允值基準作出評估；或
- 組成含有一項或多項內含衍生工具之合約一部分，以及香港會計準則第39號金融工具：確認及計量准許全部合併合約(資產或負債)指定為按公允值計入損益。

按公允值計入損益之金融資產以公允值計量，重新計量所產生的任何損益於損益確認。在損益中確認的收益或虧損淨額包括／不包括就金融負債已付的利息及計入「其他收益及虧損」項下。公允值按附註6所述方式釐定。

本集團之按公允值計入損益之金融負債為可換股債券，並分類為以股份為基準的付款交易，以及於初始確認時按公允值計量。於初始確認後之各個報告期末，按公允值計入損益之財務負債按公允值重新計量，而公允值之變動直接於產生之期間確認。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accruals, bank overdraft, loan from a related company, loans from shareholders, finance lease obligation and borrowings are subsequently measured at amortised cost, using the effective interest method.

Bonds and warrants

Bonds are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost.

Warrants that are contractually transferable independently of the bonds and entitle the holder to acquire a fixed number of the Company's own equity instruments for a fixed amount of cash are equity instruments. The proceeds (net of transaction costs) allocated to the warrants are recognised in the warrant reserve in equity.

Convertible bonds contain liability and equity components

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible bond issued by the Company that contain both financial liability (together with the early redemption option which is closely related to the host liability component) and conversion option components are classified separately into respective liability and equity components on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

3. 重要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

按攤銷成本列賬之金融負債

金融負債(包括貿易應收款項、其他應付款項及應計費用、銀行透支、關聯公司的貸款、股東的貸款、融資租賃責任及借款)其後使用實際利率法計量。

債券及認股權證

債券初步按公允值(經扣除所產生的交易成本)確認,其後則按攤銷成本計量。

合約上可予轉讓的認股權證、獨立於債券及賦予持有人權利以固定金額的現金購入固定數量的本公司股本工具為股本工具。獲分配至認股權證的所得款項(扣除交易成本)於認股權證儲備內確認為權益。

附有負債及權益部分的可換股債券

倘於轉換時將予發行的股份數目及將予收取的代價價值當時並無改變,則可供持有人選擇轉換為股本的可換股債券作為附有負債部分及權益部分的複合財務工具列賬。

本公司發行的可換股債券包括金融負債(連同與主體負債部分密切相關的提早贖回選擇權)及兌換權部分,乃於初步確認時根據合約安排性質及金融負債和股本工具的定義各自分類為各相關負債及權益部分。將以固定金額現金或另一項金融資產交換本公司固定數目的股本工具方式結清的兌換權乃分類為股本工具。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds contain liability and equity components (Continued)

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts (with early redemption option). The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component is allocated to the conversion option that meets the definition of an equity instrument, and is included in equity as convertible bonds equity reserve.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised or expired.

When the option is exercised, the convertible bonds equity reserve and the carrying value of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained earnings/accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

3. 重要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

附有負債及權益部分的可換股債券(續)

於初步確認時，負債部分的公允值乃使用類似非可轉換債務(具提早贖回選擇權)的現行市場利率釐定。發行可換股債券的所得款項總額與分配至負債部分的公允值兩者的差額分配至符合股本工具定義的兌換權及計入權益(作為可換股債券權益儲備)。

於往後期間，可換股債券的負債部分按使用實際利率法計算的攤銷成本列賬。權益部分(代表可將負債部分兌換為本公司普通股的選擇權)將保留於可換股債券權益儲備，直至內含兌換權獲行使或屆滿為止。

倘選擇權獲行使，可換股債券權益儲備及負債部分的賬面值於轉換時撥入股本及股份溢價，作為已發行股份的代價。倘選擇權於到期日尚未獲行使，可換股債券權益儲備的結餘將撥往保留盈利／累計虧損。選擇權獲轉換或到期時將不會於損益中確認任何盈虧。

與發行可換股債券有關之交易成本按所得款項總額分配比例分配至負債及權益部分。與權益部分有關之交易成本直接於權益扣除。與負債部分有關之交易成本計入負債部分之賬面值，並於可換股債券期限內按實際利率法攤銷。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities (including trade payables, other payables and accruals, bank overdraft, loan from a related company, loans from shareholders, finance lease obligation and borrowings) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. 重要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

其他金融負債

其他金融負債(包括應付貿易款項、其他應付款項及應計費用、銀行透支、一間關聯公司的貸款、股東的貸款、財務租賃承擔及借貸)其後以實際利率法按攤銷成本計量。

實際利率法

實際利率法乃計算金融負債的攤銷成本及按有關期間攤分利息開支的方法。實際利率乃將估計日後現金付款(包括已付或已收構成整體實際利率一部分的所有費用及點率、交易成本及其他溢價或折讓)按金融負債的預期年期或(倘合適)較短期間準確折現至初步確認時賬面淨值之利率。

利息開支乃按實際利率法而非按公允值計入損益之金融負債確認。

終止確認

僅當從資產收取現金流量之合約權利已屆滿，或倘本集團轉讓金融資產及金融資產擁有權之絕大部分風險及回報至另一實體，則終止確認金融資產。倘本集團並無轉讓或保留擁有權之絕大部分風險及回報，並繼續控制該已轉讓資產，則本集團繼續確認資產，惟以其繼續涉及之程度為限，並確認相關負債。倘本集團保留所轉讓金融資產擁有權之絕大部分風險及回報，則本集團繼續確認該項金融資產，亦確認已收取所得款項之有抵押借貸。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Derecognition (Continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Related parties

A party is considered to be related to the Group if:

- (i) the party is a person or a close member of that person's family and that person,
 - (a) has controls or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (ii) the party is an entity where any of the following conditions applies:
 - (a) the entity and the Group are members of the same group;
 - (b) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (c) the entity and the Group are joint ventures of the same third party;

3. 重要會計政策(續)

金融工具(續)

終止確認(續)

當金融資產全面取消確認時，資產的賬面值與已收及應收代價款項之間的差額，以及已於其他全面收益中確認並於權益中累計之累計收益或虧損，於損益中確認。

本集團僅於其責任已被解除、取消或屆滿時方會終止確認金融負債。終止確認的金融負債的賬面值與已付及應付代價之間的差額於損益中確認。

關聯方

倘一方屬下列情況，則視為與本集團有關聯：

- (i) 該方為一名人士家族之成員或近親，而該名人士
 - (a) 控制或共同控制本集團；
 - (b) 對本集團有重大影響；或
 - (c) 為本集團或本公司母公司之主要管理層成員；

或

- (ii) 該方為符合下列任何條件的實體：
 - (a) 該實體與本集團屬同一集團之成員公司；
 - (b) 一間實體為另一實體的聯營公司或合營企業(或另一實體之母公司、附屬公司或同系附屬公司的聯營公司或合營企業)；
 - (c) 實體與本集團均為同一第三方之合營企業；

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties (Continued)

- (ii) the party is an entity where any of the following conditions applies: (Continued)
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (f) the entity is controlled or jointly controlled by a person identified in (i);
 - (g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (h) the entity, or any number of a group of which it is a part, provides key management personnel services to the Group or to the presents of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influence by, that person in their dealing with the entity.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, which are repayable on demand and form an integral part of the Group's cash management and bank overdrafts.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use. Bank overdrafts are shown in current liabilities.

3. 重要會計政策(續)

關聯方(續)

- (ii) 該方為符合下列任何條件的實體:(續)
 - (d) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司；
 - (e) 實體為本集團或與本集團有關聯之實體就僱員利益設立之離職福利計劃；
 - (f) 實體受(i)所識別人士控制或受共同控制；
 - (g) 於(i)(a)所識別人士對實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員；及
 - (h) 向本集團或本集團母公司提供主要管理層成員服務的實體或其所屬集團的任何成員公司。

某人家族近親成員指預期在處理該實體時或會影響該人士或受到該人士影響的家族成員。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括手頭現金及活期存款、購入後一般在三個月內可予兌現及可隨時轉換為已知數額現金且價值變動風險較小之短期高度流動性投資(須應要求償還並構成本集團現金管理及銀行透支之組成部分)。

就綜合財務狀況表而言，現金及現金等值項目包括並無限制用途之手頭及銀行現金(包括定期存款)以及性質與現金相似之資產。銀行透支於流動負債呈列。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

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

Allowance for and write-off of irrecoverable receivables

The Group's management determines the allowance for irrecoverable receivables on a regular basis. A considerable amount of judgement is required in assessing the ultimate realisation of the outstanding receivables. These estimates are based on the credit history of its customers and current market conditions. When the Group's management determines that there are indicators of significant financial difficulties of the debtors such as default or delinquency in payments, allowance for debtors are estimated. The management of the Group reassesses the estimations at the reporting date. When the Group's management determines the debtors are uncollectible, they are written off against the allowance account for debtors. Any amount held in the allowance account in respect of those debtors is reversed.

4. 主要會計判斷及不確定性估計之主要來源

在應用附註3所述之本集團會計政策過程中，本公司董事須對未能從其他途徑即時知悉之資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設乃根據過往經驗及被認為相關之其他因素作出。實際結果或會與該等估計有所不同。

管理層會對該等估計及相關假設持續進行檢討。對會計估計進行修訂時，若修訂會計估計只影響到某一期間，則修訂會計估計會在該段期間確認；若修訂影響到現行修訂期間以及未來期間，則在現行修訂期間以及未來期間確認。

估計不確定性之主要來源

下文為於報告期間末有重大可能使下個財政年度資產及負債賬面值須作重大調整而與未來有關的主要假設及估計不確定因性之其他主要來源。

不能收回的應收款項的撥備及撇銷

本集團的管理層會定期釐定不能收回的應收款項的撥備。於評估未收回的應收款項最終能否變現時須作出大量判斷。此等估計乃以客戶信貸紀錄及現時市況為基礎。倘本集團管理層認定有跡象顯示債務人遇到重大財務困難，如逾期或拖欠還款，則會估計應收賬款的撥備。本集團的管理層於報告日重新評估有關估計。倘本集團管理層認定應收賬款不能收回，則會撇銷應收賬款的撥備賬。有關該等應收賬款的撥備賬內持有的任何金額會予以撥回。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful lives of the property, plant and equipment. If the expectation differs from the original estimate, such difference will impact the depreciation and the amortisation charge in the period in which such estimate is changed.

Amortisation and impairment on film products and film production in progress

The Group determines the estimated useful lives, residual values and related amortisation charges for the Group's film products. This estimate is based on the historical experience of the actual useful lives and residual values of film products. The Group will revise the amortisation charge where useful lives and residual values are different to those previously estimated. The Group tests annually whether the film products have suffered any impairment. The recoverable amount of the film products has been determined on the basis of fair value using discounted cash flow method.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

4. 主要會計判斷及不確定性估計之主要來源(續)

估計不確定性之主要來源(續)

物業、廠房及設備折舊

物業、廠房及設備折舊乃經考慮其估計殘值後，使用直線法按其估計可使用年期計算。本集團每年評估物業、廠房及設備之殘值及可使用年期。倘預期與原先估計有差異，有關差異將影響估計變動期間的折舊及攤銷。

電影產品及在製電影攤銷及減值

本集團釐定其電影產品之估計使用年期、餘值及相關攤銷開支。該估計乃基於電影產品實體使用年期及餘值之過往經驗。倘使用年期及餘值有別於先前估值，本集團將修訂攤銷開支。本集團每年測試電影產品是否蒙受任何減值。電影產品之可收回金額已使用貼現現金流法按公允值基準釐定。

投資物業與業主自用物業的區分

本集團釐定一項物業是否符合資格為投資物業，並對如何判斷訂出一套準則。投資物業為持作賺取租金或資本增值或兼具以上兩種用途的物業。因此，本集團會考慮該物業所產生的現金流量是否基本不受本集團持有的其他資產所影響。某些物業其中的一部分是用于賺取租金或作為資本增值用途而持有的，而另一部分則持有作生產或供應貨品或服務或作為行政用途。如該等部分可獨立出售或按財務租賃獨立出租，本集團會對該等部分獨立記賬。如該等部分不可以獨立出售，該物業只會在其用作生產或供應貨品或服務或作行政用途而持有的部分並不重大時，方算為投資物業。在作出判斷時會獨立考慮每項物業，以決定配套服務是否重大，以致某項物業不符合作為投資物業。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimation of fair value of long-term other receivable

The long-term other receivable represent consideration receivable regarding the construction management agreement with a local government company in the PRC (note 27). The Group estimates the fair value of consideration receivable by determining the fair value of the property transferred based on a qualified professional valuer appraised. The Group also projects the future cash receipt of the consideration receivable based on reliable estimates of future cash flows derived from the repayment terms in accordance with the construction management agreement. The difference between the fair value and actual receipt of the consideration implies a discount rate to reflect the Group's assessment of the uncertainty in the amount and timing of the cash flows. These estimates and projections are determined by the Group's management based on their experience and assessment on current and future market condition.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of net debt (which includes trade payables, other payables and accruals, bank overdrafts, loan from a related company, loans from shareholders, borrowings, finance lease obligation, bonds, convertible bonds and promissory note net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group is not subject to any externally imposed capital requirements.

4. 主要會計判斷及不確定性估計之主要來源(續)

估計不確定性之主要來源(續)

長期其他應收款項公允值的估計

長期其他應收款項指與中國地方政府公司(附註27)的工程管理協議所產生之應收款項。本集團根據合資格專業估值師的評估方法估算轉讓物業的公允值以估算應收代價的公允值。同樣，本集團根據可靠的未來現金流量估算，按照工程管理協議的還款期，以預計應收代價之未來現金收入。應收代價的公允值和實際代價收入之間的差異意味著一個貼現率，以反映本集團對現金流量金額和時間的不確定性之評估。這些估算和預測是由本集團管理層根據他們的經驗和對當前和未來的市場狀況之評估所作出。

5. 資本風險管理

本集團管理其資本以確保本集團旗下實體能夠持續經營，同時透過優化債務及權益平衡以盡可能提高股東回報。本集團的整體策略與二零一五年保持不變。

本集團的資本結構由淨債務(包括應付貿易款項、其他應付款項及應計費用、銀行透支、一間關聯公司的貸款、股東的貸款、借貸、財務租賃承擔、債券、可換股債券及承兌票據，淨現金及現金等值項目)及本公司擁有人應佔權益(包括已發行股本及儲備)組成。

本集團並無受外部施加任何資本規定。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. CAPITAL RISK MANAGEMENT (Continued)

Gearing ratio

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buybacks as well as the issue of new debt.

The gearing ratio at the end of the reporting period was as follows:

5. 資本風險管理(續)

資本負債比率

董事定期審閱資本結構。作為審閱的一部分，董事會考慮資本成本及與各類資本相關的風險。根據董事的建議，本集團會通過支付股息、新股份發行及股份回購以及發行新債務平衡其整體資本結構。

於報告期末的資本負債比率如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Total debts	總債務	1,373,060	1,042,568
Total assets	總資產	2,377,447	2,448,510
Gearing ratio	資本負債比率	58%	43%

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

6. 金融工具

(a) Categories of financial instruments

(a) 金融工具分類

	Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Financial assets			
Loans and receivables			
Non-current assets			
Other receivable and deposits	27	93,551	99,742
Current assets			
Trade receivables	25	6,693	3,440
Deposits and other receivables	27	32,480	11,846
Amount due from a joint venture	21	2,414	2,414
Cash and bank balances	28	4,283	12,705
		139,421	130,147
Financial liabilities			
Fair value through profit or loss			
Convertible bonds	36	110,813	226,068
Amortised cost			
Non-current liabilities			
Other payables	30	24,236	26,909
Loans from shareholders	32	451,471	32,500
Borrowings	33	48,048	83,219
Bonds	35	445,688	271,897
Promissory note	37	81,655	79,576
Finance lease obligation	34	20,370	15,712
Current liabilities			
Trade payables	29	1,846	1,179
Other payables and accruals	30	153,501	125,217
Bank overdrafts	28	8,501	8,345
Loan from a related company	31	—	12,400
Loans from shareholders	32	10,873	107,000
Borrowings	33	131,490	185,942
Bonds	35	61,115	2,073
Convertible bonds	36	—	151,382
Finance lease obligation	34	3,036	5,954
		1,552,643	1,335,373

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies

The Group is exposed to a variety of financial risks which result from its operating, investing and financing activities. The Group's major financial instruments include trade receivables, deposits and other receivables, amount due from a joint venture, cash and bank balances, trade payables, other payables and accruals, bank overdrafts, loan from a related company, loans from shareholders, borrowings, finance lease obligation, bonds, convertible bonds and promissory note. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risks

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain trade receivables and payables of the Group are denominated in either RMB or United States Dollars ("US\$"). The Group currently does not have a foreign currency hedging policy as the directors of the Company considered that the volatility of the exchange rates between HK\$, RMB and US\$ is limited. However, the directors of the Company monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

6. 金融工具(續)

(b) 財務風險管理目標與政策

本集團因經營、投資及融資活動而承受多種財務風險。本集團的主要金融工具包括應收貿易款項、按金及其他應收款項、應收合營企業款項、現金及銀行結餘、應付貿易款項、其他應付款項及應計費用、銀行透支、一間關聯公司的貸款、股東的貸款、借貸、財務租賃承擔、債券、可換股債券及承兌票據。該等金融工具詳情於各附註披露。下文載列與該等金融工具有關的風險及本集團所用降低該等風險的政策。本公司董事管理及監控該等風險，以確保及時且有效地採取適當措施。

本集團面臨的金融工具風險類型或管理及衡量有關風險的方式並無變動。

市場風險

外國貨幣風險

貨幣風險指金融工具的公允值或未來現金流量因匯率變動而出現波動的風險。本集團若干附屬公司擁有以外幣計值的銷售及採購，故使本集團須承擔外幣風險。本集團若干應收貿易款項及應付貿易款項乃以人民幣或美元(「美元」)計值。由於本公司董事認為港元、人民幣與美元之間的匯率波幅有限，故本集團現時並無外幣對沖政策。然而，本公司董事會監察外匯風險，並會於有需要時考慮對沖重大外幣風險。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of repayment of the loan from a related company, loans from shareholders, borrowings, bonds, convertible bonds and promissory note which are subject to fixed interest rates are disclosed in notes 31, 32, 33, 35, 36 and 37 respectively. The Group currently does not have any interest rate hedging policy, however, the directors monitor interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting periods were outstanding for the whole of each of the reporting periods. A 50 basis points increase or decrease in the market rates is used when reporting interest rate risk internally to key management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would increase/decrease by approximately HK\$55,993,000 (2015: approximately HK\$48,098,000). This is mainly attributable to the Group's exposure to interest rates on loans from shareholders, borrowings, bonds, convertible bonds and promissory note.

6. 金融工具(續)

(b) 財務風險管理目標與政策(續)

市場風險(續)

利率風險

利率風險涉及金融工具的公允值或現金流量因市場利率變動而出現波動的風險。一間關聯公司的貸款、股東的貸款、借貸、債券、可換股債券及承兌票據(均按固定利率計息)的償還利率和年期分別披露於附註31、32、33、35、36及37。本集團現時並無任何利率對沖政策，然而，董事監察利率變動風險，並會於有需要時考慮對沖重大利率變動風險。

敏感度分析

下文之敏感度分析乃根據各報告期間之非衍生工具利率風險釐定。編製分析時，假設於報告期末未了結之金融工具於各個報告期間整段時間未了解。向主要管理層人員內部利率風險以評估利率的合理變化時，已採用50個基點的增幅或減幅。

倘利率增加／減少50個基點而其他變數維持不變，本集團截至二零一六年十二月三十一日止年度之稅後溢利將增加／減少約55,993,000港元(二零一五年：約48,098,000港元)，主要由於本集團因股東貸款、借款、債券、可換股債券及承兌票據而面對之利率風險。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies (Continued)

Other price risk

As the Group has no significant investments in financial instruments at fair values, the Group is not exposed to significant price risk.

Credit risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. To minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

Majority of the Group's bank balances are deposited with banks in Hong Kong and the PRC and the Group has limited the exposure to any single financial institution. The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

Credit risk is concentrated as 9% (2015: 10%) of the total trade receivables are due from the Group's largest customer within film studio operation segment (2015: hotel operation segment). However, the management of the Group closely monitors the progress of collecting the payments from the customers and reviews the overdue balances regularly. In this regard, the directors consider that the Group's credit risk is significantly reduced.

6. 金融工具(續)

(b) 財務風險管理目標與政策(續)

其他價格風險

由於本集團並無有關按公允值列賬的金融工具的重大投資，故本集團並無面臨重大價格風險。

信貸風險管理

信貸風險指金融工具對手方未能根據金融工具條款履行彼等的責任，令本集團蒙受財務虧損的風險。為最大限度地降低信貸風險，本集團管理層已指派一組人員負責釐訂信貸限額、審批信貸及其他監控程序，以確保採取跟進措施收回逾期債項。此外，本集團會於各報告日檢討每項個別貿易款項的可收回金額，以確保就不可收回金額所作出的減值虧損已足夠。

本集團的銀行結餘大部分存放於香港及中國的銀行，且本集團已限制倚賴任何單一財務機構的風險。因對手方均為信貸評級良好的銀行，故流動資金的信貸風險極微。

由於應收貿易款項總額有9% (二零一五年：10%) 來自本集團影視城經營分部 (二零一五年：酒店經營分部) 的最大客戶，故信貸風險頗為集中。然而，本集團管理層密切監察收回客戶款項的進度，且定期檢討逾期結餘。就此而言，董事認為本集團的信貸風險已大幅降低。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies *(Continued)*

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk management

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. In the management of liquidity risk, the directors monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and to meet its debt obligations as they fall due. The Group finances its working capital requirements mainly by the funds obtained from the issuance of equity instruments.

At the reporting date, the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted payments and the earliest date in which the entity can be required to pay were set out below.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

持作抵押的抵押物及其他信貸增強措施

本集團並無持有任何抵押物或其他信貸增強措施以保障與其金融資產相關的信貸風險。

流動資金風險管理

流動資金風險涉及本集團無力履行與其金融負債有關的責任的風險。管理流動資金風險時，董事監察及維持現金及現金等值項目於足以為本集團營運提供資金及於債務到期時履行有關責任的水平。本集團主要以發行股本工具所獲資金撥資應付其營運資金需要。

於報告日，本集團及本公司金融負債按合約未貼現付款及實體最早可被要求付款的日期劃分的到期情況載列於下文。

流動資金表

下表詳列本集團非衍生金融負債的剩餘合約年期。該等表格乃按未貼現現金流量及本集團最早可被要求付款的日期而編製。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity tables (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from market interest rates prevailing at the end of reporting period.

6. 金融工具(續)

(b) 財務風險管理目標與政策(續)

流動資金風險管理(續)

流動資金表(續)

下表包括利息及本金現金流量。就浮動息率而言，未貼現金額乃使用報告期末通用的市場利率計算得出。

		Weighted average interest rate	On demand or within 1 year	More than 1 year but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
		加權平均利率	按要求或一年內	多於一年但少於五年	多於五年	未貼現現金流量總額	賬面值
		%	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
At 31 December 2016	於二零一六年十二月三十一日						
Non-derivative financial liabilities	非衍生金融負債						
Trade and other payables and accruals	應付貿易款項及其他應付款項以及應計費用	—	155,347	23,366	870	179,583	179,583
Bank overdrafts	銀行透支	4.50	8,533	—	—	8,533	8,501
Loans from shareholders	股東的貸款	9.74	53,689	508,213	—	561,902	462,344
Borrowings	借貸	8.22	137,555	49,437	—	186,992	179,538
Bonds	債券	13.70	135,017	454,762	126,276	716,055	506,803
Promissory note	承兌票據	9.00	7,200	83,707	—	90,907	81,655
Finance lease obligation	財務租賃承擔	11.40	4,802	7,495	60,960	73,257	23,406
			<u>502,143</u>	<u>1,126,980</u>	<u>188,106</u>	<u>1,817,229</u>	<u>1,441,830</u>
Derivatives	衍生工具						
Convertible bonds	可換股債券	11.48	10,866	117,430	—	128,296	110,813

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity tables (Continued)

		Weighted average interest rate	On demand or within 1 year	More than 1 year but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
		加權平均 利率	按 要求或 一年內	多於一年但 少於五年	多於五年	未貼現現金流 量總額	賬面值
		%	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
At 31 December 2015	於二零一五年 十二月三十一日						
Non-derivative financial liabilities	非衍生金融工具						
Trade and other payables and accruals	應付貿易款項及其他 應付款項以及應計 費用	—	153,088	—	—	153,088	153,088
Bank overdrafts	銀行透支	4.50	8,379	—	—	8,379	8,345
Loan from a related company	一間關聯公司的貸款	11.00	12,855	—	—	12,855	12,400
Loans from shareholders	股東的貸款	10.14	117,190	36,455	—	153,645	139,500
Borrowings	借貸	10.11	205,378	90,997	—	296,375	269,161
Bonds	債券	13.76	26,616	306,509	61,065	394,190	273,970
Convertible bonds	可換股債券	16.47	189,806	—	—	189,806	151,382
Promissory note	承兌票據	12.41	9,120	91,735	—	100,855	79,576
Finance lease obligation	財務租賃承擔	11.34	7,845	8,074	57,282	73,201	21,666
			<u>730,277</u>	<u>533,770</u>	<u>118,347</u>	<u>1,382,394</u>	<u>1,109,088</u>
Derivatives	衍生工具						
Convertible bonds	可換股債券	11.48	32,623	267,872	—	300,495	226,068

(c) Fair value measurements

Fair value measurements recognised in the consolidated statement of financial position

At the end of the reporting period, the Group did not have any assets and liabilities that were measured at the above fair value measurements hierarchy.

During the years ended 31 December 2016 and 2015, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

流動資金風險管理 (續)

流動資金表 (續)

(c) 公允值計量

於綜合財務狀況表內確認之公允值計量

於報告期末，本集團並無任何資產及負債按上述公允值計量等級計量。

截至二零一六年及二零一五年十二月三十一日止年度，第一級與第二級之間並無公允值計量之轉撥，亦無轉撥往或轉撥出第三級。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. REVENUE, OTHER INCOME, OTHER (LOSSES) AND GAINS

Revenue, other income and other (losses) and gains derived from the Group's principal activities recognised during the year is as follows:

7. 收入、其他收入、其他(虧損)及收益

年內確認來自本集團主要業務的收入、其他收入、其他(虧損)及收益如下:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	收入		
Artiste management fee income	藝人管理費收入	1,321	1,305
Hotel room income	酒店房間收入	11,711	10,733
Food and beverage income	餐飲收入	19,793	8,784
Entrance fee income	門券收入	10,143	11,940
Event income	活動收入	—	2,276
Films production and licensing income	電影製作及特許收入	1,215	352
Rental income	租金收入	10,636	2,916
Sales of travel related products	銷售旅遊相關產品	339	—
Sales of goods	貨品銷售	942	871
Ancillary services	附設服務	1,727	861
		57,827	40,038
Other income	其他收入		
Bank interest income	銀行利息收入	6	6
Waiver of interest of convertible bond	豁免可換股債券利息	12,513	—
Others	其他	995	3,036
		13,514	3,042
Other (losses) and gains	其他(虧損)及收益		
Net gains on disposal of property, plant and equipment	出售物業、廠房及設備的淨收益	—	127
Net losses on early settlement of convertible bonds	提早結付可換股債券的淨虧損	(193)	—
		(193)	127

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and performance assessment, the Group is currently organised into three operating segments. No operating segments have been aggregated to form the following reportable segments.

Films production and distribution, sales of travel related products, artiste management and event coordination	—	Production and distribution of films, provision of travel related products, provision of management services to artistes and event coordination
Film studio operation	—	Operation of film studio
Hotel operation	—	Operation of hotel

Segment information about the Group's reportable segments is presented below.

8. 分部資料

本集團按業務類別管理其業務。按就資源分配及表現評估目的向本集團最高層行政管理人員(即主要經營決策者(「主要經營決策者」))進行內部資料報告的一致方式,本集團現分成三個經營分部。本集團並無將經營分部合併,以組成下列可呈報分部。

電影製作及發行、銷售旅行相關產品、藝人管理及活動統籌	—	製作及發行電影、提供旅行相關產品、向藝人提供管理服務及活動統籌
影視城經營	—	經營影視城
酒店經營	—	經營酒店

有關本集團可呈報分部的分部資料呈列如下。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

8. 分部資料 (續)

分部收入及業績

以下為按可呈報分部劃分的本集團收入／營業額及業績分析：

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅行相關產品、藝人管理及活動統籌	Film studio operation 影視城經營	Hotel operation 酒店經營	Inter-segment elimination 分部間抵銷	Total 總金額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度					
Revenue from external customers	來自外界客戶的收入	2,955	20,947	33,925	—	57,827
Inter-segment revenue	分部間收入	273	—	644	(917)	—
Reportable segment revenue	可呈報分部收入	<u>3,228</u>	<u>20,947</u>	<u>34,569</u>	<u>(917)</u>	<u>57,827</u>
Reportable segment loss	可呈報分部虧損	<u>(23,900)</u>	<u>(68,152)</u>	<u>(44,358)</u>	<u>—</u>	<u>(136,410)</u>
Other income	其他收入					1,001
Waiver of interest of convertible bond	豁免可換股債券利息					12,513
Net losses on early settlement of convertible bonds	提早結付可換股債券之虧損淨額					(193)
Gain on fair value changes of investment properties	投資物業公允值變動收益					1,500
Loss on fair value changes of convertible bonds	可換股債券公允值變動虧損					(22,200)
Unallocated corporation expenses	未分配公司開支					(63,947)
Finance costs	融資成本					(119,356)
Loss before income tax	除所得稅前虧損					<u>(327,092)</u>

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. SEGMENT INFORMATION

(Continued)

Segment revenues and results (Continued)

		Film production and distribution, artiste management and event coordination 電影製作及發行、藝人管理及活動統籌	Film studio operation 影視城經營	Hotel operation 酒店經營	Inter-segment elimination 分部間抵銷	Total 總金額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Year ended 31 December 2015	截至二零一五年十二月三十一日止年度					
Revenue from external customers	來自外界客戶的收入	4,099	15,684	20,255	—	40,038
Inter-segment revenue	分部間收入	—	—	882	(882)	—
Reportable segment revenue	可呈報分部收入	4,099	15,684	21,137	(882)	40,038
Reportable segment loss	可呈報分部虧損	(15,387)	(80,183)	(41,852)	—	(137,422)
Other income	其他收入					3,042
Fair value changes of convertible bonds	可換股債券公允值變動虧損					(19,945)
Loss on fair value changes of investment properties	投資物業公允值變動的虧損					(900)
Net gains on disposal of property, plant and equipment	出售物業、廠房及設備之收益淨額					127
Unallocated corporate expenses	未分配公司開支					(28,827)
Finance costs	融資成本					(80,909)
Loss before income tax	除所得稅前虧損					(264,834)

Revenue reported above represents revenue generated from external customers and inter-segment sales during both years.

Segment loss represents the loss incurred by each segment without allocation of central administration costs including directors' salaries, waiver of interest of convertible bond, net losses on early settlement of convertible bonds, loss on fair value changes of convertible bonds, gain/(loss) on fair value changes of investment properties, net gains on disposal of property, plant and equipment, other income, finance costs, income tax expense and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

8. 分部資料 (續)

分部收入及業績 (續)

上表呈報的收入指兩個年度內來自外界客戶的收入及分部間的銷售。

分部虧損指各分部產生的虧損，當中並無分配中央行政成本(包括董事薪金、豁免可換股債券利息、提早結付可換股債券之虧損淨額、可換股債券公允值變動虧損、投資物業公允值變動收益/(虧損)、出售物業、廠房及設備之收益、其他收入、財務成本、所得稅開支及未分配公司開支)。此乃為分配資源及評估分部表現而向主要經營決策者報告的計量方法。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. SEGMENT INFORMATION

(Continued)

Segment assets and liabilities

8. 分部資料 (續)

分部資產及負債

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅行相關產品、藝人管理及活動統籌	Film studio operation 影視城經營	Hotel operation 酒店經營	Total 總金額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 31 December 2016	於二零一六年十二月三十一日				
Reportable segment assets	可呈報分部資產	33,599	1,433,305	871,348	2,338,252
Property plant and equipment	物業、廠房及設備				1,233
Cash and cash equivalents	現金及現金等值項目				2,181
Investment properties	投資物業				33,700
Intangible asset	無形資產				1,079
Unallocated corporation assets	未分配公司資產				1,002
Consolidated assets	綜合資產				2,377,447
Reportable segment liabilities	可呈報分部負債	(8,529)	(114,652)	(77,058)	(200,239)
Loans from shareholders	股東的貸款				(462,344)
Borrowings	借貸				(179,538)
Bonds	債券				(506,803)
Convertible bonds	可換股債券				(110,813)
Promissory note	承兌票據				(81,655)
Deferred tax liabilities	遞延稅項負債				(176,356)
Unallocated corporate liabilities	未分配公司負債				(19,721)
Consolidated liabilities	綜合負債				(1,737,469)
At 31 December 2015	於二零一五年十二月三十一日				
Reportable segment assets	可呈報分部資產	26,499	1,337,273	1,037,823	2,401,595
Property plant and equipment	物業、廠房及設備				1,525
Cash and cash equivalents	現金及現金等值項目				8,063
Intangible asset	無形資產				1,079
Investment properties	投資物業				32,200
Unallocated corporation assets	未分配公司資產				4,048
Consolidated assets	綜合資產				2,448,510
Reportable segment liabilities	可呈報分部負債	(1,642)	(96,691)	(75,624)	(173,957)
Loan from a related company	一間關聯公司的貸款				(12,400)
Loans from shareholders	股東的貸款				(139,500)
Borrowings	借貸				(269,161)
Bonds	債券				(273,970)
Convertible bonds	可換股債券				(377,450)
Promissory note	承兌票據				(79,576)
Deferred tax liabilities	遞延稅項負債				(179,804)
Provision for income tax	所得稅撥備				(2,951)
Unallocated corporate liabilities	未分配公司負債				(9,359)
Consolidated liabilities	綜合負債				(1,518,128)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. SEGMENT INFORMATION

(Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets; and
- all liabilities are allocated to reportable segments other than corporate liabilities.

8. 分部資料(續)

分部資產及負債(續)

為監察分部表現及於分部間分配資源：

- 除公司資產外，所有資產會分配至各可呈報分部；及
- 除公司負債外，所有負債會分配至各可呈報分部。

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及 發行、銷售旅 行相關產品、 藝人管理及 活動統籌	Film studio operation 影視城 經營	Hotel operation 酒店經營	Total 總金額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
For the year ended 31 December 2016	截至二零一六年 十二月三十一日止年度				
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,236	28,442	29,488	59,166
Amortisation of land lease prepayments	預付土地租賃攤銷	—	11,458	2,245	13,703
Amortisation of film products	影片產品攤銷	10,745	—	—	10,745
Addition to non-current assets	非流動資產增加	346	68,914	18,997	88,257
		346	68,914	18,997	88,257
For the year ended 31 December 2015	截至二零一五年 十二月三十一日止年度				
Depreciation of property, plant and equipment	物業、廠房及設備折舊	425	24,058	26,796	51,279
Amortisation of land lease prepayments	預付土地租賃攤銷	—	7,923	2,245	10,168
Amortisation of film products	影片產品攤銷	5,093	—	—	5,093
Addition to non-current assets	非流動資產增加	5,463	10,845	107,114	123,422
		5,463	10,845	107,114	123,422

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. SEGMENT INFORMATION

(Continued)

Geographical information

All the Group's revenue and non-current assets are principally attributable to the PRC including Hong Kong (being the place of domicile of the major companies comprising the Group).

The geographical location of customers is based on the location at which the contracts are negotiated and entered with the customers. The total revenue from external customers is mainly sourced from the PRC.

Information about major customers

No single customers contributed 10% or more to the Group's revenue for the years ended 31 December 2016 and 2015.

9. FINANCE COSTS

8. 分部資料 (續)

地區資料

本集團所有收入及非流動資產均主要源自中國(包括香港)(即本集團旗下主要公司所處的地點)。

客戶地域資料乃基於與客戶磋商及簽訂合約的位置而定。來自外部客戶的總收入主要源自中國。

有關主要客戶的資料

截至二零一六年及二零一五年十二月三十一日止年度，並無單一客戶貢獻本集團收入10%或以上。

9. 融資成本

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Finance lease charges	財務租賃費用	1,852	1,943
Interest on bank overdrafts	銀行透支利息	380	379
Interest on bonds	債券利息	50,944	10,729
Interest on convertible bonds	可換股債券利息	14,290	20,354
Interest on promissory note	承兌票據利息	9,279	6,080
Interest on loans from shareholders	股東貸款的利息	32,501	4,256
Interest on loan from a related company	一間關聯公司貸款的利息	454	1,364
Interest on unsecured other borrowings	其他無抵押借貸利息	8,779	26,661
Interest on secured other borrowings	其他有抵押借貸利息	—	8,883
Interest on secured bank borrowings	有抵押銀行借貸利息	877	260
		119,356	80,909

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. LOSS BEFORE INCOME TAX

10. 除所得稅前虧損

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Loss before income tax is arrived at after charging/(crediting):	除所得稅前虧損已扣除／(計入)下列各項：		
Auditor's remuneration	核數師酬金	610	530
Amortisation of film products	影片攤銷	10,745	5,093
Amortisation of land lease prepayments	預付土地租賃攤銷	13,703	10,168
Costs of inventories recognised as expenses	確認為開支的存貨成本	379	329
Depreciation of property, plant and equipment	物業、廠房及設備折舊	59,578	51,820
Net exchange losses	匯兌虧損淨額	33,998	14,260
Minimum lease payments under operating leases in respect of rented premises	根據經營租賃租借物業的最低租賃付款	11,483	8,596
Rental receivables from investment properties less direct outgoings of approximately HK\$165,000 (2015: approximately HK\$143,000)	投資物業應收租金減直接開支約165,000港元(二零一五年：約143,000港元)	(187)	(16)
Employee benefit expenses (including directors' remuneration) (note 13)	僱員福利開支 (包括董事酬金) (附註13)		
— Salaries, allowances and benefits in kind	— 薪金、津貼及實物福利	33,555	33,371
— Contributions to retirement benefits schemes	— 退休福利計劃供款	6,277	5,392
		39,832	38,763

11. INCOME TAX EXPENSE

11. 所得稅開支

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as there were no assessable profits arising in or derived from Hong Kong for both years.

於兩個年度內，香港利得稅均按估計應課稅溢利以16.5%計算。由於兩個年度內均無在香港產生或獲得任何應課稅溢利，故並無就香港利得稅作出撥備。

The People's Republic of China ("PRC") Enterprises Income Tax at 25% has not been provided as the PRC subsidiaries incurred losses for taxation purposes for both years.

由於中華人民共和國(「中國」)附屬公司於兩個年度均錄得稅務虧損，故並無就中國企業所得稅(稅率為25%)作出撥備。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

11. INCOME TAX EXPENSE

(Continued)

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The tax charge for the year can be reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

11. 所得稅開支(續)

於其他司法權區產生的稅項乃按相關司法權區的通用稅率計算。

本年度稅項開支可與綜合損益及其他全面收入表的除稅前虧損對賬如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Loss before tax	除稅前虧損	(327,092)	(264,834)
Tax at domestic income tax rate	按國內所得稅稅率計算的稅項	(62,238)	(50,520)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	36,731	24,491
Tax effect of income not taxable for tax purpose	毋須課稅收入的稅務影響	(429)	(3,254)
Utilisation of tax losses previously not recognised	動用先前未確認的稅項虧損	(285)	(14)
Tax effect of unrecognised estimated tax losses	未確認估計稅項虧損的稅務影響	26,221	29,300
Tax effect of temporary difference not recognised	未確認暫時差額的稅務影響	—	(3)
Income tax expense for the year	本年度所得稅開支	—	—

Income tax recognised in other comprehensive expense/income

於其他全面開支／收入確認的所得稅

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Deferred tax	遞延稅項		
Arising on expense/income recognised in other comprehensive expense/income:	產生自於其他全面開支／收入確認的開支／收入：		
Revaluation of properties held for own use	重估持作自用物業	(3,448)	20,048
Total income tax (credit)/expense recognised in other comprehensive expense/income	於其他全面開支／收入確認的所得稅(抵免)／開支總額	(3,448)	20,048

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$327,092,000 (2015: approximately HK\$264,828,000) and the weighted average of approximately 3,700,776,000 (2015: approximately 3,113,092,000) ordinary shares in issue during the year. Diluted loss per share for loss attributable to the owners of the Company for the years ended 31 December 2016 and 2015 was the same as basic loss per share because the impact of the exercise of the share options, warrants and convertible bonds are anti-dilutive.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the nine (2015: nine) Directors and the chief executive were as follows:

For the year ended 31 December 2016

		Salaries, allowances and benefits in kind	Share-based payments	Contributions to retirement benefits schemes	Total emoluments
		Fees			
		袍金	以股份為 基礎的付款	退休福利 計劃供款	總酬金
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Executive Directors:	執行董事:				
Ms. Law Po Yee (note (i))	羅寶兒女士(附註(i))	—	960	18	978
Ms. Sin Ho Yee	洗灝怡女士	—	240	12	252
Mr. Chow Kai Weng	周啟榮先生	—	720	18	738
Non-executive Directors	非執行董事:				
Mr. Sin Kwok Lam	冼國林先生	—	2,400	18	2,418
Mr. Li Sin Hung, Maxim	李鍊洪先生	40	—	—	40
Independent non-executive Directors:	獨立非執行董事:				
Mr. Chan Tin Lup, Trevor	陳天立先生	60	—	—	60
Mr. Chui Chi Yun, Robert	崔志仁先生	60	—	—	60
Prof. Wong Lung Tak, Patrick	黃龍德教授	60	—	—	60
Mr. Li Kit Chee	李傑之先生	60	—	—	60
Total emoluments	總酬金	280	4,320	66	4,666

12. 每股虧損

年內，每股基本虧損乃根據本公司擁有人應佔虧損約327,092,000港元(二零一五年：約264,828,000港元)及已發行的普通股的加權平均數約3,700,776,000股(二零一五年：約3,113,092,000股)計算。購股權、認股權證及可換股債券的行使具有反攤薄影響，因此，截至二零一六年及二零一五年十二月三十一日止年度本公司擁有人應佔虧損的每股攤薄虧損與每股基本虧損相同。

13. 董事及高級管理人員薪酬

已付或應付九名(二零一五年：九名)董事及高級管理人員的薪酬如下：

截至二零一六年十二月三十一日止年度

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(Continued)

13. 董事及高級管理人員薪酬(續)

For the year ended 31 December 2015

截至二零一五年十二月三十一日止年度

		Salaries, allowances and benefits in kind	Share-based payments	Contributions to retirement benefits schemes	Total emoluments	
	Fees	薪金、津貼及 實物福利	以股份為 基礎的付款	退休福利 計劃供款	總酬金	
	袍金	袍金	袍金	袍金	袍金	
	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	
Executive Directors:	執行董事：					
Ms. Law Po Yee	羅寶兒女士	—	900	—	18	918
Ms. Sin Ho Yee	洗灝怡女士	—	225	—	11	236
Mr. Chow Kai Weng	周啟榮先生	—	710	—	18	728
Non-executive Directors:	非執行董事：					
Mr. Sin Kwok Lam	冼國林先生	—	2,040	—	18	2,058
Mr. Li Sin Hung, Maxim	李錫洪先生	34	—	—	—	34
Independent non-executive Directors:	獨立非執行董事：					
Mr. Chan Tin Lup, Trevor	陳天立先生	54	—	—	—	54
Mr. Chui Chi Yun, Robert	崔志仁先生	54	—	—	—	54
Prof. Wong Lung Tak, Patrick	黃龍德教授	54	—	—	—	54
Mr. Li Kit Chee	李傑之先生	54	—	—	—	54
Total emoluments	總酬金	250	3,875	—	65	4,190

Note:

(i) Ms. Law Po Yee ("Ms. Law") is also the chief executive of the Company and her emoluments disclosed included those for services rendered by her as the chief executive.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2016 and 2015. No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

附註：

(i) 羅寶兒女士(「羅女士」)同時兼任本公司行政總裁，所披露彼之酬金包括彼作為行政總裁所提供服務的酬金。

截至二零一六年及二零一五年十二月三十一日止年度並無任何有關董事放棄或同意放棄任何酬金的安排。本集團概無向任何董事支付任何酬金，以吸引彼等加入本集團或作為加入本集團之獎金或離職補償。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2015: three) were Directors of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining two (2015: two) individual were as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	780	680
Retirement benefit costs	退休福利成本	36	33
		816	713

Their emoluments were within nil to HK\$1,000,000.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2015: nil).

14. 僱員薪酬

在本集團五名最高薪酬人士中，三名(二零一五年：三名)為本公司董事，彼等的薪酬已於上文附註13中披露。其餘兩名(二零一五年：兩名)人士的薪酬如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	780	680
Retirement benefit costs	退休福利成本	36	33
		816	713

彼等的薪酬介乎零至1,000,000港元。

年內，本集團概無向五名最高酬金僱員支付任何報酬作為加入本集團或加入時之獎勵或離職補償(二零一五年：無)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Leasehold land and buildings	Hotel properties	Leasehold improvements	Furniture, fixtures and office equipment 傢俬、裝置 及辦公室 設備	Motor vehicles and yacht	Film studio	Total
		租賃土地及 樓宇	酒店物業	租賃物業 裝修	汽車及遊艇	影視城	總額	
		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	
COST	成本							
Balance at 1 January 2015	於二零一五年一月一日的結餘	30,556	831,775	1,714	6,857	3,824	729,517	1,604,243
Additions	添置	—	46,514	2,113	43,170	4,339	107,626	203,762
Disposals	出售	—	—	—	(390)	(1,547)	—	(1,937)
(Deficit)/surplus on valuation	估值(虧損)/盈餘	—	(54,063)	—	—	—	87,957	33,894
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(495)	(22,981)	21	(1,781)	(60)	(25,793)	(51,089)
Transfer to Investment properties (note 16)	轉撥至投資物業(附註16)	(18,487)	—	—	—	—	—	(18,487)
Balance at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日的結餘	11,574	801,245	3,848	47,856	6,556	899,307	1,770,386
Additions	添置	113	18,120	362	924	330	68,528	88,377
Deficit on valuation	估值虧損	—	(26,793)	—	—	—	(36,505)	(63,298)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(777)	(40,170)	(53)	(3,052)	(93)	(47,203)	(91,348)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	10,910	752,402	4,157	45,728	6,793	884,127	1,704,117
DEPRECIATION	折舊							
Balance at 1 January 2015	於二零一五年一月一日的結餘	2,382	—	1,581	2,463	1,836	—	8,262
Depreciation expense	折舊開支	851	23,517	306	3,768	599	22,779	51,820
Eliminated on disposals	於出售時撇銷	—	—	—	(350)	(1,314)	—	(1,664)
Surplus on valuation	估值盈餘	—	(23,517)	—	—	—	(22,779)	(46,296)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(56)	—	(10)	(374)	(22)	—	(462)
Transfer to Investment properties (note 16)	轉撥至投資物業(附註16)	(1,731)	—	—	—	—	—	(1,731)
Balance at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日的結餘	1,446	—	1,877	5,507	1,099	—	9,929
Depreciation expense	折舊開支	502	22,980	664	7,765	1,139	26,528	59,578
Eliminated on disposals	於出售時撇銷	—	—	—	—	—	—	—
Surplus on valuation	估值盈餘	—	(22,980)	—	—	—	(26,528)	(49,508)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(118)	—	(32)	(673)	(43)	—	(866)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	1,830	—	2,509	12,599	2,195	—	19,133
CARRYING AMOUNTS	賬面值							
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	9,080	752,402	1,648	33,129	4,598	884,127	1,684,984
Balance at 31 December 2015	於二零一五年十二月三十一日的結餘	10,128	801,245	1,971	42,349	5,457	899,307	1,760,457

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Hotel properties were revaluated on 31 December 2016 and 2015 by RHL Appraisal Limited ("RHL") an independent qualified professional valuer not connected to the Group. RHL is a member of the Hong Kong Institute of surveyors and have appropriate qualifications and recent experience in the valuation of properties in the relevant location. The revaluation deficit of approximately HK\$3,813,000 (2015: deficit approximately HK\$30,546,000) net of applicable deferred income taxes credit of approximately HK\$953,000 (2015: deferred income taxes credit of approximately HK\$7,637,000) was debited to properties revaluation reserve in the amount of approximately HK\$2,860,000 (2015: debited to properties revaluation reserve of approximately HK\$ 22,909,000). If the hotel properties had not been revalued, it would have been included in the consolidated financial statements at historical cost of approximately HK\$451,947,000 (2015: approximately HK\$433,827,000) as at 31 December 2016.

Film Studio were revaluated on 31 December 2016 and 2015 by RHL. The revaluation deficit of approximately HK\$9,977,000 (2015: surplus approximately HK\$110,736,000) net of applicable deferred income taxes credit of approximately HK\$2,495,000 (2015: deferred income taxes expense of approximately HK\$27,684,000) was debited to properties revaluation reserve in the amount of approximately HK\$7,482,000 (2015: credited to approximately properties revaluation reserve of HK\$83,052,000). If the film studio had not been revalued, it would have been included in the consolidated financial statements at historical cost of approximately HK\$645,479,000 (2015: approximately HK\$624,154,000) as at 31 December 2016.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The reconciliation of the opening and closing fair value balances is stated in the above table.

15. 物業、廠房及設備(續)

酒店物業於二零一六年及二零一五年十二月三十一日由永利行評值顧問有限公司(「永利行」，一名與本集團無關連的獨立合資格專業估值師)重估。永利行為香港測量師學會的會員，具有適當資格且近期於相關地點曾進行物業估值。重估虧損約3,813,000港元(二零一五年：虧損約30,546,000港元)扣除適用的遞延所得稅抵免約953,000港元(二零一五年：遞延所得稅抵免約7,637,000港元)已於物業重估儲備中扣除約2,860,000港元(二零一五年：於物業重估儲備中扣除約22,909,000港元)。倘酒店物業並無進行重估，其將按二零一六年十二月三十一日的歷史成本約451,947,000港元(二零一五年：約433,827,000港元)計入綜合財務報表。

影視城已於二零一六年及二零一五年十二月三十一日由永利行重估。重估虧損約9,977,000港元(二零一五年：盈餘約110,736,000港元)扣除適用的遞延所得稅抵免約2,495,000港元(二零一五年：遞延所得稅開支約27,684,000港元)已於物業重估儲備中扣除約7,482,000港元(二零一五年：於物業重估儲備中計入約83,052,000港元)。倘影視城未經重估，其將按於二零一六年十二月三十一日的歷史成本約645,479,000港元(二零一五年：約624,154,000港元)計入綜合財務報表。

於估計物業的公允值時，物業的最高及最佳用途為其現有用途。年初及年終公允值結餘的對賬列於上表。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

There has been no change to the valuation techniques during the year. The following table gives information about how the fair values of these hotel properties and film studio are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the key inputs to the fair value measurements is observable.

15. 物業、廠房及設備(續)

年內，估值技術並無變動。下表提供有關該等酒店物業及影視城的公允值如何釐定(尤其是所用估值技術及主要輸入數據)的資料，以及有關公允值計量按照公允值計量主要輸入數據的可觀察程度而分類的公允值層級(第一級至第三級)。

Element	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range/Amount	Sensitivity
元素	公允值層級	估值技術及主要輸入數據	重大不可觀察輸入數據	範圍/金額	敏感度
Hotel properties	Level 3	Direct comparison method by assuming sales transactions as available in the relevant market (i.e. sales transaction price per hotel room)	Discounts on quality of properties	-10% to 10%	The higher the premiums or discounts, the higher or lower the fair values
酒店物業	第三級	直接比較法，假設相關市場上有銷售交易(即每間酒店房間的銷售交易價)	對物業質素的折讓	-10%至10%	溢價或折讓愈高，公允值愈高或愈低
Film studio	Level 3	Depreciated replacement costs approach (based on current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation)	Replacement costs of constructions on the land	RMB337,000,000	The higher the costs of constructions, the higher the fair values
影視城	第三級	折舊重置成本法(基於物業裝修目前重置成本，再按實際損耗及一切相關形式的陳舊及優化作出扣減)	土地上建設的重置成本	人民幣337,000,000元	建築成本愈高，公允值愈高
		Market approach (based on the comparable accommodation value sq.ft. observed from the market)	Discounts on quality of properties	-10% to 10%	The higher the discounts, the lower the fair values
		市場法(基於從市場觀察所得的可比較房舍的每平方呎價值)	對物業質素的折讓	-10%至10%	折讓愈高，公允值愈低

At the end of the reporting period, the net carrying amount of film studio held under finance leases of the Group was approximately HK\$9,080,000 (2015: approximately HK\$10,128,000).

於報告期末，本集團根據融資租賃持有的影視城之賬面淨值約為9,080,000港元(二零一五年：約10,128,000港元)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

16. INVESTMENT PROPERTIES

The Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

16. 投資物業

本集團為賺取租金或實現資本增值而根據經營租賃持有的物業權益採用公允價值模型計量，並且作為投資物業分類及入賬。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fair value	公允值		
At 1 January	於一月一日	32,200	—
Net increase/(decrease) in fair value recognised in profit or loss	於損益內確認的公允值增加/(減少)淨額	1,500	(900)
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	—	33,100
At 31 December	於十二月三十一日	33,700	32,200
Changes in unrealised gain/(loss) on revaluation of investment properties for the year included in profit or loss	本年度計入損益的重估投資物業未變現收益/(虧損)的變動	1,500	(900)

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties as at 31 December 2016 and 2015 has been arrived at on the basis of a valuation carried out on the respective date by RHL.

The fair value was determined was derived using the direct comparison approach based on price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

本集團投資物業的公允價值計量

本集團的投資物業於二零一六年及二零一五年十二月三十一日的公允價值根據由永利行於有關日期進行之估值達致。

公允值乃使用基於可資比較物業價格資料的直接比較法釐定。按各項物業之所有有關優點及缺點對面積、特點及地點相似之可資比較物業進行分析及仔細衡量，以對其價值進行公平比較。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

16. INVESTMENT PROPERTIES

(Continued)

Fair value measurement of the Group's investment properties (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2016 are as follows:

	Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Properties located in Hong Kong 位於香港的物業	—	33,700	—	33,700

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2015 are as follows:

	Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Properties located in Hong Kong 位於香港的物業	—	32,200	—	32,200

As at 31 December 2016 and 2015, all of the Group's investment properties have been pledged to secure the bank overdrafts granted to the Group. During the year ended 31 December 2015, certain leasehold land and buildings included in property, plant and equipment were transferred to investment properties.

16. 投資物業 (續)

本集團投資物業的公允值計量 (續)

於二零一六年十二月三十一日，本集團之投資物業及有關公允值層級之資料如下：

於二零一五年十二月三十一日，本集團之投資物業及有關公允值層級之資料如下：

於二零一六年及二零一五年十二月三十一日，本集團所有投資物業已抵押作本集團獲授之銀行透支之抵押。於截至二零一五年十二月三十一日止年度，物業、廠房及設備內之若干租賃土地及樓宇轉撥至投資物業。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. LAND LEASE PREPAYMENTS

17. 預付土地租賃

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Analysed for reporting purposes as:	就報告目的之分析：		
Non-current asset	非流動資產	470,061	472,345

18. INTANGIBLE ASSET

18. 無形資產

		Licence 牌照 HK\$'000 千港元
COST	成本	
Balance at 1 January 2015	於二零一五年一月一日的結餘	—
Acquisition through acquisition of a subsidiary (note 46)	透過收購一間附屬公司收購(附註46)	1,079
Balance at 31 December 2015, 1 January 2016 and 31 December 2016	於二零一五年十二月三十一日、二零一六年一月一日及二零一六年十二月三十一日的結餘	1,079
CARRYING AMOUNTS	賬面值	
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	1,079
Balance at 31 December 2015	於二零一五年十二月三十一日的結餘	1,079

The licence represents the licence plate which enable the vehicle to travel and hang licence plate in both PRC and Hong Kong. The licence is renewable every year at minimal cost. The directors are of the opinion that the Group would renew the licence continuously and has the ability to do so.

牌照指允許車輛於中國與香港兩地行駛及懸掛之中港車牌。牌照每年可以最低成本重續。董事認為本集團將持續重續牌照並有能力持續重續牌照。

The licence is considered by the management of the Group as having an indefinite useful life because it is expected to generate economic benefit to the Group indefinitely. The licence will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

本集團管理層認為牌照具無限使用年期，因為預期牌照可無限期為本集團帶來經濟利益。牌照不會攤銷，除非其可使用年期釐定為有限。然而，其將每年及於有跡象顯示其可能出現減值時進行減值檢測。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2016 are set out as follows:

19. 附屬公司列表

本公司於二零一六年十二月三十一日的附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Forms of business structure 業務架構形式	Place of incorporation or registration 註冊成立地點或註冊地點	Issued and fully paid share capital/registered capital/paid-up capital 已發行及繳足股本/註冊資本/實繳資本	Proportion of nominal value of issued capital/registered capital held by the Company 本公司所持已發行股本面額/註冊資本比例		Principal activities 主要業務
				2016 二零一六年	2015 二零一五年	
National Arts Entertainment Limited ("NA Entertainment")	Incorporated	Hong Kong	Ordinary shares of HK\$1,500,000	100% (indirect)	100%	Provision of management services to artistes in Hong Kong
國藝娛樂有限公司(「國藝娛樂」)	註冊成立	香港	普通股1,500,000港元	100% (間接)	100%	在香港向藝人提供管理服務(間接)
National Arts Entertainment Holdings Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$192,308	100% (direct)	100%	Investment holding in Hong Kong
國藝娛樂控股有限公司	註冊成立	英屬維京群島	普通股192,308美元	100% (直接)	100%	在香港進行投資控股(直接)
National Arts Production & Promotions Limited	Incorporated	Hong Kong	Ordinary shares of HK\$1	100% (indirect)	100%	Provision of promotional performance services in Hong Kong
國藝製作及推廣有限公司	註冊成立	香港	普通股1港元	100% (間接)	100%	在香港提供推廣演出服務(間接)
National Arts Films Production Limited	Incorporated	Hong Kong	Ordinary shares of HK\$1,500,000	100% (indirect)	100%	Provision of distribution of film in Hong Kong
國藝影視製作有限公司	註冊成立	香港	普通股1,500,000港元	100% (間接)	100%	在香港製作及發行電影(間接)
Art Tour Limited	Incorporated	Hong Kong	Ordinary shares of HK\$10,000	100% (direct)	100%	Property investment in Hong Kong
遊藝有限公司	註冊成立	香港	普通股10,000港元	100% (直接)	100%	在香港進行物業投資(直接)
Glory Max Group Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	100%	Investment holding in Hong Kong
	註冊成立	英屬維京群島	普通股1美元	100% (直接)	100%	在香港進行投資控股(直接)
Head Return Limited ("HRL")	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100%	Investment holding in Hong Kong
嶺盈有限公司(「嶺盈」)	註冊成立	香港	普通股100港元	100% (間接)	100%	在香港進行投資控股(間接)
Expand Pacific Limited ("EPL")	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100%	Investment holding in Hong Kong
太平洋拓展有限公司(「太平洋拓展」)	註冊成立	香港	普通股100港元	100% (間接)	100%	在香港進行投資控股(間接)
Foshanshi Huixing Jiudian Co., Ltd*	Wholly foreign owned enterprise ("WFOE")	PRC	Paid-up capital of US\$36,351,778	100% (indirect)	100%	Hotel operation in the PRC (indirect)
佛山市匯星酒店有限公司	外商獨資企業	中國	實繳資本36,351,778美元	100% (間接)	100%	在中國經營酒店(間接)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. LIST OF SUBSIDIARIES

(Continued)

19. 附屬公司列表(續)

Name of subsidiary 附屬公司名稱	Forms of business structure 業務架構形式	Place of incorporation or registration 註冊成立地點 或註冊地點	Issued and fully paid share capital/registered capital/paid-up capital 已發行及繳足股本/ 註冊資本/實繳資本	Proportion of nominal value of issued capital/registered capital held by the Company 本公司所持已發行股本 面值/註冊資本比例		Principal activities 主要業務
				2016 二零一六年	2015 二零一五年	
Foshanshi Huishoujingqu Kai Fa Co., Ltd*	WFOE	PRC	Paid-up capital of US\$37,188,461	100% (indirect)	100%	Property development and operation of film studio and theme park in the PRC
佛山市匯首景區開發有限公司	外商獨資企業	中國	實繳資本37,188,461美元	100% (間接)	100%	在中國發展物業及經營影視城及主題公園
Foshanshi Yupinxuan Trading Co., Ltd*	Domestic enterprise	PRC	Registered capital of RMB100,000	100% (indirect)	100%	Retailing of souvenirs in the PRC
佛山市御品軒商貿有限公司	內資企業	中國	註冊資本人民幣100,000元	100% (間接)	100%	在中國零售紀念品
Foshanshi Yufu Food & Beverage Co., Ltd*	Domestic enterprise	PRC	Registered capital of RMB100,000	100% (indirect)	100%	Light refreshment restaurant in the PRC
佛山市御府飲食有限公司	內資企業	中國	註冊資本人民幣100,000元	100% (間接)	100%	於中國經營輕食餐廳
National Arts Reputation SZ consulting Co., Ltd*	WFOE	PRC	Registered capital of RMB500,000	100% (indirect)	100%	Inactive
一譽國藝投資諮詢(深圳)有限公司	外商獨資企業	中國	註冊資本人民幣500,000元	100% (間接)	100%	暫無業務
Foshanshi National Arts Hotel Co., Ltd*	WFOE	PRC	Registered capital of RMB25,000,000	100% (indirect)	100%	Inactive
佛山市國藝酒店有限公司	外商獨資企業	中國	註冊資本人民幣25,000,000元	100% (間接)	100%	暫無業務
Rainbow Dragon Corporation Limited	Incorporated	Hong Kong	Ordinary shares of HK\$150	100% (indirect)	100%	Investment holding in Hong Kong
龍虹有限公司	註冊成立	香港	普通股150港元	100% (間接)	100%	在香港進行投資控股
Wide Expand Limited	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100%	Investment holding in Hong Kong
偉澎有限公司	註冊成立	香港	普通股100港元	100% (間接)	100%	在香港進行投資控股
Broad Sky Investment Limited	Incorporated	Hong Kong	Ordinary shares of HK\$20	100% (direct)	100%	Property investment in Hong Kong
博天投資有限公司	註冊成立	香港	普通股20港元	100% (直接)	100%	在香港進行物業投資
National Arts Film Shooting Base Management Company Limited	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100%	Inactive
國藝影視基地管理有限公司	註冊成立	香港	普通股100港元	100% (間接)	100%	暫無業務

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

19. LIST OF SUBSIDIARIES

(Continued)

19. 附屬公司列表(續)

Name of subsidiary 附屬公司名稱	Forms of business structure 業務架構形式	Place of incorporation or registration 註冊成立地點或註冊地點	Issued and fully paid share capital/registered capital/paid-up capital 已發行及繳足股本/註冊資本/實繳資本	Proportion of nominal value of issued capital/registered capital held by the Company 本公司所持已發行股本面值/註冊資本比例		Principal activities 主要業務
				2016 二零一六年	2015 二零一五年	
National Arts Travel Limited 國藝旅遊有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$500,000 普通股500,000港元	100% (indirect) (間接)	100% (indirect) (間接)	Provision of travel related products 提供旅遊相關產品
Elegant Motion Enterprises Limited 雅動企業有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) (直接)	100% (direct) (直接)	Investment holding in Hong Kong 在香港進行投資控股
Flash Star Holdings Limited 耀星控股有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) (直接)	100% (direct) (直接)	Investment holding in Hong Kong 在香港進行投資控股
Wealth Day Enterprises Limited 富日企業有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) (直接)	100% (direct) (直接)	Investment holding in Hong Kong 在香港進行投資控股
Lux Unicorn Limited ("Lux Unicorn") 盛麟有限公司(「盛麟」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$100 普通股100港元	100% (indirect) (間接)	100% (indirect) (間接)	Investment holding in Hong Kong 在香港進行投資控股
In Industrial Company Limited ("In Industrial") 平然實業有限公司(「平然實業」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$1 普通股1港元	100% (indirect) (間接)	100% (indirect) (間接)	Investment holding in Hong Kong 在香港進行投資控股
NA Sing Sing Entertainment Limited 藝星娛樂有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$500,000 普通股500,000港元	51% (indirect) (間接)	51% (indirect) (間接)	Provision of event coordination services 提供活動統籌服務
Foshansi National Arts Travel Co., Ltd* 佛山市國藝匯盈旅遊有限公司	WFOE 外商獨資企業	PRC 中國	Registered capital of RMB500,000 註冊資本人民幣500,000元	100% (indirect) (間接)	— —	Inactive 暫無業務

* For identification only

* 僅供識別

Note:

附註:

None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have materials non-controlling interests for the years ended 31 December 2016 and 2015.

於報告期末，概無附屬公司已發行任何上市證券。截至二零一六年及二零一五年十二月三十一日止年度，本集團並無附屬公司擁有重大非控股權益。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. INVESTMENT IN AN ASSOCIATE

Details of the Group's investment in an associate are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本值	375	375
Share of post-acquisition loss and other comprehensive income, net of dividends received	分佔收購後虧損及其他全面收入，扣除已收股息	(262)	(119)
		113	256

本集團於聯營公司的投資詳情如下：

Details of the Group's associate at the end of the reporting period are as follows:

本集團聯營公司於報告期末的詳情如下：

Name of Entity 實體名稱	Country of incorporation 註冊成立國家	Principal place of business 主要營業地點	Proportion of ownership interest held by the Group 本集團持有的所有權權益比例		Proportion of voting rights held by the Group 本集團持有的投票權比例		Principal activities 主要業務
			2016 二零一六年	2015 二零一五年	2016 二零一六年	2015 二零一五年	
Faithful Arts Entertainment and Culture Limited	Hong Kong	Hong Kong	37.5% (indirect)	37.5% (indirect)	37.5% (indirect)	37.5% (indirect)	Provision of creative multimedia services and acting as events organiser
忠藝娛樂文化有限公司	香港	香港	(間接)	(間接)	(間接)	(間接)	提供創意多媒體服務及擔任活動組織者

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. INVESTMENT IN AN ASSOCIATE (Continued)

Summarised financial information of the associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS.

The associate is accounted for using the equity method in these consolidated financial statements.

20. 聯營公司投資(續)

聯營公司財務資料概要

有關本集團聯營公司的財務資料概要載列於下文。以下財務資料概要指聯營公司根據香港財務報告準則編製的財務報表所示的金額。

聯營公司於此等綜合財務報表內使用權益法入賬。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current assets	流動資產	84	753
Non-current assets	非流動資產	216	289
Current liabilities	流動負債	—	359
Non-current liabilities	非流動負債	—	—
Cash and cash equivalents	現金及現金等值項目	84	568
Current financial liabilities (excluding trade and other payables and provisions)	流動金融負債(不包括應付貿易款項及其他應付款項以及撥備)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	非流動金融負債(不包括應付貿易款項及其他應付款項以及撥備)	—	—
Revenue	收入	971	1,358
Loss for the year	本年度虧損	(382)	(318)
Other comprehensive income for the year	本年度其他全面收入	—	—
Total comprehensive expense for the year	本年度全面開支總額	(382)	(318)
Dividends received from the associate during the year	本年度自聯營公司收取的股息	—	—

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本值	11,400	11,400
Share of post-acquisition loss and other comprehensive income, net of dividends received	分佔收購後虧損及其他全面收入，扣除已收股息	(4,380)	(3,476)
		7,020	7,924

本集團合營企業投資的詳情如下：

Details of the Group's joint venture at the end of the reporting period are as follows:

本集團合營企業於報告期末的詳情如下：

Name of Entity 實體名稱	Country of incorporation 註冊成立國家	Principal place of business 主要營業地點	Proportion of ownership interest held by the Group 本集團持有的所有權權益比例		Proportion of voting rights held by the Group 本集團持有的投票權比例		Principal activities 主要業務
			2016 二零一六年	2015 二零一五年	2016 二零一六年	2015 二零一五年	
Zuhaishi Guoyi Yingshi Management Co., Ltd* 珠海市國藝影院經營管理有限公司	PRC 中國	PRC 中國	60% (indirect) (間接)	60% (indirect) (間接)	60% (indirect) (間接)	60% (indirect) (間接)	Cinema Operation 經營電影院

* For identification only

* 僅供識別

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. INVESTMENT IN A JOINT VENTURE (Continued)

Summarised financial information of the joint venture

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS.

The joint venture is accounted for using the equity method in these consolidated financial statements.

21. 合營企業投資(續)

合營企業財務資料概要

有關本集團合營企業的財務資料概要載列於下文。以下財務資料概要指合營企業根據香港財務報告準則編製的財務報表所示的金額。

合營企業於此等綜合財務報表內使用權益法入賬。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current assets	流動資產	<u>2,605</u>	<u>5,187</u>
Non-current assets	非流動資產	<u>14,137</u>	<u>16,526</u>
Current liabilities	流動負債	<u>5,836</u>	<u>8,410</u>
Non-current liabilities	非流動負債	<u>—</u>	<u>—</u>
Cash and cash equivalents	現金及現金等值項目	<u>644</u>	<u>3,866</u>
Current financial liabilities (excluding trade and other payables and provisions)	流動金融負債(不包括應付貿易款項及其他應付款項以及撥備)	<u>—</u>	<u>—</u>
Non-current financial liabilities (excluding trade and other payables and provisions)	非流動金融負債(不包括應付貿易款項及其他應付款項以及撥備)	<u>—</u>	<u>—</u>

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. INVESTMENT IN A JOINT VENTURE (Continued)

21. 合營企業投資(續)

Summarised financial information of the joint venture (Continued)

合營企業財務資料概要(續)

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue	收入	<u>8,575</u>	<u>11,321</u>
Loss for the year	本年度虧損	<u>(1,507)</u>	<u>(697)</u>
Other comprehensive income for the year	本年度其他全面收入	<u>—</u>	<u>—</u>
Total comprehensive expense for the year	本年度全面開支總額	<u>(1,507)</u>	<u>(697)</u>
Dividends received from the joint venture during the year	本年度自合營企業收取的股息	<u>—</u>	<u>—</u>
The above loss for the year include the following:	上述本年度虧損包括以下項目：		
Depreciation and amortisation	折舊及攤銷	<u>(157)</u>	<u>(176)</u>
Interest income	利息收入	<u>5</u>	<u>7</u>
Interest expense	利息開支	<u>—</u>	<u>—</u>
Income tax expense	所得稅開支	<u>(31)</u>	<u>(41)</u>

The amount due from a joint venture was unsecured, interest-free and repayable on demand.

有關合營企業的應收款項為無抵押、免息及須於要求償還。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

22. AVAILABLE-FOR-SALE INVESTMENT

22. 可供出售投資

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本值	5,000	5,000
Addition	添置	250	—
		5,250	5,000

The above unlisted investment represents investment in unlisted equity securities issued by a limited liability company incorporate in the British Virgin Islands. The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable that the directors are of the opinion that its fair value cannot be measured reliably.

上述未上市投資指由一間於英屬維爾京群島註冊成立之有限公司發行之未上市股本證券。於報告期末，該項投資以成本減減值計量，原因為董事認為其公允值不能可靠計量。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

23. FILM PRODUCTS AND FILM PRODUCTION IN PROGRESS

23. 電影產品及在製電影產品

		Film products 電影產品 HK\$'000 千港元	Films production in progress 在製電影產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost:	成本：			
Balance at 1 January 2015	於二零一五年一月一日的結餘	99,892	—	99,892
Additions	添置	—	3,295	3,295
Transfer to film products	轉撥至電影產品	3,295	(3,295)	—
Balance at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日的結餘	103,187	—	103,187
Additions	添置	—	3,630	3,630
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	103,187	3,630	106,817
Accumulated amortisation and impairment losses:	累計攤銷及減值虧損：			
Balance at 1 January 2015	於二零一五年一月一日的結餘	87,349	—	87,349
Amortisation of film products	電影產品攤銷	5,093	—	5,093
Balance at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日的結餘	92,442	—	92,442
Amortisation of film products	電影產品攤銷	10,745	—	10,745
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	103,187	—	103,187
CARRYING AMOUNTS	賬面值			
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	—	3,630	3,630
Balance at 31 December 2015	於二零一五年十二月三十一日的結餘	10,745	—	10,745

Note:

Amortisation charge of approximately HK\$10,745,000 (2015: approximately HK\$5,093,000) with respect to film products has been included in cost of film production in the consolidated statement of profit or loss and other comprehensive income. Amortisation of film products is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are one year to three years.

附註：

有關電影產品的攤銷支出約10,745,000港元(二零一五年：約5,093,000港元)已計入綜合損益及其他全面收入表中的電影製作成本。電影產品攤銷以直線法按其估計可使用年期撇銷其成本值減其剩餘價值計算。主要可使用年期為一至三年。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

24. INVESTMENTS IN FILMS/ DRAMAS PRODUCTION

24. 投資電影／戲劇製作

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Investments in films/dramas production	投資電影／戲劇製作	6,461	—

Note:

The amount represents investments in licensed production houses for co-financing the production of films and/or dramas. The investments are governed by the relevant agreements entered into between the Group and the production houses whereby the Group is entitled to benefits generated from the distribution of the related films and/or dramas.

附註：

該金額指投資持牌製作公司，以為電影及／或戲劇製作聯合出資。該等投資由本集團與製作公司訂立之相關協議規管，根據協議，本集團有權收取發行相關電影／戲劇而產生的利益。

25. TRADE RECEIVABLES

25. 應收貿易款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade receivables	應收貿易款項	6,693	3,440

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

25. TRADE RECEIVABLES

(Continued)

The Group generally allows a credit period from 30 to 90 days (2015: 30 to 90 days) to its trade customers. The following is the ageing analysis of trade receivables, net of allowances for bad and doubtful debts, presented based on invoice date:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
0 to 60 days	0至60日	2,881	1,494
61 to 90 days	61至90日	144	871
91 to 180 days	91至180日	1,123	660
Over 180 days	超逾180日	2,545	415
		6,693	3,440

At 31 December 2016, trade receivables of approximately HK\$3,025,000 (2015: approximately HK\$2,365,000) were neither past due nor impaired. These balances related to certain customers whom there was no recent history of default.

Included in the balances are debtors with carrying amounts of approximately HK\$3,668,000 (2015: approximately HK\$1,075,000) which were past due at the reporting date for which the Group has not provided for impairment loss. Trade receivables that are past due but not impaired relate to a number of customers and the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

25. 應收貿易款項(續)

本集團向其貿易客戶提供的信貸期一般為30日至90日(二零一五年: 30日至90日)。應收貿易款項(扣除呆壞賬撥備)於發票所示日期的賬齡分析如下:

於二零一六年十二月三十一日, 應收貿易款項約3,025,000港元(二零一五年: 約2,365,000港元)並未逾期且並無減值。該等結餘乃與近期並無逾期還款紀錄的若干客戶有關。

結餘中所包括賬面值為約3,668,000港元(二零一五年: 約1,075,000港元)的應收款項於報告日已逾期, 本集團並無為該等結餘作減值虧損撥備。已逾期但並未減值的應收貿易款項涉及若干客戶, 而董事認為由於該等客戶的信貸質素並無重大變動, 該等結餘仍被認為可全數收回, 故無須就該等結餘作減值撥備。本集團並無就該等結餘持有抵押品。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

25. TRADE RECEIVABLES

(Continued)

The following is the ageing of trade receivables which are past due but not impaired based on the due date:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1 to 90 days	1至90日	1,123	660
Over 90 days	超逾90日	2,545	415
		3,668	1,075

25. 應收貿易款項(續)

根據到期日已逾期但並未減值的應收貿易款項的賬齡如下：

26. INVENTORIES

26. 存貨

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Food and beverage	餐飲	1,022	893
Merchandise	商品	912	1,045
General operating supplies and others	一般經營物資及其他	480	442
		2,414	2,380

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

27. 預付款項、按金及其他應收 款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current assets	非流動資產		
Other receivable (note (i))	其他應收款項(附註(i))	88,651	98,492
Deposits (note (ii))	按金(附註(ii))	4,900	1,250
		93,551	99,742
Current assets	流動資產		
Prepayments	預付款項	23,314	25,977
Rental deposits	租賃押金	2,994	2,495
Other deposits	其他押金	832	1,366
Deposits paid to suppliers	已付供應商按金	8,680	—
Other receivables	其他應收款項	19,974	7,985
		55,794	37,823
		149,345	137,565

Notes:

- (i) The other receivable represents the amount due from the local government company is repayable in 40 years and secured by the Wong Tai Sin Temple located in Xiqiao Mountain in Foshan City, the PRC. The Group and the local government company mutually agreed that interest at 6.55% per annum of People's Bank of China Benchmark Interest Rates, will not be accrued until Wong Tai Sin Temple, record a monthly turnover of above RMB100,000 for six consecutive months. The amount is denominated in RMB.
- (ii) Included in the balances of deposits classified as non-current assets of the Group as at 31 December 2016 was deposit of RMB3,570,000 (equivalent to approximately HK\$3,651,000) in related a proposed acquisition of the 60% equity interest of 佛山市藝美婚紗攝影有限公司 (Foshan City Yi Mei Wedding Photography Limited*) in a consideration of RMB8,000,000 (equivalent to approximately HK\$8,931,000).

* for identification only

附註：

- (i) 其他應收款項指應收地方政府公司的款項，償還期為40年，並以中國佛山市西樵山的黃大仙祠為抵押。本集團與地方政府公司議定，在黃大仙祠連續六個月的每月經營總收入高於人民幣10萬元前，均不會按中國人民銀行的基準利率之6.55%年利率計息。該款項以人民幣計值。
- (ii) 分類為本集團於二零一六年十二月三十一日之非流動資產之按金結餘包括人民幣3,570,000元之按金(相當於約3,651,000港元之按金)，涉及建議收購佛山市藝美婚紗攝影有限公司之60%股權，代價為人民幣8,000,000元(相當於約8,931,000港元)。

* 僅供識別

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. CASH AND BANK BALANCES/BANK OVERDRAFTS

Cash and cash equivalents represent cash at banks and in hand and bank overdrafts.

Cash at banks earn interests at the floating rates based on the daily bank deposits rates. Bank overdrafts carrying interest at market rate which range from 0.75% per annum below HKD Prime Rate to 1% per annum over Hong Kong Inter-bank Offered Rate (2015: range from 0.75% per annum below HKD Prime Rate to 1% per annum over Hong Kong Inter-bank Offered Rate).

At 31 December 2016, included in cash and cash equivalents of the Group was approximately HK\$1,967,000 (2015: approximately HK\$2,393,000) of bank balances denominated in RMB placed with banks in Hong Kong and the PRC and on hands, which are not freely convertible into other currencies.

29. TRADE PAYABLES

The Group was granted by its suppliers' credit periods from 30 to 60 days (2015: 30 to 60 days). The following is the ageing analysis of trade payables at the reporting date:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
0 to 30 days	0至30日	934	635
31 to 60 days	31至60日	224	193
61 to 90 days	61至90日	164	39
91 to 180 days	91至180日	79	253
Over 180 days	超逾180日	445	59
		1,846	1,179

28. 現金及銀行結餘／銀行透支

現金及現金等值項目代表銀行及手頭現金以及銀行透支。

銀行現金存款的利息按基於每日銀行存款利率而定的浮動息率計息。銀行透支之年利率按介於港元最優惠利率減0.75%至香港銀行同業拆息加1%(二零一五年：介於港元最優惠利率減0.75%至香港銀行同業拆息加1%)的市場利率計息。

於二零一六年十二月三十一日，本集團的現金及現金等值項目包括以人民幣計值及存放於香港及中國多間銀行的銀行結餘及手頭現金約1,967,000港元(二零一五年：約2,393,000港元)。人民幣不可自由兌換為其他貨幣。

29. 應付貿易款項

本集團獲其供應商授予30日至60日(二零一五年：30日至60日)信貸期。應付貿易款項於報告日的賬齡分析如下：

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

30. OTHER PAYABLES AND ACCRUALS

30. 其他應付款項及應計費用

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current liabilities	流動負債		
Accruals	應計費用	98,198	62,444
Receipts in advance	預收款項	5,519	217
Other payables	其他應付款項	55,303	62,556
		159,020	125,217
Non-current liabilities	非流動負債		
Other payables	其他應付款項	24,236	26,909
		183,256	152,126

31. LOAN FROM A RELATED COMPANY

31. 一間關聯公司的貸款

During the year ended 31 December 2015, loan from a related company represented short-term interest bearing loans granted to NA Entertainment by First Credit Limited ("First Credit"), of which Mr. Sin, a non-executive director of the Company, has significant influence. The loan is interest bearing at 11% per annum. The loan was fully repaid during the year ended 31 December 2016.

於截至二零一五年十二月三十一日止年度內，一間關聯公司的貸款為由本公司非執行董事冼先生對其有重大影響力的第一信用財務有限公司（「第一信用」）借予國藝娛樂的短期付息貸款。該貸款年利率為11%，貸款已於截至二零一六年十二月三十一日止年度悉數償還。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

32. LOANS FROM SHAREHOLDERS

32. 股東的貸款

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current liabilities	流動負債		
Mr. Sin (note (a))	冼先生(附註(a))	—	102,000
Mr. Tsang Yan Kwong ("Mr. Tsang") (note (b))	曾仁光先生(「曾先生」) (附註(b))	873	—
Mr. Tse Young Lai ("Mr. Tse") (note (c))	謝欣禮先生(「謝先生」) (附註(c))	10,000	5,000
		10,873	107,000
Non-current liabilities	非流動負債		
Mr. Sin (note (a))	冼先生附註(a))	413,510	17,500
Ms. Law (note (d))	羅女士(附註(d))	35,661	—
Mr. Tse (note (c))	謝先生(附註(c))	—	15,000
Mr. Yiu Kin Kong ("Mr. Yiu") (note (e))	姚建剛先生(「姚先生」) (附註(e))	2,300	—
		451,471	32,500

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

32. LOANS FROM SHAREHOLDERS (Continued)

The loans from shareholders are repayable as follows:

32. 股東的貸款(續)

股東的貸款須於以下期限內償還：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount repayable:	須於以下期限內償還之賬面值：		
Within one year	一年內	10,873	107,000
More than one year, but not exceeding two years	一年以上但不超過兩年	179,961	20,000
More than two years, but not more than five years	兩年以上但不超過五年	271,510	12,500
		462,344	139,500

Notes:

- (a) The loans are unsecured. The loan amounting HK\$40,000,000 included in the loans from Mr. Sin is interest-free and is repayable within two years. Except for the abovementioned loan, the loans from Mr. Sin bear interest ranging from 6.00% to 15.00% per annum and are repayable within three years. During the year ended 31 December 2016, the loan amounting HK\$20,000,000 is freely transfer and or assign all or any part of the loan and the rights, interest and benefit of Mr. Sin hereunder to any person.
- (b) The loan is unsecured and bears interest at 5.00% per annum (2015: nil) and is repayable within one year.
- (c) The loan is unsecured and bears interest at 12.00% per annum (2015: from 10.00% to 12.00%) and is repayable within one year.
- (d) The loan is unsecured and bears interest at 5.00% per annum (2015: nil) and is repayable within two years.
- (e) The loan is unsecured and bears interest at 11.75% per annum (2015: nil) and is repayable within two years.

附註：

- (a) 該等貸款無抵押。來自冼先生的貸款所包含為數40,000,000港元的貸款為免息及須於兩年內償還。除上文所述貸款外，來自冼先生的貸款按介乎6.00%至15.00%的年利率計息及須於三年內償還。截至二零一六年十二月三十一日止年度，就貸款為數20,000,000港元，可自由轉撥及／或轉讓貸款全部或任何部分以及冼先生於其下之權利、利息及福利予任何人士。
- (b) 該貸款無抵押及按5.00%的年利率計息(二零一五年：無)及須於一年內償還。
- (c) 該貸款無抵押及按12.00%的年利率計息(二零一五年：由10.00%至12.00%)及須於一年內償還。
- (d) 該貸款為無抵押及按年利率5.00%(二零一五年：無)計息及須於兩年內償還。
- (e) 該貸款無抵押及按11.75%的年利率計息(二零一五年：無)及須於兩年內償還。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

33. BORROWINGS

33. 借貸

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current liabilities	流動負債		
Bank borrowings	銀行借貸		
— Fixed rate (note (a))	— 定息(附註(a))	16,745	—
— Floating rate (note (b))	— 浮息(附註(b))	7,500	8,100
		24,245	8,100
Other borrowings — unsecured (note (c))	其他借貸 — 無抵押 (附註(c))	107,245	177,842
		131,490	185,942
Non-current liabilities	非流動負債		
Other borrowings — unsecured (note (c))	其他借貸 — 無抵押 (附註(c))	48,048	83,219
		179,538	269,161

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

33. BORROWINGS (Continued)

The Group's borrowings are repayable as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount repayable:	須於以下期限內償還之 賬面值：		
On demand (note (d))	按要求(附註(d))	—	127,292
Within one year	一年內	131,490	58,650
More than one year, but not exceeding two years	一年以上但不超過兩年	48,048	83,219
		179,538	269,161

33. 借貸(續)

本集團借貸須於以下期限內償還：

Notes:

- (a) The fixed rate bank borrowing of the Group is secured by the personal guarantee executed by a director of the Company and bears interest at 17.40% per annum. The fixed rate borrowing is denominated in RMB.
- (b) The floating rate bank borrowing of the Group is secured by the Group's investment properties (Note 16) and bears interest at 2.75% per annum over Hong Kong Inter-bank Offered Rate (2015: at 2.75% per annum over Hong Kong Inter-bank Offered Rate). The floating rate bank borrowing is denominated in HK\$.
- (c) The other borrowings are unsecured and bear interest ranging from 4.00% to 15.00% per annum (2015: from 4.00% to 15.00% per annum). The other borrowings are repayable within one year to two years (2015: within two years). Included in other borrowings is amount of approximately HK\$48,048,000 due to Mr. Chow Kai Weng, the director of the Company.
- (d) During the year ended 31 December 2015, the other borrowings amounting approximately HK\$127,292,000 were due on 31 December 2015. Such other borrowings were fully settled on 19 February 2016.

附註：

- (a) 本集團定息銀行借貸由本公司董事簽立的個人擔保抵押及按17.40%的年利率計息。定息借貸以人民幣計值。
- (b) 本集團浮息銀行借貸由本集團投資物業(附註16)抵押及按香港銀行同業拆息加2.75%的年利率(二零一五年：香港銀行同業拆息加2.75%的年利率)計息。定息借貸以人民幣計值。浮息借貸借以港元計值。
- (c) 其他借貸為無抵押及按介乎4.00%至15.00%的年利率計息(二零一五年：介乎4.00%至15.00%的年利率)。其他借貸須於一年至兩年內償還(二零一五年：於兩年內)。其他借貸包括應付本公司董事周啟榮先生的款項約48,048,000港元。
- (d) 截至二零一五年十二月三十一日止年度，其他借貸約127,292,000港元於二零一五年十二月三十一日到期。有關其他借貸已於二零一六年二月十九日悉數結付。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. FINANCE LEASE OBLIGATION

Future finance lease payments arising from the leasing of film studio and motor vehicle are due as follows:

34. 財務租賃承擔

因攝影棚及汽車租賃產生的未來租賃付款如下：

		Minimum lease payment 最低租賃 付款	Interest 利息	Present value 現值
		2016 二零一六年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Not later than one year	不遲於一年	4,802	1,766	3,036
Later than one year but not later than five years	遲於一年但不遲於五年	7,495	6,997	498
Later than five years	遲於五年	60,960	41,088	19,872
Balance at 31 December 2016	於二零一六年 十二月三十一日之結餘	73,257	49,851	23,406
		2015 二零一五年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Not later than one year	不遲於一年	7,845	1,891	5,954
Later than one year but not later than five years	遲於一年但不遲於五年	8,074	7,485	589
Later than five years	遲於五年	57,282	42,159	15,123
Balance at 31 December 2015	於二零一五年 十二月三十一日之結餘	73,201	51,535	21,666

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. FINANCE LEASE OBLIGATION (Continued)

The present values of future lease payments are analysed as:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current liabilities	流動負債	3,036	5,954
Non-current liabilities	非流動負債	20,370	15,712
		23,406	21,666

Finance lease obligation that are denominated in the functional currencies of the relevant group entities are set out below:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
RMB	人民幣	23,023	21,187
HK\$	港元	383	479
		23,406	21,666

34. 財務租賃承擔 (續)

未來租賃付款的現值分析為：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current liabilities	流動負債	3,036	5,954
Non-current liabilities	非流動負債	20,370	15,712
		23,406	21,666

以有關集團實體功能貨幣計值的財務租賃承擔載列如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
RMB	人民幣	23,023	21,187
HK\$	港元	383	479
		23,406	21,666

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. BONDS

2013 Bonds

On 23 May 2013, the Company issued the bonds with an aggregate principal amount of HK\$78,775,000 (the "2013 Bonds") at par value in accordance with the conditional placing and underwriting agreement dated 16 April 2013 entered into between the Company and an independent placing agent. The 2013 Bonds have a maturity of 2 years from the date of issue and bear coupon interest at 7.5% per annum, accrued daily and payable annually in arrears. A default rate of 12% per annum will be charged on any sum due and payable under the 2013 Bonds from the due date to the date of actual payment in full. The 2013 Bonds were denominated in HK\$.

In addition, same amount of unlisted warrants (the "Warrants") were issued (for no additional payment) to the bondholders who are entitled to subscribe in aggregate up to HK\$78,775,000 for the warrant shares at the subscription price of HK\$0.115 per warrant share within 2 years from the date of issue of the Warrants. As a result of the share consolidation announced by the Company on 7 July 2014 and the rights issue announced by the Company on 4 August 2014 and in accordance with the terms and conditions of the Warrants, adjustment to the subscription price of the Warrants from HK\$0.115 per warrant share to HK\$1.091 per warrant share has become effective.

The Warrants are detachable from the 2013 Bonds and the Warrants and the 2013 Bonds can be transferred separately in whole or in part in minimum amount of HK\$575,000 or integral multiples thereof. The 2013 Bonds was fully repaid during the year ended 31 December 2015.

New Issued Bonds

During the year ended 31 December 2016, the Company issued the bonds with an aggregate principal amount of HK\$242,678,000 (2015: HK\$303,000,000) at par value in accordance with the conditional placing and underwriting agreement entered into between the Company and the independent placing agent. The Bonds have a maturity from 1 year to 8 years (2015: from 1 year to 7 years) from the date of issue and bear coupon interest ranging from 4.66% to 12.00% per annum (2015: from 4.00% to 11.00% per annum), accrued daily and payable annually in arrears. A default rate ranging from 4.66% to 12.00% per annum (2015: from 4.00% to 11.00%) will be charged on any sum due and payable under the Bonds from the due date to the date of actual payment in full. The Bonds were denominated in HK\$.

35. 債券

二零一三年債券

於二零一三年五月二十三日，本公司根據本公司與一名獨立配售代理於二零一三年四月十六日訂立的有條件配售及包銷協議，按面值發行本金總額為78,775,000港元的債券（「二零一三年債券」）。二零一三年債券於發行日期起計兩年到期，每年息率為7.5%，利息每日累計並須每年按期末支付方式付息。倘未能支付二零一三年債券的任何到期應付金額，須從到期日至實際全數支付日期按每年12%的違約利率支付利息。二零一三年債券以港元計值。

此外，已向債券持有人發行相同數量的非上市認股權證（「認股權證」）（毋須額外付款），賦予彼等權利於發行認股權證日期起計兩年內，按認購價每股認股權證股份0.115港元認購合共最多78,775,000港元的認股權證股份。由於本公司於二零一四年七月七日公佈之股份合併及本公司於二零一四年八月四日公佈之供股以及根據認股權證之條款及條件，認購價由每股認股權證股份0.115港元調整為每股認股權證股份1.091港元已經生效。

認股權證可從二零一三年債券中分離，而認股權證及二零一三年債券可全部或部分以最低金額575,000港元或其完整倍數予以分開轉讓。二零一三年債券已於截至二零一五年十二月三十一日止年度內悉數償還。

新發行債券

截至二零一六年十二月三十一日止年度，本公司根據本公司與獨立配售代理訂立的有條件配售及包銷協議，按面值發行本金總額為242,678,000港元（二零一五年：303,000,000港元）的債券。該等債券於發行日期起計一至八年（二零一五年：一至七年）到期，息率介乎每年4.66%至12.00%（二零一五年：每年4.00%至11.00%），利息每日累計並須每年按期末支付方式付息。倘未能支付該等債券的任何到期應付金額，須從到期日至實際全數支付日期按每年4.66%至12.00%的（二零一五年：每年4.00%至11.00%）違約利率支付利息。該等債券以港元計值。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. BONDS (Continued)

The movement for the period on the Bonds was as follows:

35. 債券(續)

本期間內債券的變動如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Balance at 1 January	於一月一日之結餘	273,970	79,946
Proceeds from issue of the bonds	發行債券所得款項	242,678	303,000
Transaction cost allocated to the liability component	分配至負債部分的交易成本	(18,045)	(34,390)
Interest expense (note 9)	利息支出(附註9)	50,944	10,729
Interest paid during the year	年內已付利息	(39,744)	(6,540)
Repayment during the year	年內償還	(3,000)	(78,775)
Balance at 31 December	於十二月三十一日之結餘	506,803	273,970
Carrying amount repayable:	須於以下期限內償還之賬面值：		
Within one year	一年內	61,115	2,073
More than one year but not exceeding two years	一年以上但不超過兩年	212,325	17,123
More than two years but not exceeding five years	兩年以上但不超過五年	134,266	197,255
More than five years	五年以上	99,097	57,519
		506,803	273,970

The fair value Bonds at 31 December 2016 amounted to approximately HK\$607,907,000. The fair values of the Bonds are calculated using cash flows discounted at rate on the borrowings rate ranging from 4.84% to 6.36% per annum and are within level 2 of the fair value hierarchy.

債券於二零一六年十二月三十一日之公允值約為607,907,000港元。債券之公允值乃採用按借貸利率每年介乎4.84%至6.36%貼現之現金流量計算，並列入公允值等級第二級。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

CB3

On 23 May 2013, the Company issued convertible bonds with an aggregate principal amount of HK\$92,000,000 ("CB3") at par value in accordance with the conditional placing and underwriting agreement dated 16 April 2013 entered into between the Company and an independent placing agent. The CB3 has a maturity of 2 years from the date of issue and bears coupon interest at 7.5% per annum, accrued daily and payable annually in arrears. A default rate of 12% per annum will be charged on any sum due and payable under the CB3 from the due date to the date of actual payment in full. The CB3 was denominated in HK\$.

The conversion price of the CB3, subject to the antidilution usual adjustments, is HK\$0.115 per conversion share. As a result of the Share Consolidation and the Rights Issue and in accordance with the terms and conditions of the CB3, adjustment to the conversion price of CB3 from HK\$0.115 per conversion share to HK\$1.091 per conversion share has become effective. The outstanding principal amount of the CB3 can be converted in whole or any part (in minimum amount of HK\$575,000 or an integral multiple thereof) into conversion shares from the date of issue of the CB3 up to and including the date falling on the 7th day immediately prior to the maturity date.

The Company may redeem the CB3 in whole or in part (in minimum amount of HK\$575,000 or integral multiples thereof), at the principal amount together with interests accrued up to the date of redemption at anytime before maturity. The directors of the Company considered this early redemption option is closely related to the host liability component and is not accounted for separately. CB3 therefore contains liability and equity components.

The fair value of the liability component of the CB3 was estimated at the issuance date using an equivalent market interest rate for a similar bond with call option. The residual amount (being the difference between the net proceeds of issuance of the CB3 and the fair value of the liability component) is assigned as the equity component and is included in equity heading convertible bond equity reserve. The liability component is subsequently measured at amortised cost.

36. 可換股債券

第三批可換股債券

於二零一三年五月二十三日，本公司根據本公司與一名獨立配售代理於二零一三年四月十六日訂立的有條件配售及包銷協議，按面值發行本金總額為92,000,000港元的可換股債券（「第三批可換股債券」）。第三批可換股債券於發行日期起計兩年到期，每年息率為7.5%，利息每日累計並須每年按期末支付方式付息。倘未能支付第三批可換股債券的任何到期應付金額，須從到期日至實際全數支付日期按每年12%的違約利率支付利息。第三批可換股債券以港元計值。

第三批可換股債券的兌換價為每股兌換股份0.115港元，惟須受一般反攤薄調整所規限。由於股份合併及供股以及根據第三批可換股債券之條款及條件，第三批可換股債券的兌換價由每股兌換股份0.115港元調整為每股兌換股份1.091港元已經生效。自第三批可換股債券發行日期起至緊接可換股債券到期日前第七日（包括該日）期間，第三批可換股債券的未償還本金額（最低金額須為575,000港元或其完整倍數）可全部或部分轉換成兌換股份。

本公司可於到期前任何時候按本金額連同直至贖回日期為止的應計利息，贖回全部或部分第三批可換股債券（最低金額須為575,000港元或其完整倍數）。本公司董事認為該提早贖回選擇權與主體負債部分密切相關，且並無分開入賬。因此第三批可換股債券包含負債及權益部分。

第三批可換股債券負債部分乃於發行日採用含有認購期權的同類債券的同等市場利率而估計其公允值。剩餘金額（即發行第三批可換股債券的所得款項淨額與負債部分的公允值間的差額）被指定為權益部分及計入可換股債券權益儲備項下的權益內。負債部分其後按攤銷成本計量。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

CB3 (Continued)

On initial recognition, the fair value of the liability component of the CB3 was calculated using future repayments discounted at an estimated discount rate of 12.68%. The transaction costs incurred for the issuance of the CB3 were allocated into the liability component and the equity component of approximately HK\$5,270,000 and HK\$500,000 respectively in proportion to the allocation of the gross proceeds. Subsequently, interest expense on the CB3 is calculated using the effective interest method by applying effective interest rate of 16.53%. On initial recognition, the amount of equity component of CB3 was approximately HK\$7,978,000.

In August 2014, the Company has early redeemed the CB3 with aggregate principal amounts of approximately HK\$19,550,000 by cash at approximately HK\$19,944,000 (being the principal amount of approximately HK\$19,550,000 and accrued interests of approximately HK\$394,000). A loss on redemption of the CB3 of approximately HK\$2,304,000, which represented the difference between the redemption price allocated to liability component of the CB3 and the carrying amount of the liability component of the CB3 at the redemption date, has been credited to the consolidated statement of comprehensive income for the year ended 31 December 2014. The CB3 was valued at the redemption date by a qualified professional valuer. The fair values of the liability component and the equity component of the redeemed CB3 at redemption date were derived by means of the same method used at issuance date. CB3 was fully repaid during the year ended 31 December 2015.

36. 可換股債券(續)

第三批可換股債券(續)

於初步確認時，第三批可換股債券負債部分的公允值按12.68%的估計折現率折算未來還款額而計算。發行第三批可換股債券產生的交易成本已按照所分配的所得款項總額比例分配於負債部分及權益部分，金額分別約為5,270,000港元及500,000港元。其後，第三批可換股債券使用實際利率法按16.53%的實際利率計算利息支出。於初步確認時，第三批可換股債券權益部分的數額約為7,978,000港元。

於二零一四年八月，本公司以現金約19,944,000港元(即本金額約19,550,000港元及累計利息約394,000港元)，提早贖回本金總額約為19,550,000港元的第三批可換股債券。截至二零一四年十二月三十一日止年度的綜合全面收益表內已計入第三批可換股債券的贖回虧損約2,304,000港元，相當於分配予第三批可換股債券負債部分的贖回價與第三批可換股債券負債部分於贖回日期的賬面值的差額。第三批可換股債券已於贖回日期由合資格專業估值師進行估值。已贖回第三批可換股債券負債部分及權益部分於贖回日期的公允值乃透過於發行日期所採用的相同方法達致。第三批可換股債券已於截至二零一五年十二月三十一日止年度內悉數償還。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

CB4

As part of the consideration of the acquisition of remaining equity interests in HRL and EPL, the Company issued convertible bonds with an aggregate principal amount of HK\$420,000,000 ("CB4") on 2 October 2013. The CB4 has a maturity of 3 years from the date of issue and bears coupon interest at 4% per annum, accrued daily and payable annually in arrears. A default rate of 8% per annum will be charged on any sum due and payable under the CB4 from the due date to the date of actual payment in full. The CB4 was denominated in HK\$.

The conversion price of the CB4, subject to the antidilution usual adjustments, is HK\$0.112 per conversion share. As a result of the Share Consolidation and the Rights Issue and in accordance with the terms and conditions of the CB4, adjustment to the conversion price of the CB4 from HK\$0.112 per conversion share to HK\$1.063 per conversion share has become effective. The outstanding principal amount of the CB4 can be converted in whole or any part (in minimum amount of HK\$420,000 or an integral multiple thereof) into conversion shares from the date of issue of the CB4 up to and including the date falling on the 7th day immediately prior to the maturity date.

The holder of the CB4 shall be entitled to request the Company to pay interest to it (wholly or partly) by way of allotment and issuance of new shares of the Company at the conversion price on the due day of the interest payment in lieu of payment by cash. Such interest conversion arrangement is only applicable to the 4% per annum interest payment and is not applicable to the 8% default interest payment. The Company may redeem the CB4 at any time prior to the maturity date in whole or any part (in minimum amount of HK\$420,000 or an integral multiple thereof) at the principal amount of such CB4 thereof plus interest accrued thereon up to the actual date of redemption.

36. 可換股債券(續)

第四批可換股債券

作為收購嶺盈及太平洋拓展其餘股本權益的部分代價，本公司於二零一三年十月二日發行本金總額為420,000,000港元的可換股債券（「第四批可換股債券」）。第四批可換股債券於發行日期起計三年到期，每年息率為4%，利息每日累計並須每年按期末支付方式付息。倘未能支付第四批可換股債券的任何到期應付金額，須從到期日至實際全數支付日期按每年8%的違約利率支付利息。第四批可換股債券以港元計值。

第四批可換股債券的兌換價為每股兌換股份0.112港元，惟須受一般反攤薄調整所規限。由於股份合併及供股以及根據第四批可換股債券之條款及條件，第四批可換股債券的兌換價由每股兌換股份0.112港元調整為每股兌換股份1.063港元已經生效。自第四批可換股債券發行日期起至緊接到到期日前第七日（包括該日）期間，第四批可換股債券的未償還本金額（最低金額須為420,000港元或其完整倍數）可全部或部分轉換成兌換股份。

第四批可換股債券的持有人有權向本公司要求按付息到期日的兌換價透過配發及發行本公司的新股份來向其支付利息（全部或部分）以代替現金付款。此利息兌換安排只適用於按年利率4%支付的利息及不適用8%的違約利息。本公司可於到期前任何時候按第四批可換股債券的本金額連同直至實際贖回日期為止的應計利息，贖回全部或部分第四批可換股債券（最低金額須為420,000港元或其完整倍數）。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

CB4 (Continued)

The CB4 has been valued at the issuance date by a qualified professional valuer. The fair value of the liability component of the CB4 was estimated at the issuance date using an equivalent market interest rate for a similar bond with call option. The residual amount (being the difference between the fair value of the CB4 at issuance date and the fair value of the liability component on initial recognition) is assigned as the equity component and is included in equity heading convertible bond equity reserve. The liability component is subsequently measured at amortised cost.

On initial recognition, the fair value of the liability component of the CB4 was calculated using future repayments discounted at an estimated discount rate of 15.63%. Subsequently, interest expense on the CB4 is calculated using the effective interest method by applying effective interest rate of 16.47%. On initial recognition, the amount of equity component of CB4 was approximately HK\$120,540,000.

In August 2014, the Company has early redeemed the CB4 with aggregate principal amounts of approximately HK\$215,460,000 by cash at approximately HK\$208,996,000 which Mr. Sin offered to waive the accrued interest up to the date of repayment and to provide a discount of 3% on the principal amount). A loss on redemption of the CB4 of approximately HK\$25,252,000, which represented the difference between the redemption price allocated to liability component of the CB4 and the carrying amount of the liability component of the CB4 at the redemption date, has been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2014. In June 2016, the Company has early settled the CB4 with aggregate principal amounts of HK\$9,869,000, early settled by the issuance of loan from Mr. Sin (note 47). A loss on redemption of the CB4 of approximately HK\$193,000, which represented the difference between the redemption price allocated to the liability component of the CB4 and the carrying amount of the liability component of the CB4 at the redemption date, has been recognised. The CB4 was valued at the redemption date by a qualified professional valuer. The fair values of the liability component and the equity component of the redeemed CB4 at redemption date were derived by means of the same method used at issuance date. During the year ended 31 December 2016, CB4 were fully settled by the issuance of several fixed borrowings and loans from shareholders (note 47).

36. 可換股債券(續)

第四批可換股債券(續)

第四批可換股債券已於發行日期由合資格專業估值師進行估值。第四批可換股債券負債部分的公允值已於發行日期採用附有認購期權的同類債券的同等市場利率進行估計。剩餘金額(即第四批可換股債券於發行日期的公允值與負債部分於初步確認時的公允值的差額)指派為權益部分及計入可換股債券權益儲備的權益項下。負債部分其後按攤銷成本計量。

於初步確認時，第四批可換股債券負債部分的公允值乃按15.63%的估計貼現率折算的未來還款額而計算。其後，第四批可換股債券的利息開支應用16.47%的實際利率，採用實際利率法計算。初步確認時，第四批可換股債券的權益部分金額約為120,540,000港元。

於二零一四年八月，本公司以現金約208,996,000港元(其中冼先生豁免截至償還日期止的累計利息及提供本金額3%的折扣)提早贖回本金總額約215,460,000港元的第四批可換股債券。截至二零一四年十二月三十一日止年度的綜合全面收益表內已確認第四批可換股債券的贖回虧損約25,252,000港元，相當於分配予第四批可換股債券負債部分的贖回價與第四批可換股債券負債部分於贖回日期的賬面值的差額。於二零一六年六月，本公司已藉冼先生發出之貸款提早結付本金總額為9,869,000港元之第四批可換股債券(附註47)。已確認第四批可換股債券的贖回虧損約193,000港元，相當於分配予第四批可換股債券負債部分的贖回價與第四批可換股債券負債部分於贖回日期的賬面值的差額。第四批可換股債券已於贖回日期由合資格專業估值師進行估值。已贖回第四批可換股債券負債部分及權益部分於贖回日期的公允值乃透過於發行日期所採用的相同方法達致。截至二零一六年十二月三十一日止年度，第四批可換股債券已通過發行多項固定借貸及來自股東的貸款悉數結付(附註47)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

CB5

As part of the consideration of the acquisition of Lux Unicorn Limited as detailed in note 46, the Company issued convertible bonds with an aggregate principal amount of HK\$300,000,000 ("CB5") on 15 April 2015. The CB5 has a maturity of 3 years from the date of issue and bears coupon interest at 9% per annum, accrued daily and payable annually in arrears. The conversion price of CB5, subject to the anti-dilution usual adjustments, is HK\$0.18 per conversion share. The CB5 was denominated in HK\$.

The conversion price of the CB5, subject to the usual adjustments, is HK\$0.18 per conversion share. The outstanding principal amount of the CB5 can be converted in whole or any part (in minimum amount of HK\$300,000 or an integral multiple thereof) into conversion shares from the date of issue of the CB5 up to and including the date falling on the 5th day immediately prior to the maturity date.

The holder of the CB5 shall be entitled to request the Company to pay interest to it (wholly or partly) by way of allotment and issuance of new shares of the Company at the conversion price on the due day of the interest payment in lieu of payment by cash by giving not less than 7 business days' written notice prior to the due date for payment of interest. Such interest conversion arrangement is only applicable to the 9% per annum interest payment. The Company may redeem the CB5 at any time prior to the maturity date in whole or any part (in minimum amount of HK\$300,000 or an integral multiple thereof) at the principal amount of such CB5 thereof plus interest accrued thereon up to the actual date of redemption by giving to the bond holder not less than 10 business days' written notice of its intention to make such redemption.

36. 可換股債券(續)

第五批可換股債券

誠如附註46所詳述，作為收購盛麟有限公司的部分代價，本公司於二零一五年四月十五日發行本金總額為300,000,000港元的可換股債券(「第五批可換股債券」)。第五批可換股債券於發行日期起計三年到期，每年息率為9%，利息每日累計並須每年按期末支付方式付息。第五批可換股債券的兌換價為每股兌換股份0.18港元，惟須受一般反攤薄調整所規限。第五批可換股債券以港元計值。

第五批可換股債券的兌換價為每股兌換股份0.18港元，惟須受一般調整所規限。自第五批可換股債券發行日期起至緊接到期日前第五日(包括該日)期間，第五批可換股債券的未償還本金額(最低金額須為300,000港元或其完整倍數)可全部或部分轉換成兌換股份。

第五批可換股債券的持有人有權向本公司要求按付息到期日的兌換價透過配發及發行本公司的新股份來向其支付利息(全部或部分)以代替現金付款。此利息兌換安排只適用於按年利率9%支付的利息。本公司可透過向債券持有人發出不少於7個營業日的書面通知表示其有意作出有關贖回的方式於到期前任何時候按第五批可換股債券的本金額連同直至實際贖回日期為止的應計利息，贖回全部或部分第五批可換股債券(最低金額須為300,000港元或其完整倍數)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

CB5 (Continued)

The fair value of the liability component of the CB5 was calculated using future repayments discounted at an estimated discount rate of 11.28% per annum. The residual amount of approximately HK\$46,697,000 (being the difference between the fair value of the CB5 at issuance date and the fair value of the liability component on initial recognition) is assigned as the equity component and is included in equity heading convertible bond equity reserve. The liability component is subsequently stated at fair value, with changes recorded in consolidated statement of profit or loss and other comprehensive income.

In May and July 2016, CB5 with aggregate principal amounts of HK\$84,600,000 and HK\$35,400,000 were converted into 470,000,000 ordinary shares and 196,666,666 ordinary shares of the Company in total at a conversion price of HK\$0.18 each respectively. In June 2015, CB5 with aggregate principal amounts of HK\$79,800,000 were converted into 443,333,333 ordinary shares of the Company in total at a conversion price of HK\$0.18 each. During the year ended 31 December 2016, Mr. Sin and five holders of CB5 offered to waive the accrued interest up to the date of conversion of approximately HK\$12,513,000.

CB5 is due to Mr. Sin. As at 31 December 2016, the principal amount of CB5 is approximately HK\$105,316,000.

36. 可換股債券(續)

第五批可換股債券(續)

第五批可換股債券負債部分的公允值乃按每年11.28%的估計折算率折現未來還款而計算。剩餘金額約46,697,000港元(即第五批可換股債券於發行日期的公允值與負債部分於初步確認時的公允值的差額)指派為權益部分及計入可換股債券權益儲備的權益項下。負債部分其後按公允值計量，有關變動於綜合損益及其他全面收表內列賬。

於二零一六年五月及七月，本金總額為84,600,000港元及35,400,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共470,000,000股普通股及196,666,666股普通股。於二零一五年六月，本金總額為79,800,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共443,333,333股普通股。於截至二零一六年十二月三十一日止年度，冼先生及五名第五批可換股債券持有人提出放棄截至兌換日期的應計利息約12,513,000港元。

第五批可換股債券來自冼先生。於二零一六年十二月三十一日，第五批可換股債券的本金額為約105,316,000港元。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

The movement of the liability components of the convertible bonds recognised in the statement of financial position are as follows:

36. 可換股債券(續)

已於財務狀況表確認的可換股債券負債部分的變動如下：

		CB3	CB4	CB5	Total
		第三批	第四批	第五批	總計
		可換股債券	可換股債券	可換股債券	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Balance at 1 January 2015	於二零一五年一月一日的結餘	66,382	140,260	—	206,642
Fair value of liability components on initial recognition	初步確認時負債部分的公允值	—	—	283,308	283,308
Effective interest expenses (note 9)	實際利息開支(附註9)	2,848	17,506	—	20,354
Interest paid during the year	年內已付利息	(4,830)	(6,384)	(1,514)	(12,728)
Fair value changes	公允值變動	—	—	19,945	19,945
Converted into ordinary shares	兌換為普通股	—	—	(75,671)	(75,671)
Repayment of principle	償還本金	(64,400)	—	—	(64,400)
Balance at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日的結餘	—	151,382	226,068	377,450
Effective interest expenses (note 9)	實際利息開支(附註9)	—	14,290	—	14,290
Early settled by the issuance of loan from shareholder (note 47(ii))	通過股東發行借貸提早結付(附註47(ii))	—	(9,869)	—	(9,869)
Interest paid during the year	年內已付利息	—	(302)	—	(302)
Waiver of interest of convertible bond	豁免可換股債券的利息	—	—	(12,513)	(12,513)
Fair value changes	公允值變動	—	—	22,200	22,200
Converted into ordinary shares	兌換為普通股	—	—	(115,924)	(115,924)
Transfer to interest payables	轉撥至應付利息	—	—	(9,018)	(9,018)
Settled by the issuance of other borrowings and loans from shareholders (note 47(ii))	通過發行其他借貸及來自股東的貸款結付(附註47(ii))	—	(155,501)	—	(155,501)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	—	—	110,813	110,813

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

36. CONVERTIBLE BONDS

(Continued)

Balance at 31 December 2016	於二零一六年 十二月三十一日之結餘			
Carrying amount repayable	須於以下期限內償還之 賬面值			
More than one year but not exceeding two years	一年以上但不超過兩年	—	—	110,813
Balance at 31 December 2015	於二零一五年 十二月三十一日之結餘			
Carrying amount repayable	須於以下期限內償還之 賬面值			
Within one year	於一年內	—	151,382	—
More than one year but not exceeding three years	超過一年但不超過三年	—	—	226,068
		—	151,382	226,068

The fair values of the liability components CB5 at 31 December 2016 amounted to approximately HK\$110,813,000. The fair values of the liability components of CB5 are calculated using cash flows discounted at rate based on the borrowings rate of 4.57% per annum and are within level 2 of the fair value hierarchy.

37. PROMISSORY NOTE

PN 1

On 15 April 2015, the Company issued promissory note with principal amount of HK\$80,000,000 (the "PN 1") at par value in accordance with the sale and purchase agreement dated 22 December 2014 entered into between Elegant Motion Enterprises Limited, the wholly-owned subsidiary of the Company and Mr. Sin Kwok Lam, the non-executive director of the Company. The PN 1 have a maturity of 3 years from the date of issue and bear coupon interest at 9% per annum, accrued daily and payable annually in arrears. The PN 1 was denominated in HK\$.

36. 可換股債券(續)

CB3	CB4	CB5	Total
第三批 可換股債券	第四批 可換股債券	第五批 可換股債券	總計
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元
—	—	110,813	110,813
—	151,382	—	151,382
—	—	226,068	226,068
—	151,382	226,068	377,450

於二零一六年十二月三十一日第五批可換股債券負債部分的公允值約為110,813,000港元。第五批可換股債券負債部分的公允值乃採用基於借貸利率的貼現率每年4.57%貼現的現金流量計算，並列入公允值等級的第二級。

37. 承兌票據

承兌票據1

於二零一五年四月十五日，本公司根據本公司全資附屬公司雅動企業有限公司與本公司非執行董事冼國林先生訂立日期為二零一四年十二月二十二日之買賣協議，按面值發行本金金額為80,000,000港元之承兌票據（「承兌票據1」）。承兌票據1於發行日期起計三年到期，票息按年利率9%每日累計，並須於每年期末支付。承兌票據1乃以港元計值。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. PROMISSORY NOTE (Continued)

PN 1 (Continued)

During the year ended 31 December 2015, on initial recognition, the fair value of the PN 1 was calculated by discounting future repayments at an estimated discount rate of 12.37%. Subsequently, interest expense on the PN 1 was calculated using the effective interest method by applying an effective interest rate of 12.41% per annum.

The movement for the period on the PN 1 was as follows:

	PN 1 承兌票據1 HK\$'000 千港元
Fair value on initial recognition (note 46)	73,496
Effective interest expense (note 9)	6,080
Balance at 31 December 2015 and 1 January 2016	79,576
Effective interest expense (note 9)	9,279
Transfer to interest payables	(7,200)
Balance at 31 December 2016	81,655

The fair value of PN 1 amounted to approximately HK\$88,505,000 (2015: PN 1 amounted to approximately HK\$86,271,000). The fair values of PN 1 is calculated using cash flows discounted at rate on the borrowings rate of 5.48% per annum and are within level 2 of the fair value hierarchy.

37. 承兌票據 (續)

承兌票據1 (續)

截至二零一五年十二月三十一日止年度，於初步確認時，承兌票據1之公允值乃按估計貼現率12.37%貼現未來還款額計算。其後，承兌票據1使用實際利率法按年實際利率12.41%計算利息開支。

承兌票據1於期內之變動如下：

	PN 1 承兌票據1 HK\$'000 千港元
初步確認時的公允值 (附註46)	73,496
實際利息開支(附註9)	6,080
於二零一五年 十二月三十一日及二零一六年 一月一日之結餘	79,576
實際利息開支(附註9)	9,279
轉移至應付利息	(7,200)
於二零一六年 十二月三十一日的結餘	81,655

承兌票據1的公允值約為88,505,000港元(二零一五年：承兌票據1約為86,271,000港元)。承兌票據1的公允值乃採用基於借貸利率的貼現率每年5.48%貼現的現金流量計算，並列入公允值等級的第二級。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. DEFERRED TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method using the tax rates applicable in the tax jurisdiction concerned.

The following are the deferred tax liabilities recognised by the Group and movements thereon during the year.

38. 遞延稅項負債

遞延稅項採用負債法就短暫性差異按適用於相關稅收司法權區的稅率而作全數撥備。

下列為本集團已確認的遞延稅項負債及其於年內的變動。

		Revaluation of properties 物業重估
		HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	159,756
Charged to property revaluation reserve	於物業重估儲備內扣除	<u>20,048</u>
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	179,804
Credited to property revaluation reserve	計入物業重估儲備內	<u>(3,448)</u>
At 31 December 2016	於二零一六年十二月三十一日	<u>176,356</u>

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$486,132,000 (2015: approximately HK\$383,463,000) available for offsetting against future profits of the companies in which the losses arose. Included in the estimated unused tax losses are losses of approximately HK\$185,709,000 (2015: approximately HK\$117,817,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK\$300,423,000 (2015: approximately HK\$265,646,000) may be carried forward indefinitely. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

於報告期末，本集團有估計未動用稅項虧損約486,132,000港元(二零一五年：約383,463,000港元)，可用作抵銷產生虧損的公司之未來溢利。估計未動用稅項虧損中有虧損約185,709,000港元(二零一五年：約117,817,000港元)將於五年內屆期。其他估計未動用虧損約300,423,000港元(二零一五年：約265,646,000港元)可無限期轉結。由於未來溢利難以預測，故並無就稅項虧損確認遞延稅項資產。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

39. SHARE CAPITAL

39. 股本

		Number of Shares 股份數目		Share Capital 股本	
		2016 二零一六年 '000 千股	2015 二零一五年 '000 千股	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Ordinary shares of HK\$0.10 each (2015:HK\$0.10 each)	每股面值0.10港元 (二零一五年： 每股面值0.10 港元)的普通股				
Authorised:	法定：				
At 1 January and 31 December	於一月一日及 十二月三十一日	6,000,000	6,000,000	60,000	60,000
Issued and fully paid:	已發行及繳足：				
At 1 January	於一月一日	3,331,722	2,888,389	333,172	288,839
Shares issued under upon conversion of convertible bonds (note)	兌換可換股債券所 發行的股份 (附註)	666,667	443,333	66,667	44,333
31 December	於十二月三十一日	3,998,389	3,331,722	399,839	333,172

Note:

During the year, a total of 666,666,667 ordinary shares of the Company of HK\$0.01 each were issued upon conversion of the CB5 (note 36). In May and July 2016, CB5 with aggregate principal amounts of HK\$84,600,000 and HK\$35,400,000 were converted into 470,000,000 ordinary shares and 196,666,666 ordinary shares of the Company in total at a conversion price of HK\$0.18 each, resulting in an increase in share capital and share premium of the Group of approximately HK\$66,667,000 and HK\$67,936,000 respectively.

During the year ended 31 December 2015, a total of 443,333,333 ordinary shares of the Company of HK\$0.01 each were issued upon conversion of the CB5 (note 36). In June 2015, CB5 with aggregate principal amounts of HK\$79,800,000 were converted into 443,333,333 ordinary shares of the Company in total at a conversion price of HK\$0.18 each, resulting in an increase in share capital and share premium of the Group of approximately HK\$44,333,000 and HK\$43,759,000 respectively.

附註：

年內，合共666,666,667股每股面值0.01港元的本公司普通股於兌換第五批可換股債券後發行(附註36)。於二零一六年五月及七月，本金總額為84,600,000港元及35,400,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共470,000,000股普通股及196,666,666股普通股，導致本集團的股本及股份溢價分別增加約66,667,000港元及67,936,000港元。

截至二零一五年十二月三十一日止年度，合共443,333,333股每股面值0.01港元的本公司普通股於兌換第五批可換股債券後發行(附註36)。於二零一五年六月，本金總額為79,800,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共443,333,333股普通股，導致本公司的股本及股份溢價分別增加約44,333,000港元及43,759,000港元。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. RESERVES

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 102 of the consolidated financial statements.

The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the shares of the Company issued in exchange for the shares of the acquired subsidiaries under the reorganisation.

The contributed surplus account was designated by the Company within the meaning of the Companies Act 1981 of Bermuda which represented (i) the entire amounts standing to the credit balance of the share premium account of the Company as at 30 June 2010; (ii) the transfer of the share premium arising from capital reduction on 29 September 2010; and (iii) the offset with the accumulated losses in full up to 31 December 2010.

41. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which approximately fall due as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	12,665	8,589
In the second to fifth years inclusive	第二至第五年 (包括首尾兩年)	35,091	28,506
Over five years	超過五年	98,943	107,618
		146,699	144,713

40. 儲備

本集團本年度及過往年度的儲備數額及儲備變動於綜合財務報表第102頁的綜合權益變動表內呈列。

特別儲備指所收購附屬公司股份的面值與本公司於重組時為換取所收購附屬公司股份而發行的股份的面值兩者的差額。

本公司所指定的實繳盈餘賬(定義見百慕達一九八一年公司法)指(i)本公司股份溢價賬於二零一零年六月三十日的進賬全額結餘; (ii)因二零一零年九月二十九日股本削減所產生股份溢價的轉撥; 及(iii)悉數抵銷直至二零一零年十二月三十一日的累計虧損。

41. 經營租賃承擔

本集團作為承租人

於報告期末，本集團根據不可撤銷經營租賃有以下未來的最低租賃付款承擔，到期情況如下：

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

41. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee (Continued)

The HRL and its subsidiaries leased two pieces of land located near Xiqiao mountain in Foshan, the PRC, under operating leases of 20 years commencing from 3 October 2010 and renewable for another 20 years automatically. One piece of land had been leased since 2010 and recognised as finance lease obligation in 2011 as disclosed in note 34. Lux Unicorn leased three pieces of land also located near Xiqiao mountain in Foshan, the PRC, under operating leases of 18.5 years commencing from 1 November 2013 and renewable for another 20 years automatically. The Group also leased premises under operating leases which are run for an initial period of three years. None of these leases include contingent rentals.

The Group as lessor

Property rental income earned during the year was approximately HK\$352,000 (2015: approximately HK\$160,000). All of the properties held have committed tenants for one year (2015: two years).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	199	385
In the second to fifth years inclusive	第二至第五年 (包括首尾兩年)	—	263
		199	648

41. 經營租賃承擔(續)

本集團作為承租人(續)

嶺盈及其附屬公司根據經營租賃出租鄰近中國佛山西樵山的兩幅土地，由二零一零年十月三日起為期二十年，可自動續租二十年。誠如附註34所披露，其中一幅土地自二零一零年起已出租及於二零一一年確認為財務租賃承擔。盛麟根據經營租賃出租亦鄰近中國佛山西樵山的三幅土地，由二零一三年十一月一日起為期18.5年，可自動續租二十年。本集團亦根據經營租賃出租物業，該項租賃初步為期三年。該等租賃概不包含或然租金。

本集團作為出租人

年內賺取之物業租金收入約為352,000港元(二零一五年：約160,000港元)。所持有的所有物業已於未來一年租予租客(二零一五年：兩年)。

於報告期末，本集團已與租客訂立租約，未來最低租賃付款如下：

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

42. CAPITAL COMMITMENTS

42. 資本承擔

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted but not provided for: Construction of properties	已訂約但未撥備： 物業建設	128,734	187,392
Authorised but not contracted for: Construction of properties (note)	已批准但未訂約： 物業建設(附註)	334,986	300,000

Note:

Capital commitment for construction in properties related to capital commitment for construction of film studio and hotel in Foshan, the PRC. The authorised amount was approved by the directors of the Company according to the land lease agreements signed between Lux Unicorn, the wholly-owned subsidiary of the Company and the local authority in Foshan, the PRC, in relation to the leasing of lands for development of tourism and related entertainment business and hotel operations. The completion of constructions and commencement of operations of the projects shall be within three and four years respectively from the signing of the lease agreements.

附註：

物業建設的資本承擔與於中國佛山興建影視城及酒店的資本承擔有關。根據盛麟有限公司(本公司之全資附屬公司)與中國佛山市地方機關就租賃土地發展旅遊業務以及相關娛樂業務及酒店業務而簽訂的土地租賃協議，本公司董事已批准法定金額。有關項目須分別於簽訂租賃協議日期起計三年及四年內竣工及投入營運。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

43. RETIREMENT BENEFIT PLANS

The Group participates in employee social security plans as required by the regulations in the PRC. The Group also participates in the Mandatory Provident Fund scheme to which all qualified employees of the Group in Hong Kong are entitled. The assets of the retirement benefit schemes are held, separately from those of the Group, in funds under the control of the trustees. The employees of the subsidiaries in the PRC are members of social security schemes operated by the relevant local government authorities. The pension plans are funded by payments from employees and by the relevant group companies. The amounts charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable by the Group at the specified rates according to the respective plans. The only obligation of the Group in respect of the retirement benefit schemes is to make the specified contributions.

44. SHARE-BASED PAYMENT TRANSACTIONS

As at 31 December 2016, the Group had share options schemes for employee compensation as set out below.

(a) Post initial public offering share option scheme

The post initial public offering share option scheme ("Post-IPO Option Scheme") was conditionally approved by a resolution of the sole shareholder dated 22 July 2002 (the "Effective Date"). Major terms of this scheme are summarised as follows:

- (i) The Post-IPO Option Scheme enables the Company to grant share options to selected persons as incentives or rewards for their contribution to the Group.
- (ii) The participants of the Post-IPO Option Scheme include any employee, director, advisor and consultant, supplier, customer and shareholder of any member of the Group as well as any provider of financial assistance to any member of the Group.

43. 退休福利計劃

本集團根據中國法規之規定參與僱員社會保障計劃。本集團亦參與適用於本集團於香港之所有合資格僱員之強制性公積金計劃。退休福利計劃之資產與本集團之資產由信託人所控制之基金分開持有。於中國附屬公司之僱員為有關當地政府機構經辦之社會保險計劃之成員。退休計劃之資金來源為僱員及相關集團公司之供款。於綜合損益及其他全面收益表入賬之金額為本集團根據各計劃按特定比率應付之供款。本集團有關退休福利計劃之唯一責任為作出特定供款。

44. 以股份為基準的付款交易

於二零一六年十二月三十一日，本集團有下列為僱員報酬而設的購股權計劃。

(a) 首次公開招股後購股權計劃

首次公開招股後購股權計劃（「首次公開招股後購股權計劃」）經二零零二年七月二十二日（「生效日」）唯一股東的決議案有條件地批准。該計劃的主要條款概述如下：

- (i) 首次公開招股後購股權計劃讓本公司向經挑選的人士授出購股權，作為彼等對本集團作出貢獻的獎勵或回報。
- (ii) 首次公開招股後購股權計劃參與者包括本集團任何成員公司的任何僱員、董事、顧問及專業顧問、供應商、客戶及股東，以及向本集團任何成員公司提供財政資助的人士。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Post initial public offering share option scheme (Continued)

- (iii) HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 14 days from the date on which the offer is granted.
- (iv) Share options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the board of directors of the Company may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Post-IPO Option Scheme. The grantees are not required to hold any share options or any shares allotted pursuant to any share options for any minimum period.
- (v) The subscription price for the shares under the Post-IPO Option Scheme will be determined by the board of directors of the Company and notified to each grantee and will be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share option, which must be a business day, (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (c) the nominal value of a share.
- (vi) The limit on the number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Option Scheme and other share option schemes must not exceed 30% of the shares in issue from time to time.

44. 以股份為基準的付款交易(續)

(a) 首次公開招股後購股權計劃(續)

- (iii) 承授人於接納購股權建議時須向本公司支付1港元。購股權建議將可於授出建議日期起計14天內予以接納。
- (iv) 購股權可根據可由本公司董事會釐定有關購股權的轉歸、行使或其他方面的條款及條件而授出，惟該等條款及條件必須與首次公開招股後購股權計劃的任何其他條款及條件一致。承授人無須按任何規定的最短持有期持有任何購股權或根據任何購股權所配發的股份。
- (v) 根據首次公開招股後購股權計劃認購股份的認購價，將由本公司董事會釐定並知會各承授人，而該價格最少須為以下三者的最高者：(a)於購股權授出日期(必須為營業日)股份於聯交所每日報價表所報收市價；(b)緊接授出日期前五個營業日股份於聯交所每日報價表所報平均收市價；及(c)股份面值。
- (vi) 因根據首次公開招股後購股權計劃及其他購股權計劃已授出惟尚未行使的所有發行在外購股權獲行使而可能發行的股份數目，最多不得超過不時已發行股份的30%。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Post initial public offering share option scheme (Continued)

- (vii) The total number of shares which may be issued upon exercise of all share options to be granted under the Post-IPO Option Scheme and any other share option schemes must not in aggregate exceed 10% of the shares in issue as at 17 October 2002, amounting to 49,219,623 shares (the "Scheme Mandate Limit"). The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval. However, the Scheme Mandate Limit as renewed must not exceed 10% of the shares in issue as at the date of the aforesaid shareholders' approval.
- (viii) The total number of shares issued and to be issued upon exercise of the share options granted under the Post-IPO Option Scheme to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. Any further grant of share options to such grantee which would result in the shares issued and to be issued upon exercise of all share options granted and to be granted to such grantee (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, must be subject to shareholders' approval with such grantee and his associates abstaining from voting.
- (ix) A share option may be exercised in accordance with the terms of the Post-IPO Option Scheme at any time during the period notified by the board of directors of the Company to each grantee provided that the period within which the share option must be exercised shall not be more than 10 years from the date of grant of the share option.

44. 以股份為基準的付款交易(續)

(a) 首次公開招股後購股權計劃(續)

- (vii) 因根據首次公開招股後購股權計劃及任何其他購股權計劃而授出的所有購股權獲行使而可能發行的股份總數，合共不得超過二零零二年十月十七日已發行股份的10% (即49,219,623股) (「計劃授權限額」)。本公司於事先取得股東批准後，可隨時更新計劃授權限額。然而，更新後的計劃授權限額不得超逾上文所述股東批准當日已發行股份的10%。
- (viii) 於任何十二個月期間因根據首次公開招股後購股權計劃向每名承授人授出的購股權 (包括已行使及尚未行使的購股權) 獲行使而發行及將予發行的股份總數，不得超逾不時已發行股份的1%。倘向該名承授人進一步授出購股權將導致於截至該項進一步授出日期前十二個月期間 (包括該日) 因已授予及將授予該名承授人的所有購股權 (包括已行使、已註銷及尚未行使的購股權) 獲行使而發行及將予發行的股份合共佔已發行股份1%以上，則必須由股東批准，而該名承授人及其聯繫人士須放棄投票。
- (ix) 購股權可於由本公司董事會通知各承授人的期間內隨時根據首次公開招股後購股權計劃的條款而行使，惟行使購股權的期間不得長於由購股權授出日期起計十年。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Post initial public offering share option scheme (Continued)

- (x) The Post-IPO Option Scheme remains valid for a period of 10 years commencing on the Effective Date. In addition, the Company may, by ordinary resolution in general meeting or the board of directors of the Company may at any time terminate the operation of the Post-IPO Option Scheme. Share options which are granted during the life of the Post-IPO Option Scheme may continue to be exercisable in accordance with their terms of issue.

Pursuant to a special resolution passed in the extraordinary general meeting of the Company, the Post-IPO Option Scheme was terminated on 29 September 2010.

(b) New share option scheme

Pursuant to a special resolution passed in the extraordinary general meeting of the Company, a new share option scheme (the "New Scheme") was approved on 29 September 2010. Major terms of this scheme are summarised as follows:

- (i) The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to selected person and to promote the success of the business of the Group;
- (ii) The participants of the New Scheme include any employee of the Company or any subsidiary of the Company, a director, a shareholder, a supplier, a customer or any subsidiary of the Company; an agent, adviser, consultant, strategist, contractor, sub-contractor, expert or entity that provides research, development or other technological support or any valuable services to Company or any of its subsidiary; a holder of any securities issued by Company or any of its subsidiary;

44. 以股份為基準的付款交易(續)

(a) 首次公開招股後購股權計劃(續)

- (x) 首次公開招股後購股權計劃由生效日起計十年內有效。此外，本公司可透過在股東大會通過普通決議案或可由本公司董事會隨時終止首次公開招股後購股權計劃的運作。於首次公開招股後購股權計劃有效期內授出的購股權可根據彼等的發行條款繼續予以行使。

根據於本公司股東特別大會上通過的特別決議案，首次公開招股後購股權計劃已於二零一零年九月二十九日終止。

(b) 新購股權計劃

根據於本公司股東特別大會上通過的特別決議案，一項新購股權計劃(「新計劃」)已於二零一零年九月二十九日獲批准。此計劃的主要條款概述如下：

- (i) 新計劃旨在吸引及挽留最優秀的人才、向經甄選人士提供額外獎勵，以及推動本集團業務成功；
- (ii) 新計劃的參與者包括本公司或其任何附屬公司的任何僱員、董事、股東、供應商、客戶或本公司任何附屬公司；向本公司或其任何附屬公司提供研發或其他技術支援或任何有價值服務的代理、顧問、專業顧問、策略師、承辦商、分承辦商、專家或實體；本公司或其任何附屬公司發行的任何證券的持有人；

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) New share option scheme (Continued)

- (iii) HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 14 days from the date on which the offer is granted;
- (iv) No offer of a New Share Option which is capable of or open for acceptance shall be made after the expiry of the exercise period pursuant to the New Scheme;
- (v) The subscription price for the share under the New Scheme will be determined by the Board in its absolute discretion at the time of making the offer of grant of a new share option but in any case the subscription price must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Day immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares;
- (vi) The total number of shares which may be issued upon exercise of all share options to be granted under the New Scheme and any other schemes in aggregate not exceeding 10 per cent of the issued share capital of the Company as at 24 June 2016 (2015: 29 June 2015), amounting to 3,801,722,816 (2015: 288,838,948) shares (the "Scheme Mandate Limit"). The Company may renew the Scheme Mandate Limit at any time subject to the approval of the Shareholders in general meeting provided that such renewed limit shall not exceed 10 per cent of the Shares in issue as at the date of approval of such limit;

44. 以股份為基準的付款交易(續)

(b) 新購股權計劃(續)

- (iii) 承授人於接納購股權建議時須向本公司支付1港元。購股權建議將可於授出建議日期起計14天內予以接納；
- (iv) 根據新計劃，不得於行使期屆滿後提呈可獲接納或可供接納的新購股權；
- (v) 新計劃下的股份認購價將由董事會於提呈授出新購股權時全權酌情釐定，惟認購價無論如何最少須為下列三者中的較高者：(i) 股份於提呈授出日期(必須為營業日)在聯交所每日報價表所報的收市價；(ii) 股份於緊接提呈授出日期前五個營業日在聯交所每日報價表所報的平均收市價；及(iii) 股份面值；
- (vi) 根據新計劃及任何其他計劃將予授出的所有購股權獲行使而可予發行的股份總數，合共不得超過本公司於二零一六年六月二十四日(二零一五年：二零一五年六月二十九日)已發行股本的10%，即3,801,722,816股(二零一五年：288,838,948股)(「計劃授權限額」)。本公司可在股東大會徵求股東批准隨時更新計劃授權限額，惟經更新限額不得超過於批准該限額日期已發行股份的10%；

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) New share option scheme (Continued)

- (vii) The total number of New Shares issued and to be issued upon the exercise of the New Share Options granted to each grantee (including exercised, cancelled and outstanding Share Options) in any 12 month period shall not exceed 1 per cent of the relevant class of securities of the Company in issue. Further New Share Options may be granted to such grantee, which, if exercised, would result in such grantee becoming entitled to subscribe for New Shares in excess of the limit, by obtaining approval of the Shareholders in general meeting with such grantee and his associate(s) abstaining from voting;
- (viii) The share options may be exercised in whole or in part by the Participant at any time during the exercise period, i.e. not exceed 10 years from the date of grant of the relevant New Share Options pursuant to the New Scheme, by delivering to the Company a notice duly signed in a form approved by the Board (together with payment of the exercise price in full in respect of each New Share to be subscribed for) and delivery of the New Share Option certificate for amendment or cancellation; and
- (ix) The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme becomes unconditional. The Board may amend any of the provisions of the New Scheme or withdraw or otherwise terminate the New Scheme at any time but no alterations shall be made to the advantage of any Participant unless approved by the Shareholders in general meeting. All New Share Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the New Scheme.

44. 以股份為基準的付款交易(續)

(b) 新購股權計劃(續)

- (vii) 於任何十二個月期間向每名承授人授出的新購股權(包括已行使、已註銷及尚未行使購股權)獲行使時已經及將予發行的新股份總數，不得超過本公司相關類別已發行證券的1%。倘向一名承授人進一步授出新購股權，而該等新購股權獲行使時將導致該名承授人有權認購超過此限額的新股份，則須於股東大會取得股東批准，該名承授人及其聯繫人士必須放棄投票；
- (viii) 參與者可於行使期(即根據新計劃授出相關新購股權的日期起計不超過10年)內，隨時透過向本公司送交已按董事會批准的形式妥為簽署的通知(連同就將予認購的每股新股份支付的全數行使價款項)，並送交新購股權證書以供修訂或註銷，以行使全部或部分購股權；及
- (ix) 新計劃於新計劃成為無條件之日起計10年內有效。董事會可隨時修訂新計劃的任何條文，或撤回或以其他方式終止新計劃，惟除非經股東於股東大會上批准，否則不得作出任何有利於任何參與者的修訂。所有有關終止前已授出但當時尚未行使的新購股權將繼續有效，並受限於新計劃的條款及可根據該等條款行使。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

44. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) New share option scheme (Continued)

No share option was granted, lapsed and exercised during the years ended 31 December 2016 and 2015. The following table discloses movements of the Company's share options held by the directors, employees as well as advisors and consultants.

	Number of share options 購股權數目						
	Post-IPO Option Scheme 首次公開招股後購股權計劃		New Scheme 新計劃		Total 總計		
	2016 二零一六年	2015 二零一五年	2016 二零一六年	2015 二零一五年	2016 二零一六年	2015 二零一五年	
At 1 January and 31 December	於一月一日及 十二月三十一日	12,885,263	12,885,263	10,787,062	10,787,062	23,672,325	23,672,325
Weighted average exercise price	加權平均行使價	HK\$3.00港元	HK\$3.00港元	HK\$7.90港元	HK\$7.90港元	HK\$5.18港元	HK\$5.18港元
Number of exercise options	行使購股權數目	12,885,263	12,885,263	10,787,062	10,787,062	23,672,325	23,672,325

At 31 December 2016, the number of shares of which options had been granted and remained outstanding under the share option scheme was 23,672,325 (2015: 23,672,325) representing approximately 0.59% (2015: 0.71%) of the Company's issued shares capital at that date. The weighted average remaining contractual life was 3.8 years (2015: 4.8 years).

During the year, no share-based payment was recognised in the consolidated statement of profit or loss and comprehensive income in relation to share options granted to the directors and employees by the Company, with a corresponding adjustment in the Company's share option reserve.

44. 以股份為基準的付款交易(續)

(b) 新購股權計劃(續)

截至二零一六年及二零一五年十二月三十一日止年度，概無授出、已失效或已行使任何購股權。下表披露董事、僱員以及顧問及專業顧問所持本公司購股權的變動。

於二零一六年十二月三十一日，有關根據購股權計劃已授出但尚未行使購股權之股份數目為23,672,325股(二零一五年：23,672,325股)，佔本公司於該日已發行股本約0.59%(二零一五年：0.71%)。加權平均剩餘合約年期為3.8年(二零一五年：4.8年)。

年內，並無就本公司授予董事及僱員之購股權於綜合損益及全面收益表確認以股份為基準之付款，同時於本公司的購股權儲備確認相應的調整。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

45. RELATED PARTY TRANSACTIONS

Details of balances with related parties are set out in the consolidated statement of financial position and respective notes. Save as those disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue received from a related company	來自一間關聯公司收入	—	168
Other income	其他收入	—	80
Interest paid to a related company	已付一間關聯公司利息	454	1,364
Interest paid to shareholders	已付股東利息	32,501	5,406
Waiver of interest of convertible bond	豁免可換股債券利息	12,513	—

45. 關聯方交易

與關聯方之結餘詳情載於綜合財務狀況表及相關附註。除此等財務報表其他地方所披露外，本集團還與關聯方訂立下列交易：

Compensation of key management personnel

The directors of the Group consider that they are the only key management personnel of the Group and details of their compensation are set out in Note 13.

主要管理人員的報酬

本集團董事認為，彼等為本集團之主要管理人員，彼等的酬金詳情載於附註13。

46. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

(a) Acquisition of Lux Unicorn

On 22 December 2014, the Group entered into a sale and purchase agreement with Mr. Sin, pursuant to which the Group acquired 100% equity interest of Lux Unicorn. On 15 April 2015, the Group completed the acquisition of 100% of the issued share capital of Lux Unicorn. Lux Unicorn is principally engaged in the sourcing and execution of investment opportunities for real estate development projects in the PRC.

46. 通過收購附屬公司獲得的資產和負債

(a) 收購盛麟

於二零一四年十二月二十二日，本集團與洗先生訂立買賣協議，據此，本集團收購盛麟100%的股權。於二零一五年四月十五日，本集團完成收購盛麟已發行股本之100%。盛麟之主要業務為物色及落實中國房地產開發項目之投資機遇。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

46. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

(a) Acquisition of Lux Unicorn (Continued)

The consideration consisted of (i) PN with principal amount of HK\$80,000,000 at par value, (ii) CB 5 with principal amount of HK\$300,000,000 at par value; and (iii) promissory note 2 ("PN 2") with principal amount of HK\$20,000,000 at par value, in the event that a land use rights certificate of a no certificate land have been not obtained on or before 31 December 2015, the PN 2 shall not required to be issued.

At the date of completion, the directors consider it is probable that the land use rights certificate would not be obtained on or before 31 December 2015 and PN 2 would not be issued.

Consideration transferred:

Fair value of PN	承兌票據之公允值	73,496
Fair value of CB 5	第五批可換股債券之公允值	330,005
Total	總計	403,501

Assets acquired and liabilities recognised at the date of acquisition:

Non-current assets	非流動資產	
Land lease prepayments	預付土地租賃	402,251
Deposit	按金	1,250
Net assets	資產淨值	403,501

46. 通過收購附屬公司獲得的資產和負債(續)

(a) 收購盛麟(續)

其代價包括(i)本金額為80,000,000港元之承兌票據；(ii)本金額為300,000,000港元之第五批可換股債券；及(iii)本金額為20,000,000港元之承兌票據2(「承兌票據2」)，如無證土地之土地使用權證未於二零一五年十二月三十一日或之前獲得，承兌票據2毋須發行。

於完成日期，董事認為，有關土地使用權證書可能不會在二零一五年十二月三十一日或之前獲得，因此承兌票據2不會發行。

經轉讓代價：

At 15 April 2015
於二零一五年
四月十五日
HK\$'000
千港元

於收購日期所收購的資產及所確認的負債：

At 15 April 2015
於二零一五年
四月十五日
HK\$'000
千港元

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

46. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

(a) Acquisition of Lux Unicorn (Continued)

Net cash outflow on acquisition of Lux Unicorn Limited

Consideration paid in cash	以現金支付之代價	—
Less: cash and cash equivalent balances acquired	減：所收購之現金及現金等值項目結餘	—
Total	總計	—

(b) Acquisition of In Industrial

On 28 December 2015, the Group entered into a sale and purchase agreement with First Credit, pursuant to which the Group acquired 100% equity interest of In Industrial. On 28 December 2015, the Group completed the acquisition of 100% of the issued share capital of In Industrial. In Industrial is principally holding a licence which enables the vehicle to travel and hang licence plate in both PRC and Hong Kong.

The consideration consisted of cash of RMB900,000 (equivalent to approximately HK\$1,079,000).

46. 通過收購附屬公司獲得的資產和負債(續)

(a) 收購盛麟(續)

收購盛麟有限公司的現金淨流出

Year ended
31 December
2015
截至二零一五年
十二月三十一日
止年度
HK\$'000
千港元

(b) 收購平然實業

於二零一五年十二月二十八日，本集團與第一信用訂立買賣協議，據此，本集團收購平然實業100%的股權。於二零一五年十二月二十八日，本集團完成收購平然實業100%之已發行股本。平然實業主要持有一張允許汽車於中國與香港兩地行駛及懸掛的車牌。

代價包括現金人民幣900,000元(相當於約1,079,000港元)。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

46. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (Continued)

(b) Acquisition of In Industrial (Continued)

Consideration transferred:

		At 28 December 2015 於二零一五年 十二月二十八日 HK\$'000 千港元
Cash	現金	1,079

Assets acquired and liabilities recognised at the date of acquisition:

		At 28 December 2015 於二零一五年 十二月二十八日 HK\$'000 千港元
Non-current assets	非流動資產	
Intangible asset	無形資產	1,079
Net assets	資產淨值	1,079

Net cash outflow on acquisition of In Industrial Company Limited

		Year ended 31 December 2015 截至二零一五年 十二月三十一日 止年度 HK\$'000 千港元
Consideration paid in cash	以現金支付之代價	1,079
Less: cash and cash equivalent balances acquired	減：所收購之現金及現金等值項目結餘	—
Total	總計	1,079

46. 通過收購附屬公司獲得的資產和負債(續)

(b) 收購平然實業(續)

經轉讓代價：

		At 28 December 2015 於二零一五年 十二月二十八日 HK\$'000 千港元
Cash	現金	1,079

於收購日期所收購的資產及所確認的負債：

		At 28 December 2015 於二零一五年 十二月二十八日 HK\$'000 千港元
Non-current assets	非流動資產	
Intangible asset	無形資產	1,079
Net assets	資產淨值	1,079

收購平然實業有限公司的現金淨流出

		Year ended 31 December 2015 截至二零一五年 十二月三十一日 止年度 HK\$'000 千港元
Consideration paid in cash	以現金支付之代價	1,079
Less: cash and cash equivalent balances acquired	減：所收購之現金及現金等值項目結餘	—
Total	總計	1,079

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

47. MAJOR NON-CASH TRANSACTION

- i. During the year ended 31 December 2016, the aggregate outstanding principal of CB4 amounting approximately HK\$9,869,000, early settled by the issuance of loan from Mr. Sin (Note 36).
- ii. During the year ended 31 December 2016, the aggregate outstanding principal and accrued interest of CB4 amounting approximately HK\$149,520,000 and HK\$5,981,000 respectively, settled by the issuance of other borrowings of approximately HK\$114,879,000 and loans from shareholders of amounting approximately HK\$40,622,000 (Note 36).

48. DIVIDEND

No dividend has been proposed, or declared by the directors of the Company for the year ended 31 December 2016 (2015: nil).

49. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2016 were approved for issue by the board of directors on 22 March 2017.

47. 主要非現金交易

- i. 截至二零一六年十二月三十一日止年度，第四批可換股債券尚未償還本金總額約9,869,000港元通過冼先生發行貸款提早結付(附註36)。
- ii. 截至二零一六年十二月三十一日止年度，第四批可換股債券尚未償還本金總額及應計利息分別約149,520,000港元及5,981,000港元通過發行其他借貸約114,879,000港元及來自股東的貸款約40,622,000港元結付(附註36)。

48. 股息

截至二零一六年十二月三十一日止年度，本公司董事概無建議或宣派股息(二零一五年：無)。

49. 批准財務報表

截至二零一六年十二月三十一日止年度的綜合財務報表已於二零一七年三月二十二日獲董事會批准發佈。

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

50. 本公司的財務狀況報表及儲備

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	5	7
Investments in subsidiaries	附屬公司之投資	882	882
		887	889
Current assets	流動資產		
Prepayments, deposit and other receivables	預付款項、按金及其他應收款項	1,436	1,248
Amounts due from subsidiaries	應收附屬公司款項	1,936,091	1,982,877
Cash and bank balances	現金及銀行結餘	2,102	7,947
		1,939,629	1,992,072
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	20,302	9,326
Amounts due to subsidiaries	應付附屬公司款項	784	—
Loans from shareholders	股東的貸款	10,873	107,000
Borrowings	借貸	90,845	165,692
Bonds	債券	61,115	2,073
Convertible bonds	可換股債券	—	151,382
		183,919	435,473
Net current assets	流動資產淨值	1,755,710	1,556,599
Total assets less current liabilities	資產總額減流動負債	1,756,597	1,557,488
Non-current liabilities	非流動負債		
Loans from shareholders	股東的貸款	451,471	32,500
Borrowings	借貸	48,048	18,600
Bonds	債券	445,688	271,897
Convertible bonds	可換股債券	110,813	226,068
Promissory note	承兌票據	81,655	79,576
		1,137,675	628,641
Net assets	資產淨值	618,922	928,847
Capital and reserves	資本及儲備		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	399,839	333,172
Reserves	儲備	219,083	595,675
Total equity	權益總額	618,922	928,847

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 22 March 2017 and are signed on its behalf by:

Law Po Yee
羅寶兒
Director
董事

50. 本公司的財務狀況報表及儲備 (續)

本公司之財務狀況報表已由董事會於二零一七年三月二十二日批准及授權刊發，並由下列董事代表董事會簽署：

Sin Kwok Lam
冼國林
Director
董事

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

50. 本公司的財務狀況報表及儲備(續)

Movement in the Company's reserves

本公司的儲備變動

		Share premium	Capital reserve	Convertible bonds equity reserve	Warrant reserve	Contributed surplus	Share options reserve	Accumulated losses	Total
		股份溢價	資本儲備	可換股債券權益儲備	認股權證儲備	實繳盈餘	購股權儲備	累計虧損	總計
		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
The Company	本公司								
At 1 January 2015	於二零一五年一月一日	620,011	(25)	51,040	6,399	76,471	26,229	(111,744)	668,381
Issue of convertible bonds arising from the acquisition of a subsidiary	收購一間附屬公司而發行可換股債券	—	—	46,697	—	—	—	—	46,697
Share issued upon conversion of convertible bonds (note 39)	兌換可換股債券所發行的股份(附註39)	43,759	—	(12,421)	—	—	—	—	31,338
Lapse of warrants	認股權證失效	—	—	—	(6,399)	—	—	6,399	—
Lapse of the equity component of convertible bonds	可換股債券權益部分失效	—	—	(5,235)	—	—	—	5,235	—
Loss for the year	本年度虧損	—	—	—	—	—	—	(150,741)	(150,741)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	663,770	(25)	80,081	—	76,471	26,229	(250,851)	595,675
Early settlement of convertible bonds	提早結付可換股債券	—	—	(2,893)	—	—	—	2,878	(15)
Share issued upon conversion of convertible bonds (note 39)	兌換可換股債券所發行的股份(附註39)	67,936	—	(18,679)	—	—	—	—	49,257
Lapse of the equity component of convertible bonds	可換股債券權益部分失效	—	—	(42,912)	—	—	—	42,912	—
Loss for the year	本年度虧損	—	—	—	—	—	—	(425,834)	(425,834)
At 31 December 2016	於二零一六年十二月三十一日	731,706	(25)	15,597	—	76,471	26,229	(630,895)	219,083

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves (Continued)

The contributed surplus of the Company arose as a result of capital reorganisation and represents the entire amounts standing to the credit of the share premium account of the Company as at 30 June 2010 and the credits arising from capital reduction for eliminating or setting off the accumulated losses of the Company from time to time. Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The capital reserve of the Company arose as a result of the reorganisation and represents the excess of the combined net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof.

50. 本公司的財務狀況報表及儲備(續)

本公司的儲備變動(續)

本公司的實繳盈餘乃因股本重組而產生，即本公司於二零一零年六月三十日的股份溢價賬的進賬全額及股本削減所產生進賬，用以消除或對銷本公司不時的累計虧損。根據百慕達一九八一年公司法，本公司的實繳盈餘賬可供分派。然而，倘有合理理據相信：(i) 本公司不能或於自實繳盈餘中宣派或派付股息或作出分派後不能支付其到期負債；或(ii) 本公司資產的可變現價值會因而少於其負債及其已發行股本與股份溢價賬的總和，則本公司不得自實繳盈餘中宣派或派付股息或作出分派。

本公司的資本儲備乃因重組而產生，即所收購附屬公司的合併資產淨值高出本公司作為代價而發行的股本面值的部分。

FINANCIAL SUMMARY

財務摘要

FINANCIAL RESULTS

財務業績

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Revenue	收入	57,827	40,038	15,260	19,094	6,789
(Loss)/Profit before income tax	除稅前(虧損)/溢利	(327,092)	(264,834)	(142,989)	(17,682)	2,897
Income tax expense	所得稅開支	—	—	(5,924)	(6,543)	(4,938)
(Loss)/Profit for the year	年內(虧損)/溢利	(327,092)	(264,834)	(148,913)	(24,225)	(2,041)
Attributable to:	以下應佔:					
Owners of the Company	本公司擁有人	(327,091)	(264,828)	(148,913)	(20,614)	(12,917)
Non-controlling interests	非控股權益	(1)	(6)	—	(3,611)	10,876
		(327,092)	(264,834)	(148,913)	(24,225)	(2,041)

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Total assets	資產總額	2,377,447	2,448,510	1,835,642	1,572,053	1,007,741
Total liabilities	負債總額	(1,737,469)	(1,518,128)	(763,168)	(862,635)	(213,926)
		639,978	930,382	1,072,474	709,418	793,815
Equity attributable to the owners of the Company	本公司擁有人應佔權益	639,740	930,143	1,072,474	709,418	571,494
Non-controlling interests	非控股權益	238	239	—	—	222,321
		639,978	930,382	1,072,474	709,418	793,815



National Arts Entertainment and Culture Group Limited
國藝娛樂文化集團有限公司

