

2018年度報告

2018 ANNUAL REPORT



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

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CORPORATE INFORMATION 公司資料

BOARD OF DIRECTORS

Chairman, Executive Director and Chief Executive Officer

Mr. Chow Kai Weng (Appointed as Chairman on 4 May 2018 and appointed as Chief Executive Officer on 13 June 2018)

Chairman and Non-executive Director

Mr. Sin Kwok Lam (Resigned on 4 May 2018)

Vice Chairperson, Executive Director and Chief Executive Officer

Ms. Law Po Yee (Resigned as Chief Executive Officer on 13 June 2018 and resigned as Vice Chairperson and Executive Director on 15 November 2018)

Executive Directors

Mr. Cheng Wang Chun (Appointed on 4 May 2018)
Mr. Ho Leung Ting (Appointed on 15 November 2018)
Ms. Sin Ho Yee (Resigned on 15 November 2018)

Non-executive Directors

Dr. Lam Lee G.
Mr. Li Sin Hung Maxim (Resigned on 5 January 2018)

Independent Non-executive Directors

Mr. Chui Chi Yun Robert
Mr. Li Kit Chee
Mr. Chan Tin Lup Trevor (Resigned on 1 July 2018)
Prof. Wong Lung Tak Patrick
(Resigned on 1 January 2019)

COMPANY SECRETARY

Ms. Sun Shui

COMPLIANCE OFFICER

Mr. Chow Kai Weng (Appointed on 13 June 2018)
Ms. Law Po Yee (Resigned on 13 June 2018)

董事會

主席、執行董事兼行政總裁

周啟榮先生(於二零一八年五月四日獲委任為主席及於二零一八年六月十三日獲委任為行政總裁)

主席兼非執行董事

冼國林先生(於二零一八年五月四日辭任)

副主席、執行董事兼行政總裁

羅寶兒女士(於二零一八年六月十三日辭任行政總裁及於二零一八年十一月十五日辭任副主席及執行董事)

執行董事

鄭弘駿先生(於二零一八年五月四日獲委任)
何亮霆先生(於二零一八年十一月十五日獲委任)
冼灝怡女士(於二零一八年十一月十五日辭任)

非執行董事

林家禮博士
李錦洪先生(於二零一八年一月五日辭任)

獨立非執行董事

崔志仁先生
李傑之先生
陳天立先生(於二零一八年七月一日辭任)
黃龍德教授
(於二零一九年一月一日辭任)

公司秘書

孫瑞女士

監察主任

周啟榮先生(於二零一八年六月十三日獲委任)
羅寶兒女士(於二零一八年六月十三日辭任)



Corporate Information 公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rm. L&M, 21/F., Kings Wing Plaza,
Phase 1, No. 3 On Kwan Street,
Shek Mun, Shatin, N.T.,
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICES

Principal share registrar and transfer office

Conyers Corporate Services (Bermuda) 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

AUTHORISED REPRESENTATIVES

Mr. Chow Kai Weng
Mr. Cheng Wang Chun (Appointed on 13 June 2018)
Ms. Law Po Yee (Resigned on 13 June 2018)

COMMITTEES

Audit Committee

Mr. Chui Chi Yun Robert (*Chairman*)
Mr. Li Kit Chee
Mr. Chan Tin Lup Trevor
(Resigned on 1 July 2018)
Prof. Wong Lung Tak Patrick
(Resigned on 1 January 2019)

Remuneration Committee

Mr. Chui Chi Yun Robert (*Chairman*)
Mr. Li Kit Chee
Mr. Chan Tin Lup Trevor (Resigned on 1 July 2018)
Prof. Wong Lung Tak Patrick
(Resigned on 1 January 2019)

Nomination Committee

Mr. Chow Kai Wang (*Chairman*)
(Appointed on 4 May 2018)
Mr. Sin Kwok Lam (*Chairman*) (Resigned on 4 May 2018)
Mr. Li Kit Chee
Mr. Chan Tin Lup Trevor (Resigned on 1 July 2018)
Prof. Wong Lung Tak Patrick
(Resigned on 1 January 2019)

總辦事處及主要營業地點

香港
新界沙田石門
安群街3號京瑞廣場1期
21樓L及M室

股份過戶及登記處

主要股份過戶及登記處

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

授權代表

周啟榮先生
鄭弘駿先生(於二零一八年六月十三日獲委任)
羅寶兒女士(於二零一八年六月十三日辭任)

轄下委員會

審核委員會

崔志仁先生(*主席*)
李傑之先生
陳天立先生
(於二零一八年七月一日辭任)
黃龍德教授
(於二零一九年一月一日辭任)

薪酬委員會

崔志仁先生(*主席*)
李傑之先生
陳天立先生(於二零一八年七月一日辭任)
黃龍德教授(於二零一九年一月一日辭任)

提名委員會

周啟榮先生(*主席*)
(於二零一八年五月四日獲委任)
冼國林先生(*主席*)(於二零一八年五月四日辭任)
李傑之先生
陳天立先生(於二零一八年七月一日辭任)
黃龍德教授
(於二零一九年一月一日辭任)

Corporate Information 公司資料

LEGAL ADVISORS

Conyers Dill & Pearman (Bermuda laws)
LCH Lawyers LLP (Hong Kong laws)

AUDITORS

With effect from 28 December 2018:
Elite Partners CPA Limited
Certified Public Accountants
10/F., 8 Observatory Road
Tsim Sha Tsui
Kowloon
Hong Kong

Resigned on 28 December 2018:
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL BANKER

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 (百慕達法律)
呂鄭洪律師行有限法律責任合夥(香港法律)

核數師

任期自二零一八年十二月二十八日起：
開元信德會計師事務所有限公司
執業會計師
香港
九龍
尖沙咀
天文臺道8號10樓

於二零一八年十二月二十八日辭任：
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 (the “Board”) of directors (the “Directors”) of National Arts Entertainment and Culture Group Limited (the “Company”), I am pleased to present to you the 2018 annual report of the Company and its subsidiaries (collectively the “Group”).

The Group has for years endeavored to become an all-round enterprise of culture and entertainment, and have been actively developing the Xiqiao National Arts Film Studio (the “Studio”) and National Arts Resort Hotel (the “Hotel”) (collectively the “Xiqiao National Arts Film Studio Project”).

The Studio is an exclusive construction for real shot filming, and has been continuously improving its film shooting equipment and filming ancillary facilities. In 2018, more than 130 shooting crews conducted film shooting in the Studio. This shows that the Group has an increasingly reliable source of clients, and its customer base is gradually growing. Therefore, the Studio has started the second phase of its development in order to increase the Group’s competitiveness with a goal to build a southern studio center.

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（「董事會」），欣然提呈本公司及其附屬公司（統稱「本集團」）之二零一八年度報告。

本集團多年來致力成為全方位的文化娛樂企業，積極發展西樵山國藝影視城（「影視城」）及國藝度假酒店（「酒店」）（統稱「西樵山國藝影視項目」）。

影視城獨有全實景建築，一直以來積極完善拍攝設備及拍攝配套設施。2018年於影視城取景拍攝的劇組數目超過一百三十組，可見客戶群日趨穩固，客戶基礎正逐步擴大。因此，影視城已積極開發二期項目，提升集團的競爭優勢，以專注打造南方影視中心為目標。

Chairman's Statement 主席報告書

The business of the Group is mainly based in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). Given the development of the Greater Bay Area and the opening of the Guangzhou — Shenzhen — Hong Kong Express Rail Link, transportation becomes more convenient, and the number of tourists continues to increase, providing a stable source of income for the Group. The Group will allocate more resources to tourism services, such as cultural tourism, so as to fully utilise the resources of the Studio to provide customers with more unique tour groups.

In addition, the Company has started the placing of its shares in 2019. Assuming there will be full placement of the placing shares, the Company will be able to repay its debts and expand the Studio. The Group will become a Company without external debt. The Group can thus focus on the development of its film business and become a world-class and renowned film center.

Apart from the Xiqiao National Arts Film Studio Project, the Group also continues to develop its Hong Kong film business and proactively looks for opportunities to work with its peers in Hong Kong, striving to foster the development of the Hong Kong film industry. The Group hopes to invest in and produce a film with a theme that reflects Hong Kong's social background, and to participate in more charity events so as to raise public awareness as to the communities that are in need and contribute to the society.

Looking ahead, the Group will explore more business opportunities related to its entertainment and cultural business and develop in different directions. The Group will proactively participate in different film productions, promote film education and cultivate a new generation of film producers and actors/actresses. Finally, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to the Company's shareholders for their continuing support and the Board members and staff for their dedication and contributions.

Thank you for your support.

Chow Kai Weng

Chairman, Executive Director and Chief Executive officer

Hong Kong, 20 March 2019

本集團業務板塊主要位於粵港澳大灣區（「大灣區」），隨著大灣區的發展，加上廣深港高鐵開通後，交通更加便利，旅客人數也不斷上漲，為集團提供更穩定的收入來源。本集團將投放更多資源於旅遊服務例如文化旅遊等，並充分運用影視城的資源優勢，為客人提供更多特色旅行團。

此外，本公司於二零一九年開始配股籌集資本，如果成功全額配售後，我司會用作全數償還債務及擴建影視城，本集團將是一家無外債公司。未來可更專注影視基地業務的發展，成為世界級知名的影視中心。

除了針對發展西樵山國藝影視城項目外，本集團亦持續發展香港影視業務並積極尋找其他香港同業合作，務求推動香港影業發展。期望每年致力投資和製作一套以社會背景為主題的電影和參與更多慈善活動，藉此讓公眾了解及幫助有需要的社群，為社會出一分力。

展望未來，本集團將發掘更多與其娛樂及文化業務有關產業作不同的發展，積極參與不同的影視製作，致力推廣影視教育，以培育新一代的影視製作人和演員。最後，本人謹藉此機會代表董事會衷心感激本公司股東一直以來的支持，亦感激董事會成員及員工所有付出的努力及貢獻。

謝謝各位的支持！

主席、執行董事兼行政總裁

周啟榮

香港，二零一九年三月二十日

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 Xiqiao National Arts Film Studio Project has the view of Mount Xiqiao which is known as one of the national 5-star tourist attractions and has total developed land area of 444,000 square meters. There are unique film shooting areas throughout the Studio along with theme parks, hotel and performing arts complexes. The Studio incorporates tourism and recreational facilities that leads the Studio to become an international vacation resort in Guangdong Province.

During the year under review, the Studio successfully organised a number of events, including “Lunar New Year Celebration”, “Summer Carnival”, “The 3rd Hung Kuen Competition”, “Halloween Party” and “Christmas Carnival”. Among other events, the event “Summer Carnival” was held successfully for the first time and the number of visitors were approximately 680,000. Overall, the total attendances of the Studio in 2018 were approximately 1,000,000.

In addition, the Group has participated in several charity groups on education in 2018. The Studio cooperated with charitable organisations such as Caritas and Po Leung Kuk to organise study group events for students to participate and to explore different culture and film production in the Studio.

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

業務回顧

西樵山國藝影視城項目

本集團的西樵山國藝影視城及國藝度假酒店位於廣東省佛山市，盡享國家五星級景點西樵山的美景，已開發土地總面積達四十四萬四千平方米，包含各種獨特電影拍攝場景，主題公園、酒店及表演場館等。影視城集旅遊及休閒設施於一身，將令影視城成為廣東省的國際渡假勝地。

於回顧年度，影視城成功籌辦多項活動，包括「新春廟會」、「夏日海陸空嘉年華」、「第三屆洪拳大賽」、「萬聖節派對」及「聖誕嘉年華」。眾多活動中，「夏日海陸空嘉年華」首次舉行已大獲好評，吸引了約六十八萬名訪客。整體而言，二零一八年的總入場人數約為一百萬人次。

此外，本集團於二零一八年已與數個慈善團體就教育事務合作。例如，影視城與明愛及保良局等慈善組織合辦遊學活動，供學生參與及探索影視城內不同的文化特色及影片製作。

本集團相信已舉辦的活動將大力提升影視城的品牌知名度，把西樵山國藝影視城項目推上高峰。



Management Discussion and Analysis 管理層討論及分析



Travel

National Arts Travel Limited ("NA Travel") has been established and commenced its business since 2016. It provides cozy travel solution such as organising tailor-made travel itineraries for different organisations, groups and individuals. Besides traditional group tours, NA Travel launched a series of featured group tours to enhance customers' unique travel experience.

To enhance the comprehensive customer support, NA Travel has updated its inquiry and sales system in 2018. The system provides worldwide information on air tickets, hotels as well as travel insurance, transportation and visa application, thus strengthening the competitiveness of the Group in the market.

In addition, diversifying the current product lines helps building a brand-new image. In 2018, the Travel Industry Council of Hong Kong approved the establishment of the brand "Skyyer Travel" by NA Travel, "Skyyer Travel" presents a fresh brand image with the slogan "What Travel means is.....you decide to go and take action! (旅遊就是.....想閃。就閃)". "Skyyer Travel" is a brand under NA Travel which professionally designs "Tailor-made tours for sport, hobby and industry" and invites various celebrities to lead and guide in different tours. Moreover, "Skyyer Travel" is exploring special and exclusive tourist attractions and incorporates travel tours with specific subjects, such subject includes, golf, yoga, bicycle, darts, painting, dragon boat, diving, photography, religion, music, goodies marathon, etc.

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 of land, including a lake of 120,000 square meters and numbers of indoor and outdoor studios which are equipped with excellent and comprehensive ancillary facilities in order to provide the Southern China and foreign shooting crews the most realistic and delicate scenes.

旅遊

國藝旅遊有限公司(「國藝旅遊」)自二零一六年成立及開展業務，提供舒適旅遊解決方案，例如為各個機構、集團及個人籌辦定制行程。除傳統旅行團外，國藝旅遊亦推出了一連串的特色旅行團，務求提升客戶的獨特旅遊體驗。

為改進綜合客戶支援，國藝旅遊於二零一八年更新其查詢及銷售系統。該系統提供世界性的資訊，涵蓋機票、酒店以至旅遊保險、交通及簽證申請，以此加強本集團的市場競爭力。

此外，多元化發展現有產品線，有助打造全新形象。於二零一八年經香港旅遊業協會批准，國藝旅遊成立「閃令令旅遊」(「閃令令旅遊」)品牌，以全新品牌形象及口號「旅遊就是……想閃。就閃」經營。「閃令令旅遊」是國藝旅遊下的一個品牌專業，專業打造「運動、興趣及行業而設的度身訂造之旅程」，並邀請各界別的名人帶領及導遊。此外，更全球搜尋特色及獨家景點，將旅行團與主題相匹配，主題類別包括：高爾夫球、瑜珈、單車、飛鏢、畫畫、龍舟、潛水、攝影、宗教、音樂、美食及馬拉松等等。

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，佔地三十七萬四千平方米，包括面積為十二萬平方米的湖泊水景及多間室內及室外的攝影棚，配備頂尖及全面的配套設施，為華南及海外拍攝團隊提供最真實細緻的場景。

Management Discussion and Analysis 管理層討論及分析

By virtue of the extensive choices of scenes, supreme geographical location and multifunctional ancillary services, the film shooting base has been heavily used by the production crews. During the year of 2018, over 130 production crews filmed in the film shooting base.

Since 2017, the Group has taken the role of rental agent by entering into several rental agreements with a number of companies renting film shooting equipment. The partners provide 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 generate substantial revenue to the Group. Besides creating enormous synergistic effect for the Group, it also enhances the Group's capability of provision of ancillary services in respect of film shooting, and also facilitates centralization of the industry as well as strengthen the Group's competitiveness among its peers.

On 4 January 2018, Foshan Bureau of Culture, Publication, Radio, Film and Television (the "Bureau") approved a few wholly-owned subsidiaries of the Company to assist the Bureau in the operation and expansion (i) that would facilitate film enterprises from various regions moving into Foshan, policy presentation, solicitation of investment and funding as well as shooting, etc.; (ii) of digital studio and film location construction projects; and (iii) in respect of diversification of props and equipment portfolio, leasing and consolidation of props leasing business.

With the rapidly increase in the demand of film industry in recent years, the Group is actively developing the second phase development of the Studio ("Second Phase Project"). The Second Phase Project includes the building of indoor studio, which could raise the Group's current position in the film industry and enable the Group to develop into a world-known film shooting base in the foreseeable future.

The Group is the first enterprise designated by the Foshan Government to help building Foshan as the largest hub for props and equipment in Foshan, with focus on film and television industry, which boosted the reputation of the Group in the industry, thereby further consolidating the presence of the Studio in the film and television industry in Southern China.

憑著多種場景選擇、有利的地理位置及多功能的配套服務，電影拍攝基地向來廣為製作團隊使用。於二零一八年，超過一百三十個製作團隊在電影拍攝基地拍攝。

由二零一七年起，本集團已成為租賃代理，與多間租用電影拍攝器材的公司訂立數份租賃協議。合作夥伴提供各式各樣道具、服飾及高科技拍攝器材，包括大量明清時期的古裝、古董家具、仿製軍械及其他表演道具，這為本集團帶來龐大收益。除為本集團創造巨大的協同效應外，其亦提升本集團提供電影拍攝配套服務的質素，也促進行業集中化以及增強本集團於同行之間的競爭力。

於二零一八年一月四日，佛山市文化廣電新聞出版局（「新聞局」）授權批准本公司數間全資子公司協助新聞局經營及拓展：(i)不同地區的影視企業到佛山市落戶、政策宣講、招商引資、協助拍攝等各項服務；(ii)數碼攝影棚及電影場景建設項目；及(iii)影視道具器材品種擴張、租賃、集聚道具租賃業務。

由於近年電影業的需求急速增加，本集團積極開發影視城第二期（「第二期項目」）。第二期項目包括建設室內攝影棚，從而擴大本集團在現有電影業的定位，及在可見將來，發展為享譽世界的電影拍攝基地。

本集團亦是首間受到佛山市政府指名協助打造成佛山最大的道具器材及集中影視產業的經營中心，為本集團提高在行業中的知名度，亦更加鞏固影視城在華南影視產業中的地位。

Management Discussion and Analysis 管理層討論及分析

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.

Hotel

The 5-star Hotel located next to the Studio provides 350 suites facilitated from deluxe suites to economic standard rooms. 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 catering services and commercial services such as business centre, meeting rooms and lecture halls, thereby satisfy essential needs and wants of the customers.

To boost high quality service, the Hotel wishes to build strong communication among its staff by organising group activities such as sport day, in order to educate the staff of the importance of team work and to raise spirit in the corporate environment.

Besides, the Hotel was awarded “Resort Hotel of the Year 2018” and “18th Golden Horse Award of China Hotel — Best Theme Hotel Resort of Greater Bay Area” which recognized the corporate management quality and service quality of the Hotel.

With the development of the Hotel and the Studio becoming mature and its popularity having increased, the number of tourists continuously grows. The Group expects to build boutique hotel in the foreseeable future.

Film Production

The Group spared no effort in promoting entertainment culture for many years such as production of and investment in movie, microcinema and online TV programme to promote the culture and the spirit of entertainment.

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二十畝(13,333.33平方米)的範圍，租期十二年，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。

酒店

毗鄰該影視城的五星級酒店提供三百五十間客房，包括豪華套房及經濟實惠的標準房。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，該酒店亦提供餐飲服務及商務中心、會議室及演講廳，以滿足客戶的基本需求。

為推動高質素的服務，該酒店擬藉籌辦運動日等集體活動，加強員工之間的溝通，以教育員工，明白團隊工作的重要性，以及提高員工在企業環境中的團隊精神。

此外，該酒店榮獲「2018年度度假酒店金珠獎」及「第18屆中國酒店金馬獎 — 大灣區最佳主題度假酒店」，表揚該酒店的企業管理質素及服務質素。

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。本集團預期在可見將來建設精品酒店。

電影製作

本集團歷年來不遺餘力促進電影文化，例如製作及投資於電影、微電影及網上電視節目，以推動娛樂文化及精神。

Management Discussion and Analysis 管理層討論及分析

During 2016, the Group invested in the production of a charity film named “Our Days in 6E” (我們的6E班). The theme of “Our Days in 6E” is in line with the current social status, laden with educational significance as part of its social responsibility. The Group expects to invest more in production of films of various themes, thus, stepping forward to the diversified film market.

In addition, the Group held various courses from time to time to cultivate next generation film producers and actors in order to encourage the development of film production and contribute to the betterment of the film industry. With regard to the prospects of film production of the Group, the Group will step forward in respect of Hong Kong-Mainland film production and maintain a position in the film industry in Southern China.

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 Zhuhai, Guangdong, the People’s Republic of China (“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 artists such as Rose Chan and Brian Yuen, the Group has arranged a variety of performance opportunities including the participation in the charity movie, “Our Days in 6E” (我們的6E班), the online TV series “OCTB” (反黑), brand representative, dramas such as “Guardian Angel” (守護神之保險調查) and being the show host of the Lunar New Year Celebration, and the guest performers for the “New Year is A Game” (大玩特玩) and “Cooking Beauties” (美女廚房).

Besides, the Group also explores the PRC market for its artists and makes arrangement for them to participate in live reality show and online drama to enhance their popularity.

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.

於二零一六年，本集團投資製作一齣慈善電影「我們的6E班」。「我們的6E班」的主題切合當前社會狀況，滿載教育意義，藉此也履行我們的社會責任。本集團預期繼續投資製作更多各種主題的電影，以邁向多元化電影市場。

此外，本集團不時舉辦各種課程，培育新一代電影製作人及演員，鼓勵電影製作的發展，為電影業的進步作出貢獻。就本集團的電影製作前景而言，本集團將加大對香港與內地電影製作的投資，維持在華南電影業的地位。

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」）與其合營企業在中華人民共和國（「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

為提高陳嘉桓及阮頌揚等本集團藝員的知名度，本集團已安排各式各樣的表演機會，包括參演慈善電影「我們的6E班」、網上電視劇系列「反黑」、品牌代言、電視劇如「守護神之保險調查」及擔當春節慶祝活動的節目主持、「大玩特玩」及「美女廚房」的表演嘉賓等。

除此之外，本集團亦為藝人開拓中國市場，安排藝人參演直播真人秀及網絡劇以吸納更多的知名度。

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。

Management Discussion and Analysis 管理層討論及分析

FUTURE PROSPECT

Market Trends

According to the statistics published by The Guizhou Provincial Department of Culture and Tourism, during the 2019 Lunar New Year holidays, the gross tourism revenue in Guangdong Province was approximately RMB49,460 million, representing an increase of 16.9% compared with that in 2018.

Revenue from tourism during the 2019 Lunar New Year holidays by provinces, regions and cities — top ten (on-going statistics):

未來展望

市場趨勢

根據貴州省文化及旅遊廳公佈的統計數字，於二零一九年農曆年假期間，廣東省的旅遊總收入約為人民幣494.6億元，較二零一八年同期增加16.9%。

二零一九年農曆新年假期間按省、市、區劃分的旅遊業收益 — 十大(持續統計)：

Rank 名次	Province, region & city 省區市	Total revenue from tourism 旅遊總收入 (RMB billion) (人民幣十億元)	Year-on-year growth 同比增長	Total number of tourists received 接待遊客總數 (million) (百萬人次)	Year-on-year growth 同比增長
1	Sichuan 四川	58.04	30%	82.4729	16.6%
2	Guangdong 廣東	49.46	16.9%	63.303	13.8%
3	Shaanxi 陝西	25.93	25.18%	47.6588	16.33%
4	Yunnan 雲南	24.17	25.29%	34.6406	20.22%
5	Zhejiang 浙江	23.24	10.13%	24.1283	8.3%
6	Anhui 安徽	21.86	11.43%	33.4807	6.17%
7	Fujian 福建	21.16	22.8%	26.3868	16.4%
8	Hunan 湖南	21.01	18.34%	30.7456	12.99%
9	Henan 河南	18.03	15.6%	32.12	13.1%
10	Chongqing 重慶	18.03	34.82%	47.2598	10.26%

Chart by: Yang Seng Yu of <http://travel.people.com.cn>

圖表編製：楊僧宇(<http://travel.people.com.cn>)

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：上表根據公開發佈的統計數字及各個省區市的旅遊委員會提供的數據編製，而各省區市的統計範圍互相有別。

(Reference: Guizhou Provincial Department of Culture and Tourism (Tourism Industry) web-site: http://www.gztour.gov.cn/lyzx/jrtt/201902/t20190212_2258636.html)

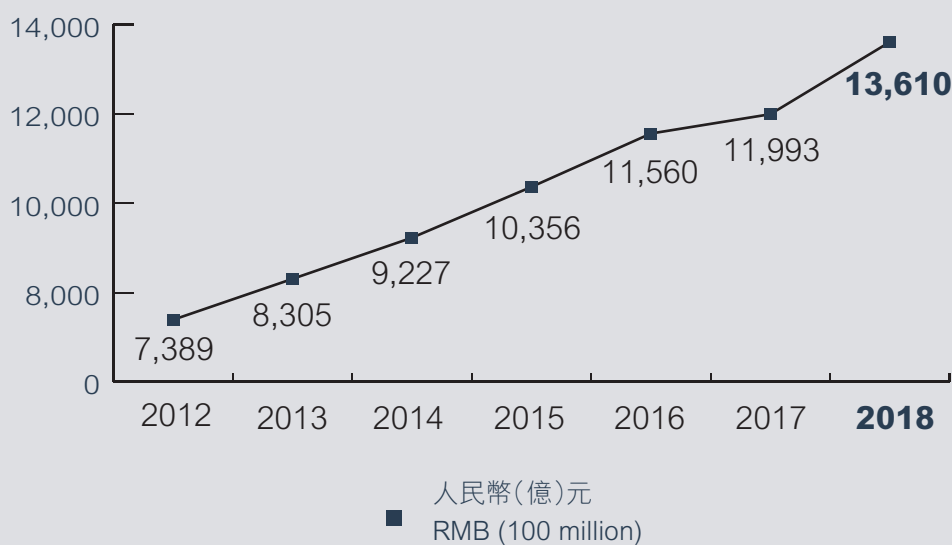
(參考：貴州省文化和旅遊廳(旅遊產業)網站：http://www.gztour.gov.cn/lyzx/jrtt/201902/t20190212_2258636.html)

Management Discussion and Analysis 管理層討論及分析

The gross tourism revenue in Guangdong Province in the PRC continuously increased during the seven years period from 2012 (approximately RMB738,900 million) to 2018 (approximately RMB1,361,000 million). Guangdong Province ranked among the leaders in China in terms of gross tourism revenue.

二零一二年至二零一八年七年間，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13,610億元。按旅遊總收入計算，中國廣東省在全國的排名中亦名列前茅。

廣東省旅遊總收入
Gross tourism revenue in Guangdong Province



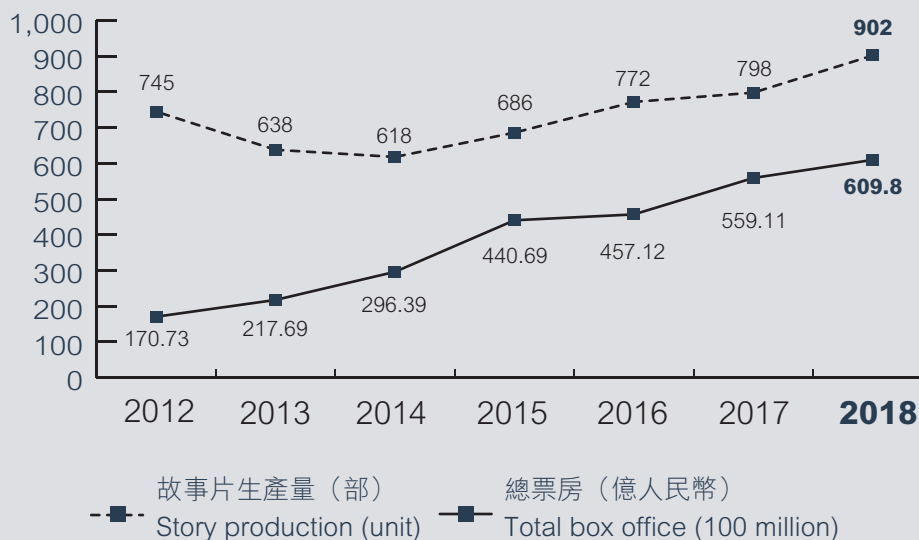
On 21 March 2013, Motion Picture Association of America published an annual report that China has replaced Japan as the world's second largest film market after the United States, and this ranking has so far been maintained.

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。

Following the reversal of the downward trend in 2017, China's film market has continuously grown in 2018, with the total box office revenue reached an even higher record of over RMB61 billion, representing an increase of 9.32% as compared to that in 2017. With the unprecedented breakthrough in box office and attendance rate, China's film market remained steady, with a view to becoming a major growth engine in global film market.

中國電影市場於二零一七年呈反彈勢頭，並在二零一八年持續增長，電影票房總收益的紀錄上再次被刷新高位，突破人民幣610億元，較二零一七年增長9.32%。在票房、觀影人次再創新高的同時，中國電影市場維持穩定，有望成為全球電影市場增長的主引擎。

Management Discussion and Analysis 管理層討論及分析

中國電影市場趨勢
Film Market Trends in the PRC

Further Development

Against the backdrop that China's film-induced tourism is at the development stage, the Group is committed to the further development of the Second Phase Project in order to compete with its peers in face of the upward trend in both tourism industry and film industry.

Over 130 shooting crews conducted filming in the Studio in 2018, which was 20% more than that in 2017. The Group believes that the Second Phase Project is essential and the Second Phase Project will include (i) the construction of indoor studios; (ii) cooperation with resourceful company in providing high-tech equipment, props, etc, and (iii) new boutique hotels. The Group expects that there will be more shooting crews to film in the Studio after the Studio being improved for the crews and tourists. Besides, the Studio will focus on education such as providing more tours to the students in the short term. In long term, the Group will consider building a film production school for giving opportunities to any person who is interested in and passionate about film industry such as post-production and actor training. Overall, the Group believes that better land use planning and provision of supporting facilities will allow the Studio to become a comprehensive film studio in the foreseeable future.

其他發展

中國影視旅遊仍在發展階段，在此背景下，本集團致力進一步發展第二期項目，務求在旅遊業及電影業的上升大勢及同儕競爭中保持優勢。

於二零一八年，逾130個拍攝團隊在影視城拍攝，較二零一七年多20%。本集團相信，第二期項目實屬必要，將包括：(i)興建室內的攝影棚；(ii)與資源豐富的公司合作，提供高科技設備、道具等等；及(iii)新精品酒店。本集團預計影視城設備提升後，會有更多拍攝團隊及觀光遊客為劇組拍攝。此外，影視城將會集中教育範疇，比如短期內向學生提供更多導賞團。長遠而言，本集團考慮成立電影製作學校，提供機會予任何對電影業有興趣及熱愛電影的人士，例如參與後期製作、演員培訓等。整體而言，本集團相信更好的土地用途計劃、提供支援設施等等，將使影視城在可見將來成為綜合電影片廠。

Management Discussion and Analysis 管理層討論及分析

In recent years, tourism has experienced continuous growth. With the advent of the leisure era, the Group believes that film-induced tourism will present a more promising prospect, advancing in a direction characterized by diversified tourist attractions, individualized tourists, updated tourism contents and integrated planning and construction.

FINANCIAL REVIEW

Results

During the year under review, the Group recorded revenue of approximately HK\$153.84 million, representing a decrease of approximately HK\$67.54 million as compared to 2017. The revenue was mainly derived from the entrance fee income, and the crew rental income from the film production crews using the Group's film shooting base, while part of the revenue was generated from sales of goods, filming, ancillary services, the hotel in the PRC, and the artiste management and event coordination business in Hong Kong. Due to the revision of the tax computation methods by the State Administration of Taxation, the crew rental income has decreased to approximately HK\$35.07 million in 2018 from approximately HK\$76.97 million in 2017, representing a decrease of approximately HK\$41.90 million. However, since the Studio has been developing film shooting base, and introducing high-tech shooting equipment and technology, it is believed that this may help the Group's business to recover in the future.

Staff costs for the year under review decreased to approximately HK\$51.63 million from approximately HK\$69.19 million in 2017. The decrease in staff costs was mainly attributable to the absence of equity-settled share-based payment expenses during the year under review as compared to such expenses of approximately HK\$21.84 million in 2017.

Finance costs for the year under review increased to approximately HK\$227.33 million from approximately HK\$165.56 million in 2017. The increase in finance costs was mainly due to the increase in interests on bonds and loans from shareholders, though partly offset by the decrease in interest on unsecured other borrowings.

Other operating expenses for the year under review decreased to approximately HK\$92.21 million from approximately HK\$127.00 million in 2017. The decrease in other operating expenses was mainly due to the absence of equity-settled share-based payment expenses granted to consultants and increase in cost of scene setting in the Studio.

近年來，旅遊業發展持續增長。隨着休閒時代的來臨，本集團預期影視旅遊的前景暢旺，會以多元化的旅遊點、個人遊、更新旅遊活動的內容和結合規劃與興建的方向發展。

財務回顧

業績

本集團在回顧年度錄得收入約153,840,000港元，較二零一七年減少約67,540,000港元。收入主要源自門票收入，以及電影製作團隊使用本集團的電影拍攝基地而獲得的團隊租金收入；而部份收入來自銷售貨品、拍攝、配套服務和中國酒店、藝人管理及香港活動統籌業務。由於國家稅務總局修訂計稅方法，團隊租金收入由二零一七年約76,970,000港元跌至二零一八年約35,070,000港元，減幅約41,900,000港元。然而，影視城一直致力發展為電影拍攝基地，增設高科技拍攝設備和技術，相信日後有助本集團業務得以復甦。

員工成本在本年度由二零一七年約69,190,000港元跌至約51,630,000港元。員工成本減少，主要歸因於本年度內並無以股權結算的股份支付開支，而於二零一七年，有關開支約為21,840,000港元。

本年內的融資成本由二零一七年約165,560,000元增至約227,330,000港元。融資成本增加主要由於債券及股東貸款利息增加，惟被其他無抵押借貸的利息減少所部分抵銷。

回顧年度的其他營運開支由二零一七年約127,000,000港元減至約92,210,000港元。其他營運開支減少主要由於缺少授予顧問的以股權結算的股份支付開支及影視城的置影成本增加所致。

Management Discussion and Analysis 管理層討論及分析

For the year ended 31 December 2018, the Group recorded a net loss of approximately HK\$415.56 million as compared to net loss of approximately HK\$193.53 million for the year ended 31 December 2017. The increase in net loss was mainly due to the decrease in revenue, the increase in impairment loss of land lease prepayment and finance cost.

Liquidity and Financial Resources

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	204,006	270,592
Current liabilities	流動負債	919,353	1,310,455
Current ratio	流動比率	22.2%	20.6%

Current ratio as at 31 December 2018 was 22.2% (2017: 20.6%). As at 31 December 2018, the Group's total positive cash and cash equivalents amounted to approximately HK\$13.47 million (2017: positive cash and cash equivalents approximately HK\$11.53 million).

As at 31 December 2018, the Group's current liabilities exceeded its current assets by approximately HK\$715,347,000 and the Group continued to incur a loss for the year of approximately HK\$415,558,000. These conditions indicate that there may exist a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the existence of these indicators, the Directors are of the opinion that it is appropriate for the consolidated financial statements to be prepared on the assumption that the Group will continue to operate as a going concern. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures, including the following:

- (i) the Group has obtained an undertaking from certain shareholders of the Company, including the substantial shareholder, that they will provide sufficient funding to the Group, including but not limited to the disposal of their personal assets, to meet its financial obligations in full as they fall due for the period of twelve months from the date of this annual report;

截至二零一八年十二月三十一日止年度，本集團錄得虧損淨額約415,560,000港元，相比截至二零一七年十二月三十一日止年度錄得虧損淨額約193,530,000港元。虧損淨額增加乃主要由於收益減少、土地租賃預付款減值虧損及融資成本增加所致。

流動資金及財務資源

於二零一八年十二月三十一日的流動比率為22.2%（二零一七年：20.6%）。於二零一八年十二月三十一日，本集團錄得正數總現金及現金等值項目約13,470,000港元（二零一七年：正數現金及現金等值項目約11,530,000港元）。

於二零一八年十二月三十一日，本集團的流動負債超過其流動資產，差額約715,347,000港元，而本集團於本年度繼續錄得虧損約415,558,000港元。該等情況反映可能有重大不穩定因素，可能對本集團的持續經營能力構成重大疑問。儘管有該等跡象，董事認為綜合財務報表按本公司將繼續持續經營的假設編製，實屬合適。為改善本集團的財務狀況、直接流動資金及現金流量，以及在其他方面維持本集團的持續經營，董事已採納數項措施，包括以下各項：

- (i) 本集團已向本公司若干股東取得一項承諾，包括主要股東，彼等將提供充足資金予本集團，包括但不限於出售彼等的個人資產，使本集團可於其財務責任到期時間完全履行責任，由本年報日期起計為期十二個月；

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- (ii) on 13 February 2019, the Company entered into placing agreements with four placing agents, pursuant to which the Company has conditionally agreed to place through the placing agents, on a best effort basis, of up to 6,999,999,997 shares of the Company ("Placing Shares") in aggregate to not less than six placees by each placing agent at a price of HK\$0.26 per Placing Share. Assuming the maximum number of the Placing Shares are placed by the placing agents, the net proceeds are estimated to be approximately HK\$1,751.5 million. On 15 March 2019, the Company completed the placing of 428,769,230 Placing Shares at a price of HK\$0.26 per Placing Share and the net proceeds, after deducting the related expenses, is approximately HK\$104.5 million; and
- (iii) subsequent to the end of the reporting period, the Company and certain bondholders mutually agreed to extend the maturity dates of the bonds with aggregate carrying amount of approximately HK\$114,113,000 to 29 February 2020. In addition, the Company is in the process to negotiate with bondholders to extend maturity dates of the bonds with aggregate carrying amount of HK\$243,310,000 upon its maturity.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from 31 December 2018. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

Dividend

The Directors do not recommend payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

- (ii) 於二零一九年二月十三日，本公司與四名配售代理訂立配售協議，據此，本公司有條件地同意按竭盡全力基準透過配售代理配售最多合共6,999,999,997股本公司股份（「配售股份」），每名配售代理配售予不少於六名承配人，作價為每股配售股份0.26港元。假設最高數目的配售股份已獲配售代理配售，所得款項淨額估計約為1,751,500,000港元。於二零一九年三月十五日，本公司完成配售428,769,230股配售股份，作價每股配售股份0.26港元，經扣除相關開支後的所得款項淨額約為104,500,000港元；及
- (iii) 報告期末後，本公司與若干債券持有人互相協定，將賬面總值約114,113,000港元的債券的到期日延至二零二零年二月二十九日。此外，本公司正與債券持有人磋商將賬面總值為243,310,000港元的債券的到期日於到期後延長。

基於上文所述及經評估本集團的目前及預計現金狀況後，董事信納本集團將可繼續於其財務責任於二零一八年十二月三十一日起十二個月期間到期時，予以履行。據此，本集團的綜合財務報表已按持續基準編製。

股息

董事不建議派付截至二零一八年十二月三十一日止年度的末期股息（二零一七年：無）。

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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 2018, 4,517,161,222 ordinary shares were issued and fully paid.

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 GEM 上市。本公司股本僅包含普通股。於二零一八年十二月三十一日，有 4,517,161,222 股已發行及繳足股款普通股。

		2018 二零一八年		2017 二零一七年	
		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	—	0%	8,416	0.4%
Loans from shareholders	股東的貸款	601,031	28.7%	504,060	21.8%
Borrowings	借貸	193,059	9.2%	221,202	9.6%
Bonds	債券	1,023,319	48.9%	719,920	31.2%
Convertible bond	可換股債券	—	0%	106,697	4.6%
Promissory notes	承兌票據	106,477	5.1%	83,991	3.6%
Finance lease obligation	財務租賃承擔	24,199	1.2%	22,631	1.0%
Total borrowings	借款總額	1,948,085	93.1%	1,666,917	72.2%
Equity	權益	145,175	6.9%	640,431	27.8%
Total capital employed	所運用的資本總額	2,093,260	100%	2,307,348	100%

The Group's gearing ratio (i.e. the total borrowings to the total capital employed) was approximately 93.1% as at 31 December 2018 (2017: 72.2%). If the bonds, convertible bond, promissory notes and finance lease obligation as stated above were to be excluded, the underlying gearing ratio would be 37.9% as at 31 December 2018 (2017: 31.8%).

於二零一八年十二月三十一日，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 93.1%（二零一七年：72.2%）。若撇除上述的債券、可換股債券、承兌票據及財務租賃承擔，於二零一八年十二月三十一日的相關負債比率為 37.9%（二零一七年：31.8%）。

Foreign Exchange Exposure

The Group's reporting currency is expressed in HK\$. For the year ended 31 December 2018, most of the transactions, assets and liabilities of the Group were denominated in HK\$ and RMB. During the year under review, since the Group had both HK\$ and RMB receipts and payments, the net RMB 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.

外匯風險

本集團以港元作為呈報貨幣。於截至二零一八年十二月三十一日止年度，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。

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Capital Commitments

As at 31 December 2018, the Group had the following capital commitments:

資本承擔

於二零一八年十二月三十一日，本集團有以下資本承擔：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Contracted but not provided for: Construction of properties	已訂約但未撥備： 物業建設	63,514	91,807
Authorised but not contracted for: Construction of properties (Note)	已批准但未訂約： 物業建設(註)	341,686	360,187

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 according to the land lease agreements signed between Lux Unicorn Limited, 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.

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，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 Company dated 13 December 2017, Foshan Guohao Theme Park Management Company Limited (佛山市國昊景區管理有限公司) ("Guohao Theme Park"), a wholly-owned subsidiary of the Company, has entered into a subscription agreement with Guangdong Hongtu Guangdong Investment Co., Ltd. (廣東弘圖廣電投資有限公司) ("GD Hongtu"), pursuant to which GD Hongtu will make a capital injection of RMB20 million into the Guohao Theme Park, in respect of joint cooperation of the Second Phase Project. The Second Phase Project is planned to have indoor studio and boutique hotel to be constructed next to the first phase of the Studio and the Hotel.

Save as disclosed above, the Group did not have any plan for substantial investments or capital assets.

未來重大投資或資本性資產計劃

茲提述本公司日期為二零一七年十二月十三日的公告，本公司全資附屬子公司佛山市國昊景區管理有限公司(「國昊景區」)已與廣東弘圖廣電投資有限公司(「廣東弘圖」)簽訂了增資入股協議，廣東弘圖將向國昊景區注資人民幣2,000萬元，內容有關共同合作開發該二期項目。二期項目預算規劃興建室內攝影棚及精品酒店，建設在該影視城一期和該酒店的旁邊。

除上文所披露者外，本集團並無任何重大投資或資本性資產計劃。

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EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2018, the Group had a total of 511 (2017: 487) 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

截至二零一八年十二月三十一日，本集團於中國及香港聘有合共511名(二零一七年：487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、挽留及發展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 董事履歷

EXECUTIVE DIRECTORS

Mr. Chow Kai Weng, aged 34, 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 an Executive Director of the Company on 25 March 2011 and as the Vice Chairperson of the Board on 5 August 2016. He was subsequently appointed as the Chairman of the Company on 4 May 2018 and the Chief Executive Officer and the Compliance Officer of the Company on 13 June 2018. Mr. Chow is also a director of a number of subsidiaries of the Company.

Mr. Cheng Wang Chun, aged 28, joined the Group in August 2013 and has been promoted as the financial controller of the Group since November 2016. Before joining the Group, he worked in an accountancy firm practicing in Hong Kong for two years. Mr. Cheng is primarily responsible for the financial and treasury management of the Group and the overall management of the operations of the Group. Mr. Cheng was appointed as an Executive Director of the Company on 4 May 2018. Mr. Cheng is also a director of a number of subsidiaries of the Company.

Mr. Ho Leung Ting, aged 31, joined the Group in December 2014 and has been promoted as the financial manager of the Group since November 2016. Mr. Ho holds a bachelor's degree in professional accounting. Mr. Ho is primarily responsible for the financial and treasury management of the Group and the overall management of the operations of the Group. Mr. Ho was appointed as an Executive Director of the Company on 15 November 2018. Mr. Ho is also a director of a number of subsidiaries of the Company.

執行董事

周啟榮先生，34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。彼其後於二零一八年五月四日獲委任為本公司主席及於二零一八年六月十三日獲委任為行政總裁及監察主任。周先生亦為本公司多間附屬公司的董事。

鄭弘駿先生，28歲，於二零一三年八月加盟本集團。彼自二零一六年十一月起晉升為本集團財務總監。加盟本集團前，彼於香港一家會計師事務所執業兩年。鄭先生主要負責本集團的財務及庫務管理以及本集團的整體營運管理。鄭先生於二零一八年五月四日獲任為本公司執行董事。鄭先生亦為本公司多間附屬公司之董事。

何亮霆先生，31歲，於二零一四年十二月加盟本集團。彼自二零一六年十一月起晉升為本集團財務經理。何先生持有專業會計學士學位。何先生主要負責本集團的財務及庫務管理以及本集團的整體營運管理。何先生於二零一八年十一月十五日獲任為本公司執行董事。何先生亦為本公司多間附屬公司之董事。

Biographical Details of Directors 董事履歷

NON-EXECUTIVE DIRECTOR

Dr. Lam Lee G. (“Dr. Lam”), aged 59 is a Non-Executive Director of the Company. Dr. Lam joined the Company in June 2017. He is the Chairman of Hong Kong Cyberport Management Company Limited, Non-Executive Chairman — Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia, a member of the Hong Kong Special Administrative Region Government's Committee on Innovation, Technology and Re-Industrialization, the Council on Professional Conduct in Education (CPC), and the Court of the City University of Hong Kong, Convenor of the Panel of Advisors on Building Management Disputes of the Hong Kong Special Administrative Region Government Home Affairs Department, President of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network (ESBN) Executive Council and Chairman of its Task Force on Banking and Finance, Chairman of the Permanent Commission on Economic and Financial Issues of World Union of Small and Medium Enterprises (WUSME), a board member of Pacific Basin Economic Council (PBEC), a member of Belt and Road Committee and Convenor of its Digital Silk Road Working Group of the Hong Kong Trade Development Council, a member of Sir Murray MacLehose Trust Fund Investment Advisory Committee, Honorary Advisor to the Hong Kong Business Angel Network (HKBAN), Honorary Chairman — Asia Pacific of CMA Australia, Chairman of Monte Jade Science and Technology Association of Hong Kong, President of Hong Kong-ASEAN Economic Cooperation Foundation, a Vice President of the Hong Kong Real Property Federation, Special Adviser to the Asia Pacific Real Estates Association, a board member of the Chinese General Chamber of Commerce of Hong Kong and the Australian Chamber of Commerce in Hong Kong and Macau, a founding board member and the Honorary Treasurer of the Hong Kong Vietnam Chamber of Commerce, Vice Chairman of the Hong Kong Myanmar Chamber of Commerce, a founding member of the Hong Kong-Korea Business Council, and a member of the Hong Kong-Thailand Business Council.

Dr. Lam earlier also served as a part-time member of the Hong Kong Special Administrative Region Government's Central Policy Unit, and a member of the Task Force on Industry Facilitation under the Digital 21 Strategy Advisory Committee, the Assessment Panel of the Small Entrepreneur Research Assistance Programme under the Innovation and Technology Fund, the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited, the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, the New Business Committee of the Hong Kong Financial Services Development Council, the Hong Kong Council on Smoking and Health, the Education Bureau School Allocation Committee and the Legal Aid Services Council.

非執行董事

林家禮博士(「林博士」)，59歲，為本公司非執行董事。林博士於2017年6月加入本公司。彼為香港數碼港管理有限公司主席、麥格理基礎設施及有形資產亞洲之香港及東盟區非執行主席兼首席顧問、香港特別行政區政府創新、科技及再工業化委員會委員、教育人員專業操守議會委員(CPC)及香港城市大學顧問委員會成員、民政事務總署大廈管理糾紛顧問小組召集人、聯合國亞洲及太平洋經濟社會公署ESBN執行委員會主席及其銀行及金融業專案組主席、世界中小企業聯合會(WUSME)經濟金融事務常任委員會主席、太平洋地區經濟理事會(PBEC)之理事、香港貿易發展局一帶一路委員會委員及其數字絲路工作組召集人、麥理浩爵士信託基金投資顧問委員會成員、香港天使投資脈絡(HKBAN)榮譽顧問、澳洲管理會計師公會亞太區榮譽主席、香港玉山科技協會理事長、香港 — 東盟經濟合作基金會會長、香港房地產協會副會長、亞太區房地產協會特別顧問、香港中華總商會會董、香港及澳門澳洲商會會董、香港 — 越南商會創會會董兼名譽司庫、香港 — 緬甸商會副主席、香港 — 韓國商會創會會員及香港泰國商會會員。

林博士曾擔任香港特別行政區政府中央政策組非全職顧問，並曾為數碼21資訊科技策略諮詢委員會行業促進專責小組、創新及科技基金小型企業研究資助計劃評審委員會、香港交易及結算所有有限公司衍生產品市場諮詢小組、香港上市公司商會常務委員會及公司管治委員會、香港金融發展局拓展業務小組、香港吸煙與健康委員會、教育局校舍分配委員會及法律援助局之成員。

Biographical Details of Directors 董事履歷

Dr. Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. Dr. Lam earlier served as a General Manager of Hongkong Telecom, Vice President and Managing Partner — Greater China of the international management consulting firm A.T. Kearney, President & Chief Executive Officer and Vice Chairman of the board of directors of Chia Tai Enterprises International Limited (now renamed as C.P. Lotus Corporation) of multinational conglomerate CP Group, Vice Chairman and Chief Operating Officer of Investment Banking Division of BOC International Holdings (the international investment banking arm of the Bank of China group), Executive Director of Singapore Technologies Telemedia (a member of Temasek Holdings), and Chairman — Hong Kong, Vietnam, Cambodia, Laos, Myanmar and Thailand and Senior Adviser — Asia of Macquarie Capital.

Dr. Lam holds a Bachelor of Science degree in sciences and mathematics, a Master of Science in systems science and a Master of Business Administration from the University of Ottawa in Canada, a post-graduate diploma in public administration from Carleton University in Canada, a post-graduate diploma in English and Hong Kong Law and a Bachelor of Laws (Hons) from Manchester Metropolitan University in the United Kingdom, a Master of Laws from the University of Wolverhampton in the United Kingdom, a Postgraduate Certificate in Laws from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong School of Continuing and Professional Studies (CUSCS), a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong. A former member of the Hong Kong Bar Association, Dr. Lam is a Solicitor of the High Court of Hong Kong, an Honorary Fellow of Certified Practising Accountants (CPA) Australia, a Fellow of Certified Management Accountants (CMA) Australia, a Fellow of the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Fellow of the Hong Kong Institute of Directors and an Honorary Fellow of the Hong Kong Institute of Facility Management and the University of Hong Kong School of Professional and Continuing Education (HKU SPACE).

林博士於電訊／媒體／高科技(TMT)、消費市場／醫療保健、基礎建設／房地產、能源／資源及金融服務等行業之跨國企業管理、策略顧問、公司管治、直接投資、投資銀行及基金管理範疇累積逾30年經驗。林博士曾出任香港電訊總經理、國際管理諮詢公司A.T. Kearney大中華區副總裁兼管理合夥人、正大企業國際有限公司(現為跨國集團卜蜂集團之卜蜂蓮花有限公司)總裁兼行政總裁及董事會副主席、中銀國際控股(中國銀行集團之國際投資銀行部門)投資銀行部副主席及首席營運官、新加坡科技電信媒體(淡馬錫控股成員公司)執行董事,以及麥格理資本之香港、越南、柬埔寨、老撾、緬甸及泰國區主席兼亞洲區資深顧問。

林博士持有加拿大渥太華大學之科學及數學學士、系統科學碩士及工商管理碩士學位、加拿大加爾頓大學之公共行政研究院文憑、英國曼徹斯特城市大學之香港及英國法律深造文憑及法律榮譽學士學位、英國胡佛漢頓大學之法律碩士學位、香港城市大學之法學專業證書、香港中文大學專業進修學院(CUSCS)專業會計證書、香港大學之公共行政碩士及哲學博士學位。林博士亦為香港高等法院律師(前大律師)、澳洲會計師公會(CPA Australia)榮譽資深會員、澳洲管理會計師公會(CMA Australia)資深會員、香港仲裁司學會資深會員、CEDR認可調解員、香港董事學會資深會員、香港設施管理學會榮譽資深會員及香港大學專業進修學院榮譽資深會員。

Biographical Details of Directors 董事履歷

Dr. Lam is an independent non-executive director of each of CSI Properties Limited (Stock Code: 497), Glorious Sun Enterprises Limited (Stock Code: 393), Vongroup Limited (Stock Code: 318), Mei Ah Entertainment Group Limited (Stock Code: 391), Elife Holdings Limited (Stock Code: 223), Haitong Securities Company Limited (Stock Code: 6837 which is also listed on the Shanghai Stock Exchange with Stock Code: 600837), Huarong Investment Stock Corporation Limited (Stock Code: 2277), Hua Long Jin Kong Company Limited (Stock code: 1682, formerly known as Highlight China IoT International Limited), Kidsland International Holdings Limited (Stock Code: 2122), Hsin Chong Group Holdings Limited (Stock Code: 404), Mingfa Group (International) Company Limited (Stock Code: 846), and Aurum Pacific (China) Group Limited (Stock Code: 8148) and a non-executive director of each of China LNG Group Limited (Stock Code: 931), China Shandong Hi-Speed Financial Group Limited (Stock Code: 412), Sunwah Kingsway Capital Holdings Limited (Stock Code: 188) and Tianda Pharmaceuticals Limited (Stock Code: 455), the shares of all of which are listed on the Stock Exchange. He is an independent non-executive director of each of China Real Estate Group Limited (Former Name: Asia-Pacific Strategic Investments Limited (Stock Code: 5RA), Top Global Limited (Stock Code: BHO), JCG Investment Holdings Ltd (Stock code: JCGI, former Name: China Medical (International) Group Limited, Stock code: 5IB) and non-executive director of Singapore e-Development Limited, (Stock Code: 40V), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent director of Sunwah International Limited (Stock Code: SWH), the shares of which are listed on the Toronto Stock Exchange; an independent non-executive director of AustChina Holdings Limited (Stock Code: AUH), the shares of which are listed on the Australian Securities Exchange; and a non-executive director of Adamas Finance Asia Limited (Stock Code: ADAM), the shares of which are listed on the London Stock Exchange. He is also an independent non-executive director of TMC Life Sciences Berhad (Stock Code: 0101), the share of which are listed on the Bursa Malaysia.

Dr. Lam was a non-executive director of Roma Group Limited (Stock code: 8072), and he was also an independent non-executive director of Xi'an Haitiantian Holdings Company Limited (Stock code: 8227), the shares of all of which are listed on the Stock Exchange, and an independent non-executive director of Vietnam Equity Holding (Stock code: 3MS) whose shares are listed on the Stuttgart Stock Exchange, and Rowsley Limited (Stock code: A50) whose shares are listed on the Singapore Stock Exchange.

林博士為資本策略地產有限公司(股份代號: 497)、旭日企業有限公司(股份代號: 393)、黃河實業有限公司(股份代號: 318)、美亞娛樂資訊集團有限公司(股份代號: 391)、易生活控股有限公司(股份代號: 223)、海通證券股份有限公司(股份代號: 6837, 亦於上海證券交易所上市, 股份代號: 600837)、華融投資股份有限公司(股份代號: 2277)、華隆金控有限公司(前名: 高銳中國物聯網國際有限公司, 股份代號: 1682)、凱知樂國際控股有限公司(股份代號: 2122)、新昌集團控股有限公司(股份代號: 404)、明發集團(國際)有限公司(股份代號: 846)及奧柏中國集團有限公司(股份代號: 8148)各自之獨立非執行董事; 以及中國天然氣集團有限公司(股份代號: 931)、中國山東高速金融集團有限公司(股份代號: 412)、新華滙富金融控股有限公司(股份代號: 188)及天大藥業有限公司(股份代號: 455)各自之非執行董事(以上公司之股份均於聯交所上市)。彼分別為 China Real Estate Group Limited(前稱: Asia-Pacific Strategic Investments Limited, 股份代號: 5RA)、Top Global Limited(股份代號: BHO)、JCG Investment Holdings Limited(股份代號: JCGI)(前稱: China Medical (International) Group Limited, 股份代號: 5IB)之獨立非執行董事以及 Singapore e-Development Limited(股份代號: 40V)之非執行董事(以上各公司之股份均於新加坡證券交易所上市)。他亦為多倫多證券交易所上市 Sunwah International Limited(股份代號: SWH)之獨立董事、澳大利亞證券交易所上市 AustChina Holdings Limited(股份代號: AUH)之獨立非執行董事; 倫敦證券交易所上市 Adamas Finance Asia Limited(股份代號: ADAM)之非執行董事。彼亦為馬來西亞證券交易所上市 TMC 生命科學(股份代號: 0101)之獨立非執行董事。

林博士曾任香港聯交所上市羅馬集團有限公司(股份代號: 8072)之非執行董事、西安海天天實業股份有限公司(前稱: 西安海天天線控股股份有限公司, 股份代號: 8227)之獨立非執行董事; 以及斯圖加特證券交易所上市 Vietnam Equity Holding(股份代號: 3MS)及新加坡證券交易所上市的 Rowsley Limited(股份代號: A50)之獨立非執行董事。

Biographical Details of Directors 董事履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chui Chi Yun Robert, aged 62, holds a Bachelor Degree in Commerce and is a practicing Certified Public Accountant in Hong Kong. Mr. Chui was appointed as an independent Non-executive Director of the Company in May 2009. Mr. Chui is currently the Chairman of each of the Audit Committee and the Remuneration Committee of the Board. 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: 417), Wing Lee Property Investment Limited (Stock Code: 864), and Asia Cassava Resources Holding Limited (Stock Code: 0841), the shares of these companies are listed on the Main Board of the Stock Exchange and F8 Enterprise (Holdings) Group Limited (Stock Code: 8347), the shares of which is listed on GEM of the Stock Exchange. He was an independent non-executive director of PPS International (Holdings) Limited (Stock Code: 8201), a company which shares are listed on the Main Board of the Stock Exchange, until he resigned in July 2018. He retired as a non-executive director of GTI Holdings Limited (Stock Code: 3344), a company which shares are listed on the Main Board of the Stock Exchange, with effect from 23 May 2017. He is also a director of a number of private companies and associations.

Mr. Li Kit Chee, aged 64, 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 Secretary Limited, which is principally engaged in corporate service related business. Mr. Li is currently an independent non-executive director of Hong Kong International Construction Investment Management Group Co., Limited (Stock Code: 687), a company which 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, a company which shares are listed on GEM of the Stock Exchange (Stock Code: 8215) until he resigned in May 2014. Mr. Li was an independent non-executive director of Zhongcheng International Holdings Group Limited (Stock Code: 859), a company which shares are listed on the Main Board of the Stock Exchange, until he resigned in February 2018. Mr. Li is currently a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee of the Board.

獨立非執行董事

崔志仁先生，62歲，持有商學士學位，亦為香港執業會計師。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。崔先生目前分別為董事會審核委員會及薪酬委員會之主席。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：417)、永利地產發展有限公司(股份代號：864)及亞洲木薯資源控股有限公司(股份代號：0841)(該等公司的股份於聯交所主板上市)及F8企業(控股)集團有限公司(股份代號：8347)(該公司的股份於聯交所GEM上市)的獨立非執行董事。彼曾擔任寶聯控股有限公司(股份代號：8201)(該公司的股份於聯交所主板上市)的獨立非執行董事，直至於二零一八年七月辭任。彼自二零一七年五月二十三日起退任共享集團有限公司(股份代號：3344)(該公司的股份於聯交所主板上市)的非執行董事。彼亦為多間私人公司和機構的董事。

李傑之先生，64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，亦為昌業秘書有限公司董事，該公司主要從事企業服務相關業務。李先生現時為香港國際建設投資管理集團有限公司(股份代號：687)的獨立非執行董事，該公司股份於聯交所主板上市。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GEM上市公司第一信用金融集團有限公司(股份代號：8215)擔任獨立非執行董事，並於二零一四年五月辭任。李先生為中昌國際控股有限公司(股份代號：859)的獨立非執行董事，該公司股份於聯交所主板上市，彼於二零一八年二月辭任。李先生目前分別為董事會轄下的審核委員會、薪酬委員會及提名委員會的成員。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT — ABOUT THE REPORT

National Arts Entertainment and Culture Group Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) are pleased to present its third Environmental, Social and Governance (“ESG”) report (the “ESG Report”). This Report summarizes the environmental and social impacts, policies and initiatives of the Group during the financial year of 2018 which began on 1 January 2018 and ended on 31 December 2018 to demonstrate the Group’s long-term commitment in ensuring that the Group’s business is economically, socially and environmentally sustainable.

In preparing this ESG Report, the Group has complied with the “Comply or Explain” provisions in accordance with the Environment, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 20 to the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in accordance with the practical circumstances of the Group.

The scope of the ESG Report covers the Group’s travelling and entertainment business in Hong Kong and the hotel and film shooting business in Foshan, Guangdong province, the People’s Republic of China (the “PRC”).

The board of director of the Company (the “Board”) acknowledges its responsibility for ensuring the integrity of the ESG Report and to the best of its knowledge, this ESG Report addresses all material issues and fairly presents the ESG performance of the Group and its impact. The Board confirms that it has reviewed and approved the ESG Report.

The Group’s ESG Approach

The Group’s ESG approach is to ensure that the Group continues to create long-term value for its stakeholders includes retaining the economic and social advantages of its operations while taking the necessary steps to protect and support the local community, the natural, historic and cultural heritage.

1. 環境、社會及管治 — 關於這份報告

國藝娛樂文化集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)欣然提呈第三份環境、社會及管治(「環境、社會及管治」)報告(「本環境、社會及管治報告」)。本報告概述本集團於二零一八年財政年度(即自二零一八年一月一日起至截至二零一八年十二月三十一日止期間)的環境、社會影響以及政策及倡議，以表明本集團確保業務在經濟、社會及環境方面實現可持續發展的長期承諾。

在編製本環境、社會及管治報告時，本集團已遵照香港聯合交易所有限公司(「聯交所」)GEM證券上市規則(「GEM上市規則」)附錄二十所載之《環境、社會及管治報告指引》(「環境、社會及管治指引」)的「不遵守就解釋」條文，並已結合本集團的實際情況。

本環境、社會及管治報告範圍涵蓋本集團在香港的旅遊及娛樂業務，及在中華人民共和國(中國)廣東省佛山市的酒店及電影拍攝業務。

本公司董事會(「董事會」)明白其為確保環境、社會及管治報告完整所負有的責任。就董事會全悉，本環境、社會及管治報告記述所有重大事項，並合理展示本集團的環境、社會及管治表現以及其影響。董事會確認其已審閱並批准本環境、社會及管治報告。

本集團的環境、社會和管治方法

為確保集團繼續為集團的利益相關方創造長期價值，除了維護好集團的業務在經濟和社會優勢外，集團也同時需要採取必要的步驟，以保護和支援當地社區、自然環境、歷史和文化遺產。

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

The Group understands that environmental conservation and community engagement is more than a moral imperative, it also makes good business sense. By upholding its commitment to corporate social responsibility, the Group strives to forge itself into an environmentally friendly enterprise that cares about its employees' development and protects their rights and interests. The Group adheres to the principle of equality and integrity for its operation, and complies with business regulations and ethic codes.

The Group is well aware of its impacts on the environment as well as the society, and therefore it insists on putting its ESG policies as set out in the ESG Report into practice. By proactively upgrading and optimizing its equipment, the Group endeavours to meet the energy saving and emission reduction targets. By strict implementation and continued improvement of its employment policy, the Group provides a safe and healthy working environment and a fair development platform for its employees. The Group believes that by offering an outstanding service experience and creating long-lasting memories for its guests, its travellers, its audience, its artists and the film crew members, the Group can achieve a sustainable development.

How we manage ESG

The Board is responsible for evaluating and identifying the ESG risks of the Group and ensuring that the Group sets up an appropriate and effective ESG risk management and internal control system.

Therefore, the Group has established an ESG executive committee to specify the responsibility of implementing its ESG management and objectives. The executive committee will drive and monitor the initiatives taken in various aspects of the Group's ESG practices that are integrated with the Group's business operation.

本集團明白，環境保護和社區參與不僅僅是在道義上是必要的，也可以帶來很好的商業意義。秉持履行企業社會責任之承諾，集團致力創建環境友好型企業，關愛員工發展，保障員工權益；以公平誠信為企業經營的宗旨，遵循商業規範及道德。

其集團深明自身的環境及社會影響，堅持將本環境、社會及管治報告內所載的環境、社會及管治方針付諸實踐，積極開展設備升級改造以實現節能減排之目標，認真執行並不斷完善僱傭制度，為員工提供安全健康的工作環境與公平的發展平台。本集團相信，唯有通過為我們的客人、我們的遊客、我們的觀眾、我們的藝人和電影攝製組提供卓越的服務體驗並創造美好的回憶，集團得以實現可持續發展。

我們如何主導環境、社會和管治

董事會負責評估及釐定本集團有關環境、社會及管治的風險，並確保本集團設立合適及有效的環境、社會及管治風險管理及內部監控系統。

因此本集團成立了環境、社會及管治執行委員會以明確環境、社會及管治管理和目標的責任落實。執行委員會負責推動和監控集團各方面業務執行環境、社會及管治的舉措。

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

3. STAKEHOLDER
ENGAGEMENT

The Group actively communicates with its stakeholders, establishes multiple channels of communication to understand the topics they cared about, and regularly reviews the effectiveness of relevant actions taken to improve the communication channels in order for the opinions of the stakeholders to be reflected fully. The topics concerned by different stakeholder groups in the reporting period are listed in the table below.

3. 利益相關方交流

集團積極與不同的權益人進行溝通，建立多方面的溝通渠道以了解他們所關心的議題，並定期檢討有關行動的成效，以完善溝通渠道及好讓權益人的意見得以全面反映。下表列出報告期內不同權益人組別所關注的議題。

Stakeholder 利益相關方	Engagement Method 交流方式	Topics 主題	Action 行動
Shareholders 股東	Investor relations communication 投資者關係 Shareholder meeting 股東大會	<ul style="list-style-type: none"> Financial performance 財務表現 Corporate Governance 企業管治 Risk Management 風險管理 Business transition 業務轉型 	<p>The Group provides information on strategies, policies, and performance through its quarterly reports, interim reports, annual reports and announcements.</p> <p>集團通過季度報告、中期報告及年報提供有關公司策略、政策和績效的信息。</p>
Employees 員工	Meeting and Staff interview 集會和員工面談	<ul style="list-style-type: none"> Career 事業 Health and Safety 健康與安全 Workplaces Condition 工作環境 	<p>The Group provides diverse training programs, streamlines the promotion process, provides decent wages and a safe and respectful workplace.</p> <p>集團提供多元化培訓、暢通職業發展通道、提供體面工資、安全和受尊重的工作場所。</p>
Tourists 遊客	Business relationship/ Feedback 商業關係和反饋	<ul style="list-style-type: none"> Travel Quality 旅遊質量 Price 價格 	<p>The Group provides quality travel package. The Group delivers what it has promised to its guests and ensures its service satisfaction. All tour guides employed by the Group are registered and well trained.</p> <p>集團提供優質的旅行套餐。集團向賓客提供其承諾的服務，並確保其的服務滿意度。本集團聘用的所有導遊都有牌照和訓練有素。</p>
Viewers/Audience 觀眾	Box Office Ranking, Feedback and Comment 票房排名，反饋意見和評論	<ul style="list-style-type: none"> Rich Content 豐富的內容 Quality 質量 Responsible Content 負責任的內容 	<p>The Group selects screenplay that have a purpose to the society. The Group invites and recruits well-known directors and artists to act in its films and dramas.</p> <p>集團選擇對社會有意義的劇本。集團邀請和招聘知名導演和演員指導和出演電影和電視劇。</p>

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Stakeholder 利益相關方	Engagement Method 交流方式	Topics 主題	Action 行動
Government 政府	Notice 通告	<ul style="list-style-type: none"> Travel and Hotel Service 旅行和酒店業務 Responsible Content 負責任的內容 Tax 依法納稅 	<p>The Group works closely with the municipal government to achieve turning Foshan into a film culture center. 集團與市政府合作將佛山市打造成影視文化中心。</p> <p>The Group is a member of Travel Industry Council of Hong Kong. The Group ensures its travel and hotel businesses comply with Travel Agents Ordinance of Hong Kong and the Travel Act of the PRC. 本集團是香港旅遊業議會的會員。本集團確保集團的旅行社和酒店業務符合《香港旅行代理商條例》和《中華人民共和國旅遊法》。</p>
Suppliers 供應商	Business relationship 商業關係	<ul style="list-style-type: none"> Fairness 公平透明 Long-term Commitment 合作共贏 Trust 誠信 	<p>The Group ensures its suppliers provide the service up to the standard it requires. The Group keeps its suppliers regularly informed and up to date on its plans so that they know where they fit in and how they can help. 本集團確保集團的供應商提供符合本集團要求的標準服務。集團會定期向供應商通報集團的計劃，以便供應商知道如何能提供幫助。</p>
Artists 藝人	Business relationship 商業關係	<ul style="list-style-type: none"> Protect the artist rights 維護藝人權益 Artist Privacy 藝人隱私 	<p>The Group ensures its artists' rights and production are fully protected. 集團確保藝人的權利及作品得到充分保護。</p>
Community 社區	Meeting/Community Gathering 會議／社區團聚	<ul style="list-style-type: none"> Community Development 社區發展 Charity Event 慈善活動 	<p>The Group actively engages in the local communities and work with them to promote community development. 集團積極與當地社區合作，並與他們合作，促進社區發展。</p>

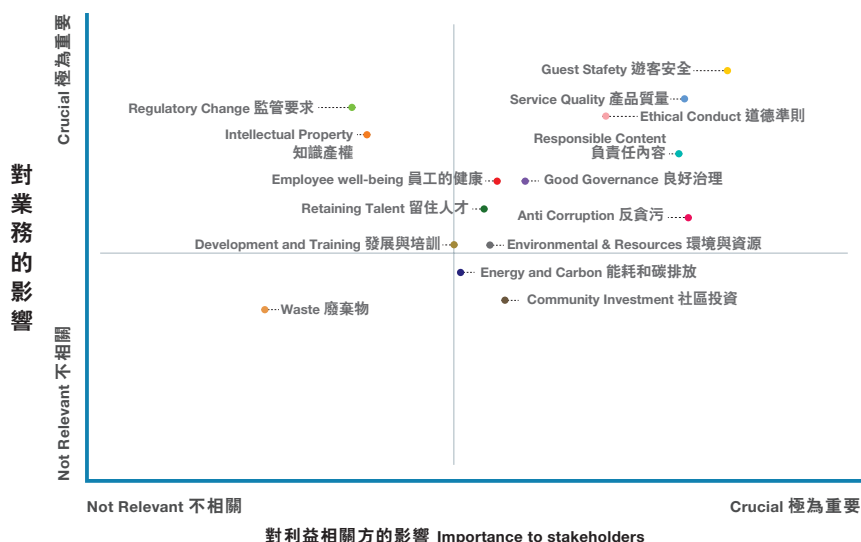
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4. MATERIALITY ASSESSMENT

The Group has commissioned a third-party consultant to conduct an ESG materiality assessment. Based on the requirements of “ESG Reporting Guide” published by the Stock Exchange, the Group has identified 15 ESG issues pursuant to the Group’s actual business situations and industry characteristics. The Group invites the stakeholders to score the materiality of these 15 issues, and then comprehensively considers the scores given by stakeholders against the Group’s sustainable development goals, afterwards determines the ranking of materiality for each of the reported issues and prepares the materiality matrix (see picture 1 for details).

4. 重要議題評估

本集團委託第三方顧問機構主持開展了環境、社會及管治重要議題評估工作，以聯交所刊發的《環境、社會及管治報告指引》要求為基礎，根據集團的實際業務與行業特點，集團識別了15項環境、社會及管治議題；邀請權益人對15項議題的重要程度進行評分，綜合權益人評分結果與集團可持續發展目標，確定報告議題的重要性排序，並為每一議題編製重要性矩陣（詳見圖1）。



Picture 1 The Group’s ESG Materiality Matrix

圖1 集團環境、社會及管治重要性矩陣

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5. ENVIRONMENT

The Group is committed to reducing its energy consumption, greenhouse gas ("GHG") emissions, water consumption and waste footprint. Through a focused and coordinated effort, the Group has made significant progress.

The Group believes that what gets measured, gets managed. The Group has therefore joined the World Wild Fund ("WWF") Low Carbon Manufacturing Program ("LCMP"), established energy and emissions improvement goals based on the 2017 baseline. The Group's hotel, office and film studio also have individual short-term goals which are reviewed and adjusted annually. In 2019, the Group plans to continue increasing its operational eco-efficiency, developing continuous improvement plan that considers science-based targets required to curb GHG emissions.

The year 2018 marked the second year of the Group's journey to reduce its operational footprint. It has also presented an opportunity for reflection. The Group attributes much of its progress to its rigorous approach to data monitoring, with accountability and ownership cascading to individual properties.

The Group is committed to the high efficiency and green development concept. The awareness of environment protection is integrated in the strategies and all the operation steps of the Group.

During the reporting period, no penalties had been imposed upon the Group for violation of any environmental laws and regulations. The Group did not receive any complaints in relation to environment protection raised by the customers or any other person.

5.1 Emissions

As the Company is an investment holding company 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. No substantial hazardous waste was produced by the Group during the reporting period.

In relation to the operation of National Arts Resort Hotel (the "Hotel") and Xiqiao National Arts Film Studio (the "Studio") in the PRC, the air emissions from our hotel boilers and company vehicles, waste-water discharge, GHG and waste are the major emissions of the Group.

5. 環境

本集團致力於減少能源消耗，溫室氣體（「溫室氣體」）排放，水消耗和廢物足跡。通過集中和協調的努力，本集團在節能方面取得了重大進展。

本集團相信經過量化，才能進行管理。因此，本集團參與了世界自然基金會（「WWF」）的低碳製造計劃，根據二零一七年的數據基線建立了能源和排放改善目標。本集團的酒店、辦公室和電影拍攝基地也設立短期目標，每年都會進行審核和調整。二零一九年，集團計劃繼續提高運營生態效率，制定持續改進計劃，並設定科學目標以減少溫室氣體排放。

二零一八年是集團減少營運排放的第二年。它也提供了集團反思的機會。集團將大部分進展歸功於嚴格的數據監控，及在集團把相關責任和委派到位。

集團堅持高效的綠色發展理念，將環保意識融入本集團的戰略與運營的各個環節。

報告期內，集團並無因違反環境法律或法規而遭受處罰。同時，並未接獲客戶或任何其他人士做出的有關環境保護問題的投訴。

5.1 排放物

由於本公司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。

就本集團於中國之佛山國藝度假酒店（「酒店」）及西樵山國藝影視城（「影視城」），酒店鍋爐及公司車輛的氣體排放、廢水排放、溫室氣體排放及廢棄物是本集團的主要排放物。

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The Hotel and the Studio have obtained the official approval of environmental impact assessment (the "Environmental Impact Assessment") documents as required by the legislation in the PRC. The Group's Environmental Impact Assessment documents and official approval covers all activities in the Hotel and Studio.

The pollution prevention equipment and procedure cited in the Environment Impact Assessment documents are inspected by the local environmental protection authority in the PRC. The Group's pollutant-discharge permit is valid and effective and the Group has declared the pollutants produced to the local authority in a timely manner.

All of the Group's transport vehicles bought and used for company affairs have conformed to national emission standards.

The Hotel has implemented appropriate checks for air-pollutant leakage and has set up targets to improve air-emission reduction. The Hotel also has an appropriate emergency plan for potential emergencies that may result in negative environmental impact, which include procedures to handle identified non-compliance, with applicable corrective and preventive action.

During the reporting period, the Group had strictly complied with the emission standard of air pollutants and the relevant laws and regulations on environmental protection. As a result, the Group has reduced release of harmful emission into the air.


酒店以及影視城已經獲得中國法規要求的環境影響評估(「環境影響評估」)文件的正式批文。集團的環境影響評估文件和官方批文涵蓋酒店及影視城的所有活動。

環境影響評估文件中列舉的污染防治設備和程序已經由中國地方主管環保部門檢查。集團的污染物排放許可證是合法有效的，同時集團已經適時地向地方當局申報工廠的污染物。

用於本集團事務和運輸的公司車輛全部符合國家氣體排放標準。

酒店對適時對排放管道洩漏進行了適當的檢查，並製定了改善空氣減排的目標。酒店還為潛在可能會為環境帶來負面影響的緊急情況制定了適當的應急計劃，其中包括處理發現的不合規情況的程序，以及糾正和預防措施。

於報告期內，本集團嚴格遵守空氣污染物排放標準和有關環境保護的相關法規。集團的措施使排放到空氣中的有害氣體有所減少。

		2018 二零一八年	
Fuel Type 燃油類型		Amount 數量	Intensity (Consumption/ Headcount) 密度 (消耗/人數)
	Energy Consumed (MJ) 能源消耗(兆焦耳)	7.14 million MJ 百萬兆焦耳	13,972 MJ兆焦耳
	NOx emission (kg) 氮氧化物排放(公斤)	154.3 kg公斤	0.3 kg公斤
	SOx emission (kg) 硫氧化物排放(公斤)	19.2 kg公斤	0.03 kg公斤

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5.1.2 GHG Emissions

The Group's responses to the challenges posed by climate change are based on the Group's ongoing efforts to reduce the GHG emissions. For the year under review, with the help of WWF's LCMP, the Group has figures on the Scope 3 GHG emissions. Accurate measurement based on GHG protocol gives an accurate picture of its direct and indirect contribution to GHG emissions. For the Scope 3 GHG emission, the Group has covered the following activities: business travel, fresh water used, water discharge and paper usage.

The consumption of electricity at the Hotel is the primary source of the Group's GHG emission. The second primary source is the consumption of natural gas for the boilers at the Hotel.


During the reporting period, the Group's GHG emissions equated to a total of approximately 1,903 tonnes of CO₂ equivalent ("tCO₂e") and the detailed summary of the GHG emission is shown as below:

5.1.2 溫室氣體排放

集團應對氣候變化挑戰的努力是基於正在進行的減少溫室氣體排放的努力。於回顧年度內，在世界自然基金會低碳製造計畫的幫助下，集團納入了「範疇3」溫室氣體排放計算。基於溫室氣體協議的準確測量使集團能夠準確地瞭解本集團對溫室氣體排放的直接和間接貢獻。關於第三溫室氣體排放範圍，涵蓋了以下活動：商務旅行、淡水使用、廢水和紙張使用。

酒店的用電量是集團溫室氣體排放的主要來源。溫室氣體排放的第二個主要來源是酒店鍋爐的天然氣消耗。

在報告期內，集團的溫室氣體排放量相當於約1,903噸二氧化碳。溫室氣體排放量的詳細摘要如下：

2017 二零一七年		2018 二零一八年	
GHG Emissions 溫室氣體排放		Amount 數量	Intensity (Consumption/ Headcount) 密度 (消耗／人數)
	Scope 1 Direct GHG emission 直接的溫室氣體排放(範疇1)	490 tCO ₂ e 噸二氧化碳當量	494 tCO ₂ e 噸二氧化碳當量
	Scope 2 Indirect GHG emission 間接的溫室氣體排放(範疇2)	2,480 tCO ₂ e 噸二氧化碳當量	1,366 tCO ₂ e 噸二氧化碳當量
	Scope 3 Other Indirect GHG emission 其它間接的溫室氣體排放 (範疇3)	Not Available 未有提供	42 tCO ₂ e 噸二氧化碳當量
	Total GHG Emission 溫室氣體排放總量	2,970 tCO₂e 噸二氧化碳當量	1,903 tCO₂e 噸二氧化碳當量
			0.967 tCO₂e 噸二氧化碳當量

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5.1.3 Waste

Waste is generated by many activities in the Group's travel, hotels and entertainment business, including food preparation, guest waste, events waste and cleaning. The Group pro-actively seeks ways to reduce waste which goes to landfill or incineration. The waste reduction and management system is one of the most important environmental protection procedures followed during the operation of the Group's hotel business. The Group educates its employees annually about the procedure which should be followed regarding the waste produced, the separation of each waste and recycling. The Group has rolled-out food waste reduction training through its hotel chefs. The Group's program resulted in reduction of food waste. The remaining food wastes were used for farm feed.

For the Studio, the Group has mapped out a few waste categories, including film equipment, glass, aluminium, metal, wood, paper, costume, landscaping waste, batteries, used appliances and printer toners. For each of these waste streams, the Studio has identified disposal methods based on local available options. These methods include recycling, reuse, rental, donation and composting. Approaches vary across waste streams with significant strides made thus far to reduce paper and waste.

For the Group's Hong Kong head office, the Group has implemented various programs to encourage employees to participate in waste reduction management, including:

- Encourage double-sided printing and reuse of waste papers;
- Purchase green and environmental printing paper;
- Encourage to use electronic channels for internal correspondence and communication;
- Waste papers are collected by recycling collectors; and
- Used printing supplies boxes and toners are returned to printing supplies companies for recycling and reuse.

Through the above mitigation measures, the Group believes that it will change the behaviour of the use of resources in its workplaces and achieve the goal of waste reduction in the coming years.

5.1.3 廢棄物

廢棄物是從集團的旅遊、酒店和娛樂業務的許多活動中產生的，包括食品準備、住客丟棄的生活垃圾、會議活動和在清潔中產生的垃圾。因此，本集團積極尋求減少被堆填區或焚燒處理廢棄物的方法。減少廢棄物及其管理制度是集團酒店業務運作過程中最重要的環保方法之一。本集團每年向員工介紹所產生的廢棄物、每項廢棄物的分類及回收利用所應遵循的程式。集團通過酒店廚師提供如何減少食品浪費培訓。此計畫因此減少了食品浪費。剩餘的食品垃圾被用於農場飼料。

對於集團的影視城，本集團已分類出少量的廢物類別，包括攝影器材、玻璃、鋁、金屬、木材、紙張、服裝、園林綠化廢物、電池、二手家電和打印機碳粉。對於這些廢棄物，集團的影視城都根據當地的可用選項確定了處置方法。這些方法包括回收、再利用、租賃、捐贈和堆肥，各種廢物流的處理方法各不相同，迄今在減少紙張和廢棄物方面取得了重大進展。

對於集團的香港總公司，除回收外，本集團已推行多項計劃，鼓勵員工參與減廢管理，包括：

- 鼓勵雙面列印及廢紙重用。
- 選購綠色及較環保的列印紙；
- 鼓勵儘量以電子渠道進行內部通訊及溝通；
- 由回收商收集廢紙；及
- 使用過的列印耗材盒及墨盒將送回列印耗材公司循環再用。

透過上述減廢措施，本集團相信其將改變集團工作場所的資源使用習慣，並於未來數年實現減廢目標。

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During the reporting period, the Group has strictly complied with the Solid Waste Pollution Prevention Law of the PRC, the Urban City Space and Environmental Sanitation Management Regulations and other relevant laws and regulations on waste handling in Hong Kong and the PRC.

5.1.4 Waste-water

The Group's hotel waste-water is treated and discharged in accordance with the local Foshan municipal regulation "Wastewater Quality Standards for Discharge to Municipal Sewers" (污水排入城鎮下水道水質標準). The Group applies wastewater treatment procedures including the activated sludge process and the bio-film process to its sewage before discharge. Throughout the year under review, the Group strictly complied with the given standards and relevant laws and regulations and the results are satisfactory.

5.2 Use of Resources

The Group strives to use resources effectively and minimize the discharge of wastes. In the ordinary course of business, the Group has implemented various energy saving and emission reduction measures. Apart from the waste reduction actions mentioned above, the other relevant examples are as follows:

Reduce

- Less print out for client communications and corporate materials.
- Office supply purchase across departments to avoid unnecessary purchases and disposals.
- Installation of water filtration systems to avoid use of bottled water.

於報告期內，本集團嚴格遵守中華人民共和國固體廢物污染環境防治法，城市市容和環境衛生管理條例和有關中國和香港的廢棄物處理的其他相關法律法規。

5.1.4 污水排放

集團的酒店廢水按照佛山市當地《城市污水排放廢水品質標準》進行處理和排放。污水排放前，集團採用廢水處理包括包括活性污泥方法和生物膜方法處理污水。於回顧年度，集團嚴格遵守了既定的排放標準及相關法律法規，結果令人滿意。

5.2 資源的使用

本集團努力有效地利用資源，最大限度地減少丟棄廢棄物。在正常經營過程中，集團實施了各種節能減排措施。除上述減少廢棄物行動外，其他有關例子如下：

減少

- 減少打印客戶通訊和企業資料。
- 統一跨部門的辦公室採購，以避免不必要的重複採購。
- 安裝水過濾系統，避免使用瓶裝水。

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Reuse

- Donations of used items including mattresses, linens and towels to the communities, suppliers and business partners.
- Composting and donating food and landscaping waste for farm feed.
- Reuse of film shooting equipments.
- Reuse of film shooting costumes.

Recycle

- Waste stream segregation.
- Staff training and behavioural change.
- Engagement with local municipalities and waste management partners.
- Local partnerships to recycle e-wastes, metals, lamps and batteries.

重複使用

- 向社區、供應商和合作夥伴捐贈二手物品，包括床墊、床單和毛巾。
- 堆肥或捐贈食品到園林綠化或用於農場飼料。
- 鼓勵電影道具重複使用。
- 重複使用拍攝電影的服裝。

回收

- 廢棄物分類。
- 培訓工作人員和提倡回收利用的行為。
- 與地方市政當局和廢物管理夥伴溝通。
- 與回收電子廢物、金屬、燈具合作夥伴合作。

5.2.1 Energy Consumption

The occupancy rate of the Hotel has risen steadily over the last 2 years. Consequently, the energy and water consumption have increased slightly. Electricity consumption (see the table below) has increased by 300,000 kWh in 2018 as compared to 2017.

The natural gas consumption has also increased in 2018 as compared to 2017. Similar to electricity consumption, the increase is attributed to the rise in occupancy numbers.

For the Group's office, travel and film shooting business, the Group strives to use resources effectively by improving the consuming efficiency of electricity but also continuously reducing electricity consumption through many measures including adopting energy-saving lighting, equipment, conducting technical renovation and introducing new technology.

5.2.1 能源消耗

酒店的入住率在過去兩年中穩步上升。因此，能源和水消耗，略有增加。誠如下表所列，與二零一七年相比，二零一八年的用電量增加了30萬千瓦。

與二零一七年相比，二零一八年天然氣消費量也有所增加。同樣，隨著用電量的增加，增加的原因是遊客入住人數的增加。

對於集團的辦公室、旅遊業務和影視城業務，本集團不僅不遺餘力地提高用電效率，還通過採取節能照明，設備，裝修改造，引進新技術等多種措施不斷降低用電量。

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The Group has 13 small vehicles and 4 medium vehicles in Hong Kong and the PRC used in its daily business operation. The vehicles are the third largest contributor to our emissions profile. During the reporting period, the vehicles consumed approximately 31,995 litres of petrol and 6,498 litres of diesel.

As the fuel price was high and continued volatility is predicted, the Group has implemented a fuel-efficient action plan to trim petrol use. The plan encourages drivers to plan the journey before driving, adopt a gentle style of acceleration, and conduct regular servicing of vehicles including monthly tyres check. Tyres in poor condition will raise fuel consumption. Since the implementation of this plan, the Group had managed to lower the Group's petrol consumption accordingly.

本集團於香港及中國有13輛小型汽車及4輛中型汽車，均用於滿足日常業務營運需要。該等汽車為我們排放構成的第三大來源。於報告期間，該等汽車消耗31,995升汽油及6,498升柴油。

由於油價攀高及預期將持續波動，本集團已實施節油行動計劃，以縮減汽油使用量。該計劃鼓勵司機於出發前規劃好行程、行駛時適度加速及定期對車輛進行保養，包括每月進行輪胎檢查。使用狀況不佳的輪胎可提高汽油使用量。由於實施此計劃，本集團已相應實現減少耗油量。

The non-renewable energy 不可再生能源



Natural Gas
天然氣

Amount 消耗量

186,435 cubic meter
立方

Intensity (Consumption/ Headcount) 密度(消耗/人數)

364.84 cubic meter
立方



Petrol
汽油

31,995 litres 公升

62.61 litres 公升



Diesel
柴油

6,498 litres 公升

12.71 litres 公升

Electricity Purchased 購買的電力



Electricity
電

4,900,000 kWh 千瓦

9,589 kWh 千瓦

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5.2.2 Water

Water is a serious issue to the Group's business. The availability of clean and accessible water is essential to the services it provides and critical to the health and economic vitality of the communities where the Group operates. As part of the operations of the Hotel, there are bathroom in every room and swimming pool in the premises. Therefore, water forms an integral part of every guest experience. Proper water management is essential to ensure that water is used efficiently and also eliminates the possibility of water pollution. The Group received consistent water supply during the reporting period.

To reduce its water footprint, the Group executes a series of water conservation strategies including investing in water efficiency technologies, stimulating process improvements and reusing and recycling water. The Group's Hotel is actively identifying and implementing water efficiency technologies and process improvements to conserve water, in areas like kitchens, laundry areas, gardens, toilet and cooling systems. The Group also continues to retrofit motion sensors and low flow fixtures in common areas, install dual flush toilet to reduce water consumption.

Behavioural change among the employees is also critical. In 2018, the Group resort hotel identified behavioural changes among the employees and new technologies to reduce water consumption in the swimming pool and kitchens. Central to the Group's water conservation plan is an increase in the amount of water that the Group can recycle and reuse, using alternative methods to provide cooling to the chillers system whilst maintaining high system efficiency.

In 2018, the Group's absolute water consumption including hotel swimming pools and guestrooms water usage, Hong Kong head office, and Foshan film shooting base, was 132,765 tonnes, a 29% decrease compared to the prior year.


5.2.2 用水

水是集團業務中的一個重要因素。提供清潔、可獲得的水對於集團提供的服務是很緊要的，對集團經營所在社區的健康和經濟動力也至關重要。作為酒店營運的一部分，每個酒店房間都有浴室，在酒店內設有游泳池。因此，水是每一位客人體驗不可或缺的一部分。適當的水管理對於確保有效用水以及消除水污染的可能性至關重要。在報告期間，集團獲得穩定的水源供應。

為了減少集團的水用量，集團實施了一系列節水策略，包括投資於節水技術、促進處理過程改進以及水的再利用和循環利用。集團的酒店在廚房、洗衣區、花園、廁所和冷卻系統等地點，積極識別和實施用水效率技術和處理過程，以節約用水。集團還在公共區域改造感應水龍頭和降低水的流量速度，同時安裝節水馬桶，以減少用水量。

員工的行為改變也至關重要。二零一八年，集團酒店鼓勵員工加強節水的行為，及通過新技術減少游泳池和廚房的用水量。集團的節水計畫的核心是增加集團可以回收和再利用的水量，使用循環方法為冷水機組系統提供冷卻，同時保持系統效率。

二零一八年，集團的酒店游泳池和客房用水量、香港總部和佛山影視城絕對用水量為132,765噸，比上年減少29%用水量。

	2017 二零一七年		2018 二零一八年	
	Amount 消耗量	Intensity 密度 (Tonnes 噸/ Employee 僱員)	Amount 消耗量	Intensity 密度 (Tonnes 噸/ Employee 僱員)
 Water Consumed 用水量	187,000 Tonnes 噸	383 Tonnes 噸	132,765 Tonnes 噸	259 Tonnes 噸

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5.2.3 Packaging Materials

Due to the nature of the business, the Group does not have any material use of packaging materials. Therefore, the Group considered the number of packaging materials used insignificant.

5.2.4 Paper Usage

Apart from printing paper for our office use, the Hotel also provides toilet paper for guest use. The paper usage of the Group was approximately 2,100 kg during the reporting period.

5.3 Environment and Natural Resources

The Group is working on various sustainable development activities to ensure the resources are used effectively and responsibly while providing its service. It is an important responsibility for the Group to bring less impact to the environment. The Group is always considerate to the sustainable development and it will keep focusing on community environmental conservation.

The Group has also initiated to promote tree planting activities around the studio, which helps to build an eco-friendly working environment and safeguard the ecosystems of local communities.

Committed to mitigating the impact of its business on the environmental and other natural resources, the Group did not cause any serious pollution or damage to its surrounding environment during the reporting period, including air, land, water and ecological system. Policies and measures on the use of resources and emissions are already set out in details in the above sections.

During the reporting period, the Group is not aware of any material non-compliance relating to use of resources and the Group had complied with all relevant environmental rules and regulations in Hong Kong and the PRC.

6. EMPLOYMENT

6.1 Labour Practices

The Group has always considered talents as its most valuable resource and asset. The Group respects and protects the statutory rights and interests of employees, provide a fair career development platform, cares about its employees' physical and mental health, and join hands with employees to realize sustainable development.

5.2.3 包裝材料

由於集團業務的性質，本集團的產品和服務不需要任何包裝。因此，本集團認為所用包裝材料的數量是微不足道。

5.2.4 用紙量

除了辦公室使用的打印紙外，酒店還為客人提供廁紙。在本報告所述期間，本集團的用紙量約為2,100公斤。

5.3 環境和天然資源

本集團正建立不同可持續發展活動以確保集團提供服務時有效益及有責任地使用資源。集團深明減少對環境造成影響是我們的重大責任。集團致力履行社會責任，並持續關注社區的環境保育。

集團亦已計劃在影視城周邊進行植樹活動，旨在建設一個綠色的工作環境，並能同時保育當地社區的生態環境。

本集團致力降低業務對環境及其他天然資源造成的影響，報告期間並沒有對附近空氣、土地、水源及生態環境產生任何重大的污染及破壞。針對資源使用及排放物的公司政策及措施已於以上部份作詳細說明。

於報告期間，本集團並未發現任何關於資源使用的嚴重不合規情況，且本集團已遵守香港、及中國的所有相關環保規則及規例。

6. 僱傭

6.1 勞工慣例

集團一直將人才視為最寶貴的資源與財富。集團尊重並保障員工的各項法定權益，提供公平的職業發展平台，關愛員工的身心健康，攜手員工共同實現可持續發展。

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The Group has developed sound employment policies covering the requirements and standards of recruitment, promotion, remuneration, resignation, treatment and so on, and regulates each requirement and standard to ensure the efficient management of human resources.

The human resource department of the Group develops recruitment plans in accordance with the recruitment needs of various departments, and continuously introduce talents to join the Group through social recruitment, campus recruitment, internal referral and other channels. The human resource department of the Group strictly implements the recruitment evaluation program, adheres to the selection principle of fairness and selection of high calibre, and provides equal job opportunities in accordance with their competence and abilities. The Group enters into employment contracts with the employees in accordance with the requirements of the Labour Law, covering matters such as wages, benefits working hours, rest periods, safety and sanitary conditions in the workplace, and grounds for termination.

The Group is committed to implementing the remuneration distribution principals based on performance, efficiency and fairness. On top of labor basic salary, the Group may pay performance bonuses in accordance with employees' performance and the Group's business performance. In order to maintain a competitive remuneration package, the Group carries out evaluation and adjustment on remuneration every year with reference to the average wage, the consumption level and the industry rate of the relevant city, so as to attract and retain talents.

The Group adheres to the principles of fairness in the provision of employment opportunities, compensation, training, performance evaluation and promotion without any forms of discrimination such as gender, age, ethnicity, religion and culture. The Group is committed to creating a fair and harmonious working environment.

During the reporting period, the Group has not discovered any material non-compliance or any violation of employment and labour related regulations.

集團制定了健全的僱傭及員工政策，涵蓋招聘、晉升、薪酬、離職、待遇等方面，規範各項要求及標準，確保對人力資源的高效管理。

集團人力部依據各部門招聘需求制訂招聘計劃，採用社會招聘、校園招聘、內部推薦等多種途徑為集團持續引進優秀人才。集團人力部嚴格執行招聘測評程序，堅持公正擇優的選拔原則，根據人員的資質與能力，給予公平的任職機會。集團按照勞動法規要求，與員工訂立僱傭合同，內容涵蓋工資、工時、假期、福利、工作地點的安全及衛生條件以及終止僱傭的理由等事宜。

集團貫徹按勞分配、效率優先、兼顧公平的薪酬分配原則，在基本工資的基礎上，根據員工的績效表現與經營業績發放績效獎金。集團每年參照相關城市的平均工資、消費水平以及行業薪資情況對薪酬進行評估調整，維持有競爭力的工資水平，以吸引及保留人才。

本集團在提供就業機會、補償、訓練、業績評估及晉升方面秉持公平的原則，不存在任何性別、年齡、種族、宗教及文化上的歧視。本集團致力於創造公平和諧的工作環境。

報告期間，本集團並未發現任何嚴重不合規的情況或任何違反僱傭及勞工相關法規的情況。

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6.1.1 Employee Profile

The Group commitment is to support the local community by hiring local employees. As at 31 December 2018, the Group employed a total of 511 employees. The vast majority of the Group's employees are local. It is especially important in the travel and hospitality industry to hire local employees. As an employer in support of equal opportunity, the Group efforts are leaning towards hiring the most talented people. As per the below table, more than half of the Group's employees are females and they account for 52%, whereas males account for 4% less, at 48%.

6.1.1 員工分析

本集團的承諾是通過雇用當地員工來支援當地社區。截至2018年12月31日，集團共雇用511員工。集團絕大多數員工都是本地人。在旅遊和酒店行業，雇用當地員工尤其重要。作為一個崇尚機會平等的雇主，本集團取向於僱用有才華的人。根據下表，集團僱員超過半數是女性，佔52%，而男性則少了4%，佔了48%。

		Total 總計
Total Employees	員工總數	511
By Gender	按性別	
Total Male Employees	男員工	245
Total Female Employees	女員工	266
By Age	按年齡	
Below 25 years old	小於25歲	117
25-34 years old	25-34歲之間	184
35-44 years old	35-44歲之間	103
45-54 years old	45-54歲之間	88
Above 55 years old	55歲以上	19
By Employment Mode	按僱傭模式	
Full time	全職	510
Part-time	兼職	1
By Level	按級別	
Management	管理層	24
Non-management	非管理層	487
By Location	按地方	
PRC	中國	489
Hong Kong	香港	22

6.1.2 Employee Turnover Rate

Employee turnover rates can vary widely across different sectors of business. The Group's employee turnover rate during the reporting period is 54.79%.

The reason for the high turn-over rate is because in hospitality industry, the rate is normally higher due to the requirement to work shifts after probation. Another reason is because the location of the Hotel is far away from the downtown of Foshan city. Hence, the Group plans to find a good dormitory near the Hotel for employees' accommodation to improve the turnover rate and attract more local labour.

6.1.3 員工更替率

不同行業的員工更替率差別很大。在報告所述期間，集團的員工更替率為54.79%。

更替率較高的原因是，在酒店行業，員工更替率是較高的，主要原因是試用期後的轉入多班制。另一個原因是酒店的位置離佛山市中心很遠。因此，集團計畫在酒店附近尋找一個好的宿舍供員工住宿，以改善更替率，吸引更多的本地勞工。

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The Group is investing more time and money to develop training programs to help in retaining employees. Table below shows the Group's employee turnover rate by gender, age group and geographical region.

集團正投入更多時間和金錢，制定培訓計畫，幫助留住員工。下表顯示了我們按性別、年齡組和地理區域分列的員工更替率。

		No. of employees 員工數目
Employee Turnover Rate	員工更替率	54.79%
Employee Turnover Rate by Gender	按性別劃分的員工更替率	
Male Employee Turnover Rate	男員工更替率	44.64%
Female Employee Turnover Rate	女員工更替率	55.36%
Employee Turnover Rate by Age Group	按年齡組別劃分的員工更替率	
Below 25 years old	小於25歲	22.90%
25-34 years old	25-34歲之間	36.01%
35-44 years old	35-44歲之間	20.16%
45-54 years old	45-54歲之間	17.22%
Above 55 years old	55歲以上	3.72%
Employee Turnover Rate by Location	按地理位置劃分的員工更替率	
PRC	中華人民共和國	98%
Hong Kong	香港	2%

6.2 Health and Safety

Health and safety in the workplace is part of our duty of care for employees. As a responsible employer, the Group is committed to reducing accidents, illness, and risks in the working area as far as possible, promoting the health of its employees, and thus also reducing the absence rate and employee turnover rate. The Group focuses on three major areas to minimise occupational hazards and health and safety risks:

- Fire Safety Inspection** — testing and maintenance of all fire safety related installations in the Group's film shooting base, hotel and workplace. Fire drills exercise for the Group's employees annually.
- Occupational Health & Safety** — Health and safety classes in the workplace, film shooting base, and the Group's artist performance venue.
- Security** — Security of guests, the artists, film crew and property.

The guests of the Group spend a considerable amount of time in the Studio and the Hotel. They trust the Group to provide an environment that is not only comfortable and aesthetically beautiful, but also safe during their visit. It is also critical that the Group's employees are provided with a safe working environment. Hence, the Hotel is audited annually to monitor its compliance with relevant safety guidelines. The annual audit process ensures that the management teams of the Hotel and the Studio focus on health and safety issues and are prepared to manage crisis and business interruptions.

6.2 健康與安全

健康與安全是集團照顧員工義務的一部分。作為一個負責任的僱主，本集團致力儘量減少工作範疇內的意外、疾病及風險，促進員工的健康，從而減低缺席和員工流失率。集團專注於三個主要領域，以最大限度地減少職業危害以及健康和安全的風險：

- 消防安全檢查** — 在酒店、辦公室、電影拍攝基地和工作場所測試和維護所有與消防安全有關的設施。每年為員工進行消防演習。
- 職業健康與安全** — 工作場所、影視城拍攝基地和辦公室的健康與安全。
- 安全** — 遊客、藝人，電影攝製組成員和財產的安全。

客人在影視城和酒店待很長的時間。客人相信本集團能提供一個既舒適又美觀的環境，也能提供一個在他們訪問期間作為安全的入住地點。為集團的員工提供安全的工作環境也至關重要。因此，酒店每年都會接受審核，確保場所的合規。年度審核確保酒店和影視城管理團隊專注於職業健康和安全的問題，並做好風險管理和業務遇到突發事件的準備。

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For the Group's travel, film production and artiste management business, the Group ensures all employees, artists, crew members and guests are given sufficient information about safety. As the Group's businesses are mainly project or event based, before they get started, they will be insured. As each project or event carries different risks, the types of insurance needed and the level of premium will vary. The Group will insure all its employees, artists, guests against the risks of injury, accident, sickness, and damage to equipment.

During the reporting period, the Group complied with the Work Safety Law and Fire Prevention Law of the PRC and the Occupational Safety and Health Ordinance of Hong Kong. The Group has achieved zero work related fatalities and the lost days due to work injury is 57 days during the reporting period. The Group did not discover any material non-compliance of occupational health and safety related laws and regulations during the reporting period.

6.3 Development and Training

The Group cares about the development of its employees and expects to promote its business growth by unleashing the development potential of their talents. The internal training policies of the Group has been formulated with an aim to improve the staff's personal skills and bring out their best value for the development of the Group.

The human resources department of the Group provides the new recruits with a unified induction training covering its corporate culture and development direction, while the relevant departments provide them with trainings required for their respective positions. The Group also organizes various types of trainings for all staff throughout the year to improve the interaction between employees from different departments. Regular trainings in sales skills, market information and hospitality skills are provided to frontline personnel to assist them to deliver quality services to customers and motivate them to work aggressively towards the annual sales target. The Group also provides training allowance for non-frontline staff to encourage them to participate in job-related external trainings so as to enhance their own value and working skills.

Every newly appointed director of the Company will be given a set of induction materials to ensure that he/she will have an appropriate understanding of the Group's business and the directors' duties (in accordance with the GEM Listing Rules and the relevant statutory and regulatory requirements). In addition, the Company encourages all directors of the Company to participate in continuous professional development courses and seminars to develop and update their knowledge and skills.

對於集團的旅遊、電影製作和藝人管理業務。本集團確保所有員工、藝人、電影拍攝員工和遊客獲得足夠的安全資訊。由於集團業務主要是以項目或活動形式為基礎的。在活動啟動之前，集團會為他們投保。每個項目或活動承擔不同的風險，所需保險的種類和保費水平有所不同。本集團將為所有員工、藝人、遊客在發生受傷、事故、疾病和設備損壞時提供保險。

於報告期內，本集團遵守中國的《安全生產法》和《消防法》和香港《職業健康與安全條例》。於報告期內，本集團員工並無出現工傷死亡個案及因工傷損失的工作日數一共是57天。於報告期內，並無發現任何不合規情況或任何違反職業健康與安全相關法規的情況。

6.3 發展與培訓

本集團注重員工發展，藉著激發人才的發展潛力，期望促進本公司業務發展。本集團內部編製培訓政策，致力提升員工的個人工作技能，全面發揮員工對於集團發展的價值。

本集團人力資源部為新入職員工提供統一的關於公司企業文化及發展方針等方面的入職培訓，並由相關部門提供崗位需要的培訓。本集團每年亦針對全體員工進行各種類別的培訓，以提升各部門員工之間的互動。本集團定期為前線人員提供銷售技巧、市場資訊及酒店管理等培訓，全力協助員工為客戶提供優質服務，推動銷售員向每年銷售目標邁進。本集團亦為非前線員工提供培訓津貼，鼓勵員工參加與工作相關的外部培訓，提升自我價值及工作技能。

本公司每位新任董事均會獲得一套就任須知，以確保彼對本公司的業務及董事職責（根據GEM上市規則及相關法定及監管規定）有適當了解。除此之外，集團鼓勵本公司所有董事參加持續專業發展課程及研討會，以發展及更新彼等的知識及技能。

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During the reporting period, for the Group's hotel business, the Group's employees have an average of 18 training hours annually and 100% of the employees undertook the training. For the head office and the Studio, its employees have an average of 3 training hours annually and 100% of the employees (including senior-level employees) undertook the training. The training plan includes the skills required for upcoming tasks and company-wide management training.

6.4 Labour Standards

The Group strictly abides by the relevant employment and labour laws and regulations and has never employed any child labour under the age of 16 or forced labour. It has formulated clear policies to prevent compulsory labour and employment of child labour, making sure that its employees enjoy their fundamental rights related to labour and has insisted on monitoring the recruitment process frequently to prevent the occurrence of illegal conduct. The Group's code of conduct and employment contract sets out the Group's general approach regarding the labour standards. In addition to the Group's code of conduct, the Group's human resources policy also covers the labour standard. The policy provides the framework of rules applicable to all human resources activities within the Group's operations. During the reporting period, the Group did not discover any material non-compliance of labour rights and labour related laws and regulations.

6.5 Supply Chain Management

The Group's supplier code of conduct (the "Supplier Code of Conduct") provides a framework for how the Group manages its relationship with suppliers and contractors. Critical areas include product quality, warranty, corruption and compliance with local laws and regulation. The Group is currently strengthening this approach through a dedicated program which will improve our supplier management. The Supplier Code of Conduct sets out the procurement policies, processes, selection, and the minimum standards. The Group expects its suppliers to meet the standards prescribed in the Supplier Code of Conduct and are working with them to achieve this.

For the Group's hotel and travel business, the Group implements stringent supplier admission reviews to overcome any potential challenges along the supply chain. The Hotel prioritises suppliers that are recommended by peers, have third-party certification and are of good reputation. The Group has established a qualified suppliers' list in which the performance of the suppliers are evaluated.

於報告期內，對於集團的酒店業務，集團的員工平均每年有18個培訓小時，100%的員工接受了培訓。對於總部和影視城業務，員工平均每年有3個培訓小時，100%的員工接受了培訓（包括高級員工）。培訓計劃包括應對即將開展的工作所需的技能和全公司範圍的管理培訓。

6.4 勞動準則

本集團嚴格遵守相關僱傭及勞動法律法規，從未僱用過16歲以下的童工或使用強迫勞工。集團制定了一套明確政策，從而防止出現強迫勞工及僱用童工及確保員工享有與勞動相關的基本權利，並堅持密切監察招聘流程，防止出現違法行為。集團的行為準則和僱傭合同列出了有關勞動標準的一般條文。除了行為準則之外，集團的人力資源政策也涵蓋了勞動標準。該政策提供適用於集團業務活動內所有人力資源的規則框架。報告期內，本集團沒有發現任何有關勞動權利及勞動相關法律法規的重大不合規情況。

6.5 供應鏈管理

本集團的供應商行為準則（「供應商行為準則」）為集團如何管理與供應商和承包商的關係提供了一個框架。關鍵準則包括產品質量、保修、貪污和當地法律的合規。集團目前正在通過一個專門的計劃加強這一方面，這將改善集團的供應商管理。供應商行為準則規定了採購政策、流程、選擇和最低標準。

對於集團的酒店和旅遊業務，集團實施嚴格的供應商准入審查，以克服供應鏈中的任何潛在風險。酒店優先考慮同行推薦的供應商，擁有第三方體系認證，並具有良好的聲譽。集團建立了一個合格的供應商名單，定期評估供應商的供應表現。

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The Group has strict requirements for food safety. Therefore, it is especially important for it to make sure that all of the food suppliers meet the food safety standard. Suppliers are required to have the relevant food safety system in place such as ISO 22000, HACCP certificate. The Group has developed a supplier performance rating system which covers quality of product, price, packaging, and delivery time. Continuous poor performance will lead to termination of contract.

6.6 Product and Service Responsibility

In delivering the Group's travel and hospitality services it is very important to meet its guests' and travellers' expectations in order to ensure continuous improvement and growth of its business. In a highly competitive tourism market, understanding its guests' and travellers' needs and expectations is imperative for sustainable growth.

The Group's actions and commitments in order to satisfy its guests and other stakeholders include:

- Commitment to ensure its product quality.
- Commitment to ensure its product safety.
- Commitment to satisfy its customers' needs, requirements and expectations.
- Commitment to satisfy its tour operator partners.
- Managing service quality by following international standards.
- Maintaining open communications with its employees, customers and suppliers.
- Identifying, evaluating and monitoring all food safety risks from production to delivery through the implementation of food quality standards in all the resorts and hotels.

In addition, the Group's employees are well trained and the Group's equipment for managing the health and safety of its guests and travellers is comprehensive. Each of the Group's business units is committed to continuous improvement and satisfaction of the Group's guests are assessed and ratings thereby are used to identify specific areas for further improvement.

The Group is devoted to putting its guests' and travellers' preferences and choices as its first priority. Refunds of travel packages is possible, subject to company policies. The Group also values the feedback from its guests and travellers as they act as catalyst for advancement in its services. Guests and travellers can give their comments and reviews on the Group through different channels such as through a designated phone call where they will all be directed to and handled by the Group's dedicated customer service team.

集團對食品安全有嚴格的要求。因此，對集團來說，確保所有食品供應商都符合食品安全標準尤為重要。供應商需要有相關的食品安全體系到位，如ISO 22000、HACCP認證。集團開發了供應商績效評級體系，涵蓋產品品質、價格、包裝和交貨時間的衡量。供應商如有持續不佳的表現將導致合同終止。

6.6 產品和服務責任

在提供旅行和酒店服務時，滿足客人和遊客的期望是非常必要的，以確保集團業務的持續改進和增長。在競爭非常激烈的旅遊市場中，瞭解客人和遊客的需求和期望對於可持續增長至關重要。

為了滿足集團的客人和其他利益相關方包括，如下集團的行動和承諾：

- 承諾其產品品質。
- 承諾其產品安全。
- 致力於滿足客戶的需求、要求和期望。
- 承諾滿足其旅遊運營商合作夥伴。
- 按照國際標準管理其的服務品質。
- 與集團的員工、客戶和供應商保持開放的溝通。
- 通過在酒店實施食品質量標準，識別、評估和監控從生產到交付的所有食品安全風險。

此外，集團的員工均通過訓練，集團的設施在保證客人和遊客的健康與安全是全面的。集團的每個部門都致力於持續改進，並對客人滿意度進行評估，並將其評級用於確定需要進一步改進的具體領域。

集團致力於將客人和遊客的喜好和選擇作為第一要務。根據公司政策，遊客可以退還旅遊套餐。集團也重視客人和遊客的回饋，因為他們是集團服務進步的催化劑。客人和遊客可以通過不同的管道反映他們對本集團的意見和看法，例如通過熱線電話號碼，集團專門的客戶服務團為客人和遊客處理。

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During the reporting period, the Group complied with Trade Descriptions Ordinance of Hong Kong, Food Hygiene Law of the PRC and the relevant laws and regulations relating to health and safety, advertising, labeling and privacy matters relating to the Group's services. The Group continues to review and enhance its communications to ensure that the Group provides its guests and travellers with the latest information. The Group takes seriously its commitment to keep its guests and travellers informed about the services it offers. The Group avoids providing its guests and travellers any false or misleading service information especially on the tour package. The Group's employees are required to maintain transparency in communication and marketing.

6.7. Protection of Customer Privacy

The Group attaches great importance to customer information security, to maintain a sound corporate reputation and establish a cooperative and trusted business relationship with customers. The Group is committed to improving information confidentiality management system, and limiting employees' access to confidential information of customers through the implementation of a number of information security measures and strict authority management in order to guarantee that the information is for authorized use only.

The Group has educated its employees the following:

- Preserving the guests' trust by safeguarding and handling their information in a private and confidential manner.
- The importance of guest privacy.
- Exchanging confidential information is prohibited.

During the reporting period, the Group complied with Personal Data (Privacy) Ordinance of Hong Kong and the relevant laws and regulations of the PRC. The Group did not discover any circumstances of consumers' personal data being stolen, altered, damaged or leaked.

6.8 Anti-Corruption

The Group maintains and effectively implements a comprehensive system of internal control and stringent policies for anti-corruption, and is committed to preventing and monitoring any malpractices or unethical practice.

The Group has strictly complied with ethical requirements and there was no occurrence of corruption, bribery, fraud and money laundering throughout the reporting period. The Group will adhere to its corporate ethics and uphold its reputation to prevent corruption.

於報告期間，本集團遵守香港法例商品說明條例、中國食品衛生法及有關本集團服務的健康與安全、廣告、標籤及隱私事宜的相關法律及法規。本集團繼續審查及更新其通訊，以確保本集團向其客人及旅客提供最新資料。本集團認真履行承諾，讓客人及旅客知悉其提供的服務。本集團不希望客人獲提供任何虛假或誤導性的服務資訊，尤其是旅行套票。本集團的員工須保持溝通及營銷的透明度。

6.7 客戶數據隱私

集團高度重視客戶信息安全，以維持良好企業聲譽，與客戶建立合作信任的業務關係。集團致力完善信息保密管理制度；通過實施多項信息安全措施及嚴格的權限管理，限定員工對於客戶保密資料的知曉範圍，保障資料僅用於獲授權之用途。

集團對員工進行了以下教育：

- 為了維護客人的信任，集團需要妥善保護及以保密的方式處理他們的個人資料。
- 客人隱私的重要性。
- 禁止交換機密資訊。

於報告期間，本集團遵守香港個人資料(私隱)條例及中國的相關個人私隱法律及法規。本集團並無發現任何消費者個人資料被竊取、篡改、損毀或洩漏的情況。

6.8 反貪污

本集團一直維持及有效實施一套健全的內部監控架構以及嚴謹反腐政策，並致力於防範和監控任何舞弊或不道德行為。

本集團嚴格遵守道德規範，在報告期內，沒有發生任何貪污、賄賂、欺詐和洗黑錢行為。本集團將堅持企業道德規範，秉持優良信譽，防範腐敗。

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The Group anti-corruption awareness training for employees ranges from on-boarding and yearly reminder programs. The purpose of the program is to help all employees understand the Group's values and the policy. Integrity is vital part of the Group's business. The Group's management is committed to sending a clear and consistent message to all employees and business partners that corruption and bribery are unacceptable.

Employees can report to the management of the Group with respect to any non-compliance such as receiving bribes, abuse of power by mail, electronic mail or phone. All business units have the responsibility to conduct regular risk assessment of their anti-corruption procedures and implement remedial measures to mitigate risks.

During the reporting period, the Group had complied with Prevention of Bribery Ordinance of Hong Kong and the other relevant laws and regulations of relating to bribery, extortion, fraud and money laundering.

本集團針對員工的反腐意識培訓涵蓋了入職和年度提醒。該計劃的目的是幫助所有員工了解本集團的價值觀和政策。誠信是本年集團業務的重要組成部分。本集團的管理層致力於向所有員工和業務合作夥伴發出明確和一致的信息，表明貪污和賄賂是不可接受的。

員工可以通過郵件、電子郵件或電話等方式向本集團管理層舉報任何違規行為，例如收受賄賂、濫權等。所有業務部門都有責任定期對其反腐措施進行風險評估，並實施補救措施以降低風險。

於報告期內，本集團已遵守《防止賄賂條例》及與賄賂、勒索、欺詐和洗黑錢其他有關的法律法規。

7. COMMUNITY INVESTMENT

As a responsible corporate citizen, the Group uses its expertise and resources to support the communities in which it operated in various ways. The Group continues to focus on the following areas for community investment:

- Provide helping hands for people in need;
- Foster a healthy and green living environment in the community;
- Support local charitable events; and
- Provide training opportunities for young people.

The Group has also collaborated with local charities to support various charitable activities. During the reporting period, the Group donated to the following organisations:

1. Foshan Nanhai District Welfare Centre
2. Foshan City Welfare Centre
3. Chancheng Special Education Centre
4. Foshan Hearing Impairment Linguistic Rehabilitation Centre
5. Foshan Xiqiao Kang Yuan Rehabilitation Centre

7. 社區投資

作為負責任之企業公民，本集團利用其專業知識及資源通過多種方式以支持經營所在之社區。本集團持續專注於以下多個社區投資方面：

- 幫助有需要人士；
- 在社區打造一個健康和綠色的生活環境；
- 支持當地慈善活動；及
- 為年輕人提供培訓機會。

本集團亦與本地慈善機構合作，支持各項慈善活動。報告期內，本集團向以下組織捐款：

1. 佛山南海社區福利中心
2. 佛山市社會福利院
3. 禪城思創特殊教育中心
4. 佛山市聽覺語言康復中心
5. 西樵康園中心

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 2018. This report highlights the key corporate governance practices of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year of 2018, the Company has adopted and complied with all code provisions (the "Code Provisions", each a "Code Provision"), 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 and 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 2018, including below practices:

Board Meetings

- The Company held four regular Board meetings and six general Board meetings during the year under review.

Re-election of non-executive directors

- Non-executive Directors were appointed for a specific term, subject to re-election. One Non-executive Director and two Independent Non-executive Directors were re-elected at the annual general meeting of the Company (the "AGM") held in June 2018.

根據GEM上市規則第18.44條，董事會欣然呈列截至二零一八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

於二零一八年全年，本公司已採納並遵守GEM上市規則附錄15所載的全部守則條文（「守則條文」）（倘適用）（「企業管治守則」），以為股東創造更大利益及提高利益相關方的透明度及問責制。

截至二零一八年十二月三十一日止年度，本公司依照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包括下列常規：

董事會會議

- 本公司於回顧年度內舉行四次常務董事會會議和六次全體董事會會議。

非執行董事膺選連任

- 非執行董事按指定任期獲委任，並膺選連任。一名非執行董事及兩名獨立非執行董事於二零一八年六月舉行的股東週年大會（「股東週年大會」）上獲重選連任。

Corporate Governance Report 企業管治報告

Establish a nomination committee

- The Company has established a nomination Committee (the "Nomination Committee") with specific written terms of reference which deal clearly with its authority and duties. During the year under review, Mr. Sin Kwok Lam and Mr. Chan Tin Lup Trevor ceased to be a member of the Nomination Committee on 4 May 2018 and 1 July 2018 respectively. Mr. Chow Kai Weng was appointed as the chairman of the Nomination Committee in place of Mr. Sin Kwok Lam on 4 May 2018. Subsequently, Prof. Wong Lung Tak Patrick resigned as an independent Non-executive Director and ceased to be a member of Nomination Committee with effect from 1 January 2019. At as the date of this report, the Nomination Committee comprises one independent Non-executive Director and one Executive Director, and is chaired by the Chairman of the Board.

Present annual and interim reports

- The Group presented its unaudited interim report and audited annual report of the financial year 2018. In addition, the Group also presented its unaudited operational information for the first and third quarters of the financial year 2018.

Risk management and internal control system review

- The Group 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 the significant risk in its business and the external environment, and the scope and quality of the management's ongoing monitoring of risks and of the internal control system annually.

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

成立提名委員會

- 本公司已成立提名委員會(「提名委員會」)，訂有具體的書面職權範圍，清楚列明其職權及職責。於回顧年度內，冼國林先生及陳天立先生分別於二零一八年五月四日及二零一八年七月一日不再擔任提名委員會成員。周啟榮先生於二零一八年五月四日獲委任為提名委員會主席，以接替冼國林先生。其後，黃龍德教授自二零一九年一月一日起辭任獨立非執行董事，以及不再擔任提名委員會成員。於本報告日期，提名委員會由一名獨立非執行董事及一名執行董事組成，並由董事會主席擔任主席。

提呈年報及中期報告

- 本集團提呈二零一八財政年度其未經審核中期報告及經審核年報。此外，本集團亦提呈二零一八財政年度第一及第三季度其未經審核經營資料。

風險管理及檢討內部監控系統

- 本集團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。

本集團其他主要企業管治原則及常規亦於本企業管治報告概述。

Corporate Governance Report 企業管治報告

Corporate Governance Practices

The Board is committed to maintaining a high standard of corporate governance practices within the Group and devotes considerable efforts to identify and formalize best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of its shareholders and stakeholders, and enhance shareholder value.

It is the Group's mission to create and preserve the cultural heritage, develop film and media industry by telling purposeful story and cultivating entertainment and travel community that is vibrant and relevant to audiences.

The Group's Values

The Group has five core values, which are:

- Respect
- Innovation
- Teamwork
- Communication
- Challenge

The values express what the Group stands for and are core to its business. As a values-led-organization, the Group's values shape its people's decision and actions. They guide how the Group's employees work together.

The Group corporate governance framework plays an integral role in supporting the business and helping the Group to deliver its strategy. It provides the structure upon which the Group's strategies and business objectives are set and the performance is monitored. It includes a clear framework for decision making and accountability across the Group's business and provides guidance on the standards of behavior the Group expects of its management and employees. The Group is committed to excellence in corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of the Group, and to protect and enhance the interests of the Group's shareholders and other stakeholders.

The Group regularly reviews its corporate governance arrangements, to reflect developments in market practice, expectations and regulation as appropriate.

This section provides an overview of some of the important aspects of the Group's corporate governance framework.

公司治理常規

董事會致力於維持本集團高水平的企業管治常規，並就確定和制訂最佳實務作出重大努力。本集團相信，健全而有效的企業實務，乃公司得以順暢、有效率及具透明度地營運的根基，並因而有能力吸引投資、維護其股東及持份者的權益，以及提升股東價值。

本集團的使命是創造和保存文化遺產，通過講述有意義的故事來推動影視傳媒產業的發展，及建立更多與充滿活力和與觀眾息息相關的娛樂和旅遊的小團體。

本集團的價值觀

本集團的有五大核心價值觀，即：

- 尊重
- 創新
- 團隊合作
- 溝通
- 挑戰

這些價值觀表達了集團的立場，並且是其業務的核心。作為一個以價值為導向的企業，本集團的價值觀決定了員工的決策和行動。他們指導集團員工如何一起工作。

本集團企業管治框架在支持業務和幫助集團實施戰略方面發揮著不可或缺的作用。它提供了集團設定戰略和業務目標及監控績效的結構。它包括一個明確的框架，用於整個集團業務的決策和問責制，並提供集團對其管理層及僱員所期望行為標準的指導。本集團致力於卓越的企業管治，提高透明度和問責制。這對集團業務的長期業績和可持續性至關重要，並為集團的業務標準提供指導。保護和增強集團股東和其他利益相關方的利益。

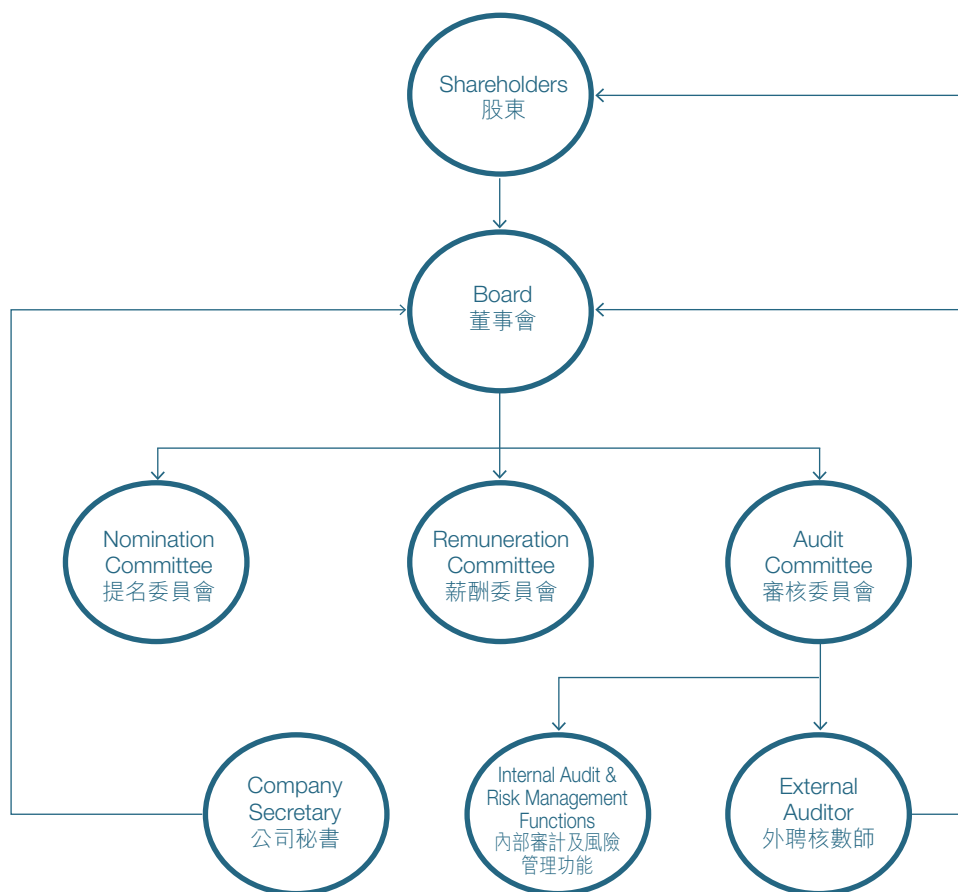
本集團定期審視其企業管治安排，以反映市場慣例、預期及監管的发展(如適當)。

本節概述了集團企業管治框架的一些重要方面。

Corporate Governance Report 企業管治報告

Set out below is the current corporate governance framework of the Group.

下圖載列本集團現行的企業管治架構：



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 interests as well as to enhancing the transparency and accountability to the stakeholders. 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, and the Directors have confirmed they have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the year ended 31 December 2018.

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GEM上市規則第5.48至5.67條所載之交易必守準則同樣嚴格。本公司已向全體董事作出具體查詢，而董事已確認於截至二零一八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。

Corporate Governance Report 企業管治報告

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 various different industries which are crucial to the growth of the Group.

Responsibilities

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

To oversee particular aspects of the Group's affairs, the Board has established three Board committees (the "Board Committees"), namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the Nomination Committee. The Board has delegated to each of the Board Committees responsibility for maintaining an appropriate financial reporting, risk management and internal control system, reviewing its directors' remuneration policy and reviewing the structure, size and composition of the Board and accountable to Board. The details of each Board Committees are set out in the section headed "Board Committees" from page 60 to page 66 of this annual report.

The Board has delegated to the management the responsibility 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. The management would report back to the Board and obtain Board approval before making certain decisions.

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。

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（「董事委員會」），即審核委員會（「審核委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會。董事會已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系統、檢討其董事薪酬政策及檢討董事會的架構、人數及組成及對董事會負責。有關各董事委員會的詳情載於本年報第60至66頁的董事委員會一節。

董事會已委派管理層負責(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。管理層將向董事會匯報並在取得董事會批准後方可做出決定。

Corporate Governance Report 企業管治報告

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

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and the management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

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

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

全體董事(包括獨立非執行董事)為董事會提供廣泛而寶貴的業務經驗、知識及專業質素，確保其可迅速及有效運作。

全體董事可全面、及時地取得本公司的所有資料以及公司秘書及公司管理層的服務及建議。於適當情況下，董事於履行彼等於本公司的職務時可要求尋求獨立專業意見，費用由本公司承擔。

董事須向本公司披露其擔任的其他職務的詳情，董事會定期檢討各董事履行其對本公司的責任所需做出的貢獻。

董事會保留對所有與政策事項、策略及預算、內部控制及風險管理、重大交易(尤其是可能涉及利益衝突的交易)、財務資料、董事委任及本公司其他重大營運事項有關的主要事項的決策權。執行董事會的決定、指導及協調本公司的日常營運及管理的責任則委派管理層負責。

Corporate Governance Report 企業管治報告

Board Composition

The details of the Executive Directors, the Non-executive Directors and the Independent Non-executive Directors, throughout the year ended 31 December 2018 and as at the date of this annual report are set out below:

董事會組成

於截至二零一八年十二月三十一日止年度全年及本年報日期，執行董事、非執行董事及獨立非執行董事的詳情載列如下：

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>Executive Directors</i> 執行董事			
Mr. Chow Kai Weng 周啟榮先生	(Chairman and Chief Executive Officer) (主席及行政總裁) (Appointed as Chairman on 4 May 2018 and appointed as Chief Executive Officer on 13 June 2018) (於二零一八年五月四日委任為主席及 於二零一八年六月十三日委任為行政總裁)	25 March 2011 二零一一年三月二十五日	29 June 2017 二零一七年六月二十九日
Mr. Cheng Wang Chun 鄭弘駿先生	(Appointed on 4 May 2018) (於二零一八年五月四日獲委任)	4 May 2018 二零一八年五月四日	28 June 2018 二零一八年六月二十八日
Mr. Ho Leung Ting 何亮霆先生	(Appointed on 15 November 2018) (於二零一八年十一月十五日獲委任)	15 November 2018 二零一八年十一月十五日	—
Ms. Law Po Yee 羅寶兒女士	(Resigned as Chief Executive Officer on 13 June 2018 and resigned as Vice Chairperson and Executive Director on 15 November 2018) (於二零一八年六月十三日辭任行政總裁及 於二零一八年十一月十五日辭任副主席及執 行董事)	5 August 2010 二零一零年八月五日	28 June 2018 二零一八年六月二十八日
Ms. Sin Ho Yee 冼灝怡女士	(Resigned on 15 November 2018) (於二零一八年十一月十五日辭任)	25 March 2011 二零一一年三月二十五日	29 June 2017 二零一七年六月二十九日
<i>Non-executive Directors</i> 非執行董事			
Dr. Lam Lee G. 林家禮博士		30 June 2017 二零一七年六月三十日	28 June 2018 二零一八年六月二十八日
Mr. Sin Kwok Lam 冼國林先生	(Chairman) (主席) (Resigned on 4 May 2018) (於二零一八年五月四日辭任)	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 李錦洪先生	(Resigned on 5 January 2018) (於二零一八年一月五日辭任)	13 May 2009 二零零九年五月十三日	29 June 2017 二零一七年六月二十九日
<i>Independent Non-executive Directors</i> 獨立非執行董事			
Mr. Chui Chi Yun Robert 崔志仁先生		13 May 2009 二零零九年五月十三日	28 June 2018 二零一八年六月二十八日
Mr. Li Kit Chee 李傑之先生		1 June 2014 二零一四年六月一日	28 June 2018 二零一八年六月二十八日
Prof. Wong Lung Tak Patrick 黃龍德教授	(Resigned on 1 January 2019) (於二零一九年一月一日辭任)	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. Chan Tin Lup Trevor 陳天立先生	(Resigned on 1 July 2018) (於二零一八年七月一日辭任)	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

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" from page 22 to page 26 of this annual report.

各董事之履歷及彼等之關係(如有)載於本年報第22至26頁的「董事履歷」一節。

Corporate Governance Report 企業管治報告

Chairman and Chief Executive Officer

As required by Code Provision A.2.1 of the Corporate Governance Code, 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. As Mr. Chow Kai Weng has been serving as both the Chairman and the Chief Executive Officer since 13 June 2018, such practice deviates from the Code Provision A.2.1 of the Corporate Governance Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and enhance effectiveness of its operation. Therefore, the Board considers that the deviation from the Code Provision A.2.1 of the Corporate Governance Code is appropriate in such circumstances.

Non-executive Directors

Under Code Provision A.4.1 of the Corporate Governance Code, non-executive directors should be appointed for a specific term and subject to re-election. The existing Non-executive Director has been appointed by the Company for a specific term of two years and is 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 2018, the Company complied with Rules 5.05 and 5.08 of the GEM Listing Rules relating to the appointment of Independent Non-executive Directors. Following the resignation of Prof. Wong Lung Tak Patrick, with effect from 1 January 2019 the Company has only two independent non-executive Directors and with at least one of them having appropriate professional qualifications or accounting or related financial management expertise. This falls below the minimum number requirement under Rules 5.05(1) and 5.28 of the GEM Listing Rules. The Company is identifying a suitable candidate to fill the above vacancy, further announcement will be made by the Company when the relevant appointment is made.

主席及行政總裁

誠如企業管治守則之守則條文第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。由於周啟榮先生自二零一八年六月十三日起一直出任主席兼行政總裁，有關做法偏離企業管治守則之守則條文第A.2.1條。董事會相信，主席及行政總裁之職務由同一人士兼任有助本集團策略之執行及促進其營運效率。因此，董事會認為在該情況下偏離企業管治守則之守則條文第A.2.1條屬為恰當。

非執行董事

根據企業管治守則之守則條文第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兩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

於截至二零一八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GEM上市規則第5.05條及第5.08條。隨黃龍德教授在二零一九年一月一日辭任獨立非執行董事，本公司將僅餘下兩名獨立非執行董事，其中至少有一名擁有合適專業資格或會計或相關財務管理專業知識。這低於GEM上市規則第5.05(1)及5.28條之最低人數規定。本公司正物色合適人選填補上述職位空缺，並將於作出相關委任後刊發公告。

Corporate Governance Report 企業管治報告

Appointment, Re-election and Removal of Directors

The Board is responsible for the appointment of new Directors and the nomination of Directors for re-election by shareholders of the Company at the AGM. In accordance with the Bye-laws, 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 in accordance with the Bye-laws.

All Executive Directors are engaged on service contracts with the Company for a term of three years.

The Company has also entered into a letter of appointment or re-appointment with the Non-executive Director and each of the Independent Non-executive Directors for a term of two years 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 of the Company 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.

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.

委任、重選及罷免董事

董事會負責任命新董事及提名董事供本公司股東於本公司股東週年大會上重選。根據公司細則，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，惟其須根據公司細則告退及接受重選。

本公司所有執行董事均與本公司訂立任期為三年的服務合約。

本公司亦已與非執行董事及各獨立非執行董事訂立委任或重新委任書，委任年期為兩年，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本公司首屆股東大會為止，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。

Corporate Governance Report 企業管治報告

Directors' Continuing Professional Development

The Directors' ongoing training is very important to the maintenance of high corporate governance standards in the Company. The Company has adopted a policy on induction and continuous professional development to encourage all Directors to update themselves, on a continuous basis, 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 their continuing professional development, the Company recommends that they regularly attend relevant seminars and courses at the expenses of the Company and the Directors are required to provide the Company with his/her annual training record to ensure the enhancement of their knowledge and skill.

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。本公司已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GEM上市規則及有關法例規定項下的職責及義務。

為輔助董事的持續專業發展，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。

Corporate Governance Report 企業管治報告

For the year ended 31 December 2018, 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:

截至二零一八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：備註：

Name of Directors 董事姓名		Types of Training 培訓類別
<i>Executive Directors</i> 執行董事		
Mr. Chow Kai Weng 周啟榮先生	(Chairman and Chief Executive Officer) (主席及行政總裁) (Appointed as Chairman on 4 May 2018 and appointed as Chief Executive Officer on 13 June 2018) (於二零一八年五月四日委任為主席及於二零一八年六月十三日委任為行政總裁)	A&B
Mr. Cheng Wang Chun 鄭弘駿先生	(Appointed on 4 May 2018) (於二零一八年五月四日獲委任)	A&B
Mr. Ho Leung Ting 何亮霆先生	(Appointed on 15 November 2018) (於二零一八年十一月十五日獲委任)	A&B
Ms. Law Po Yee 羅寶兒女士	(Resigned as Chief Executive Officer on 13 June 2018 and resigned as Vice Chairperson and Executive Director on 15 November 2018) (於二零一八年六月十三日辭任行政總裁及於二零一八年十一月十五日辭任副主席及執行董事)	A&B
Ms. Sin Ho Yee 冼灝怡女士	(Resigned on 15 November 2018) (於二零一八年十一月十五日辭任)	A&B
<i>Non-executive Directors</i> 非執行董事		
Dr. Lam Lee G. 林家禮博士		A&B
Mr. Sin Kwok Lam 冼國林先生	(Chairman) (主席) (Resigned on 4 May 2018) (於二零一八年五月四日辭任)	A&B
Mr. Li Sin Hung Maxim 李錦洪先生	(Resigned on 5 January 2018) (於二零一八年一月五日辭任)	A&B
<i>Independent Non-executive Directors</i> 獨立非執行董事		
Mr. Chui Chi Yun Robert 崔志仁先生		A&B
Mr. Li Kit Chee 李傑之先生		A&B
Prof. Wong Lung Tak Patrick 黃龍德教授	(Resigned on 1 January 2019) (於二零一九年一月一日辭任)	A&B
Mr. Chan Tin Lup Trevor 陳天立先生	(Resigned on 1 July 2018) (於二零一八年七月一日辭任)	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 updates

B：閱讀有關監管事宜之最新訊息的資料

Corporate Governance Report 企業管治報告

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 2018, the Directors have consistently selected and applied appropriate accounting policies and standards, make judgments and estimates that are prudent, fair and reasonable, and prepared the financial statements on a going concern basis.

The Group continued to be in debt condition indicate that there may exist a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the existence of these indicators, the Directors are of the opinion that it is appropriate for the consolidated financial statements to be prepared on the assumption that the Group will continue to operate as a going concern. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures to resolve the debt condition. After assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from 31 December 2018. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis. For further details, please refer to the paragraph headed "Liquidity and Financial Resources" in "Management Discussion and Analysis" of this annual report and note 3 to the consolidated financial statements.

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 pages 118 to 126 of this annual report.

BOARD COMMITTEES

As an integral part of good corporate governance and to enhance the function of the Board, the Company has established three Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. 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.

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。於編製截至二零一八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。

本集團的持續負債情況反映可能有重大不穩定因素，可能對本集團的持續經營能力構成重大疑問。儘管有該等跡象，董事認為綜合財務報表按本公司將繼續持續經營的假設編製，實屬合適。為改善本集團的財務狀況、直接流動資金及現金流量，以及在其他方面維持本集團的持續經營，董事已採納數項措施改善財務問題。評估本集團的目前及預計現金狀況後，董事信納本集團將可繼續於其財務責任於二零一八年十二月三十一日起十二個月期間到期時，予以履行。據此，本集團的綜合財務報表已按持續基準編製。更多詳情，請參閱本年報「管理層討論及分析」中「流動資金及財務資源」一段及綜合財務報表附註3。

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118至126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，本公司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。

Corporate Governance Report 企業管治報告

Audit Committee

The Audit Committee 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. From 1 January 2018 to 30 June 2018, the Audit Committee comprised four Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 1 July 2018 to 31 December 2018, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 1 January 2019 to the date of this annual report, the Audit Committee comprised two Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman) and Mr. Li Kit Chee.

During the year ended 31 December 2018, the Company complied with Rule 5.28 of the GEM Listing Rules that the Audit Committee must comprise a minimum of 3 members, have at least one of whom is an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise and be chaired by an Independent Non-executive Director.

Following the resignation of Prof. Wong Lung Tak Patrick with effect from 1 January 2019, the Company has only two Independent Non-executive Directors on the Board and in the Audit Committee, which falls below the minimum number required under Rule 5.28 of the GEM Listing Rules. The Company is identifying a suitable candidate to fill the above vacancy. Further announcement will be made by the Company when the relevant appointment is made.

The primary duties of the Audit Committee are to: (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 the Company's financial information.

審核委員會

審核委員會於二零零二年成立，其書面職權範圍符合GEM上市規則附錄十五所載的企業管治守則。由二零一八年一月一日至二零一八年六月三十日，審核委員會由四名獨立非執行董事（即崔志仁先生（主席）、陳天立先生、黃龍德教授及李傑之先生）組成。由二零一八年七月一日至二零一八年十二月三十一日，審核委員會由三名獨立非執行董事（即崔志仁先生（主席）、黃龍德教授及李傑之先生）組成。由二零一九年一月一日至本年報日期，審核委員會由兩名獨立非執行董事（即崔志仁先生（主席）及李傑之先生）組成。

截至二零一八年十二月三十一日止年度，本公司已遵守GEM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。

黃龍德教授辭任於二零一九年一月一日起生效後，本公司董事會及審核委員會內僅餘兩名獨立非執行董事，低於GEM上市規則第5.28條規定的最少人數。本公司現正物色合適人選填補空缺。當作出有關委任時，本公司會另行發表公佈。

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。

Corporate Governance Report 企業管治報告

During the year ended 31 December 2018, 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 also made recommendations to the Board on the appointment of the external auditor after reviewing the scope of services offered and the remuneration and terms of engagement of the external auditor. The attendance record of these meetings is set out in the section headed "Board and Committees Meetings and Attendance" on page 66 of this annual report.

Remuneration Committee

The Remuneration Committee was established in 2005 with its written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. From 1 January 2018 to 30 June 2018, the Remuneration Committee comprised four Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 1 July 2018 to 31 December 2018, the Remuneration Committee comprised three Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 1 January 2019 to the date of this annual report, the Remuneration Committee comprised two Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman) and Mr. Li Kit Chee. The Company has complied with Rule 5.34 of GEM Listing Rules that a remuneration committee should comprise a majority of independent non-executive directors and should be chaired by an independent non-executive director.

The major responsibilities of the Remuneration Committee include: (i) making recommendations to the Board on the Group's policy and structure for all Directors' and management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and determining the remuneration packages of each individual Executive Director and 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 the management of the Company.

Details of the remuneration of each Director for the year under review are set out in note 15 to the consolidated financial statements contained in this annual report.

於截至二零一八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。審核委員會已於檢討外聘核數師提供的工作後，就委聘核數師及外聘核數師的薪酬及聘任條款向董事會提出建議。有關會議的出席記錄載於本年報第66頁「董事會及委員會會議及出席記錄」一節。

薪酬委員會

薪酬委員會於二零零五年成立，其書面職權範圍符合GEM上市規則附錄15所載的企業管治守則。由二零一八年一月一日至二零一八年六月三十日，薪酬委員會由四名獨立非執行董事（即崔志仁先生（主席）、陳天立先生、黃龍德教授及李傑之先生）組成。由二零一八年七月一日至二零一八年十二月三十一日，審核委員會由三名獨立非執行董事（即崔志仁先生（主席）、黃龍德教授及李傑之先生）組成。由二零一九年一月一日至本年報日期，審核委員會由兩名獨立非執行董事（即崔志仁先生（主席）及李傑之先生）組成。本公司已遵從GEM上市規則第5.34條，即審核委員會由大多數獨立非執行董事組成，並由立非執行董事出任主席。

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)個別檢討及釐定各名執行董事及管理層之薪酬方案（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管理層之薪酬方案向董事會作出推薦建議。

各董事於回顧年度之薪酬詳情載於本年報所載綜合財務報表附註15。

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During the year ended 31 December 2018, the Remuneration Committee held three meetings in relation to the overall remuneration policy and structure and making recommendation to the Board on the remuneration packages of each individual Executive Director and the management in assessing their performance and approval of the relevant terms of service contracts; and reviewed the proposed director's fee of Mr. Chow Kai Weng, Mr. Cheng Wang Chun and Mr. Ho Leung Ting and recommended the same to the Board for approval. The attendance record of the meetings is set out in the section headed "Board and Committees Meetings and Attendance" on page 66 of this annual report.

Nomination Committee

The Nomination Committee 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. From 1 January 2018 to 3 May 2018, the Nomination Committee comprised one Non-executive Director and three Independent Non-executive Directors, namely Mr. Sin Kwok Lam (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 4 May 2018 to 30 June 2018, the Nomination Committee comprised one Executive Director and three Independent Non-executive Directors, namely Mr. Chow Kai Weng (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 1 July 2018 to 31 December 2018, the Nomination Committee comprised one Executive Director and two Independent Non-executive Directors, namely Mr. Chow Kai Weng (Chairman), Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee. From 1 January 2019 to the date of this annual report, the Nomination Committee comprised one Executive Director and one Independent Non-executive Directors, namely Mr. Chow Kai Weng (Chairman) and Mr. Li Kit Chee.

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 the Directors (in particular the Chairman) and the Chief Executive Officer.

於截至二零一八年十二月三十一日止年度，薪酬委員會舉行三次會議審核及釐定整個薪酬政策及架構，並就各名執行董事的薪酬方案向董事會個別提供建議；以及批准服務合約的相關條款；及審視周啟榮先生、鄭弘駿先生及何亮霆先生的董事袍金並向董事會作出推薦以供批准。有關會議的出席記錄載於本年報第66頁「董事會及委員會會議及出席記錄」一節。

提名委員會

提名委員會於二零一二年成立，並根據GEM上市規則附錄15所載之企業管治守則訂明書面職權範圍。由二零一八年一月一日至二零一八年五月三日，提名委員會由一名非執行董事及三名獨立非執行董事（即冼國林先生（主席）、陳天立先生、黃龍德教授及李傑之先生）組成。由二零一八年五月四日至二零一八年六月三十日，提名委員會由一名執行董事及三名獨立非執行董事（即周啟榮先生（主席）、陳天立先生、黃龍德教授及李傑之先生）組成。由二零一八年七月一日至二零一八年十二月三十一日，提名委員會由一名執行董事及兩名獨立非執行董事（即周啟榮先生（主席）、黃龍德教授及李傑之先生）組成。由二零一九年一月一日至本年報日期，提名委員會由一名執行董事及一名獨立非執行董事（即周啟榮先生（主席）及李傑之先生）組成。

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。

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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 Nomination Committee discusses and determines the measurable objectives for implementing diversity on the Board and recommends the same to the Board for adoption on an annual basis. The Nomination Committee will review the policy on a regular basis and will discuss any revision that may be required, and recommend any proposed changes to the Board for approval.

During the year ended 31 December 2018, the Nomination Committee held three meetings and (i) reviewed the structure, size, composition and the diversity policy of the Board; (ii) assessed the independence of the Independent Non-executive Directors; (iii) reviewed the training and continuing professional development of the Directors; (iv) evaluated the Directors' time commitment and the contribution required from the Directors to discharge their responsibilities; and (v) reviewed the biography of Mr. Cheng Wang Chun and Mr. Ho Leung Ting and recommended them to the Board for approval to be appointed as the Executive Directors. The attendance record of the meetings is set out in the section headed "Board and Committees Meetings and Attendance" on page 66 of this annual report.

Nomination Policy and Procedure

The Nomination Committee would use the criteria listed below as reference for the selection, appointment and re-appointment of Directors:

- Integrity and reputation;
- Professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Commitment in respect of available time and relevant interest;
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and
- Any other criteria as the Committee may deem fit to consider in the best interests of the Company and its shareholders.

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。

於二零一八年十二月三十一日止年度，提名委員會舉行三次會議(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；(iv)評估董事付出的時間及所需作出的貢獻以履行其職責及(v)審視鄭弘駿先生及何亮霆先生的履歷及向董事會推薦批准彼等獲委任為執行董事。出席會議記錄載於本年報第66頁「董事會及委員會會議及出席記錄」一節。

提名政策及程序

提名委員會將使用下列標準董事之甄選、委任及重新委任的參考：

- 誠信及聲譽；
- 與公司業務及戰略相關的專業資格、技能、知識及經驗；
- 對可用時間及相關利益的承諾；
- 各方面的多樣性，包括但不限於性別、年齡（18歲或以上）、文化與教育背景、種族、專業經驗、技能、知識及服務年限；及
- 委員會認為適宜考慮的任何其他標準，以符合公司及其股東的最佳利益。

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The above criteria are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Candidates will be asked to submit the necessary personal information, including the information as required by the Rule 17.50(2) of the GEM Listing Rules, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their appointment as a Director.

The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

Any Director may nominate a candidate for appointment, election or re-election as a Director by the Board or at a general meeting. Upon obtaining the required information from the candidate, the Nomination Committee shall evaluate whether such candidate is qualified to be appointed, elected or re-elected into the Board based on the criteria as set out above and the relevant GEM Listing Rules and the policies of the Company.

The Nomination Committee shall convene a meeting to discuss and consider the recommendation of the candidate to the Board for appointment, election or re-election as a Director by the Board or at a general meeting.

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. Notices of not less than 14 days in advance together with the formal agenda are addressed to all Directors for all regular board meetings. For additional Board meetings which require discussion and resolution of significant issues arising from 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 notice by any Directors.

以上標準僅供參考，並非詳盡亦非決定性。提名委員會有權酌情提名任何人士。

候選人將被要求提交必要的個人信息，包括GEM上市規則第17.50(2)條規定的資料，以及彼等書面同意被任命為董事及為委任彼等為董事之目的而於任何文件或有關網站公開披露其個人資料。

如有必要，提名委員會可要求候選人提供額外的資料及文件。

任何董事均可提名候選人，以供董事會或於股東大會上委任、選舉或重選為董事。從候選人獲得所需資料後，委員會應根據上文及相關GEM上市規則與本公司政策所載準則，評估該候選人是否有資格被任命、當選或再次當選為董事會成員。

提名委員會須召開會議，以討論及考慮向董事會建議的候選人，以供董事會或於股東大會上委任、選舉或重選為董事。

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。

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The attendance record of each Director at the Board meetings, the Board Committees meetings and the general meeting during the year ended 31 December 2018 is set out in the following table:

於截至二零一八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	Date of Appointment/Resignation	Board Meetings	Remuneration Committee Meetings	Audit Committee Meetings	Nomination Committee Meetings	General Meeting	Notes
董事姓名	委任/辭任日期	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	附註
Executive Directors 執行董事							
Mr. Chow Kai Weng (Chairman and Chief Executive Officer) 周啟榮先生 (主席及行政總裁)	(Appointed as Chairman on 4 May 2018 and appointed as Chief Executive Officer on 13 June 2018) (Note 1)	(於二零一八年五月四日獲委任為主席及於二零一八年六月十三日委任為行政總裁) (附註1)	7/10	—	—	1/3	1. Mr. Chow Kai Weng was appointed as a Chief Executive Officer of the Company on 13 June 2018, was also appointed as a member and the chairman of the Nomination Committee on 4 May 2018. Therefore, he only attended one nomination committee meeting for the year ended 31 December 2018. 1. 周啟榮先生於二零一八年六月十三日獲委任為本公司行政總裁，於二零一八年五月四日獲委任為提名委員會成員及主席。因此，截至二零一八年十二月三十一日止年度，彼僅出席一次提名委員會會議。
Mr. Cheng Wang Chun 鄭弘駿先生	(Appointed on 4 May 2018) (Note 2)	(於二零一八年五月四日獲委任) (附註2)	7/10	—	—	—	2. Mr. Cheng Wang Chun was appointed as an Executive Director of the Company on 4 May 2018. 2. 鄭弘駿先生於二零一八年五月四日獲委任為本公司執行董事。
Mr. Ho Leung Ting 何亮霆先生	(Appointed on 15 November 2018) (Note 3)	(於二零一八年十一月十五日獲委任) (附註3)	2/10	—	—	—	3. Mr. Ho Leung Ting was appointed as an Executive Director of the Company on 15 November 2018. Therefore, he only attended two Board meetings for the year ended 31 December 2018. 3. 何亮霆先生於二零一八年十一月十五日獲委任為本公司執行董事。因此，截至二零一八年十二月三十一日止年度，彼僅出席兩次董事會會議。
Ms. Law Po Yee 羅寶兒女士	(Resigned as Chief Executive Officer on 13 June 2018 and resigned as Vice Chairperson and Executive Director on 15 November 2018) (Note 4)	(於二零一八年六月十三日辭任行政總裁及於二零一八年十一月十五日辭任副主席兼執行董事) (附註4)	7/10	—	—	—	4. Ms. Law Po Yee resigned as an Executive Director of the Company on 15 November 2018. 4. 羅寶兒女士於二零一八年十一月十五日辭任本公司執行董事。
Ms. Sin Ho Yee 冼潔怡女士	(Resigned on 15 November 2018) (Note 5)	(於二零一八年十一月十五日辭任) (附註5)	4/10	1/1	—	—	5. Ms. Sin Ho Yee resigned as an Executive Director of the Company on 15 November 2018. 5. 冼潔怡女士於二零一八年十一月十五日辭任本公司執行董事。
Non-executive Directors 非執行董事							
Dr. Lam Lee G. 林家禮博士	(Resigned on 4 May 2018) (Note 6)	(於二零一八年五月四日辭任) (附註6)	2/10	—	—	—	6. Mr. Sin Kwok Lam resigned as a Non-executive Director of the Company on 4 May 2018. 6. 冼國林先生於二零一八年五月四日辭任本公司非執行董事。
Mr. Sin Kwok Lam 冼國林先生	(Resigned on 4 May 2018) (Note 6)	(於二零一八年五月四日辭任) (附註6)	2/10	—	—	2/3	7. Mr. Li Sin Hung Maxim resigned as a Non-executive Director of the Company on 5 January 2018. 7. 李錦洪先生於二零一八年一月五日辭任本公司非執行董事。
Mr. Li Sin Hung Maxim 李錦洪先生	(Resigned on 5 January 2018) (Note 7)	(於二零一八年一月五日辭任) (附註7)	—	—	—	—	8. Prof. Wong Lung Tak Patrick resigned as an Independent Non-executive Director on 1 January 2019. 8. 黃龍德教授於二零一九年一月一日辭任獨立非執行董事。
Independent Non-executive Directors 獨立非執行董事							
Mr. Chui Chi Yun Robert 崔志仁先生	(Resigned on 1 January 2019) (Note 8)	(於二零一九年一月一日辭任) (附註8)	8/10	3/3	4/4	—	9. Mr. Chan Tin Lup Trevor resigned as an Independent Non-executive Director on 1 July 2018. 9. 陳天立先生於二零一八年七月一日辭任獨立非執行董事。
Mr. Li Kit Chee 李傑之先生	(Resigned on 1 January 2019) (Note 8)	(於二零一九年一月一日辭任) (附註8)	7/10	3/3	4/4	3/3	
Prof. Wong Lung Tak Patrick 黃龍德教授	(Resigned on 1 January 2019) (Note 8)	(於二零一九年一月一日辭任) (附註8)	8/10	3/3	4/4	3/3	
Mr. Chan Tin Lup Trevor 陳天立先生	(Resigned on 1 July 2018) (Note 9)	(於二零一八年七月一日辭任) (附註9)	4/10	2/3	2/4	2/3	
Total number of meeting(s) 會議總數			10	3	4	3	1

Corporate Governance Report 企業管治報告

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 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 Corporate Governance Code by the Company and the disclosure in the Corporate Governance Report.

COMPANY SECRETARY

Ms. Sun Shui ("Ms. Sun") was appointed as the Company Secretary of the Company since 27 December 2017. Ms. Sun was nominated by ComSec Team Limited ("ComSec Team") to assume such office and ComSec Team has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and ComSec Team. Ms. Sun is not a full time employee of the Company. The primary person at the Company with whom Ms. Sun has been contacting in respect of company secretarial matters is the Financial Controller of the Company.

Ms. Sun is a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Sun obtained an Honours Bachelor of Business Administration degree from University of Lincoln, a Master of Corporate Governance degree from The Hong Kong Polytechnic University and a Juris Doctor degree from City University of Hong Kong. Ms. Sun has over 16 years' experience in corporate secretarial, corporate governance and compliance matters.

During the year ended 31 December 2018, the Board has access to the advice and services of Ms. Sun at all times in accordance with Code Provision F.1.4 of Appendix 15 to the GEM Listing Rules. Ms. Sun has taken no less than 15 hours of professional training during the year under review pursuant to Rule 5.15 of the GEM Listing Rules.

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

孫瑞女士（「孫女士」）於二零一七年十二月二十七日獲委任為本公司之公司秘書。孫女士獲豐誠秘書商務有限公司（「豐誠秘書」）提名擔任該職務，而豐誠秘書一直根據本公司與豐誠秘書訂立的委聘函向本公司提供若干公司秘書服務。孫女士並非本公司全職僱員。孫女士就公司秘書事務一直與之聯絡的本公司主要人士為本公司的財務總監。

孫女士乃為香港特許公司秘書公會及英國特許公司秘書公會之會員。孫女士持有林肯大學之榮譽工商及管理學位、香港理工大學之公司管治碩士學位及香港城市大學之法律博士學位。孫女士於公司秘書、企業管治及合規事宜具有超過16年之經驗。

於截至二零一八年十二月三十一日止年度，董事會根據GEM上市規則附錄15之守則條文第F.1.4條可隨時獲取孫女士的意見及服務。於回顧年度內，孫女士均已根據GEM上市規則第5.15條接受不少於15小時的專業培訓。

Corporate Governance Report 企業管治報告

THE AUDITORS

On 28 December 2018, HLB Hodgson Impey Cheng Limited ("HLB") resigned as the auditors of the Company and with the recommendation of the Audit Committee, the Company engaged Elite Partners CPA Limited ("Elite Partners") as the external auditors for the financial year ended 31 December 2018 to fill the casual vacancy following the resignation of HLB and to hold office until the conclusion of the next AGM. Elite Partners is independent and there are no relationships between Elite Partners and the Company that are likely to impair its independence. The roles and responsibilities of Elite Partners are stated in the Independent Auditors' Report on pages 118 to 126 of this annual report.

The fees paid/payable to ELITE, the independent auditors, in respect of audit services and non-audit services for the year ended 31 December 2018 are set out below:

Type of services provided by the independent auditors 獨立核數師提供的服務種類

		Fees paid/payable 已付／應付費用 HK\$ 港元
Audit services	審計服務	850,000
Non-audit services	非審核服務	
— Other	— 其他	—
TOTAL:	合計：	850,000

核數師

於二零一八年十二月二十八日，國衛會計師事務所有限公司（「國衛」）辭任本公司之核數師，審核委員會的建議下，本公司聘用開元信德會計師事務所有限公司（「開元信德」）擔任截至二零一八年十二月三十一日止財政年度之外部核數師，以填補國衛辭任後出現的空缺，並會一直擔任，直至本公司下屆股東週年大會結束為止。開元信德獨立於本公司，且開元信德與本公司概無任何可能損害其獨立性的關係。開元信德的職務及責任載列於本年報第118至126頁之獨立核數師報告。

於截至二零一八年十二月三十一日止年度，就獨立核數師開元信德提供之審計服務及非審計服務而支付／應付的費用載列如下：

DIVIDEND POLICY

The Board has adopted a dividend policy with effect from 1 January 2019. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

- (i) the financial condition of the Group;
- (ii) the prevailing economic climate;
- (iii) the Group's earnings and cash flow;
- (iv) the Group's expected capital requirements;
- (v) statutory and regulatory restrictions on the payment of dividends by the Company;
- (vi) the retained earnings and distributable reserves of the Company and each of the members of the Group; and
- (vii) any other factors that the Board deems appropriate.

股息政策

董事會已採納股息政策，由二零一九年一月一日起生效。決定會否建議派付股息時及釐定股息金額時，董事會會考慮（其中包括）：

- (i) 本集團財務狀況；
- (ii) 當前經濟氣候；
- (iii) 本集團盈利及現金流；
- (iv) 本集團預計的資金規定；
- (v) 本公司派付股息的法定及規定限制；
- (vi) 本公司及本集團各成員公司的保留盈利及可分配儲備；及
- (vii) 董事視為合適的任何其他因素。

Corporate Governance Report 企業管治報告

Declaration and payment of dividend by the Company is also subject to the Bye-laws, the laws of Bermuda and any applicable laws, rules and regulations.

The dividend policy will continue to be reviewed from time to time by the Board and there can be no assurance that any dividend will be proposed or declared in any given period.

本公司宣派及派付股息須遵從公司細則、百慕達法律及任何適用的法律、法例及法規。

董事會將不時繼續檢討股息政策。概不保證在任何既定期間建議派付或宣派任何股息。

INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and conducted annual review of the effectiveness of such systems through the Audit Committee. The Group's risk management framework sets out the process of identification, evaluation and management of the principal risks affecting the business, please refer to "Risk Management Report" of this annual report for details. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfilment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and shareholders' interests.

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

The internal control covers every activity and transaction in the Group, 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.

內部監控

董事會深明他們有責任監察本集團的風險管理及內部監控系統，並透過審核委員會就有關制度的成效進行年度檢討。本集團之風險管理框架列出辨認、評估及管理影響業務的主要風險的程序，詳細內容請參閱本年報「風險管理報告」。本集團的內部監控系統旨在就避免重大錯誤陳述或損失提供合理而非絕對的保證，以及管理並消除經營制度失誤及未能達成業務目標的風險。董事會持續檢討內部監控系統，以確保其在保障重大資產及股東利益方面提供實際而有效的合理保證。

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

內部監控覆蓋本集團的每項活動及交易，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。

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- *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.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Company currently does not have an internal audit department. However, the Group has engaged an independent third party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review.

- *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。

鑑於本集團之企業及營運架構並不複雜，且一個獨立的內部審計部門可能分薄本集團資源，本公司目前並無設立內部審計部門。然而，本集團已委聘一名獨立第三方內部監控顧問按年檢討內部監控系統及就改善該系統提供推薦意見，以管控我們的業務風險，並確保順利營運。該檢討涵蓋若干運作程序。於該顧問檢視期內並無辨認到任何重大監控失誤或弱項。

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During the year ended 31 December 2018, the Audit Committee, with reference to and based on the internal audit report issued by the independent audit firm, conducted a review on the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls and risk management functions, adequacy of resources, qualifications and experience of staff of the Company's accounting, internal control and financial reporting functions, and training programmes and budget. The Board has considered and discussed the internal audit report issued by the independent audit firm, the work conducted by the independent audit firm, the Audit Committee's view on the Group's risk management and internal control systems and their effectiveness. The Board and the Audit Committee considered the risk management and internal control of the Group effective and adequate.

For the year ended 31 December 2018, no significant areas of concern that might affect shareholders were identified. It should be acknowledged that the Group's risk management and Internal control system 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.

INSIDE INFORMATION

With respect to the procedures and internal control for the handling and dissemination of price-sensitive information, the Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO") and the GEM Listing Rules and has established the inside information/price-sensitive information disclosure policy (the "Disclosure Policy") with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission of Hong Kong.

The Disclosure Policy includes, among other things:

- (i) only designated persons are authorised to communicate the Company's corporate matters with investors, analysts, the media or other members of the investment community;
- (ii) Directors shall report to the Chief Executive Officer any potential/suspected inside information as soon as practicable for him to consult (if appropriate) the Board thereafter for determining the nature of developments, and if required, making appropriate disclosure;
- (iii) disclosure of inside information must be made in a manner that can provide for equal, timely and effective access by the public to the disclosed inside information;

截至二零一八年十二月三十一日止年度，經參考且根據獨立審計事務所發佈的內部審計報告，審核委員會對本集團風險管理及內部控制系統的成效進行審閱，審閱內容包括財務、營運及合規控制及風險管理活動、資源的充足性、本公司會計、內部監督及財務申報方面的員工資格及經驗以及培訓課程及預算。董事會已審議及討論獨立審計事務所發佈的內部審計報告、獨立審計事務所開展的工作、審核委員會就本集團的風險管理及內部控制系統以及其有效性發佈的觀點。董事會及審核委員會信納本集團風險管理及內部控制的有效性。

在截至二零一八年十二月三十一日止年度，概無識別任何可能對股東構成影響的重要關注事項。請注意本集團的風險管理及內部監控系統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。

內幕消息

有關處理及發佈股價敏感資料之程序及內部監控，本公司知悉其根據香港法例第571章證券及期貨條例（「證券及期貨條例」）第XIVA部及GEM上市規則之責任，並因應香港證券及期貨事務監察委員會頒佈之「內幕消息披露指引」而制訂內幕消息／股價敏感資料之披露政策。

披露政策包括（其中包括）：

- (i) 僅指定人士獲授權與投資者、分析師、媒體或投資者其他成員交流本公司之公司事宜；
- (ii) 董事須於實際可行情況下盡快向行政總裁匯報任何潛在／涉嫌內幕消息以供其隨後諮詢（如適用）董事會以釐定發展之性質，及如需要，作為適當披露；
- (iii) 披露內幕消息須以可為獲取所披露內幕消息之公眾人士提供平均、及時及有效途徑之方式作出；

Corporate Governance Report 企業管治報告

- (iv) inside information must be kept strictly confidential until a public announcement is made and shall be disseminated in accordance with the requirements of the SFO and the GEM Listing Rules before it is released via other channels.

- (iv) 內幕消息須嚴格保密，直至作為公佈為止，並須於透過其他渠道刊發前根據證券及期貨條例及上市規則規定發佈。

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents during the year ended 31 December 2018.

章程文件

於截至二零一八年十二月三十一日止年度，本公司的章程文件並未經修改。

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.

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。

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

公司設有一個網站「www.nationalarts.hk」作為與其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。

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

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本公司股東提出的任何問題。

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 proxy form are sent to registered shareholders by post. All shareholders are entitled to attend AGM and special general meetings ("SGM"), provided that their names are registered in the register of members of the Company on the record date which is used to determine the entitlement to attend a meeting.

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、提呈的決議案以及代表委任表格。全體股東均有權出席股東週年大會及股東特別大會（「股東特別大會」），前提為彼等於釐定出席大會權利之記錄日期名列本公司股東名冊。

Corporate Governance Report 企業管治報告

According to the Bye-laws, 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 an 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.

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 requisitionist(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 requisitionist(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 (the "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 and transfer office in Hong Kong, Tricor Secretaries Limited. Other enquiries from shareholders can be directed to the Board whose contact details are shown on page 4 of this annual report.

根據公司細則，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。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。

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期召開股東週年大會，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董事會作出，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 takes an essential and important role. Since 2017, 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, managerial officers of the Company (the "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's Risk Management Report was presented to the Board for review in December 2018.

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。自二零一七年以來，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、本公司管理人員（「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二零一八年十二月提呈予董事會以供其審閱。

Risk Management Report 風險管理報告

THE GROUP'S RISK MANAGEMENT FRAMEWORK

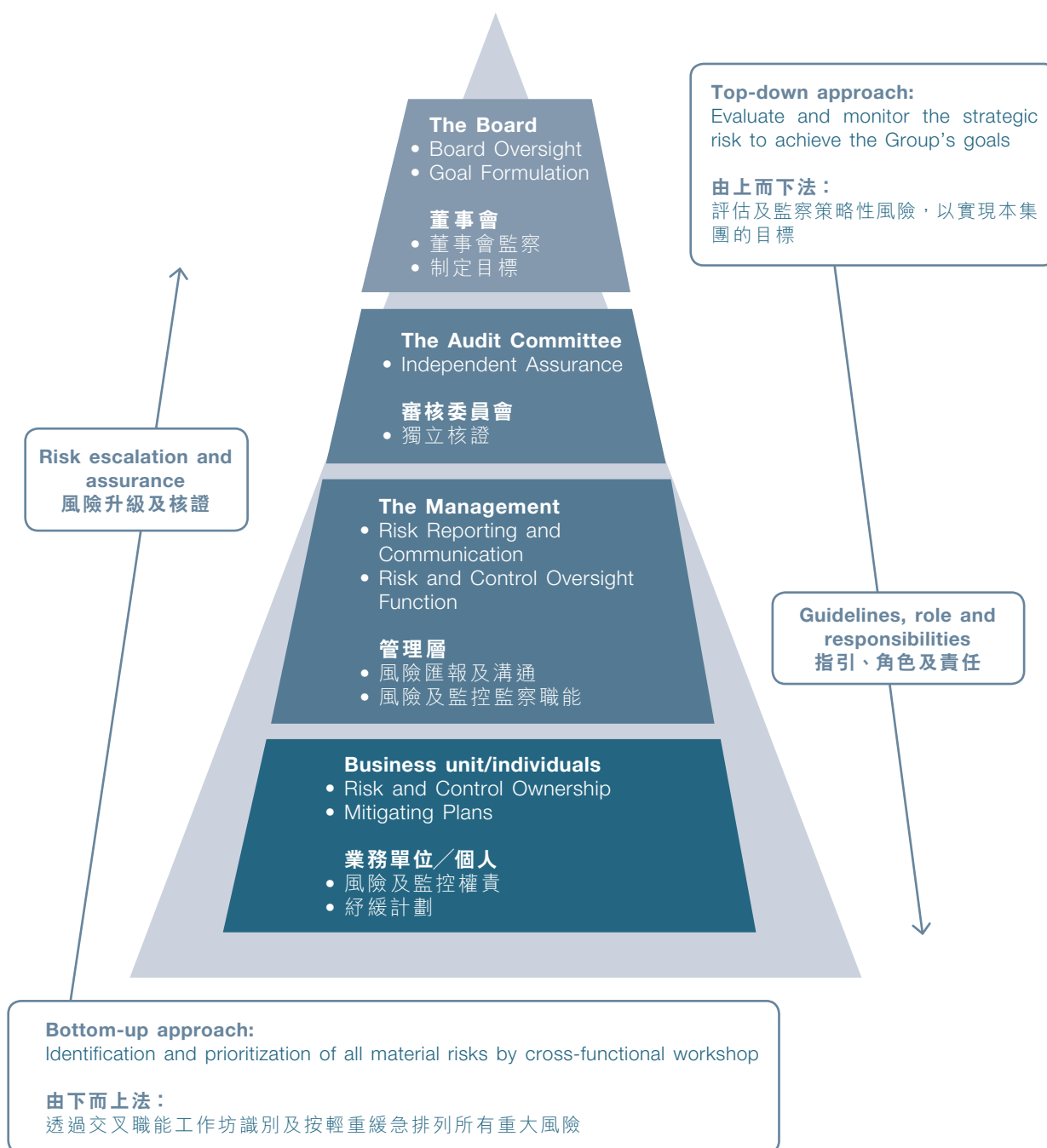
The Group's risk management framework and its own responsibilities:

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：

本集團的風險管理責任



Risk Management Report 風險管理報告

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 approve risk appetite. Meeting with Audit Committee and the Management to ensure the risk management framework is maintained appropriately and effectively.
2. The 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 discuss with the Management in relation to the selected risks for more detailed review. Summarise the material risk and circulate to the Board.
3. The Management is responsible to:
 - i. Review the risk management process regularly, and report on the key risks and consider 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 rank the risk with reference to their own materiality and circumstances. 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 established an effective communication channel to report on any malpractice and unethical conduct. The training programme is arranged for the Group's employees 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. 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。

Risk Management Report 風險管理報告

4. The business units and each individual are 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 Management;
- ii. Report any malpractice and unethical conduct within the Group without fear of reprisal and victimization, and discuss with the 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 Management.

4. 業務單位及每名個別人士負責：

- i. 遵從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管理層討論。須編製業務單位風險管理報告，並遞交予管理層。

Risk Management Report 風險管理報告

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 Management regularly.
業務單位為本集團設立及更新風險參考表，並由管理層定期審閱。
- The Management sets a common risk language to avoid any conflicting terminology or confusion.
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 the 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，管理層識別集團層面的財務及非財務風險。

Risk Management Report 風險管理報告

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。

- The Management shall ensure project risk for each investment project is assessed in details and properly documented.

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

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

管理層檢討風險管理程序的有效性并批准紓緩計劃。

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

分部及部門遵從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 time frame, 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 Management. The Management reviews the Business Unit Risk Management Report and highlights the material risk in the Group Risk Management Report and submits 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管理層。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。

Risk Management Report 風險管理報告

Material Risks of the Group

Since 2016, the Group has adopted the an enterprise risk management system (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 risks and operational risks. 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

自二零一六年起，本集團採用企業風險管理制度（「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)旨在舒緩適當層面上的重大風險的相關行動計劃及監控，如：

Risk Description 風險描述

Risk Mitigations 風險舒緩措施

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’s 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。

Failure to React to Rapid Growth of Online Activities (Online Threat)

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.

及時對應快速成長的網上活動(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 of online media e.g. Facebook, Instagram etc. to establish communication channel with existing and new customers. In the meantime, the Group cooperates with other online media to put more focus on marketing efforts to attract target 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。

Non-compliance with Corporate Governance Code

With effect from 1 January 2016, the Stock Exchange has amended its Corporate Governance Code relating to risk management. Insufficient employee’s risk awareness and risk management technique may result in non-compliance issue.

企業管治守則違規

自二零一六年一月一日起，聯交所修訂其關於風險管理的企業管治守則。員工的危機意識及風險管理技巧不足可能導致違規問題。

- In 2018, the Group has continuously improved and enhanced its enterprise risk management framework and strengthened a range of guideline, procedures and policies for employees across the Group to comply with the amendments and further adjustments are being made to relevant processes to ensure timely compliance.

於二零一八年，本集團繼續改善及提高其企業風險管理架構，並加強一系列指引、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 Management Report 風險管理報告

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 which got the national AAAA level tourist attractions identity since August 2016.

產品競爭力

本集團在佛山市營運的西樵山國藝影視城名氣甚高，該影視城包括拍攝場地、主題公園等。然而，若干旅客可能更加關注鄰近類似性質的主題公園，因為該等公園自二零一六年八月起獲評定為國家4A級旅遊景區。

Risk Mitigations
風險紓緩措施

- To enhance the competitiveness of Xiqiao National Arts Studio Project, the Group has continuously enriched the festival events and entertainment programs, cooperated with resourceful companies to jointly organize and develop a series of unique projects such as Summer Sea, Land, Sky Carnival, Fresh Start Temple Fair and Halloween Event etc.
為提高西樵山國藝影視城項目的競爭力，本集團不斷豐富各個節日活動和娛樂項目的內容，並與資源雄厚的公司合作，共同組織及發展一系列特有項目，如夏日海陸空嘉年華、萬象更新廟會迎新和萬聖節主題活動等。
- Given the rapid development of Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"), the tourism industry of the Greater Bay Area is expected to become the focal point of development. As the Studio is located at the boundary line of the Greater Bay Area, it is expected to benefit from the strong momentum of the development in the Greater Bay Area. The Group planned to launch the construction project in 2019 to expand both indoor and outdoor shooting bases and enhance the filming ancillary facilities. The Group is of the view that the development of Studio would help the Group to capture potential growth and business opportunities.
鑑於粵港澳大灣區（「大灣區」）的迅速發展，大灣區的旅遊業預期將成為發展重點。由於影視城位於大灣區沿線，預期將受惠於大灣區的發展勢頭。本集團已計劃於二零一九年擴建多個室內拍攝棚，建設新街區及提升拍攝配套設施。本集團認為影視城的發展將有助本集團把握旅遊的潛在增長及商業機遇。
- The Group has become the first nominated corporation to assist the State Administration of Press, Publication, Radio, Film and Television of Foshan City in the operation and expansion of digital studios and shooting bases establishment and movie prop equipment leasing service etc. after Foshan Municipal People's Government announced its "Foshan City Support Policies for Film and Television Industry Development" on 1 August 2017. As such, the Group will benefit from the supportive policies and actively invite different film and television companies to settle in Foshan with the provision of the Group's film and television services so as to effectively expand the Group's customer base in different areas and increase the reputation of the Group in the industry.
本集團成為自佛山市人民政府於二零一七年八月一日宣佈《佛山市扶持影視產業發展的若干政策》以來，首間企業受到指名以協助佛山市文化廣播新聞出版局經營及拓展數碼攝影棚、建設實景街區項目、影視道具器材租賃等業務。集團將受惠於扶持政策，主動地邀請不同的企業到佛山市落戶及使用集團的影視服務。此舉將有效地為集團拓展不同方面的客戶群，為集團提高知名度。

Risk Management Report 風險管理報告

Risk Description 風險描述

Risk Mitigations 風險紓緩措施

Financial risks: There are multiple types of risk associated with financing, including financial transactions. Financial risks 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）相關的風險種類繁多。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 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 an 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 special general meeting held on 28 June 2018 under which the Directors were granted a specific conditional mandate to allot, issue and deal with shares of the Company for fund raising purpose. Substitution of debt financing with equity financing can effectively reduce debt interest payments and improve the Group's cash flow.

本集團於二零一八年六月二十八日舉行的股東特別大會通過一項決議案，據此董事獲授特別有條件授權，以配發、發行及處置本公司股份作募資用途。以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 Directors 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。

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。

- 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: There are the risks of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group considered that these risks 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 49 to 73 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49至73頁的企業管治報告。

Risk Management Report 風險管理報告

Risk Description
風險描述Risk Mitigations
風險紓緩措施

Recruitment, Staff Retention and Training

Film and service industries in the PRC 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 its future success, and it is essential to attract them to join the 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梯隊。
- 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)及提供僱員折扣優惠計劃，以提高員工於本集團的歸屬感及與管理層建立良好關係。

Inadequate Infrastructure

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

基礎建設不足

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。本集團或面臨基礎建設風險，包括本地管理團隊架構疲弱、員工經驗不足及系統不足等。

- 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，以提高僱員能力及個人表現。
- 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 reporting and enquiry.
香港總公司之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。

Risk Management Report 風險管理報告

The Group understands that to be a successful business, risk management is very important. In 2019, 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 opportunities to provide both internal and/or external training for its 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, mitigation, and avoidance to provide reasonable but not absolute assurance against material misstatement or loss.

On behalf of the Board

**National Arts Entertainment
and Culture Group Limited**

Hong Kong, 20 March 2019

本集團深知風險管理對一間成功企業而言極為關鍵。於二零一九年，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。
- 尋找機遇為其僱員提供內部及／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檢測、減緩風險及避免就重大失實陳述或損失作出合理而非絕對的保證。

承董事會命

國藝娛樂文化集團有限公司

香港，二零一九年三月二十日

DIRECTORS' REPORT

董事會報告書

The Board has pleasure in presenting the directors' report together with the audited financial statements of the Group for the year ended 31 December 2018.

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 10 to the consolidated financial statements.

Further discussion and analysis of these activities (including an indication of likely future developments in the Group's business) and a review of the performance of the Group for the year under review can be found in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The operation of the Group's business may be affected by major risks and uncertainties which are set out in the "Risk Management Report" of this annual report.

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated in promoting an environmentally-friendly corporate environment and incorporating green philosophy into the development of the Group. Details of the Group's environmental policies and performance during the year under review as well as its compliance record of laws and regulations which have a material implication or impact on its operation are set out in the "Environmental, Social and Governance Report" of this annual report.

董事會欣然提呈本集團截至二零一八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10。

有關該等活動的進一步討論及分析(包括本集團業務的可能未來發展之指示)及對本集團回顧年度表現之審閱載於本年報「管理層討論及分析」一節。該等討論構成本董事會報告書之一部分。

主要風險及不確定因素

本集團之業務營運可能受到主要風險及不確定因素之影響，其載於本年報「風險管理報告」。

環境政策及遵守法律及法規

本集團致力推行環保企業氛圍及於本集團發展中融入綠色理念。有關本集團於回顧年度環境政策及表現以及對其業務有重大意義或影響的法律及法規之合規記錄詳細載於本年報「環境、社會及管治報告」。

Directors' Report 董事會報告書

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 127 to 128.

No dividend was paid during the year under review. The Board does not recommend the payment of a dividend for the year ended 31 December 2018 (2017: 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 272.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year under review are set out in note 17 to the consolidated financial statements.

SUBSIDIARIES

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

SHARE CAPITAL AND WARRANTS

Details of movements in share capital of the Company during the year under review are set out in note 36 to the consolidated financial statements.

Details of movements in the reserves of the Company during the year under review are set out in the consolidated statement of changes in equity and note 37 to the consolidated financial statements.

業績及分配

本集團截至二零一八年十二月三十一日止年度之業績載於第127至128頁之綜合損益及其他全面收益表。

回顧年度內並無派付股息。董事會不建議派付截至二零一八年十二月三十一日止年度之股息(二零一七年：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272頁。

物業、廠房及設備

本集團之物業、廠房及設備業於回顧年度之變動詳情載於綜合財務報表附註17。

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。

股本及認股權證

本公司股本於回顧年度之變動詳情載於綜合財務報表附註36。

本公司儲備於回顧年度之變動詳情載於綜合權益變動表及綜合財務報表附註37。

Directors' Report 董事會報告書

PLACING OF NEW SHARES
UNDER GENERAL MANDATE

On 13 February 2019, the Company entered into two separate placing agreements ("GM Placing Agreements") with Quasar Securities Co., Limited and Oriental Patron Asia Limited (collectively the "GM Placing Agents") pursuant to which the Company has conditionally agreed to place up to 846,153,844 placing shares ("GM Placing Shares") and each of the GM Placing Agents has conditionally agreed to procure on a best effort basis, as placing agent, currently expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties of the Company to subscribe for up to 423,076,922 GM Placing Shares at a price of HK\$0.26 per GM Placing Shares ("GM Placing").

The placing price of HK\$0.26 per GM Placing Share represents (i) no discount or premium to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 12 February 2019, being the last day on which the Shares were traded on the Stock Exchange prior to the date of the GM Placing Agreement ("GM Lasting Trading Day"); and (ii) a premium of approximately 0.8% to the average closing price of approximately HK\$0.258 per Share as quoted on the Stock Exchange for the last five consecutive trading days (including the GM Last Trading Day) immediately prior to the date of the GM Placing Agreements.

根據一般授權配售新股份

於二零一九年二月十三日，本公司與駿昇證券有限公司及東英亞洲有限公司（統稱「一般授權配售代理」）訂立兩份獨立的配售協議（「一般授權配售協議」），據此，本公司已有條件地同意配售最多846,153,844股配售股份（「一般授權配售股份」），而各一般授權配售代理有條件同意作為配售代理，按竭盡全力基準物色目前預期不少於六名承配人（該等承配人及其最終實益擁有人須為本公司獨立第三方），彼等將按每股一般授權配售股份0.26港元的價格，認購最多423,076,922股一般授權配售股份（「一般授權配售事項」）。

配售價為每股一般授權配售股份0.26港元，較：(i) 股份於二零一九年二月十二日（即一般授權配售協議日期前股份於聯交所買賣的最後日子（「一般授權最後交易日」））在聯交所所報收市價每股0.26港元並無折讓或溢價；及(ii) 股份於緊接一般授權配售協議日期前最後五個連續交易日（包括一般授權最後交易日）在聯交所所報平均收市價每股約0.258港元溢價約0.8%。

Directors' Report 董事會報告書

Completion of the GM Placing under the Placing Agreements is conditional upon: (a) the Listing Committee of the Stock Exchange granting or agreeing to grant the approval for listing of, and permission to deal in, the GM Placing Shares; and (b) all necessary consents and approvals required to be obtained on the part of the Company in respect of the GM Placing and the transactions contemplated thereunder having been obtained.

Reasons for and the benefits of the GM Placing

As at 31 December 2018, the unaudited cash and bank balances of the Group were approximately HK\$15.7 million.

As disclosed in the interim report of the Group for the six months ended 30 June 2018, the total liabilities of the Group were approximately HK\$2.1 billion as at 30 June 2018, among which, the Group recorded (i) loans from shareholders of an aggregate amount of approximately HK\$609.0 million; (ii) borrowings of an aggregate amount of approximately HK\$197.5 million; (iii) trade payables and other payables and accruals of an aggregate amount of approximately HK\$80.3 million; (iv) bonds of an aggregate amount of approximately HK\$871.5 million; and (v) promissory notes of an aggregate amount of approximately HK\$104.6 million as at 30 June 2018.

Assuming the maximum number of the GM Placing Shares is placed under the GM Placing Agreements, the gross proceeds from the GM Placing will be approximately HK\$220.0 million, and the net proceeds will be approximately HK\$201.5 million (after deduction of commission and other expenses incurred in the Placing), representing a net issue price of approximately HK\$0.24 per GM Placing Share. With reference to the financial position of the Group as mentioned above, it was expected that the net proceeds from the GM Placing, being approximately HK\$201.5 million, will be utilised for the partial repayment of the principal and interests of bonds and borrowings of the Group.

As the majority of interest rates of the existing bonds, borrowings and loans from shareholders and directors range from approximately 6.0% to 15.0%, the financial cost derived from such debts represents a significant part of the total expense of the Group. As such, the Board was of the view that the abovementioned repayment would reduce the interest burden of the Group, improve the gearing ratio of Group and strengthen the financial position and profitability of the Group.

根據配售協議完成一般授權配售事項須待以下條件達成後，方告作實：(a)聯交所上市委員會批准或同意批准一般授權配售股份的上市及買賣；及(b)本公司就一般授權配售事項及其項下擬進行之交易已經取得所有必需取得之同意書及批文。

進行一般授權配售事項之理由及裨益

於二零一八年十二月三十一日，本集團的未經審核現金及銀行結餘約為15.7百萬港元。

誠如本集團截至二零一八年六月三十日止六個月的中期報告所披露，本集團於二零一八年六月三十日的總負債約21億港元，其中，於二零一八年六月三十日，本集團錄得(i)股東的貸款總額約609.0百萬港元；(ii)借貸總額約197.5百萬港元；(iii)應付貿易款項及其他應付款項及應計費用總額約80.3百萬港元；(iv)債券總額約871.5百萬港元；及(v)承兌票據總額約104.6百萬港元。

假設根據一般授權配售協議配售最大數目的一般授權配售股份，一般授權配售事項的所得款項總額將為約220.0百萬港元，扣除一般授權配售事項產生的佣金及其他開支後，所得款項淨額將約201.5百萬港元，相當於每股一般授權配售股份淨發行價約0.24港元。經參考上文所述之本集團財務狀況，預期一般授權配售事項的所得款項淨額約201.5百萬港元將用作部分償還本集團債券及借貸的本金及利息。

由於現有債券、借款及股東及董事貸款的利率主要介乎約6.0%至15.0%，該等債務所產生的財務成本在本集團總開支中佔有重大比例。因此，董事會認為，上述還款將減輕本集團的利息負擔，改善本集團的資本負債比率並加強本集團的財務狀況及盈利能力。

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The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may further incur interest burden on the Group. On the other hand, rights issue or open offer may involve relatively substantial time and cost to complete as compared to the equity financing through the GM Placing. In addition, the GM Placing would strengthen the capital base of the Company.

As set out in the Company's announcement dated 15 March 2019, (1) all the conditions of the GM Placing have been fulfilled and the completion of the GM Placing took place on 15 March 2019; and (2) an aggregate of 428,769,230 GM Placing Shares have been successfully placed at the GM Placing Price of HK\$0.260 per GM Placing Share pursuant to the terms and conditions of the GM Placing Agreements. The aggregate nominal value of the GM Placing Shares under the GM Placing is HK\$ will be HK\$42,876,923.

The 428,769,230 GM Placing Shares represent (i) approximately 9.5% of the issued share capital of the Company immediately before the completion of the GM Placing; and (ii) approximately 8.7% of the issued share capital of the Company as enlarged by the allotment and issue of the 428,769,230 GM Placing Shares.

The gross proceeds from the GM Placing is approximately HK\$111.5 million, and the net proceeds from the GM Placing, after deducting the placing commission and other expenses in connection with the GM Placing from the gross proceeds, is approximately HK\$104.5 million which is intended to be used for the partial repayment of the principal and interests of the bonds and borrowings of the Group.

The GM Placing Shares were allotted and issued pursuant to the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2018 to allot and issue up to 903,432,244 new Shares, and therefore the allotment and issue of the GM Placing Shares was not subject to any additional Shareholders' approval.

Further details of the GM Placing Agreements and the GM Placing are disclosed in the Company's announcements dated 13 February 2019 and 15 March 2019.

董事會曾考慮其他集資方法如債務融資、供股或公開發售。董事會認為，債務融資或令本集團引致更多利息負擔。另一方面，與藉一般授權配售事項進行股本融資相比，供股或公開發售可能牽涉較長時間及成本。此外，一般授權配售事項將強化本公司的資本基礎。

誠如本公司日期為二零一九年三月十五日之公告所載，(1)一般授權配售事項的所有條件均獲達成，且一般授權配售事項已於二零一九年三月十五日完成；及(2)合共428,769,230股一般授權配售股份已根據一般授權配售協議的條款及條件，按每股一般授權配售股份0.260港元之一般授權配售價成功配售。一般授權配售事項下一般授權配售股份的賬面值總額為42,876,923港元。

428,769,230股一般授權配售股份佔(i)緊接一般授權配售事項完成前本公司已發行股本約9.5%；及(ii)經配發及發行428,769,230股一般授權配售股份擴大後本公司已發行股本約8.7%。

一般授權配售事項的所得款項總額約為111.5百萬港元，而一般授權配售事項的所得款項淨額(自所得款項總額扣除配售佣金及與一般授權配售事項有關的其他開支後)則約為104.5百萬港元，該筆款項擬用於償還部分本集團債券及借款本金及利息。

一般授權配售股份乃根據股東根據於二零一八年六月二十八日舉行的本公司股東週年大會上通過配的配發及發行最多903,432,244股新股份的普通決議案而授予董事的一般授權而配發及發行，因此配發及發行一般授權配售股份不受任何額外股東批准所限。

關於一般授權配售協議及一般授權配售事項的更多詳情，於本公司日期為二零一九年二月十三日及二零一九年三月十五日的公告披露。

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PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND INCREASE IN AUTHORISED SHARE CAPITAL

On 13 February 2019, the Company entered into a placing agreement ("SM Placing Agreement") with Emperor Securities Limited, Kingston Securities Limited and Oriental Patron Asia Limited (collectively the "SM Placing Agents"), pursuant to which the Company has conditionally agreed to place through the SM Placing Agents, on a best effort basis, of up to 6,153,846,153 placing shares ("SM Placing Shares") to currently expected to be not less than six placees who and whose ultimate beneficial owners shall be independent third parties of the Company at a price of HK\$0.26 per SM Placing Share ("SM Placing"). The SM Placing Shares will be allotted and issued pursuant to the specific mandate to be sought at the special general meeting of the Company to be convened and held.

The placing price of HK\$0.26 per SM Placing Share represents (i) no discount or premium to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 12 February 2019, being the last day on which the Shares were traded on the Stock Exchange prior to the date of the SM Placing Agreement ("SM Lasting Trading Day"); and (ii) a premium of approximately 0.8% to the average closing price of approximately HK\$0.258 per Share as quoted on the Stock Exchange for the last five consecutive trading days (including the SM Last Trading Day) immediately prior to the date of the SM Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of the SM Placing Agreement and the completion date of the SM Placing, the maximum number of the SM Placing Shares represents (i) approximately 136.2% of the total number of Shares in issue as at the date of the SM Placing Agreement; and (ii) approximately 57.7% of the total number of Shares in issue as enlarged by the SM Placing (assuming the maximum number of the SM Placing Shares is placed).

根據特別授權配發新股份及增加 法定股本

於二零一九年二月十三日，本公司與英皇證券（香港）有限公司、金利豐證券有限公司及東英亞洲有限公司（統稱為「特別授權配售代理」）訂立一份配售協議（「特別授權配售協議」），據此，本公司已有條件同意透過特別授權配售代理按竭盡全力基準配售最多6,153,846,153股配售股份（「特別授權配售股份」）予現時預期不少於六名承配人（該等承配人及其最終實益擁有人應為本公司獨立第三方），配售價為每股特別授權配售股份0.26港元（「特別授權配售事項」）。特別授權配售股份將根據於本公司將召開及舉行的股東特別大會上尋求之特別授權配發及發行。

配售價為每股特別授權配售股份0.26港元，較(i)股份於二零一九年二月十二日（即刊發特別授權配售協議前股份於聯交所買賣的最後日子（「特別授權最後交易日」）），在聯交所所報收市價每股0.26港元並無折讓或溢價；及(ii)股份於緊接特別授權配售協議日期前最後五個連續交易日（包括特別授權最後交易日）在聯交所所報平均收市價每股約0.258港元溢價約0.8%。

假設於特別授權配售協議日期起至特別授權配售事項完成日期止期間，本公司的已發行股本並無變動，特別授權配售股份最高數目相當於：(i)特別授權配售協議日期的已發行股份總數約136.2%；及(ii)經特別授權配售事項（假設特別授權配售股份最高數目已獲配售）而擴大的已發行股份總數約57.7%。

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Completion of the SM Placing under the SM Placing Agreement is conditional upon: (a) the passing by the Shareholders of an ordinary resolution to approve the SM Placing Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the SM Placing Shares; (b) the passing by the Shareholders of an ordinary resolution to approve the proposed increase in the authorised share capital of the Company from HK\$600,000,000 divided into 6,000,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 14,000,000,000 new Shares ("Increase in Authorised Share Capital"); (c) the Listing Committee of the Stock Exchange granting or agreeing to grant the approval for listing of, and permission to deal in, the SM Placing Shares; and (d) all necessary consents and approvals required to be obtained on the part of the Company in respect of the SM Placing and the transactions contemplated thereunder having been obtained;

The SM Placing is subject to the Shareholders' approval. A special general meeting of the Company will be convened and held for the purposes of considering and, if thought fit, approving (i) the SM Placing Agreement and the transactions contemplated thereunder, including the grant of the specific mandate for the allotment and issue of the SM Placing Shares; and (ii) the Increase in Authorised Share Capital.

Reasons for and the benefits of the SM Placing

As disclosed in the interim report of the Group for the six months ended 30 June 2018, the total liabilities of the Group were approximately HK\$2.1 billion as at 30 June 2018, among which, the Group recorded (i) loans from shareholders of an aggregate amount of approximately HK\$609.0 million; (ii) borrowings of an aggregate amount of approximately HK\$197.5 million; (iii) trade payables and other payables and accruals of an aggregate amount of approximately HK\$80.3 million; (iv) bonds of an aggregate amount of approximately HK\$871.5 million; and (v) promissory notes of an aggregate amount of approximately HK\$104.6 million as at 30 June 2018.

根據特別授權配售協議完成特別授權配售事項須待下列條件達成後，方可作實：(a)股東通過普通決議案批准特別授權配售協議及其項下擬進行之交易，包括但不限於特別授權配售股份之配發及發行；(b)股東通過普通決議案批准建議透過增設額外14,000,000,000股新股份，將本公司法定股本由600,000,000港元(分為6,000,000,000股股份)增至2,000,000,000港元(分為20,000,000,000股股份)(「增加法定股本」)；(c)聯交所上市委員會授予或同意授予特別授權配售股份上市及買賣之批准；及(d)本公司已取得其須就特別授權配售事項及其項下擬進行之交易取得的所有必要同意及批准；

特別授權配售事項須經股東批准後，方可作實。本公司將召開及舉行本公司股東特別大會，以考慮及酌情批准(i)特別授權配售協議及其項下擬進行之交易，包括授出特別授權以配發及發行特別授權配售股份；及(ii)增加法定股本。

進行配售事項之理由及裨益

誠如本集團截至二零一八年六月三十日止六個月的中期報告所披露，本集團於二零一八年六月三十日的總負債約為21億港元，其中包括：於二零一八年六月三十日，本集團錄得(i)股東的貸款總額約609.0百萬港元；(ii)借貸總額約197.5百萬港元；(iii)應付貿易款項及其他應付款項以及應計費用總額約80.3百萬港元；(iv)債券總額約871.5百萬港元；及(v)承兌票據總額約104.6百萬港元。

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The bonds of the Group of approximately HK\$871.5 million as at 30 June 2018 consist of unsecured bonds. As at the date of the SM Placing Agreement, the outstanding principal of the total of 347 bonds were approximately HK\$1.16 billion, among which 43.5% of the total principal amounts were short-term bonds due and/or will due by 31 May 2019 (the "Short-term Bonds").

The loan from shareholders of the Group of HK\$609.0 million as at 30 June 2018 consist of the fixed loans of approximately HK\$279.0 million and revolving loans of approximately HK\$330.0 million. As at the date of the SM Placing Agreement, the outstanding principal for the total amount of 8 fixed loans and 5 revolving loans from shareholders were approximately HK\$600.5 million in aggregate and repayable over one year but within two year.

The borrowings of Group of approximately HK\$197.5 million as at 30 June 2018 consist of the clean loans of approximately HK\$97.5 million and the secured loan of approximately HK\$100 million. As at the date of the SM Placing Agreement, the outstanding principal for the said borrowings were approximately HK\$189.6 million and repayable within one year. The trade payables and other payables and accruals of the Group of approximately HK\$80.3 million as at 30 June 2018 consist of trade payable of approximately HK\$20.5 million and the other payables and accruals of approximately HK\$59.8 million.

As at the date of the SM Placing Agreement, the outstanding amount of the aforesaid was approximately HK\$73.9 million. As at 31 December 2018 the unaudited cash and bank balances of the Group were approximately HK\$15.7 million. The Directors considered that the Group's existing cash together with the cash generated from the Group's operation was not sufficient to meet the repayment of liabilities of the Group and therefore it was necessary to allocate the proceeds of the SM Placing for repayment of its liabilities.

於二零一八年六月三十日，本集團債券約為871.5百萬港元，由無抵押債券組成。於特別授權配售協議日期，合共347份債券之未贖回本金額約為11.6億港元，其中本金總額的43.5%為已到期及／或將於二零一九年五月三十一日到期的短期債券（「短期債券」）。

於二零一八年六月三十日，本集團股東貸款為609.0百萬港元，由定期貸款約279.0百萬港元及循環貸款約330.0百萬港元組成。於特別授權配售協議日期，合共8份股東定期貸款及5份股東循環貸款之未償還本金額約為600.5百萬港元，須於一年後但兩年內償還。

於二零一八年六月三十日，本集團之借貸約197.5百萬港元，由無抵押貸款約97.5百萬港元及有抵押貸款約100百萬港元組成。於特別授權配售協議日期，前述借貸款之未償還本金額約為189.6百萬港元及須於一年內償還。於二零一八年六月三十日，本集團之應付貿易款項及其他應付款項及應計費用約為80.3百萬港元，由應付貿易款項約20.5百萬港元及其他應付款項及應計費用約59.8百萬港元組成。

於特別授權配售協議日期，前述各項之未償還金額約為73.9百萬港元。於二零一八年十二月三十一日，本集團之未經審核現金及銀行結餘約15.7百萬港元。董事認為本集團現有現金加上本集團業務產生之現金，不足以償還本集團之負債，因此必須分配特別授權配售事項之所得款項以償還其負債。

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Assuming the maximum number of the SM Placing Shares is placed under the SM Placing Agreement, the gross proceeds from the SM Placing will be approximately HK\$1.60 billion, and the net proceeds will be approximately HK\$1.55 billion (after deduction of commission and other expenses incurred in the SM Placing), representing a net issue price of approximately HK\$0.252 per SM Placing Share. It is expected that the net proceeds from the SM Placing will be utilised for the following purposes:

- (i) approximately HK\$347.3 million for the partial repayment of the principal and interests of Short-term Bonds;
- (ii) approximately HK\$658.0 million for the repayment of the principal amounts and partial interests of the remaining bonds (as at the date of this announcement) of the Group;
- (iii) approximately HK\$296.5 million for the partial repayment of the principal and interests of loans from shareholders;
- (iv) approximately HK\$124.7 million for the partial repayment of the principal amount of borrowings;
- (v) approximately HK\$73.9 million for the repayment of trade payables and other payables and accruals; and
- (vi) approximately HK\$50.0 million for the construction of two indoor film studio for the Studio.

As the majority of interest rates of the existing bonds, borrowings and loans from shareholders range from approximately 6.0% to 15.0%, the financial cost derived from such debts represents a significant part of the total expense of the Group. As such, the Board was of the view that the abovementioned repayment would reduce the interest burden of the Group, improve the gearing ratio of Group and strengthen the financial position and profitability of the Group.

假設根據特別授權配售協議特別授權配售最高數目的特別授權配售股份，特別授權配售事項的所得款項總額將為約16億港元，扣除特別授權配售事項產生的佣金及其他開支後，所得款項淨額將約為15.5億港元，相當於每股特別授權配售股份淨發行價約0.252港元。預期特別授權配售事項的所得款項淨額將會用作以下用途：

- (i) 約347.3百萬港元用於部分償還短期債券之本金及利息；
- (ii) 約658.0百萬港元用於償還本集團餘下債券（於本公告日期）之本金額及部分利息；
- (iii) 約296.5百萬港元用於部分償還股東貸款的本金額及利息；
- (iv) 約124.7百萬港元用於部分償還借貸的本金額；
- (v) 約73.9百萬港元用於償還應付貿易款項及其他應付款項及應計費用；及
- (vi) 約50.0百萬港元用於建造位於影視城的兩個室內攝影棚。

由於現有債券、借款及股東貸款的利率主要介乎約6.0%至15.0%，該等債務所產生的財務成本在本集團總開支中佔有重大比例。因此，董事會認為，上述還款將減輕本集團的利息負擔，改善本集團的資本負債比率並加強本集團的財務狀況及盈利能力。

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Given the rapid development of the Greater Bay Area, the tourism industry of the Greater Bay Area is expected to become the focal point of development. As the Film Studio is located at the boundary line of the Greater Bay Area, it is expected to benefit from the strong momentum of the tourism development in the Greater Bay Area. Therefore, the Company was of the view that the development of the Film Studio would help the Company to capture potential growth and business opportunities in tourism industry and generate synergy effect to the Group's film studio operation in the long run, which is also in line with its business strategy of expansion of film-induced tourism business.

The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may further incur interest burden on the Group. Given the Group's current financial position and the above consideration, the Company considers that it would be difficult for the Group to obtain further debt financing at a reasonable cost and further debt financing would not be healthy to the long-term financial condition of the Group and therefore has not approached financial institutions for debt financing. On the other hand, rights issue or open offer may involve relatively substantial time and cost to complete as compared to the equity financing through the SM Placing. Moreover, the Directors considered that the rights issue or open offer may incur comparatively higher costs when compared with the Placing in relation to the engagement of reporting accountants and brokerage agent as well as underwriting commission which might in turn cause an adverse impact on the financial condition of the Group, and possibly require a relatively longer time period to complete in view of the relatively more stringent documentary requirements for pre-emptive issues such as preparation of a listing document, preparation of unaudited pro forma financial information to be included in the prospectus, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement. Accordingly, in view of the uncertainty in identifying interested underwriters with favourable terms and the comparatively longer period of time for completion, the Company does not consider pre-emptive issues (including rights issue and open offer) to be desirable alternatives to the SM Placing. In addition, the SM Placing would strengthen the capital base of the Company.

Further details of the SM Placing Agreements and the SM Placing are disclosed in the Company's announcement dated 13 February 2019.

鑑於大灣區的迅猛發展，大灣區的旅遊業預期將成為發展重點。由於影視城位於大灣區沿線，預期影視城將受惠於大灣區旅遊業強勁的發展勢頭。因此，本公司認為，影視城的發展將有助本公司把握旅遊業的潛在增長及商業機遇，並對本集團影視城業務產生長遠的協同效應，亦符合其擴張影視旅遊業務的商業策略。

董事會曾考慮其他集資方法，如債務融資、供股或公開發售。董事會認為，債務融資或令本集團招致更多利息負擔。鑒於本集團之目前財務狀況及上述考量，本公司認為本集團以合理成本獲取更多債務融資會有困難，且更多債務融資對於本集團之長期財務狀況不健康，因此並無就債務融資接洽金融機構。另一方面，與藉特別授權配售事項進行股本融資相比，供股或公開發售可能牽涉相對較長時間及成本。此外，董事考慮到供股或公開發售須委聘申報會計師及經紀代理以及包銷佣金或會對本集團之財務狀況產生不利影響，也可能需要較長時間完成，因為優先發行有相對更嚴格的文件要求，例如編製上市文件、編製載入招股章程的未經審核備考財務資料、申請表格、上市文件登記要求及與包銷商就包銷協議的條款及條件進行磋商。因此，鑒於物色可提供有利條件的有意包銷商存在不明朗因素，以及完成所需相對較長時間，本公司並不認為優先發行（包括供股及公開發售）乃特別授權配售事項之適宜替代方法。此外，特別授權配售事項將強化本公司的資本基礎。

關於特別授權配售協議及特別授權配售事項的更多詳情，於本公司日期為二零一九年二月十三日的公告披露。

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CONVERSION OF
CONVERTIBLE BONDS

The 9% convertible bonds ("CB5") in the principal amount of HK\$300,000,000 were 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 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;

兌換可換股債券

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」)。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GEM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；

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- (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 2018, 1,110,000,000 Conversion Shares and nil Interest Conversion Share have been allotted and issued respectively; and
- (6) the CB5 matured on 14 April 2018. In accordance with the loan agreement dated 9 March 2018 entered into between the Company and Mr. Sin Kwok Lam, a substantial shareholder of the Company, the CB5 with principal amount of HK\$4,200,000 was settled by the Company by way of loan from shareholder. The Company also entered into a supplementary loan agreement with Mr. Sin on 14 April 2018, pursuant to which, the Company issued promissory note for the settlement of the CB5 with principal amount of HK\$96,000,000. During the year ended 31 December 2018, the CB5 was fully redeemed by the Company by way of issue of promissory note and loan from shareholder.
- (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。於二零一八年十二月三十一日，已分別配發及發行1,110,000,000股兌換股份及零股利息兌換股份；及
- (6) 第五批可換股債券於二零一八年四月十四日到期。根據本公司與本公司主要股東冼國林先生訂立的日期為二零一八年三月九日之貸款協議，本金額為4,200,000港元的第五批可換股債券由本公司以股東貸款方式結付。本公司亦與冼先生於二零一八年四月十四日訂立補充貸款協議，據此，本公司發行承兌票據以結付本金額為96,000,000港元之第五批可換股債券。截至二零一八年十二月三十一日止年度，第五批可換股債券已由本公司透過發行承兌票據及股東貸款方式悉數贖回。

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company did not have reserves available for distribution to shareholders (2017: approximately HK\$49.08 million).

DIRECTORS

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

Chairman, Executive Director and Chief Executive Officer

Mr. Chow Kai Weng (Appointed as Chairman on 4 May 2018 and appointed as Chief Executive Officer on 13 June 2018)

Chairman and Non-executive Director

Mr. Sin Kwok Lam (Resigned on 4 May 2018)

可供分派儲備

於二零一八年十二月三十一日，本公司並無可供分派予股東之儲備(二零一七年：約49,080,000港元)。

董事

年內及直至本報告日期，董事為：

主席、執行董事兼行政總裁

周啟榮先生(於二零一八年五月四日獲委任為主席及於二零一八年六月十三日獲委任為行政總裁)

主席兼非執行董事

冼國林先生(於二零一八年五月四日辭任)

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Vice Chairperson, Executive Director and Chief Executive Officer

Ms. Law Po Yee (Resigned as Chief Executive Officer on 13 June 2018 and resigned as Vice Chairperson and Executive Director on 15 November 2018)

Executive Directors

Mr. Cheng Wang Chun (Appointed on 4 May 2018)
Mr. Ho Leung Ting (Appointed on 15 November 2018)
Ms. Sin Ho Yee (Resigned on 15 November 2018)

Non-executive Directors

Dr. Lam Lee G.
Mr. Li Sin Hung Maxim (Resigned on 5 January 2018)

Independent Non-executive Directors

Mr. Chui Chi Yun Robert
Mr. Li Kit Chee
Mr. Chan Tin Lup Trevor (Resigned on 1 July 2018)
Prof. Wong Lung Tak Patrick
(Resigned on 1 January 2019)

In accordance with Bye-law 83(2) of the Bye-laws, Mr. Ho Leung Ting, being appointed by the Board to fill a casual vacancy on the Board, shall retire and, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.

In accordance with Bye-law 84 of the Bye-laws, Mr. Chow Kai Weng and Dr. Lam Lee G. shall retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company. All other Directors continue in office.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years. The service contract is terminable by either party by serving a written notice of not less than one calendar month to the other.

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

副主席、執行董事兼行政總裁

羅寶兒女士(於二零一八年六月十三日辭任行政總裁及於二零一八年十一月十五日辭任副主席及執行董事)

執行董事

鄭弘駿先生(於二零一八年五月四日獲委任)
何亮霆先生(於二零一八年十一月十五日獲委任)
冼灝怡女士(於二零一八年十一月十五日辭任)

非執行董事

林家禮博士
李錦洪先生(於二零一八年一月五日辭任)

獨立非執行董事

崔志仁先生
李傑之先生
陳天立先生(於二零一八年七月一日辭任)
黃龍德教授
(於二零一九年一月一日辭任)

依照公司細則第83(2)條，何亮霆先生獲董事會委任以填補董事會空缺，須於本公司應屆股東週年大會上告退，惟彼符合資格並願意膺選連任。

依照公司細則第84條，周啟榮先生及林家禮博士須於本公司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

各執行董事已與本公司訂立任期為三年之服務合約。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。

各非執行董事及獨立非執行董事任期為兩年，具體任期載於任命或續聘書內。任命或續聘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。

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Each of the Executive Directors is entitled to a basic salary and a discretionary bonus, and each of the Non-executive Directors and Independent Non-executive Directors is entitled to a director's fee, 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 15 to the consolidated financial statements.

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 GEM Listing Rules. The Board considers all the Independent Non-executive Directors are independent.

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

As at 31 December 2018, 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 (Chapter 571 of the laws of Hong Kong) (the "SFO") which were required to be notified to the Company and The Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which 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

各執行董事有權獲得底薪及酌情花紅，而各非執行董事及獨立非執行董事有權獲得董事袍金，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15。

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GEM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。

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

於二零一八年十二月三十一日，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(定義見香港法例第571章證券及期貨條例(「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

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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, were as follows:

1. Long Positions in the ordinary shares of HK\$0.1 each of the Company ("Shares")

Name of Director 董事姓名	Capacity/Nature of interest 身份／權益性質	Number of shares held 所持股份數量	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比 (Note 1) (附註1)
Mr. Chow Kai Weng 周啟榮先生	Beneficial Owner 實益擁有人	1,000,000	0.02%
Prof. Wong Lung Tak Patrick 黃龍德教授	Beneficial Owner 實益擁有人	4,240,000	0.09%
Mr. Chui Chi Yun Robert 崔志仁先生	Beneficial Owner 實益擁有人	3,000,000	0.07%
Mr. Li Kit Chee 李傑之先生	Beneficial Owner 實益擁有人	4,480,000	0.10%

Notes:

- This is based on the total issued shares as at 31 December 2018 (i.e. 4,517,161,222 shares).

規定須登記於所述之登記冊內之權益及淡倉，或根據GEM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0.1港元之普通股(「股份」)之好倉

附註：

- 此乃基於二零一八年十二月三十一日全部已發行股份(即4,517,161,222股)。

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2. Long positions in the underlying Shares

2. 於相關股份之好倉

Name of Director 董事姓名	Capacity/Nature of interest 身份／權益性質	Number of shares held 所持股份數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比 (Note 1) (附註1)
Mr. Chow Kai Weng 周啟榮先生	Beneficial Owner 實益擁有人	45,063,695 (Note 2)(附註2)	1.00%
Prof. Wong Lung Tak Patrick 黃龍德教授	Beneficial Owner 實益擁有人	2,307,024 (Note 3)(附註3)	0.05%
Mr. Chui Chi Yun Robert 崔志仁先生	Beneficial Owner 實益擁有人	1,546,896 (Note 4)(附註4)	0.03%
Mr. Cheng Wang Chun 鄭弘駿先生	Beneficial Owner 實益擁有人	44,980,000 (Note 5)(附註5)	1.00%

Notes:

附註：

- This is based on the total issued Shares as at 31 December 2018 (i.e. 4,517,161,222 Shares).
- 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 share option scheme adopted on 22 July 2002 and terminated on 29 September 2010 ("Post-IPO Share Option Scheme") under which Mr. Chow may exercise the said options from 29 September 2010 to 2 September 2020 at an 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 share option scheme adopted on 29 September 2010 ("New Share Option Scheme") under which Mr. Chow may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 44,980,000 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow on 16 May 2017 pursuant to the New Share Option Scheme under which Mr. Chow may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.

- 此乃基於二零一八年十二月三十一日的已發行股份總數(即4,517,161,222股股份)。
- 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，並於二零一零年九月二十九日終止的購股權計劃(「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)於根據二零一零年九月二十九日採納的新購股計劃(「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二零一一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)於根據新購股計劃於二零一七年五月十六日授予周先生的實物結算購股權獲行使後將予發行之44,980,000股股份，據此，周先生可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。

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3. 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 Prof. Wong may exercise the said options from 20 May 2010 to 19 May 2020 at an 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 Prof. Wong may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 2,240,000 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong on 16 May 2017 pursuant to the New Share Option Scheme under which Prof. Wong may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
4. 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 Mr. Chui may exercise the said options from 13 May 2010 to 12 May 2020 at an exercise price of HK\$3.66 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 Mr. Chui may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 1,480,000 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui on 16 May 2017 pursuant to the New Share Option Scheme under which Mr. Chui may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
5. These underlying Shares represent 44,980,000 Shares to be issued upon exercise of the physically settled share options granted to Mr. Cheng Wang Chun on 16 May 2017 pursuant to the New Share Option Scheme under which Mr. Cheng may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.

Save as disclosed above, none of the Directors, chief executive of the Company or their associates had, as at 31 December 2018, 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.

3. 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二零一七年五月十六日授予黃教授的實物結算購股權獲行使後將予發行之2,240,000股股份，據此，黃教授可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
4. 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3.66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二零一七年五月十六日授予崔先生的實物結算購股權獲行使後將予發行之1,480,000股股份，據此，崔先生可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
5. 該等相關股份指於根據新購股權計劃於二零一七年五月十六日授予鄭弘駿先生的實物結算購股權獲行使後將予發行之44,980,000股股份，據此，鄭先生可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。

除上文所披露外，於二零一八年十二月三十一日，各董事、本公司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權益或淡倉(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GEM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。

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

As at 31 December 2018, 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. Substantial shareholders' long position in the Shares

Name of shareholder	Capacity/ Nature of interest	Number of shares held	Approximate percentage of the issued share capital of the Company 佔本公司 已發行股本之 概約百分比 (Note 1) (附註1)
股東姓名	身份／權益性質	持有股份數目	
Mr. Sin Kwok Lam ("Mr. Sin") 冼國林先生(「冼先生」)	Beneficial Owner 實益擁有人	795,580,623	17.61%
	Interest of Spouse (Note 2) 配偶權益(附註2)	23,352,000	0.52%
Ms. Law Po Yee ("Ms. Law") 羅寶兒女士(「羅女士」)	Beneficial Owner 實益擁有人	23,352,000	0.52%
	Interest of Spouse (Note 3) 配偶權益(附註3)	795,580,623	17.61%
Tse Young Lai 謝欣禮	Beneficial Owner 實益擁有人	563,547,600	12.48%

Notes:

- This is based on the total issued Shares as at 31 December 2018 (i.e. 4,517,161,222 Shares).
- By virtue of the SFO, Mr. Sin, being the spouse of Ms. Law, was deemed to be interested in all the Shares in which Ms. Law was interested.
- By virtue of the SFO, Ms. Law, being the spouse of Mr. Sin, was deemed to be interested in all the Shares in which Mr. Sin was interested.

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零一八年十二月三十一日，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. 主要股東於股份之好倉

附註：

- 此乃基於二零一八年十二月三十一日的全部已發行股份(即4,517,161,222股股份)。
- 根據證券及期貨條例，冼先生(羅女士之配偶)被視為為羅女士擁有權益的全部股份中擁有權益。
- 根據證券及期貨條例，羅女士(冼先生之配偶)被視為為冼先生擁有權益的全部股份中擁有權益。

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2. Substantial shareholder's long position in the underlying Shares

2. 主要股東於相關股份之好倉

Name of shareholder 股東姓名	Capacity/Nature of interest 身份／權益性質	Number of shares held 所持股份數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比 (Note 1) (附註1)
Ms. Law 羅女士	Beneficial Owner (Note 2) 實益擁有人(附註2)	11,822,483	0.26%
Mr. Sin 冼先生	Interest of Spouse (Note 3) 配偶權益(附註3)	11,822,483	0.26%

Notes:

附註：

- This is based on the total issued Shares as at 31 December 2018 (i.e. 4,517,161,222 Shares).
- 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 Ms. Law may exercise the said options from 29 September 2010 to 2 September 2020 at an 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 Ms. Law may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 4,480,000 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 16 May 2017 pursuant to the New Share Option Scheme under which Ms. Law may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
- By virtue of the SFO, Mr. Sin, being the spouse of Ms. Law, was deemed to be interested in all the underlying Shares in which Ms. Law was interested.

- 此乃基於二零一八年十二月三十一日的全部已發行股份(即4,517,161,222股股份)。
- 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二零一七年五月十六日授予羅女士的實物結算購股權獲行使後將予發行之4,480,000股股份，據此，羅女士可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
- 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。

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Save as disclosed above, as at 31 December 2018, 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 at the extraordinary general meeting of the Company dated 29 September 2010, 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 2018, the share options to subscribe for an aggregate of 4,073,680 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 2018 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	Exercise period 行使期	Number of share options 購股權數目					Outstanding as at 31 December 2018 於二零一八年十二月三十一日 尚未行使
				As at 1 January 2018 於二零一八年一月一日	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	13 May 2010–12 May 2020 二零一零年五月十三日 – 二零二零年五月十二日	33,292	–	–	–	–	33,292
Directors 董事	3.38	20 May 2010 二零一零年五月二十日	20 May 2010–19 May 2020 二零一零年五月二十日 – 二零二零年五月十九日	91,905	–	–	58,485	–	33,420
Directors 董事	2.89	3 September 2010 二零一零年九月三日	29 September 2010– 2 September 2020 二零一零年九月二十九日 – 二零二零年九月二日	11,971,128	–	–	7,964,160	–	4,006,968
Total 總數				12,096,325	–	–	(8,022,645)	–	4,073,680

Note: All share options granted under the Post-IPO Share Option Scheme are vested immediately.

除上文所述者外，截至二零一八年十二月三十一日，本公司並不知悉任何人士（本公司董事或主要行政人員除外）於本公司股份或相關股份中擁有根據期貨及證券條例第XV部第336條所規定存置登記冊內記錄的須向本公司披露的權益或淡倉。

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，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

於二零一八年十二月三十一日，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4,073,680股股份之購股權尚未獲行使。於二零一八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：

附註：根據首次公開發售後購股權計劃授出的購股權全部已即時歸屬。

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New Share Option Scheme

In accordance with the resolution passed at the annual general meeting (the "AGM") held on 29 June 2017, the scheme limit on the grant of options under the New Share Option Scheme and any other share option schemes of the Company has been refreshed to up to 449,848,122 Shares, being 10% of the Shares in issue as at the AGM date based on 4,498,481,222 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 authorised, 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.

新購股權計劃

根據於二零一七年六月二十九日舉行之股東週年大會（「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449,848,122股股份，即以4,498,481,222股已發行股份為基準，為於股東週年大會當日已發行股份之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。

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As at 31 December 2018, the share options to subscribe for an aggregate of 270,410,579 Shares granted pursuant to the New Share Option Scheme were outstanding. The details of the share options granted under the New Share Option Scheme as at 31 December 2018 are set out as follows:

於二零一八年十二月三十一日，根據新購股權計劃授出可認購合共270,410,579股股份之購股權尚未獲行使。於二零一八年十二月三十一日之根據新購股權計劃授出的購股權詳情如下：

Category of participants	Exercise price per Share	Date of grant	Vesting period	Exercise period	Number of share options 購股權數目					Outstanding as at 31 December 2018
					As at 1 January 2018	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
參與人類別	每股行使價 (HK\$) (港元)	授出日期	歸屬期	行使期	於 二零一八年 一月一日	年內授出	年內行使	年內失效	年內註銷	於 二零一八年 十二月 三十一日 尚未行使
Directors	7.62	28 March 2011	28 March 2011– 27 March 2012	28 March 2012– 27 March 2021	8,232,987	—	—	(3,402,408)	—	4,830,579
董事		二零一一年 三月二十八日	二零一一年三月二十八日至 二零一二年三月二十七日	二零一二年三月二十八日至 二零一三年三月二十七日						
Directors	0.2456	16 May 2017	—	16 May 2017– 15 May 2020	65,140,000	—	(3,000,000) (Note)	(4,480,000)	—	57,660,000
董事		二零一七年 五月十六日	—	二零一七年五月十六日至 二零二零年五月十五日			(附註)			
Other participants	0.2456	16 May 2017	—	16 May 2017– 15 May 2020	207,920,000	—	—	—	—	207,920,000
其他參與人士		二零一七年 五月十六日	—	二零一七年五月十六日至 二零二零年五月十五日						
Total 總數					281,292,987	—	(3,000,000)	(7,882,408)	—	270,410,579

Note: The weighted average closing price of shares of the Company immediately before the date on which the options were exercised is HK\$0.41.

附註：緊接購股權獲行使當日之前，本公司股份的加權平均收市價為0.41港元。

Directors' Report 董事會報告書

(i) New Share Option Scheme's 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; and a holder of any securities issued.

(iii) Maximum number of shares

In accordance with the resolution passed at the AGM, 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 the Refreshed Scheme Limit, i.e. 449,848,122 Shares, being 10% of the Shares in issue as at the date of the AGM (i.e. 4,498,481,222 Shares in issue) (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the New Share Option Scheme) and representing approximately 9.10% of the issued Shares as at the date of this annual report (i.e. 4,945,930,452 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.

(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；及任何已發行證券的持有人。

(iii) 最高股份數目

根據於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更新計劃限額，即449,848,122股股份，佔股東特別大會當日已發行股份（即4,498,481,222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）及佔於本年報日期已發行股份（即4,945,930,452股股份）約9.10%；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。

Directors' Report 董事會報告書

(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.

(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 Share Option 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 Share Option Scheme.

(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建議授出日期止前12個月期間(包括當日):(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) 購股權年期

參與者可於行使期(即根據新購股權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

根據新購股權計劃,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。

Directors' Report 董事會報告書

(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.

(ix) Remaining life of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme becomes unconditional. The Board may amend any of the provisions of the New Share Option Scheme or withdraw or otherwise terminate the New Share Option 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 exercise shall continue to be valid and exercisable subject to and in accordance with the terms of the New Share Option Scheme.

(vii) 就接納購股權之付款

承授人於接納購股權建要約議時須向本公司支付1港元。購股權建議將可於授出要約日期起計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) 新購股權計劃之餘下年期

新購股權計劃於新購股權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購股權計劃的任何條文，或撤回或以其他方式終止新購股權計劃，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，並受限於新購股權計劃的條款及可根據該等條款行使。

Directors' Report 董事會報告書

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 Director	Date of acquisition	As at 1 January 2018	Acquired during the year	Converted during the year	Transferred during the year	Redeemed during the year	Outstanding as at 31 December 2018
董事姓名	收購日期	於二零一八年 一月一日	年內收購	年內兌換	年內轉讓	年內贖回	於二零一八年 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	22 December 2014	100,200,000	—	—	—	100,200,000	—
冼先生	二零一四年十二月二十二日	100,200,000	—	—	—	100,200,000	—

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. Mr. Sin's interests in the promissory note ("PN1") which was in the principal amount of HK\$80,000,000 and issued by the Company on 15 April 2015. The PN1 expired on 14 April 2018. The Company has fully repaid the principal amount and the interest accrued thereon during the year under review. 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;

ii. 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，本公司已於回顧期內全額償還本金金額及應計利息。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；

iii. Mr. Sin's interests in the promissory note ("PN4") which was in the principal amount of HK\$104,640,000 and issued by the Company on 14 April 2018 to settle part of the principal and interest accrued on the CB5. The PN 4 has a maturity of approximately 27 months from the date of issue and bears coupon interest at 8% per annum, accrued monthly and payable in full on the maturity date.

iii. 冼先生於本金額為104,640,000港元及由本公司於二零一八年四月十四日發行的承兌票據（「承兌票據4」）之權益以部分結付第五批可換股債券的本金及應計利息。承兌票據4的期限為自發行日期起計約27個月，票面利率按年息8%計息，按月累計及應於到期日悉數支付。

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 Directors' report;

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. 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 Directors' report;

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；

Directors' Report 董事會報告書

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

v. 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 Director	Date of loan	Nature of loan	Interest rate	Principle amount	As at 1 January 2018	Drawdown during the year	Repaid during the year	Outstanding as at 31 December 2018
董事姓名	貸款日期	貸款性質	利率	本金額	於二零一八年一月一日	年內提取	年內償還	於二零一八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
Mr. Sin 冼先生	12 May 2015	Term 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	Term 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	Term 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	16,000,000	—	—	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	Term 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	Term 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	77,869,657	40,421,953	(12,922,286)	105,369,324
	二零一六年六月三十日	循環貸款						
	14 April 2018	Term Loan	8%	84,200,000	—	84,200,000	—	84,200,000
	二零一八年四月十四日	有期貨款						
				671,700,000	416,269,657	124,621,953	(12,922,286)	527,969,324
Ms. Law 羅女士	01 October 2016	Term Loan	5%	39,748,800	35,660,834	—	(95,055)	35,565,779
	二零一六年十月一日	有期貨款						
				39,748,800	35,660,834	—	(95,055)	35,565,779
Mr. Chow Kai Weng 周啟榮先生	01 October 2016	Term Loan	5%	48,048,000	46,250,400	—	(24,330,200)	21,920,200
	二零一六年十月一日	有期貨款						
	30 September 2017	Revolving loan	10%	50,000,000	5,000,000	5,693,997	—	10,693,997
	二零一七年九月三十日	循環貸款						
				98,048,000	51,250,400	5,693,997	(24,330,200)	32,614,197
				809,496,800	503,180,891	130,315,950	(37,347,541)	596,149,300

Note: The maturity date of the term loans and revolving loans from the Directors is on or after 30 June 2019.

附註：來自董事的有期貨款及循環貸款之到期日為二零一九年六月三十日或之後。

Directors' Report 董事會報告書

EQUITY-LINKED AGREEMENT

Details of the share option scheme of the Company, being equity-linked agreement of the Company subsisting as at 31 December 2018, 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 this "Directors' report" on pages 104 to 109 of this annual report.

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\$11,084,000 (2017: HK\$10,156,000).

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 2018.

權益掛鈎協議

本公司購股權計劃(即於二零一八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104至109頁本「董事會報告書」「購股權計劃」一段。

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11,084,000港元(二零一七年:10,156,000港元)。

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二零一八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。

Directors' Report 董事會報告書

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company (as defined in the GEM Listing Rules) or their respective close 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 the 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 42 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.

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers of the Group accounted for approximately 46.29% of the Group's revenue for the year under review. The Group's largest customer accounted for approximately 36.17% of its revenue.

The five largest suppliers of the Group accounted for approximately 79.35% of the Group's purchases for the year under review. The Group's largest supplier accounted for approximately 35.71% of its purchases.

競爭權益

董事或本公司控股股東(定義見GEM上市規則)或彼等各自之緊密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管理層責任保險。

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42。概無有關關聯方交易符合GEM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GEM上市規則第20章遵守適用披露規定。

主要供應商及客戶

於回顧年度，本集團五大客戶佔本集團收入約46.29%，而本集團最大客戶佔其收入約36.17%。

於回顧年度，本集團五大供應商佔本集團採購額約79.35%，而本集團最大供應商佔其採購額約35.71%。

Directors' Report 董事會報告書

None of the Directors, their respective close 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 under review.

CORPORATE GOVERNANCE

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. In this respect, to the best knowledge of the Board, the Company has complied with all of the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules ("Corporate Governance Code") then in force during the year ended 31 December 2018, except the followings:

As Mr. Chow Kai Weng serves as both the chairman ("Chairman") and the chief executive officer ("Chief Executive Officer") of the Company with effect from 13 June 2018, such practice deviates from the code provision A.2.1 of the Corporate Governance Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and enhance effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstances.

Please refer to the Corporate Governance Report on pages 49 to 73 of this annual report for details.

REQUIRED STANDARD OF DEALINGS 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 2018.

除上文所披露外，董事、彼等各自之緊密聯繫人或任何據董事所知擁有本公司已發行股本5%以上之股東於回顧年度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

本公司致力維持高標準之企業管治常規及程序，旨在將股東之利益最大化，並提高權益持有人之透明度及問責程度。有關此方面，據董事所深知，於截至二零一八年十二月三十一日止年度，本公司一直遵守GEM上市規則附錄15所載企業管治守則（「企業管治守則」）其時有效之所有守則條文，惟下述者除外：

由於周啟榮先生由二零一八年六月十三日起擔任本公司主席（「主席」）兼行政總裁（「行政總裁」），故有關常規偏離企業管治守則的守則條文第A.2.1條。董事會相信，本公司主席與行政總裁兩項職務由同一人士兼任能為執行本集團的業務策略提供便利及提升其營運效率。因此，在此情況下，董事會認為偏離企業管治守則的守則條文第A.2.1條實為合適。

詳情請參閱本年報第49至73頁之企業管治報告。

董事進行證券交易的交易必守標準

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GEM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，彼等於截至二零一八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。

Directors' Report 董事會報告書

AUDIT COMMITTEE

The Company has established the Audit Committee in 2002. As at the date of this annual report, the Audit Committee comprises two Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman) and Mr. Li Kit Chee.

Mr. Chan Tin Lup, Trevor resigned on 1 July 2018 and Prof. Wong Lung Tak Patrick resigned on 1 January 2019 as independent non-executive Directors and ceased to be members of the Audit Committee accordingly. Following the resignation of Prof. Wong Lung Tak Patrick and as at the date of this annual report, the Company only has two independent non-executive Directors and two members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. This will fall below the minimum number requirement under Rules 5.05(1) and 5.28 of the GEM Listing Rules. The Company is identifying a suitable candidate to fill the above vacancies.

During the year under review, the Audit Committee reviewed 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 also reviewed the audited financial results of the Group for the year ended 31 December 2018.

Please refer to the Corporate Governance Report on pages 49 to 73 for details.

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited ("HLB") resigned as the auditors of the Group with effect from 28 December 2018. With the recommendation of the Audit Committee, Elite Partners CPA Limited ("Elite Partners") was appointed as the new auditors of the Group with effect from 28 December 2018 to fill the casual vacancy following the resignation of HLB and to hold office until the conclusion of the next annual general meeting of the Company. The consolidated financial statements for the year ended 31 December 2018 were audited by Elite Partners.

CHANGE OF DIRECTORS' AND DIRECTORS' INFORMATION

- (1) Ms. Law Po Yee resigned as Chief Executive Officer of the Company on 13 June 2018 and resigned as a Vice Chairperson and Executive Director of the Company on 15 November 2018.

審核委員會

本公司於二零零二年成立審核委員會，於本年報日期，審核委員會由兩名獨立非執行董事，分別為崔志仁先生(主席)及李傑之先生組成。

陳天立先生於二零一八年七月一日辭任，而黃龍德教授於二零一九年一月一日辭任獨立非執行董事，並不再為審委員會成員。於黃龍德教授辭任後及於本年報日期，本公司將僅有兩名獨立非執行董事及董事會審核委員會、薪酬委員會及提名委員會各有兩名成員。這低於GEM上市規則第5.05(1)及5.28條的最低規定人數。本公司正在尋覓合適人選填補上述空缺。

審核委員會於回顧年內已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。審核委員會亦已審閱本集團截至二零一八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49至73頁之企業管治報告。

獨立核數師

國衛會計師事務所有限公司(「國衛」)辭任本集團核數師，自二零一八年十二月二十八日起生效。在審核委員會的推薦下，開元信德會計師事務所有限公司(「開元信德」)獲委任為本集團新核數師，自二零一八年十二月二十八日起生效，以填補國衛辭任後的臨時空缺及任職至本公司下屆股東週年大會結束為止。截至二零一八年十二月三十一日止年度之綜合財務報表已由開元信德審核。

董事及董事資料變動

- (1) 羅寶兒女士於二零一八年六月十三日辭任本公司行政總裁，並於二零一八年十一月十五日辭任本公司副主席及執行董事。

Directors' Report 董事會報告書

- (2) Mr. Chow Kai Weng, a then Vice Chairperson of the Company, was appointed as the Chairman of the Company on 4 May 2018. He was also appointed as a Chief Executive Officer of the Company on 13 June 2018.
- (3) Ms. Sin Ho Yee resigned as an Executive Director of the Company on 15 November 2018.
- (4) Mr. Cheng Wang Chun was appointed as an Executive Director of the Company on 4 May 2018.
- (5) Mr. Ho Leung Ting was appointed as an Executive Director of the Company on 15 November 2018.
- (6) Mr. Sin Kwok Lam resigned as the Chairman and a Non-executive Director of the Company on 4 May 2018.
- (7) Mr. Li Sin Hung Maxim resigned as a Non-executive Director on 5 January 2018.
- (8) Mr. Chan Tin Lup Trevor resigned as an Independent Non-executive Director on 1 July 2018.
- (9) Prof. Wong Lung Tak Patrick resigned as an Independent Non-executive Director on 1 January 2019.
- (10) Mr. Chui Chi Yun Robert was appointed as an independent non-executive director of Asia Cassava Resources Holdings Limited, shares of which are listed on the Main Board of the Stock Exchange (Stock code: 841), with effect from 14 August 2018.
- (11) Dr. Lam Lee G. was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited, shares of which are listed on GEM of the Stock Exchange (Stock code: 8148), with effect from 1 January 2019. He was also appointed as an independent non-executive director of Mingfa Group (International) Company Limited, shares of which are listed on the Main Board of the Stock Exchange (Stock code: 846), with effect from 1 September 2018.
- (2) 其時本公司副主席周啟榮先生於二零一八年五月四日獲委任為本公司主席。彼亦於二零一八年六月十三日獲委任為本公司行政總裁。
- (3) 冼灝怡女士於二零一八年十一月十五日辭任本公司執行董事。
- (4) 鄭弘駿先生於二零一八年五月四日獲委任為本公司執行董事。
- (5) 何亮霆先生於二零一八年十一月十五日獲委任為本公司執行董事。
- (6) 冼國林先生於二零一八年五月四日辭任本公司主席及非執行董事。
- (7) 李錦洪先生於二零一八年一月五日辭任本公司非執行董事。
- (8) 陳天立先生於二零一八年七月一日辭任本公司獨立非執行董事。
- (9) 黃龍德教授於二零一九年一月一日辭任本公司獨立非執行董事。
- (10) 崔志仁先生自二零一八年八月十四日起獲委任為亞洲木薯資源控股有限公司之獨立非執行董事，該公司股份於聯交所主板上市（股份代號：841）。
- (11) 林家禮博士自二零一九年一月一日起獲委任為奧栢中國集團有限公司之獨立非執行董事，該公司股份於聯交所GEM上市（股份代號：8148）。彼亦於二零一八年九月一日起獲委任為明發集團（國際）有限公司之獨立非執行董事，該公司股份於聯交所主板上市（股份代號：846）。

Updated biographical details of the Directors since the 2018 Interim Report of the Company are set out in the section headed "Biographical Details of Directors" of this annual report.

本公司二零一八年中報以來董事的最新履歷載於本年報「董事履歷」一節。

Directors' Report 董事會報告書

Save as disclosed above, there were no substantial changes to the Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

On behalf of the Board

除上文所披露者外，董事資料概無重大變動須根據GEM上市規則第17.50A(1)條予以披露。

承董事會命

**National Arts Entertainment
and Culture Group Limited**
Chow Kai Weng

Chairman, Executive Director and Chief Executive Officer
Hong Kong, 20 March 2019

國藝娛樂文化集團有限公司

主席、執行董事兼行政總裁

周啟榮

香港，二零一九年三月二十日

INDEPENDENT AUDITORS' REPORT 獨立核數師報告書



TO THE MEMBERS OF NATIONAL ARTS ENTERTAINMENT AND CULTURE GROUP LIMITED

(Incorporated in the Cayman Islands and continued in
Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of National Arts Entertainment and Culture Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 127 to 273, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *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.

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)

意見

本核數師(以下簡稱「我們」)已審核載於第127至273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,包括二零一八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二零一八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《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。

Independent Auditors' Report 獨立核數師報告書

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$415,558,000 for the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$715,347,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

關於持續經營的重大不確定因素

我們謹請垂注綜合財務報表附註3，當中表示，貴集團於截至二零一八年十二月三十一日止年度，錄得虧損淨額約415,558,000港元，而於該日，貴集團的流動負債超過其流動總資產，差額約715,347,000港元。誠如附註3所示，該等事件及情況，連同附註3所載之其他事宜，反映有重大不確定因素，可能對貴集團的持續經營能力構成重大疑問。我們關於此事宜之意見並無修訂。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。除「關於持續經營的重大不確定因素」一節所述外，我們已釐定下文所述事項為將於我們的報告中描述的關鍵審計事項。

Independent Auditors' Report 獨立核數師報告書

Key audit matter 關鍵審計事項

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

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

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\$764 million and HK\$885 million respectively as at 31 December 2018. Management engaged an independent external valuer to assist in determining the fair values of the properties.

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二零一八年十二月三十一日的公允值分別約為764,000,000港元及885,000,000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。

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.

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。

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 management's valuation of the fair value of hotel properties and film studio mainly included:

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：

- Assessing the calculations methodology adopted by management;
- 評核管理層採用的計算方法；
- Comparing the current year actual cash flows with the prior year cash flow projections to consider if the projections included assumptions that were overly optimistic;
- 將本年度的實際現金流與上一年度的現金流預測比較，以考慮該等預測是否包含過於樂觀的假設；
- Assessing the reasonableness of key assumptions (including operating margins, short term and long-term growth rates and discount rates) based on our knowledge of the business and industry; and
- 基於我們對業務和行業的瞭解，評核關鍵假設（包括經營利潤、短期及長期增長率及折現率）的合理性；及
- Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.
- 將輸入數據與證明資料（如獲批預算）對賬並考慮該等預算的合理性。

Independent Auditors' Report 獨立核數師報告書

Key audit matter 關鍵審計事項

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

Impairment assessment of long-term other receivables 長期其他應收款項的減值評估

Refer to notes 23 and 25 to the consolidated financial statements.
請參閱綜合財務報表附註23及25。

As at 31 December 2018, the net book value of trade and other receivables amounted to HK\$128 million and HK\$97 million respectively.

於二零一八年十二月三十一日，貿易及其他應收款項的賬面淨值分別約為128,000,000港元及97,000,000港元。

Management performed credit evaluations for the Group's customers and assessed expected credit losses of the receivables. These assessments were focused on the customers' and debtor's settlement history and their current ability to pay, and took into account information specific to respective customer as well as pertaining to the economic environment in which the customer operated.

管理層對貴集團客戶進行了信貸評估，並評估了應收款項的預期信貸損失。該等評估側重於客戶及債務人的結算歷史及其目前的支付能力，並計及與各自客戶有關及與客戶營運所在的經濟環境有關的資料。

All of these assessments involved significant judgements of management.

所有該等評估涉及管理層的重大判斷。

We focused on this area because management made subjective judgements over assessing the credit standing of the Group's customers and the estimation of expected credit losses of trade and other receivables.

我們關注這範疇，此乃由於管理層對客戶的信用等級評估、貿易及其他應收款項的預期信貸虧損的估計作出主觀的判斷。

Our procedures in relation to management's Impairment assessment of trade and long-term other receivables mainly included:

我們就管理層對貿易及長期其他應收款項減值評估的程序主要包括：

- With respect to management's credit evaluations for the Group's customers, we understood, evaluated and validated the key controls over credit risk management. Those key controls were related to credit standing of the major customer, identification of events that triggered the provision for impairment of the receivables and estimation of the expected credit losses.
- 就管理層對貴集團客戶的信貸評估而言，我們了解、評估並驗證了對信貸風險管理的關鍵控制。該等關鍵控制涉及主要客戶的信貸狀況、確認觸發應收款項減值準備的事件以及預期信貸虧損的估計。
- We obtained management's assessment of expected credit losses of the receivables and assessed the reasonableness of the key underlying information referenced by management. Where impairment provision was individually made, we checked and assessed whether the impairment provision was properly supported by considering available forward-looking information, the debtors' aging analysis, settlement history and history of bad debt losses.
- 我們獲得管理層對應收款項預期信貸損失的評估，並評估了管理層參考的關鍵相關資料的合理性。倘已個別作出減值撥備，我們則考慮可得之前瞻性資料、債務人的賬齡分析、結算史及壞賬損失史，以審核及評估減值撥備是否得到適當支持。
- In respect of receivables of individual customer which had not been identified by management as potentially impaired, we corroborated management's assessment with the external evidence obtained from our independent research on publicly available information, our examination of the customers' payment records during the current year and subsequent to the year end, as well as the historical collection records.
- 就未獲管理層識別為潛在減值的每個客戶之應收款項而言，我們根據我們從公開可得資料獨立調查獲得的外部證據、我們於本年度及至年末後對客戶支付記錄的檢驗以及歷史回收記錄確認管理層的評估。
- Based on our audit procedures, we were satisfied that management's assessments were consistent with the evidence that we obtained.
- 根據我們的審計程序，我們發現管理層的評估與我們獲取的證據一致。

Independent Auditors' Report 獨立核數師報告書

Key audit matter 關鍵審計事項

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

Refer to note 18 to the consolidated financial statements.
請參閱綜合財務報表附註18。

The carrying amounts of land lease prepayments were approximately HK\$371 million as at 31 December 2018.

土地租賃預付款於二零一八年十二月三十一日的賬面值約為371,000,000港元。

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.

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。

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.

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。

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 management's assessment of the carrying amount of the land lease prepayments mainly include:

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：

- Conducting analytical procedures and assessing management judgement of the carrying amounts of land lease prepayments;
- 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；
- Recalculating and checking the amount of amortisation based on the amortisation rate and considering whether amortisation methods are consistent and reasonable; and
- 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
- Understanding of management's process around impairment assessment, where indicators existed.
- 若設有指標，了解管理層關乎減值評價的程序。

Independent Auditors' Report 獨立核數師報告書

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 other than 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee 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。

Independent Auditors' Report 獨立核數師報告書

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 Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, 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匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審核的過程中，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。

Independent Auditors' Report 獨立核數師報告書

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。

Independent Auditors' Report 獨立核數師報告書

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 partner on the audit resulting in this independent auditors' report is Yip Kai Yin with Practising Certificate number P05131.

Elite Partners CPA Limited
Certified Public Accountants

10/F., 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

Hong Kong, 20 March 2019

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，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為葉啟賢，執業編號為P05131。

開元信德會計師事務所有限公司
執業會計師

香港
九龍尖沙咀
天文台道8號10樓

香港，二零一九年三月二十日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收入			
— Goods and services	— 貨品及服務	7	115,350	144,403
— Rental	— 租金	7	35,066	76,969
— Interest	— 利息	7	3,421	—
Total revenue	總收入		153,837	221,372
Other income	其他收入	8	5,277	867
Other losses	其他虧損	8	—	(12,965)
Impairment loss of financial assets	金融資產減值虧損	9	(7,495)	(10,502)
Net exchange (losses)/gains	匯兌(虧損)/收益淨額		(42,712)	47,809
Cost of film production	電影製作成本		(1,224)	(1,210)
Staff costs	員工成本	12	(51,629)	(69,186)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	12	(63,247)	(58,957)
Amortisation of land lease prepayments	預付土地租賃攤銷	12	(13,757)	(13,757)
Other operating expenses	其他經營費用		(92,212)	(126,996)
Finance costs	融資成本	11	(227,330)	(165,563)
Loss on fair value changes of convertible bond	可換股債券公允值變動虧損		(2,521)	(4,902)
Gain on fair value changes of investment properties	投資物業公允值變動收益		—	1,080
Impairment loss of land lease prepayment	土地租賃預付款減值虧損		(71,473)	—
Share of loss of an associate	分佔一間聯營公司虧損		—	(3)
Share of loss of a joint venture	分佔一間合營企業虧損		(1,072)	(620)
Loss before income tax	除所得稅前虧損	12	(415,558)	(193,533)
Income tax expense	所得稅開支	13	—	—
Loss for the year	本年度虧損		(415,558)	(193,533)
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			
Loss on revaluation of properties held for own use	重估持作自用物業的虧損		(28,637)	(42,907)
Income tax credit 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		7,159	10,727
Item 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		(56,582)	72,371
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		(78,060)	40,191
Total comprehensive expense for the year	本年度全面開支總額		(493,618)	(153,342)

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 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	(415,556)	(193,529)
Non-controlling interests	非控股權益	(2)	(4)
		(415,558)	(193,533)
Total comprehensive expense attributable to:	應佔全面開支總額：		
Owners of the Company	本公司擁有人	(493,616)	(153,338)
Non-controlling interests	非控股權益	(2)	(4)
		(493,618)	(153,342)
Loss per share	每股虧損		
Basic and diluted	基本及攤薄	(HK9.20 cents 港仙)	(HK4.45 cents 港仙)
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2018 於二零一八年十二月三十一日

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	17 1,683,190	1,779,208
Land lease prepayments	預付土地租賃	18 371,074	456,304
Investment in a joint venture	合營企業投資	20 5,328	6,400
Long-term receivables and investment deposits	長期應收款項及投資按金	25 92,555	105,082
Pledged bank deposits	已抵押銀行存款	2,278	—
		2,154,425	2,346,994
Current assets	流動資產		
Film products and film production in progress	電影產品及在製電影產品	21 1,210	2,420
Investments in films/dramas production	電影／戲劇製作的投資	22 1,311	986
Trade receivables	應收貿易款項	23 128,177	125,595
Inventories	存貨	24 2,928	2,981
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	25 54,492	81,472
Amount due from a joint venture	應收合營企業款項	2,414	2,414
Assets classified as held for sale	分類為持作出售資產	—	34,780
Cash and bank balances	現金及銀行結餘	26 13,474	19,944
		204,006	270,592
Current liabilities	流動負債		
Trade payables	應付貿易款項	27 19,979	25,666
Other payables and accruals	其他應付款項及應計費用	28 83,771	115,992
Bank overdrafts	銀行透支	26 —	8,416
Loans from shareholders	股東的貸款	29 4,090	452,673
Borrowings	借貸	30 138,400	200,547
Finance lease obligation	財務租賃承擔	31 9,738	7,153
Bonds	債券	32 660,424	306,369
Convertible bond	可換股債券	33 —	106,697
Promissory notes	承兌票據	34 —	83,991
Provision for income tax	所得稅撥備	2,951	2,951
		919,353	1,310,455
Net current liabilities	流動負債淨額	(715,347)	(1,039,863)
Total assets less current liabilities	資產總值減流動負債	1,439,078	1,307,131

Consolidated Statement of Financial Position 綜合財務狀況表

At 31 December 2018 於二零一八年十二月三十一日

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current liabilities	非流動負債			
Loans from shareholders	股東的貸款	29	596,941	51,387
Borrowings	借貸	30	54,659	20,655
Bonds	債券	32	362,895	413,551
Promissory notes	承兌票據	34	106,477	—
Finance lease obligation	財務租賃承擔	31	14,461	15,478
Deferred tax liabilities	遞延稅項負債	35	158,470	165,629
			1,293,903	666,700
Net assets	資產淨值		145,175	640,431
Capital and reserves	資本及儲備			
Share capital	股本	36	451,716	451,416
Reserves	儲備		(306,773)	188,781
Equity attributable to owners of the Company	本公司擁有人應佔權益		144,943	640,197
Non-controlling interests	非控股權益		232	234
Total equity	權益總額		145,175	640,431

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 March 2019 and are signed on its behalf by:

綜合財務報表已由董事會於二零一九年三月二十日批准及授權刊發，並由下列董事代表董事會簽署：

Chow Kai Weng
周啟榮
Director
董事

Cheng Wang Chun
鄭弘駿
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018 截至二零一八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	Total
		Share capital (note 36) 股本 (附註36) HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Special reserve (note 37) 特別儲備 (附註37) HK\$'000 千港元	Contributed surplus (note 37) 實繳盈餘 (附註37) HK\$'000 千港元	Properties revaluation reserve 物業重估儲備 HK\$'000 千港元	Translation reserve 換算儲備 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Convertible bond equity reserve 可換股債券權益儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Subtotal 小計 HK\$'000 千港元		權益總額 HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	399,839	731,706	1,000	78,791	405,015	(147,458)	26,229	15,597	(870,979)	639,740	238	639,978
Capitalisation of loan interest payables (note 36)	資本化應付貸款利息 (附註36)	11,211	15,359	—	—	—	—	—	—	—	26,570	—	26,570
Capitalisation of other payables (note 36)	資本化其他應付款項 (附註36)	38,798	53,154	—	—	—	—	—	—	—	91,952	—	91,952
Share issued upon exercise of share options (note 36)	行使購股權時發行股份 (附註36)	1,568	3,495	—	—	—	—	(1,212)	—	—	3,851	—	3,851
Equity-settled share-based payments (note 41)	以權益結算的股份支付 (附註41)	—	—	—	—	—	—	31,422	—	—	31,422	—	31,422
Lapse of share options	購股權失效	—	—	—	—	—	—	(4,559)	—	4,559	—	—	—
Transaction with owners	與擁有人進行的交易	51,577	72,008	—	—	—	—	25,651	—	4,559	153,795	—	153,795
Loss for the year	本年度虧損	—	—	—	—	—	—	—	—	(193,529)	(193,529)	(4)	(193,533)
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	—	—	—	—	(32,180)	—	—	—	—	(32,180)	—	(32,180)
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	—	—	—	—	—	72,371	—	—	—	72,371	—	72,371
Total comprehensive (expense)/income for the year	本年度全面(開支)/收入總額	—	—	—	—	(32,180)	72,371	—	—	(193,529)	(153,338)	(4)	(153,342)
At 31 December 2017	於二零一七年十二月三十一日	451,416	803,714	1,000	78,791	372,835	(75,087)	51,880	15,597	(1,059,949)	640,197	234	640,431
Impact on initial application of HKFRS 9 (note 3)	首次應用香港財務報告準則第9號之影響 (附註3)	—	—	—	—	—	—	—	—	(7,673)	(7,673)	—	(7,673)
At 1 January 2018	於二零一八年一月一日	451,416	803,714	1,000	78,791	372,835	(75,087)	51,880	15,597	(1,067,622)	632,524	234	632,758
Share issued upon exercise of share options (note 36)	行使購股權時發行股份 (附註36)	300	781	—	—	—	—	(346)	—	—	735	—	735
Lapse of share options	購股權失效	—	—	—	—	—	—	(9,622)	—	9,622	—	—	—
Extinguishment of convertible bond by the way of issuance of promissory note to substantial shareholder	透過向主要股東發行承兌票據的方式贖回可轉換債券	—	—	5,302	—	—	—	—	(15,597)	15,597	5,302	—	5,302
Transfer of properties revaluation reserve to accumulated loss upon disposal of relevant properties	出售相關物業後將物業重估儲備轉移至累計虧損	—	—	—	—	(16,344)	—	—	—	16,344	—	—	—
Transaction with owners	與擁有人進行的交易	300	781	5,302	—	(16,344)	—	(9,968)	(15,597)	41,563	6,037	—	6,037
Loss for the year	本年度虧損	—	—	—	—	—	—	—	—	(415,556)	(415,556)	(2)	(415,558)
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	—	—	—	—	(21,478)	—	—	—	—	(21,478)	—	(21,478)
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	—	—	—	—	—	(56,584)	—	—	—	(56,584)	—	(56,584)
Total comprehensive (expense)/income for the year	本年度全面(開支)/收入總額	—	—	—	—	(21,478)	(56,584)	—	—	(415,556)	(493,618)	(2)	(493,620)
At 31 December 2018	於二零一八年十二月三十一日	451,716	804,495	6,302	78,791	335,013	(131,671)	41,912	—	(1,441,615)	144,943	232	145,175

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	(415,558)	(193,533)
Adjustments for:	就下列各項作出調整：		
Finance costs	融資成本	227,330	165,563
Bank interest income	銀行利息收入	(16)	(13)
Amortisation of film products	電影產品攤銷	1,224	1,210
Amortisation of land lease prepayments	預付土地租賃攤銷	13,757	13,757
Depreciation of property, plant and equipment	物業、廠房及設備折舊	63,247	58,957
Expenses recognised in respect of equity-settled share-based payments	就權益結付股份付款確認的開支	—	31,422
Loss on fair value changes of convertible bonds	可換股債券公允值變動虧損	2,521	4,902
Gain on fair value changes of investment properties	投資物業公允值變動的收益	—	(1,080)
Impairment losses of interest receivables	應收利息的減值虧損	—	5,239
Impairment losses of investments in films/drama production	電影／戲劇製作的減值虧損	—	5,775
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	447	—
Loss on disposal of an intangible asset	出售一項無形資產的虧損	—	79
Loss on disposal of an associate	出售一間聯營公司的虧損	—	110
Loss on capitalisation of loan interest payables	資本化應付貸款利息的虧損	—	1,570
Loss on capitalisation of other payables	資本化其他應付款項的虧損	—	5,431
Impairment loss on available-for-sales investment	可供出售投資的減值虧損	—	5,250
Impairment losses on trade and other receivables	貿易及其他應收款項的減值虧損	7,495	13
Impairment losses on land lease prepayments	土地租賃預付款減值虧損	71,473	—
Share of loss of an associate	分佔一間聯營公司虧損	—	3
Share of loss of a joint venture	分佔一間合營企業虧損	1,072	620
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	(27,008)	105,275
Decrease/(increase) in inventories	存貨減少／（增加）	53	(567)
Increase in film products and film production in progress	電影產品及在製電影產品增加	(14)	—
Increase in trade receivables	應收貿易款項增加	(9,958)	(114,468)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少／（增加）	68,254	(30,144)
(Decrease)/increase in trade payables	應付貿易款項（減少）／增加	(4,533)	22,929
Decrease in other payables and accruals	其他應付款項及應計費用減少	(22,894)	(423)
NET CASH FORM/(USED IN) OPERATING ACTIVITIES	經營業務的／（所用）現金淨額	3,900	(17,398)

Consolidated Statement of Cash Flows 綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動的現金流量		
Increase in films/dramas production	電影／戲劇製作增加	(325)	(300)
Interest received	利息收入	16	13
Payments for property, plant and equipment	物業、廠房及設備付款	(63,444)	(102,274)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	300	—
Proceeds from disposal of investment properties	出售投資物業所得款項	34,780	—
Proceeds from disposal of an intangible asset	出售一項無形資產的所得款項	—	1,000
Investment deposits paid	已付投資按金	(28,374)	—
Placement of pledged bank deposit	存放已抵押銀行存款	(2,364)	—
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用淨現金	(59,411)	(101,561)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量		
Interest paid	已付利息	(195,553)	(155,199)
Proceeds from shareholders loans	股東貸款所得款項	40,422	98,593
Repayments of shareholders loans	償還股東貸款	(27,556)	(61,876)
Proceeds from short-term borrowing	短期借貸所得款項	43,537	118,733
Repayments of short-term borrowing	償還短期借貸	(71,553)	(77,661)
Proceeds from issuance of bonds	發行債券所得款項	866,392	412,457
Transaction costs of issuance of bonds	發行債券的交易成本	(93,087)	(87,557)
Repayments of bonds	償還債券	(506,401)	(73,819)
Repayments of finance leases obligation	償還財務租賃承擔	(282)	(2,573)
Proceeds from issue of shares upon exercise of share options	購股權獲行使時發行股份的所得款項	735	3,851
NET CASH FROM FINANCING ACTIVITIES	融資活動的現金淨額	56,654	174,949
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加／(減少)淨額	1,143	55,990
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	年初現金及現金等值項目	11,528	(4,218)
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	803	(40,244)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	年末現金及現金等值項目	13,474	11,528
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	13,474	19,944
Bank overdrafts	銀行透支	—	(8,416)
		13,474	11,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL

National Arts Entertainment and Culture Group Limited (the “Company”, together with its subsidiaries as, the “Group”) 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 continued in Bermuda as an exempted company under the laws of Bermuda with effect from 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 Rm. L&M, 21/F., Kings Wing Plaza, Phase 1, No.3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.

The Company's shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company is principally engaged in investment holding. Details of the principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements. 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.

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」，連同其附屬公司統稱「本集團」)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，並根據百慕達法例於百慕達以獲豁免公司形式存續，自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新界沙田石門安群街3號京瑞廣場1期21樓L及M室。

本公司股份於香港聯合交易所有限公司(「聯交所」)GEM上市。本公司主要從事投資控股。本公司附屬公司主要業務之詳情載於綜合財務報表附註19。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。

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」)。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

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

In the current year, the Group has applied a number of new standards and interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time of which the followings are relevant to the Group’s consolidated financial statements:

- HKFRS 9 *Financial Instruments*;
- HKFRS 15 *Revenue from Contracts with Customers* and amendments to HKFRS 15; and
- HK(IFRIC) 22 *Foreign Currency Transactions and Advance Consideration*.

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.

Application of HKFRS 9

HKFRS 9 has replaced HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment) to items that existed as of the date of initial application (i.e. 1 January 2018) on a retrospective basis based on the facts and circumstances and business models that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity as of 1 January 2018.

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新訂香港財務報告準則及香港財務報告準則修訂本

本集團已於本年度首次應用香港會計師公會(「香港會計師公會」)頒布的若干新準則及詮釋，其中以下各項與本集團的綜合財務報表有關：

- 香港財務報告準則第9號 金融工具；
- 香港財務報告準則第15號 來自客戶合約收益及香港財務報告準則第15號(修訂本)；及
- 香港(國際財務報告詮釋委員會)詮釋第22號 外幣交易及預付代價。

除下文所述者外，於本年度應用香港財務報告準則之修訂本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。

應用香港財務報告準則第9號

香港財務報告準則第9號取代香港會計準則第39號金融工具：確認及計量。香港財務報告準則第9號載列金融資產、金融負債及若干買賣非財務項目之合約的確認及計量要求。根據香港財務報告準則第9號所載的特定過渡性條文，本集團已根據於二零一八年一月一日存在的事實及情況與商業模式，將分類及計量要求(包括有關減值的要求)追溯應用於首次應用日期(即二零一八年一月一日)已存在的項目。然而，本集團決定不重列可比數字。因此，可比資料繼續根據香港會計準則第39號的規定呈列，故可能與本年度資料無法比較。於二零一八年一月一日首次應用香港財務報告準則第9號的累計影響已確認為年初權益之調整。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 9 (Continued)

- (i) Classification and measurement of financial assets

In general, HKFRS 9 categories financial assets into the following three classification categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); and
- fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Details about the Group's accounting policies for its financial assets and financial liabilities are disclosed in note 3 to the consolidated financial statements. The Group did not designate or de-designate any financial asset at FVTPL at 1 January 2018.

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第9號(續)

- (i) 金融資產之分類及計量

一般而言，香港財務報告準則第9號將金融資產分類為以下三大類別：

- 按攤銷成本；
- 按公允值計入其他全面收入；及
- 按公允值計入損益。

該等分類與香港會計準則第39號所載的類別(即持有至到期投資、貸款及應收款項、可供出售金融資產及按公允值計入損益計量之金融資產)不同。根據香港財務報告準則第9號之金融資產分類，乃基於管理金融資產之業務模式及其合約現金流量特徵。

本集團對其金融資產及金融負債之會計政策詳情於綜合財務報表附註3披露。本集團並無指定或取消指定任何於二零一八年一月一日按公允值計入損益的金融資產。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 9 (Continued)

- (i) Classification and measurement of financial assets (Continued)

The following table shows a reconciliation from how the Group's financial assets existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39 根據香港會計準則 第39號之舊分類	New classification under HKFRS 9 根據香港財務報告 準則第9號之新分類	Carrying amount under HKAS 39 根據香港會計準則 第39號之賬面值 HK\$'000 千港元	Reclassification 重新分類 HK\$'000 千港元	Remeasurement 重新計量 HK\$'000 千港元	Note 附註	Carrying amount under HKFRS 9 根據香港財務報告 準則第9號之賬面值 HK\$'000 千港元
Trade receivable 應收貿易款項	Loan and receivable 貸款及應收款項	Amortised cost 攤銷成本	125,595	—	(7,673)	(a)	117,922
Other receivable and deposits 其他應收款項及按金	Loan and receivable 貸款及應收款項	Amortised cost 攤銷成本	155,851	—	—	(a)	155,851

Note:

- (a) The amount represented additional impairment loss based on the new expected loss model under HKFRS 9. Please also see details disclosed in (ii) below.

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第9號(續)

- (i) 金融資產之分類及計量(續)

下表載列本集團於二零一八年一月一日存在的金融資產按香港會計準則第39號如何分類及計量及按香港財務報告準則第9號如何作分類及計量之對賬：

附註：

- (a) 該金額為根據香港財務報告準則第9號的新預期虧損模式的額外減值虧損。請參閱下文(ii)所披露的詳情。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 9 (Continued)

(ii) Impairment

HKFRS 9 has introduced the “expected credit loss model” to replace the “incurred loss” model under HKAS 39. The “expected credit loss model” requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the “expected credit loss model” to financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

The following table is a reconciliation that shows how the closing loss allowance as at 31 December 2017 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 January 2018 determined in accordance with HKFRS 9.

		HK\$'000 千港元
Loss allowance recognised as at 31 December 2017 and 1 January 2018 under HKAS 39	根據香港會計準則第39號確認於二零一七年十二月三十一日及二零一八年一月一日的虧損撥備	—
Additional loss allowance as a result of the application of the “expected credit loss model” under HKFRS 9	應用香港財務報告準則第9號項下「預期信貸虧損模式」而導致的額外虧損撥備	
— Trade receivables	— 應收貿易款項	(7,673)
Loss allowance recognised as at 1 January 2018 under HKFRS 9	根據香港財務報告準則第9號確認於二零一八年一月一日之虧損撥備	(7,673)

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第9號(續)

(ii) 減值

香港財務報告準則第9號已引入「預期信貸虧損模式」，以取代香港會計準則第39號的「已產生虧損」模式。「預期信貸虧損模式」要求持續計量金融資產的相關信貸風險。本集團已將「預期信貸虧損模式」應用於其後按攤銷成本計量的金融資產(包括現金及現金等價物、應收貿易款項及其他應收款項)。

下表乃顯示根據香港會計準則第39號釐定於二零一七年十二月三十一日的年末虧損撥備如何與根據香港財務報告準則第9號釐定於二零一八年一月一日的年初虧損撥備作對比。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 9 (Continued)

(iii) Classification and measurement of financial liabilities

Under HKFRS 9, for a financial liability designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is required to be presented in other comprehensive income, with the remaining amount of change in the fair value of the liability being presented in profit or loss (unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss and in which case all gains or loss on that liability are presented in profit or loss). The Group had the liabilities component of 9% convertible bonds in the principal amount of HK\$300,000,000 (issued in 15 April 2015) as at financial liabilities at FVTPL on initial recognition. The application of HKFRS 9 as at 1 January 2018 does not have significant impact on the amount of the Group's reserve.

Other than the abovementioned, the application of HKFRS 9 in respect of financial liabilities' classification and measurement requirements has had no impact on the consolidated financial statements.

(iv) Hedge accounting

The Group has not applied any hedge accounting and hence the new general hedge accounting model set out in HKFRS 9 has not had any impact on the Group's 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」)(續)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第9號(續)

(iii) 金融負債的分類及計量

根據香港財務報告準則第9號，就指定為按公允值計入損益的金融負債而言，倘該金融負債的公允值變動金額可歸因於該負債的信貨風險變動，則須呈列於其他全面收入，剩餘的負債公允值變動金額則呈列於損益(除非處理負債信貨風險變動的影響將會產生或擴大於損益的會計錯配，如此則該負債的所有收益或虧損均呈列於損益)。本集團於初始確認時按公允值計入損益的金融負債為本金額為300,000,000港元的9%可換股債券(於二零一五年四月十五日發行)的負債部分。於二零一八年一月一日應用香港財務報告準則第9號對本集團的儲備金額並無重大影響。

除上述者外，對金融負債的分類及計量要求而言，應用香港財務報告準則第9號對綜合財務報表概無影響。

(iv) 對沖會計

本集團尚未應用任何對沖會計，因此香港財務報告準則第9號所載的新一代對沖會計模式對本集團的綜合財務報表概無任何影響。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 9 (Continued)

- (v) Effect on the Group's accumulated losses as of 1 January 2018

The following table shows the impact of the application of HKFRS 9 on the Group's accumulated losses as of 1 January 2018:

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第9號(續)

- (v) 對本集團於二零一八年一月一日的累計虧損的影響

下表載列於二零一八年一月一日應用香港財務報告準則第9號對本集團的累計虧損的影響：

		Increase in the Group's accumulated losses 本集團 累計虧損增加 HK\$'000 千港元
Additional loss allowance as a result of the application of the “expected credit loss model” under HKFRS 9		
— Trade receivables	應用香港財務報告準則第9號項下「預期信貸虧損模式」而導致的額外虧損撥備 — 應收貿易款項	7,673
		<u>7,673</u>

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 15

HKFRS 15 has replaced HKAS 11 Construction Contracts, HKAS 18 Revenue and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods was passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. Also, HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Please see note 3 for details of old and new accounting policies.

Based on the specific transitional provisions set out in HKFRS 15, the Group had decided to use the cumulative effect transition method and had recognised the cumulative effect of initial application of HKFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (i.e. 1 January 2018), if any. Accordingly, comparative information has not been restated and continues to be presented under HKAS 11 and HKAS 18. Also, the Group has applied HKFRS 15 requirements only to contracts that were not completed as at 1 January 2018.

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第15號

香港財務報告準則第15號取代香港會計準則第11號建築合約、香港會計準則第18號收益及其他與收益有關的詮釋。根據香港會計準則第11號及香港會計準則第18號，建築合約及提供服務產生的收益乃隨時間確認，而貨品銷售收益一般於貨品擁有權的風險及回報轉移至客戶的時間點確認。根據香港財務報告準則第15號，當客戶獲得合同所承諾的商品或服務的控制權時，則確認收益。此可能於單一時間點或隨著時間推移進行。此外，香港財務報告準則第15號引入了額外的定性及定量披露要求，旨在使財務報表使用者能了解與客戶簽訂合同所產生的收入及現金流的性質、數量、時間及不確定性。有關新舊會計政策的詳情，請參閱附註3。

根據香港財務報告準則第15號所載的特定過渡性條文，本集團已決定採用累計影響過渡法，並已確認首次應用香港財務報告準則第15號的累計影響作為對首次應用日期(即二零一八年一月一日)權益年初結餘(如有)的調整。因此，可比較資料並無重列，且繼續根據香港會計準則第11號及香港會計準則第18號呈列。此外，本集團僅對於二零一八年一月一日尚未完成的合約應用香港財務報告準則第15號的規定。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 15 (Continued)

Note 5 to the consolidated financial statements describes the nature of the Group’s revenue.

With regards to “artiste management fee income”, the Group, after assessing the specific facts and circumstances and the terms of the related contracts, concluded that the performance obligation to the customers under the arrangements entered into by the Group, the relevant artiste and the customers was to arrange and ensure the relevant artiste to be a spokesperson for the product/service of the customers during the contract period and hence the Group concluded that the Group merely acts as an agent during the contract period and hence revenue should be recognised on a net basis (i.e. the gross amount received or receivable from the customer net of amount paid or payable to the artiste). Under the old standard, revenue was recognised on a gross basis. Such a change does not affect the net profit recognised by the Group.

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第15號(續)

綜合財務報表附註5載述本集團收益的性質。

就「藝人管理費收入」而言，經評估特定事實及情況及相關合約的條款後，本集團達成結論，本集團與相關藝人及客戶所訂立的協議下對客戶的履約責任為安排及確保相關藝人於合約期間為客戶產品／服務的代言人，因此，本集團達成結論，本集團於合約期間僅為代理，而收益應以淨額確認(即扣除已付或應付藝人款項之已收或應收客戶款項總額)。根據舊有準則，收益以總額確認。有關變動並無對本集團確認之溢利淨額造成影響。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 15 (Continued)

With regards to the “entrance fee income” from the sales of tickets of a film studio located in the People’s Republic of China (“PRC”), the Group has arrangements with independent third parties to sell tickets on the Group’s behalf. During the year ended 31 December 2018, the Group located a new ticket selling agent which the Group agreed with it that the credit term for payment was about 12 months after tickets are sold. Taking into account the abovementioned credit period, the Group determined that there was a significant financing component that was determined based on the difference between the agreed consideration and the amount of the consideration discounted using a discount rate that would be reflected in a separate financing transaction between the Group and the agent at contract inception (taking into account the length of credit period and credit characteristics of the agent receiving financing in the contract). The related interest income amounted to HK\$3,421,000 for the year ended 31 December 2018 and was presented separately in the consolidated statement profit or loss.

Except as described above, the application of HKFRS 15 does not have other impact in respect of recognition and measurement of revenue on the consolidated financial statements.

Revenue amounts presented in note 4 for periods starting from 1 January 2018 have been updated to reflect the abovementioned change.

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第15號(續)

就一間位於中華人民共和國(「中國」)的影視城的門票銷售的「門券收入」而言，本集團與獨立第三方之間訂有安排，獨立第三方可代表本集團銷售門票。於截至二零一八年十二月三十一日止年度，本集團委任新的門票銷售代理，並與其協定，付款的信用期為出售門票後的約十二個月。考慮到上述信用期，本集團斷定，一項重大融資部份乃按協定代價及已折讓代價之差額釐定，折讓率則於合約開始時本集團及代理人之間的獨立融資交易中反映(計及信用期長度及代理人於合約收取融資的信用性質)。截至二零一八年十二月三十一日止年度，相關利息收入金額為3,421,000港元，並於綜合損益表內獨立呈列。

除以上所述外，應用香港財務報告準則第15號對於綜合財務報表確認及計量收益而言並無其他影響。

呈列於附註4的自二零一八年一月一日起期間的收益金額已更新，以反映上述變更。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

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

(Continued)

Application of HKFRS 15 (Continued)

The table below shows the amount by which the financial statement line items have been affected in the current year by the application of HKFRS 15 as compared to the old standard (i.e. HKAS 18).

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)

於本年度強制生效之新訂香港財務報告準則及香港財務報告準則修訂本(續)

應用香港財務報告準則第15號(續)

下表展示於本年度應用香港財務報告準則第15號相較舊有準則(即香港會計準則第18號)對財務報表項目造成的金額影響：

		Amounts reported under HKFRS 15	Hypothetical amounts reported under superseded standards (HKAS 11 and HKAS 18) 遭取代準則(香港會計準則第11號及香港會計準則第18號)下報告的假設金額	Difference
		香港財務報告準則第15號下報告的金額 HK\$'000 千港元	香港會計準則第11號及香港會計準則第18號)下報告的假設金額 HK\$'000 千港元	差額 HK\$'000 千港元
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018/Consolidated statement of financial position as at 31 December 2018	截至二零一八年十二月三十一日止年度之綜合損益及其他全面收益表/於二零一八年十二月三十一日的綜合財務狀況表			
In respect of “artiste management income”	就「藝人管理費收入」而言			
— Revenue	— 收益	344	665	(321)
— Other operating expenses	— 其他經營開支	—	(321)	321
In respect of significant financing component arising from the abovementioned arrangements with ticket selling agents	就來自上述與門票銷售代理所作安排的重大融資部份而言			
— Interest revenue	— 利息收益	3,421	—	3,421
— Entrance fee income	— 門券收入	54,422	60,437	(6,015)
— Ancillary service income	— 配套服務收入	16,248	18,514	(2,266)

The differences are due to reasons described above.

差額乃由上文所述原因所致。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

(Continued)

New and revised HKFRSs in issue but not yet effective

The Group has not applied any of the following new and revised HKFRSs that are relevant to the Group that have been issued but are not yet mandatorily effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 3	Definition of a business ³
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2015–2017 Cycle ¹
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments ¹

- ¹ Effective for annual periods beginning on or after 1 January 2019.
- ² Effective for annual periods beginning on or after 1 January 2021.
- ³ Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first annual period beginning on or after 1 January 2020.
- ⁴ Effective for annual period beginning on or after a date to be determined.
- ⁵ Effective for annual periods beginning on or after 1 January 2020.

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)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無應用下列任何與本集團有關及已頒佈但尚未強制生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ²
香港財務報告準則第3號之修訂	業務的定義 ³
香港財務報告準則第9號之修訂	具有負補償的提前還款特性 ¹
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產銷售或注入 ³
香港會計準則第1號及香港會計準則第8號之修訂	重大性的定義 ⁵
香港會計準則第19號之修訂	計劃修訂、縮減或結清 ¹
香港會計準則第28號之修訂	於聯營公司及合營企業之長期權益 ¹
香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進 ¹
香港(國際財務報告詮釋委員會)詮釋第23號	所得稅項處理的不確定因素 ¹

- ¹ 於二零一九年一月一日或其後開始的年度期間生效。
- ² 於二零二一年一月一日或其後開始的年度期間生效。
- ³ 對收購日期為二零二零年一月一日或其後開始的首個年度期間或其後的業務合併及資產收購生效。
- ⁴ 於待定日期或其後開始的年度期間生效。
- ⁵ 於二零二零年一月一日或其後開始的年度期間生效。

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

(Continued)

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

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, 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 re-measurement 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. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regards to lessor 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, HKFRS 16 requires extensive disclosures in the 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」)(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃

香港財務報告準則第16號生效後將取代現行之租賃指引，包括香港會計準則第17號租賃及相關詮釋。

就承租人會計處理而言，根據香港會計準則第17號，經營租賃及融資租賃的劃分已由某一模式取代，其規定承租人須就所有租賃確認使用權資產及相應負債，惟短期租賃及租賃低價值資產除外。

具體而言，使用權資產初步按成本計量，其後按成本(受若干例外情況所限)減累計折舊及減值虧損(就租賃負債重新計量作出調整)計量。租賃負債初步按於該日尚未支付的租賃付款現值計量。其後，租賃負債就利息及租賃付款作出調整。此外，現金流量的分類亦將受到影響，原因為香港會計準則第17號項下的經營租賃付款呈列為經營現金流量，而根據香港財務報告準則第16號模式，租賃付款將拆分為本金及利息部份，分別呈列為融資現金流量及經營現金流量。

就出租人會計處理而言，香港財務報告準則第16號大致保留香港會計準則第17號內出租人的會計要求並繼續要求出租人將其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號要求於財務報表內作出詳盡披露。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)*(Continued)***New and revised HKFRSs in issue but not yet effective (Continued)***HKFRS 16 Leases (Continued)*

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$149,043,000. In addition, the Group currently considers refundable rental deposits paid of HK\$1,614,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated loss without restating comparative information.

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)**已頒佈但尚未生效的新訂及經修訂香港財務報告準則 (續)***香港財務報告準則第16號租賃(續)*

於二零一八年十二月三十日，本集團的不可撤銷經營租賃承擔為149,043,000港元。此外，本集團現時認為已支付之可退回租賃按金1,614,000港元為香港會計準則第17號項下之權利及責任。根據香港財務報告準則第16號項下租賃付款之定義，該等按金並非與使用相關資產權利有關的付款，因此，該等按金之賬面值或會調整為攤銷成本。已付可退回租賃按金的調整被視為額外租賃付款，並會計入使用權資產的賬面值內。已收可退回租賃按金的調整應會被視為預收租賃付款。

應用新的規定或會導致上文所述計量、呈列及披露變動。本集團擬選擇可行權宜方法，就先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號「釐定安排是否包括租賃」獲識別為租賃的合約應用香港財務報告準則第16號，且不對先前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)－詮釋第4號並無獲識別為包括租賃的安排應用該準則。因此，本集團將不會對於首次應用日期前已存在的合約是否為租賃或包括租賃進行重新評估。此外，本集團(作為承租人)擬選擇經修訂追溯法應用香港財務報告準則第16號，並將於初累計虧損中確認首次應用的累計影響，而毋須重列比較資料。

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

For the year ended 31 December 2018 截至二零一八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 HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("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 properties, film studio and financial instruments that are measured at revalued amount or fair values at the end of each reporting period, as explained in the accounting policies below.

As at 31 December 2018, the Group's current liabilities exceeded its current assets by approximately HK\$715,347,000 and the Group continued to incur a loss for the year of approximately HK\$415,558,000. These conditions indicate that there may exist a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the existence of these indicators, the Directors are of the opinion that it is appropriate for the consolidated financial statements to be prepared on the assumption that the Group will continue to operate as a going concern. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures, including the following:

- (i) the Group has obtained an undertaking from certain shareholders of the Company, including the substantial shareholder, that they will provide sufficient funding to the Group, including but not limited to the disposal of their personal assets, to meet its financial obligations in full as they fall due for the period of twelve months from the date of this announcement;

3. 重要會計政策

綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包含聯交所GEM證券上市規則（「GEM上市規則」）及香港公司條例規定的適用披露資料。

除下文會計政策闡釋某些物業、經營影視城及金融工具以各報告期末的重估金額或公允值列賬外，綜合財務報表乃根據歷史成本法編製。

於二零一八年十二月三十一日，本集團的流動負債超過其流動資產，差額約715,347,000港元，而本集團於本年度繼續錄得虧損約415,558,000港元。該等情況反映可能有重大不穩定因素，可能對本集團的持續經營能力構成重大疑問。儘管有該等跡象，董事認為綜合財務報表按本公司將繼續持續經營的假設編製，實屬合適。為改善本集團的財務狀況、直接流動資金及現金流量，以及在其他方面維持本集團的持續經營，董事已採納數項措施，包括以下各項：

- (i) 本集團已向本公司若干股東取得一項承諾，包括主要股東，彼等將提供充足資金予本集團，包括但不限於出售彼等的個人資產，使本集團可於其財務責任到期時間完全履行責任，由本公佈日期起計為期十二個月；

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

- (ii) on 13 February 2019, the Company entered into placing agreements with four placing agents, pursuant to which the Company has conditionally agreed to place through the placing agents, on a best effort basis, of up to 6,999,999,997 shares of the Company ("Placing Shares") in aggregate to not less than six placees by each placing agent at a price of HK\$0.26 per Placing Share. Assuming the maximum number of the Placing Shares are placed by the placing agents, the net proceeds are estimated to be approximately HK\$1,751.5 million. On 15 March 2019, the Company completed the placing of 428,769,230 Placing Shares at a price of HK\$0.26 per Placing Share and the net proceeds, after deducting the related expenses, is approximately HK\$104.5 million; and
- (iii) subsequent to the end of the reporting period, the Company and certain bondholders mutually agreed to extend the maturity dates of the bonds with aggregate carrying amount of approximately HK\$114,113,000 to 29 February 2020. In addition, the Company is in the process to negotiate with bondholders to extend maturity dates of the bonds with aggregate carrying amount of HK\$243,310,000 upon its maturity.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from 31 December 2018. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

3. 重要會計政策(續)

- (ii) 於二零一九年二月十三日，本公司與四名配售代理訂立配售協議，據此，本公司有條件地同意按竭盡全力基準透過配售代理配售最多合共6,999,999,997股本公司股份（「配售股份」），每名配售代理配售予不少於六名承配人，作價為每股配售股份0.26港元。假設最高數目的配售股份已獲配售代理配售，所得款項淨額估計約為1,751,500,000港元。於二零一九年三月十五日，本公司完成配售428,769,230股配售股份，作價每股配售股份0.26港元，經扣除相關開支後的所得款項淨額約為104,500,000港元；及
- (iii) 報告期末後，本公司與若干債券持有人互相協定，將賬面總值約114,113,000港元的債券的到期日延至二零二零年二月二十九日。此外，本公司正與債券持有人磋商將賬面總值為243,310,000港元的債券的到期日於到期後延長。

基於上文所述及經評估本集團的目前及預計現金狀況後，董事信納本集團將可繼續於其財務責任於二零一八年十二月三十一日起十二個月期間到期時，予以履行。據此，本集團的綜合財務報表已按持續基準編製。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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)

非金融資產之公允值計量會考慮市場參與者通過按資產最高及最佳用途使用資產或向會按資產最高及最佳用途使用資產的另一名市場參與者銷售資產而產生經濟利益的能力。

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。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of 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.

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.

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

3. 重要會計政策 (續)

綜合基準 (續)

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。

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。

於附屬公司的非控股權益於呈列時，乃獨立本集團所持有的附屬公司股權，該等權益代表擁有權權益，賦予其持有人權利，可按比例攤分相關附屬公司於盤時的資產淨值。

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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 associates and joint ventures 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. 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. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of 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 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。聯營公司／合營企業之資產淨值變動（損益及其他全面收益除外）不予入賬，除非該變動導致本集團持有之擁有權權益改變。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。

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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 Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) 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。

本集團評估是否有客觀證據，證明於一間聯營公司或合營公司的利益可能已減值。倘有任何客觀證據，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，則該減值虧損回撥根據香港會計準則第36號予以確認。

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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 HKFRS 9/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) upon disposal/partial disposal of the relevant associate or joint venture.

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 investments 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，且保留權益為香港財務報告準則第9號／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，則本集團將於出售／局部出售合營企業之相關聯營公司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投資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。

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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.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9/HKAS 39 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

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。

持作銷售的非流動資產

倘非流動資產及出售組別的賬面值將主要透過銷售交易而非持續使用收回,則有關非流動資產及出售組別分類為持作銷售。僅在資產(或出售組別)可按其當時之情況並根據銷售此類資產(或出售組別)的通常及慣用條款即時銷售及銷售很可能進行時,此條件方可作實。管理層必須致力於銷售,預期在從分類當日起一年內確認為已完成銷售。

當本集團承諾一項涉及喪失對附屬公司的控制權的銷售計劃並且滿足上述條件時,則該附屬公司的所有資產及負債均應歸類為持作銷售,不論交易後本集團是否在其前附屬公司中保留任何非控股權益。

當本集團承諾進行涉及出售於聯營公司或合營企業之投資或部分投資之出售計劃時,倘符合上述條件,將予出售之該項投資或部分投資分類為持作出售,而當投資(或部份投資)獲分類持作出售時,本集團將不再就該分類為持作出售之部分使用權益法。

分類為持作銷售的非流動資產(及出售組別)乃按彼等的先前賬面值與公允值減銷售成本兩者的較低者計量,惟香港財務報告準則第9號/香港會計準則第39號範圍內的金融資產及投資物業除外,該等金融資產及投資物業繼續根據相關各節所述的會計政策計量。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Under HKFRS 15, revenue is recognised in profit or loss when the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset. Revenue may be over time or at a particular point in time. Revenue is recognised over time when one of the following criteria is satisfied:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised at a particular point in time (i.e. when the customer obtains control of the promised goods or service) when none of the abovementioned criteria are satisfied.

3. 重要會計政策 (續)

來自合約客戶的收益(於根據附註3的過渡應用香港財務報告準則第15號後)

根據香港財務報告準則第15號，倘本集團將已承諾的貨品或服務(即一項資產)轉移予客戶，達成履約責任時，收益於損益確認。於客戶取得一項資產的控制權後，該資產為已轉移予客戶。收益可於一段時間內或於一個特定時間點確認。倘達成以下條件中的其中一項，收益則於一段時間內確認：

- (a) 客戶於本集團履約時同時收取及享用本集團履約所提供的利益；
- (b) 本集團履約時，創建或增強了資產，而該資產於創建或增強時由客戶控制；或
- (c) 本集團的履約未能創建對本集團具有替代用途的資產，而本集團有強制執行權收取至今已履約部分的款項。

倘上文述條件概未獲達成，收益於一個特定時間點確認(即客戶取得已承諾貨品或服務時)。

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

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3) (Continued)

The table below is a summary of how the Group's revenue from different types of operations is recognised under HKFRS 15.

Types of revenue (within the scope of HKFRS 15)
收益類別(香港財務報告準則第15號範圍內)

Accounting policy under HKFRS 15

香港財務報告準則第15號下的會計政策

Artiste management fee income

藝員管理費收入

Artiste management fee income are recognised on a net basis (i.e. the amount entitled by the Group rather than the total consideration set out in the related contracts as the Group concluded that it is merely acting as an agent) as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

藝員管理費收入乃按淨額基準確認(即本集團有權獲得的金額,而非相關合約所載的總代價,因為本集團判斷為其僅擔任代理),因為履約責任於一段時間內達成,而本集團履約時,客戶同時收取及享用本集團履約提供的利益。

Hotel room income
酒店房間收入

Hotel room income is recognised when services are provided.
酒店房間收入於提供服務時確認。

Food and beverage income

餐飲收入

Food and beverage income is recognised when control of the goods has transferred, being at the point the customer purchases the goods at restaurant.

餐飲收入於貨品的控制權轉移時確認,即客戶於餐廳購買貨品時確認。

Entrance fee income

入場費收入

Entrance fee income is recognised when the tickets are accepted and surrendered by the customer.

入場費於門票獲接納及客戶提供時確認。

Event income

活動收入

Event income is recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

活動收入於履約責任於一段時間內獲達成時確認,因為本集團履約時,客戶同時收取及享用本集團履約提供的利益。

3. 重要會計政策(續)

來自合約客戶的收益(於根據附註3的過渡應用香港財務報告準則第15號後)(續)

下表概述列載本集團來自不同類別業務的收益根據香港財務報告準則第15號確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3) (Continued)

3. 重要會計政策 (續)

來自合約客戶的收益(於根據附註3的過渡應用香港財務報告準則第15號後)(續)

Types of revenue (within the scope of HKFRS 15)
收益類別(香港財務報告準則第15號範圍內)

Accounting policy under HKFRS 15
香港財務報告準則第15號下的會計政策

Films production and licensing income

電影製作及特許收入

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.

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。

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.

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。

Sales of travel related products

銷售旅遊相關產品

Sales of travel related products is recognised when control of the goods has transferred, being at the point the customer purchases the travel related products.

銷售旅遊相關產品於產品的控制權轉移時確認，即客戶購買旅遊相關產品的時間點。

Sales of goods

銷售貨品

Sales of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer.

銷售貨品於貨品的控制權轉移至客戶時確認，即貨品交付予客戶的時間點。

Ancillary services

配套服務

Ancillary service income is recognised when a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

配套服務收入於履約責任於一段時間內獲達成時確認，因為本集團履約時，客戶同時收取及享用本集團履約提供的利益。

Types of revenue (outside the scope of HKFRS 15)
收益類別(香港財務報告準則第15號範圍外)

Accounting policy
會計政策

Rental income from operating leases

經營租賃的租金收入

Rental income under operating leases is recognised over the lease term. Contingent rentals are recognised on the accounting period when they are incurred.

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition (prior to 1 January 2018)

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 is 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, sales of travel related products 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.

Interest income is recognised on time-proportion basis using effective interest method.

3. 重要會計政策 (續)

收入確認(二零一八年一月一日前)

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、銷售旅遊相關產品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。

利息收入以實際利率法按時間比例基準確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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.

3. 重要會計政策 (續)

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (Continued)

Leasehold land for own use

When the Group makes payments for a property interest which includes both leasehold 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 entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "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 leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

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.

3. 重要會計政策 (續)

租賃 (續)

自用租賃土地

當本集團就物業權益(包括租賃土地及樓宇部份)作出付款時,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財務租賃或經營租賃,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,特別是整項代價(包括任何一次性預付款)在初始確認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。

相關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。倘未能可靠地於租賃土地及樓宇部份之間分配租賃款項,則整項物業一般會分類為猶如租賃土地屬於財務租賃項下。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies (Continued)

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
- 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).

3. 重要會計政策 (續)

外幣 (續)

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
- 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))。

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3. SIGNIFICANT ACCOUNTING POLICIES

*(Continued)***Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

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 consolidated statement of profit or loss and other 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.

3. 重要會計政策 (續)

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。

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綜合損益及其他全面收益表中扣除。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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Retirement benefit costs and employee benefits

(Continued)

Retirement benefit costs (Continued)

The employees of the Company's subsidiaries which operate in the People's Republic of China (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 subsidiaries 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.

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.

3. 重要會計政策 (續)

退休福利成本及僱員福利 (續)

退休福利成本 (續)

於中華人民共和國(「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。

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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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.

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.

3. 重要會計政策 (續)

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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Share-based employee compensation (Continued)

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.

Share options granted to suppliers/consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. 重要會計政策 (續)

以股份為基準的僱員報酬 (續)

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)，將作為以權益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。

授予供應商/顧問的購股權

與僱員以外的人士的權益結算股份付款交易乃按已收貨品或服務的公允值計值，惟倘公允值未能可靠地估計時，則按已授出的權益工具的公允值計量，並於實體獲得貨品或對手方提供服務的日期計量。已收貨品或服務的公允值確認為開支(惟倘貨品或服務符合資格獲確認為資產則除外)。

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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 items 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。

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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在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在權益中確認。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。

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For the year ended 31 December 2018 截至二零一八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, 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 recognised so as to write-off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, 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 31/3%
Leasehold improvements	Over the shorter of the lease term or 20%
Furniture, fixtures and office equipment	20%
Motor vehicles and yacht	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment measured using revaluation model

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

3. 重要會計政策 (續)

物業、廠房及設備

除在建工程、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，按以下年利率以直線法確認折舊，以撇銷成本減其剩餘價值：

租賃土地	租期
樓宇	租期或31/3% (取較短者)
租賃物業裝修	20%(取較短者)
租期或傢俬、裝置及辦公室設備	20%
汽車及遊艇	20%

估計可使用年期、剩餘價值及折舊法乃於各報告期末審閱，任何變動之估計影響按追溯基準列賬。

使用重估模式計量之物業、廠房及設備

因物業、廠房及設備重估產生之任何重估增幅於其他全面收益內確認及於重估儲備內累計，惟倘其撥回先前於損益確認之相同資產之重估減幅，則將增幅計入損益(以先前扣除之減幅為限)。因物業、廠房及設備重估產生之賬面淨值減少於損益確認，惟確認額度以超出與先前重估該資產相關之重估儲備結餘部分(如有)為限。於其後銷售或報廢經重估資產後，應佔重估盈餘轉撥至保留溢利。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

Property, plant and equipment measured using revaluation model (Continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. 重要會計政策 (續)

物業、廠房及設備 (續)

使用重估模式計量之物業、廠房及設備 (續)

按財務租賃持有的資產按與自置資產相同的基準，於預計可使用年期計算折舊。然而，當擁有權未能在租賃期末合理地確定，則資產須以其租賃期及可使用年期（以較短者為準）折舊。

物業、廠房及設備項目於出售時或預期持續使用該資產不會產生任何未來經濟利益時取消確認。於出售或報廢物業、廠房及設備項目時產生之任何損益釐定為出售所得款項與資產賬面值的差額，乃於損益確認。

投資物業

投資物業指持作賺取租金及／或為資本增值的物業，包括就此目的在建中的物業。投資物業包括持有未釐定未來用途之土地被視作以資本價值為目的。

投資物業首次按成本（包括任何直接應佔開支）計量。於首次確認後，投資物業按其公允值計量。本集團根據經營租賃用以賺取租金或作資本升值用途而持有之全部物業權益分類及列賬為投資物業及使用公允值模式計量。因投資物業公允值變動產生的損益於變動產生的期間計入損益。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investment properties (Continued)

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Impairment on tangible

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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. 重要會計政策 (續)

投資物業 (續)

就在建投資物業產生的建築成本乃資本化作為在建投資物業的賬面值一部分。

投資物業於出售或投資物業永久不再使用及預期不能由其出售獲取任何未來經濟利益時取消確認。因取消確認該物業產生的任何損益(按資產的出售所得款項淨額與賬面值的差額計算)於取消確認該物業的期間在損益列賬。

有形資產的減值

於報告期末，本集團檢討其可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現金產生單位。

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。

倘某項資產的可收回金額估計低於其賬面值，則該資產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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment on tangible (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

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. Impairment losses are made for costs which are in excess of the expected future revenue generated by these films.

Investments in films/dramas production

Investments in film/drama production are stated initially at cost and adjusted thereafter for the net income derived from the investments less any accumulated impairment losses.

3. 重要會計政策 (續)

有形資產的減值 (續)

倘一項減值虧損於其後撥回，則將該資產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。

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攤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。

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。倘該等電影的成本超出其產生的預期未來收益，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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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.

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.

3. 重要會計政策 (續)

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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. 重要會計政策 (續)

金融工具

金融資產及金融負債於集團實體成為該工具合約條文的訂約方時確認。所有常規方式買賣的金融資產概於交易日予以確認及終止確認。常規方式買賣乃指遵循法規或市場慣例在約定時間內交付資產的金融資產買賣。

金融資產及金融負債初步以公允值計量，惟產生自與客戶的合約之應收貿易款項（自二零一八年一月一日起初步按香港財務報告準則第15號計量）除外。收購或發行金融資產及金融負債（按公允值計入損益的金融資產或金融負債除外）直接應佔的交易成本於初步確認時加入或從金融資產或金融負債的公允值扣除（倘適用）。收購按公允值計入損益的金融資產或金融負債直接應佔的交易成本即時在損益中確認。

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

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

3. 重要會計政策 (續)

金融工具 (續)

金融資產

金融資產的分類及期後計量 (根據附註3的過渡條文應用香港財務報告準則第9號)

符合以下條件的金融資產其後按攤銷成本計量：

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

符合以下條件的金融資產其後根據按公允值計入全面收入計量：

- 以收取合約現金流量及銷售為目的而持有資產之經營模式下持有之金融資產；及
- 合約條款於指定日期產生之現金流量純粹為支付本金及未償還本金之利息。

所有其他金融資產其後按公允值計入損益計量，惟在首次應用香港財務報告準則第9號／初始確認金融資產之日，倘該股本投資並非持作買賣，亦非收購方在香港財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，本集團可不可撤銷地選擇於其他全面收入呈列股本投資公允值的其後變動。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) (Continued)

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 a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及期後計量 (根據附註3的過渡條文應用香港財務報告準則第9號) (續)

倘符合下列條件，則金融資產乃分類為持作買賣：

- 其乃主要獲收購以於短期內出售；或
- 於初步確認時，其為本集團共同管理之可識別金融工具組合的一部分，並具有短期套利的近期實際模式；或
- 其屬並非指定及作為對沖工具生效的衍生工具。

此外，倘如此可消除或大幅減少會計錯配，則本集團可不可撤銷地指定符合按攤銷成本或根據按公允值計入其他全面收入計量的金融資產。

攤銷成本及利息收入

其後按攤銷成本計量的金融資產及其後按公允值計入其他全面收入的債務工具／應收款項，乃使用實際利息法予以確認，而。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外 (見下文)。就其後出現信貸減值的金融資產而言，自下一報告期起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

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For the year ended 31 December 2018 截至二零一八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 (upon application of HKFRS 9 with transitions in accordance with note 3)

The Group assesses and measures loss allowance for ECL on its financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and deposits, amount due from a joint venture. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註3的過渡條文應用香港財務報告準則第9號)

本集團就發生減值之金融資產，評估及計量預期信貸虧損的虧損撥備，該等金融資產根據香港財務報告準則第9號會出現減值(包括應收貿易款項、其他應收款項及按金、應收一間合營公司款項)。預期信貸虧損的金額於各報告日期更新，以反映自初始確認後信貸風險的變化。

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

本集團始終就並無重大融資成份的應收貿易款項確認存續期預期信貸虧損。就擁有重大結餘的債務人，將獨立評估該等資產的預期信貸虧損，以及／或使用適宜組別的撥備矩陣進行集體評估。

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

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註3的過渡條文應用香港財務報告準則第9號)(續)

(i) 信貸風險顯著增加

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註3的過渡條文應用香港財務報告準則第9號) (續)

(i) 信貸風險顯著增加 (續)

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(ii) Definition of default

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註3的過渡條文應用香港財務報告準則第9號) (續)

(ii) 違約定義

本集團認為，違約事件在內部制訂或得自外界來源的資料顯示債務人不大可能悉數向債權人 (包括本集團) 還款 (未計及本集團所持任何抵押品) 時發生。

不論上文為何，本集團都認為，已於金融資產逾期超過90日後發生違約，惟本集團有合理及具理據資料來顯示更加滯後的違約標準更為恰當。

(iii) 信貸減值金融資產

金融資產在一項或以上違約事件 (對該金融資產估計未來現金流量構成不利影響) 發生時維持信貸減值。金融資產維持信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人的重大財困；
- (b) 違反合約 (如違約或逾期事件)；
- (c) 借款人的貸款人因有關借款人財困的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠；
- (d) 借款人將可能陷入破產或其他財務重組；或
- (e) 因經濟困難令該金融資產的活躍市場消息。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註3的過渡條文應用香港財務報告準則第9號)(續)

(iv) 撇銷政策

資料顯示對手方處於嚴重財困及無實際收回可能時，例如對手方被清盤或已進入破產程序時，或就應收貿易款項而言，於款項已逾期兩年時(以較早發生者為準)，本集團則撇銷金融資產。經考慮法律意見後(倘合適)，遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成終止確認事項。任何其後收回在損益中確認。

(v) 預期信貸虧損之計量及確認

預期信貸虧損之計量為違約概率、違約虧損(即違約時虧損大小)及違約時風險敞口之函數。違約概率及違約虧損之評估乃基於歷史數據按前瞻性資料作調整。預期信貸虧損的預估乃無偏概率加權平均金額，以各自發生違約的風險為權重確定。

一般而言，預期信貸虧損為根據合約應付本集團之所有合約現金流量與本集團預期收取之所有現金流量之間的差額(按初始確認時釐定之有效利率貼現)。

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

For the year ended 31 December 2018 截至二零一八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 (upon application of HKFRS 9 with transitions in accordance with note 3) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the past due ageing analysis basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值(根據附註3的過渡條文應用香港財務報告準則第9號)(續)

(v) 預期信貸虧損之計量及確認 (續)

倘預期信貸虧損按集體基準計量或迎合個別工具水平證據未必存在的情況，則金融工具按過往的賬齡分析基準歸類：

- 金融工具性質(即本集團應收貿易款項及其他應收款項、融資租賃應收款項及應收客戶款項，各自評為獨立組別)。給予相關人士的貸款乃獨立評估計預期信貸虧損；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級(倘有)。

歸類工作經管理層定期檢討，以確保各組別成份繼續分擔類似信貸風險特性。

利息收入乃根據金融資產的賬面總值計算，除非金融資產已信貸減值，在此情況下，利息收入乃根據金融資產的攤銷成本計算。

本集團於損益確認所有金融工具之減值收益或虧損，惟不包括應收貿易款項，其相關調整乃透過虧損撥備確認。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are classified into 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.

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 balance) are measured at amortised cost using the effective interest method, less any impairment.

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 (before application of HKFRS 9 on 1 January 2018)

Loan and receivables are assessed for indicators of impairment at the end of each reporting period. Loan and receivables 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 financial assets have been affected.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及期後計量(於二零一八年一月一日應用香港財務報告準則第9號前)

金融資產分類為貸款及應收款項。分類視乎金融資產的性質及用途，以及於初始確認時釐定。所有常規方式買賣的金融資產概於交易日確認或終止確認。常規方式買賣乃指遵循一般法規或市場慣例在約定時間框架內交付資產的金融資產買賣。

貸款及應收款項

貸款及應收款項指附帶固定或可釐定付款金額，且在活躍市場並無報價的非衍生金融資產。繼初始確認後，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)均使用實際利率法，按攤銷成本計量，減任何減值。利息收入乃應用實際利率確認，惟短期應收款除外，因所確認的利息太少。

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(於二零一八年一月一日應用香港財務報告準則第9號前)

貸款及應收款項乃於各報告期末評估減值跡象。倘有客觀證據證明貸款及應收款項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實而受到影響，則金融資產出現減值。

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

For the year ended 31 December 2018 截至二零一八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 (before application of HKFRS 9 on 1 January 2018) (Continued)

For loan and receivables, 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.

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 the estimated future cash flow discounted at the financial asset's original effective interest rate.

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. Changes in the carrying amount of the allowance account are recognised in profit or loss. 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.

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(於二零一八年一月一日應用香港財務報告準則第9號前)(續)

對於所有貸款及應收款項而言，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

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。

對於按攤銷成本列賬的金融資產而言，已確認的減值虧損金額為資產賬面值與估計未來現金流量現值的差額(按金融資產之原來實際利率貼現)。

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。撥備賬的賬面值變動於損益確認。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。

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

For the year ended 31 December 2018 截至二零一八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 (before application of HKFRS 9 on 1 January 2018) (Continued)

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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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(於二零一八年一月一日應用香港財務報告準則第9號前)(續)

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。

終止確認金融資產

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，本集團方會終止確認金融資產。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，則本集團確認於資產的保留權益及就其可能須支付的金額確認相關負債。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。

當按攤銷成本計量的金融資產終止確認時，資產的賬面值與已收及應收代價款項之間的差額，於損益中確認。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated an effective hedging instrument.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本

分類為債務或股本

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。本公司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。

金融負債

所有金融負債其後使用實際利率法按攤銷成本或按公允值計入損益計量

按公允值計入損益之金融負債

倘金融負債乃：(i)收購方於香港財務報告準則第3號適用的業務合併中的或然代價；(ii)持作買賣；或(iii)指定按公允值計入損益，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
- 其為衍生工具，惟不包括屬財務擔保合約或指定作為實際對沖工具的衍生工具。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

it forms part of a contract containing one or more embedded derivatives, and HKFRS 9/HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Upon application of HKFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本 (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或收購方於業務合併中的或然負債除外）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，以及香港財務報告準則第9號／香港會計準則第39號准許全部合併合約指定為按公允值計入損益。

應用香港財務報告第9號後，就指定作為按公允值計入損益的金融負債，可歸因於相關負債的信貸風險變動的金融負債公允值變動金額，於其他全面收入確認，除非確認其他全面收入的負債信貸風險的變動，會創造或擴大損益的錯誤配對，則作別論。就包含內嵌衍生工具的金融負債而言，例如可換股債券等，於考慮將於其他全面收入呈報的金額時，將剔除內嵌衍生工具的公允值。於其他全面收入確認而可歸因於金融負債信貸風險的公允值變動，其後不會重新分類至損益；此外，其將於終止確認金融負債時，轉移至累計虧損。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL (Continued)

Prior to application of HKFRS 9 on 1 January 2018, financial liabilities designated at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liability and is included in the "loss on fair value changes of convertible bond line item."

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accruals, bank overdrafts, loan from shareholders, finance lease obligation and borrowings are subsequently measured at amortised cost, using the effective interest method.

Bonds

Bonds are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost.

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.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本 (續)

按公允值計入損益之金融負債 (續)

於二零一八年一月一日應用香港財務報告準則第9號前，指定按公允值計入損益的金融負債，乃按公允值列賬，而公允值變動產生的任何收益或虧損，則於損益確認。於損益確認收益或虧損淨額，包括就金融負債支付的任何利息，並計入「可換股債券項目公允值變動的虧損」。

按攤銷成本列賬之金融負債

金融負債(包括應收貿易款項、其他應付款項及應計費用、銀行透支、股東的貸款、財務租賃承擔及借款)其後使用實際利率法計量。

債券

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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bonds contain liability and equity components (Continued)

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.

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.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本 (續)

附有負債及權益部分的可換股債券 (續)

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。

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。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Convertible bonds contain liability and equity components (Continued)

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.

Derecognition of financial liabilities

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

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本 (續)

附有負債及權益部分的可換股債券 (續)

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。

終止確認金融負債

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。

本集團將與金融負債貸款人交換重大差異的條款，作為註銷原金融負債及確認新金融負債入賬。現有金融負債條款或其任何部分的重大修訂（不論是否歸因於本集團的財政困難），入賬作為註銷原金融負債及確認新金融負債。

本集團認為倘新條款下的現金流量的現值，包括任何已付費用（扣除任何已收費用）及使用原有實際利率貼現，較原有金融負債餘下現金流量貼現的現值至少有10%的差異，則屬有重大差別的條款。據此，相關交換債務工具或修訂條款，仍入賬作為註銷，而所產生的任何成本或費用，則確認為註銷的收益或虧損一部分。倘差異少於10%，交換或修訂被視為不重大修訂。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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;
 - (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

3. 重要會計政策 (續)

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；
 - (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

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties (Continued)

- (ii) the party is an entity where any of the following conditions applies: (Continued)
- (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)
- (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。

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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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on last due aging as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 6(b) respectively.

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性之其他主要來源。

應收貿易款項的預期信貸虧損撥備

本集團使用撥備矩陣計算應收貿易款項的預期信貸虧損。撥備比率乃根據最後到期賬齡釐定，並將具有類似虧損模式的各個債務人分組。撥備矩陣乃根據本集團的過往違約比率釐定，已考慮屬合理及有理據，而毋須耗費過多成本努力已可取用的前瞻性資料。於每個報告日期，過往觀察到違約比率均重新評估及前瞻性資料的變化亦予考慮。此外，具有重大結餘及信貸減值的應收貿易款項均會獨立評估預期信貸虧損。

預期信貸虧損撥備容易受估計變動影響。關於預期信貸虧損及本集團應收貿易款項的資料分別於附註6(b)披露。

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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.

Estimated impairment loss on film products and film production in progress

Management regularly reviews the recoverability of the Group's film products and film production in progress with reference to its estimated future revenue less the relevant costs, its intended future use and current market environment. Impairment for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired. In determining whether impairment on film products and film production in progress is required, the Group takes into consideration the present value of future cash flows expected to be received.

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的估計減值虧損

管理層定期審閱本集團電影產品及在製電影之可回收性，當中參考其估計未來收益減相關成本、其擬定未來用途及現時市場環境。倘有客觀證據表示資產已減值，則估計不可收回款項減值於綜合全面收益表內確認。於釐定是否須要就電影產品及在製電影計提減值時，本集團會考慮預期將收到之未來現金流的現值。

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以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，方屬投資物業。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。

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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 2017.

The capital structure of the Group consists of net debt (which includes trade payables, other payables and accruals, bank overdrafts, loans from shareholders, borrowings, finance lease obligation, bonds, convertible bond 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.

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

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二零一七年保持不變。

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、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，扣除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。

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：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Total debts	總債務	2,051,835	1,808,575
Total assets	總資產	2,358,431	2,617,586
Gearing ratio	資本負債比率	87%	69%

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

For the year ended 31 December 2018 截至二零一八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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Financial assets	金融資產		
Long-term receivables	長期應收款項	64,876	113,699
Trade receivables	應收貿易款項	128,177	125,595
Deposits and other receivables	按金及其他應收款項	32,463	42,152
Amount due from a joint venture	應收一間合營企業款項	2,414	2,414
Cash and bank balances	現金及銀行結餘	13,474	19,944
		241,404	303,804
Financial assets at amortised cost	按攤銷成本列賬之金融資產	241,404	—
Loans and receivables	貸款及應收款項	—	303,804
Financial liabilities	金融負債		
Fair value through profit or loss	按公允值計入損益		
Convertible bond	可換股債券	—	106,697
Amortised cost	攤銷成本		
Trade payables	應付貿易款項	19,979	25,666
Other payables and accruals	其他應付款項及應計費用	83,578	107,094
Bank overdrafts	銀行透支	—	8,416
Loans from shareholders	股東的貸款	601,031	504,060
Borrowings	借貸	193,059	221,202
Bonds	債券	1,023,319	719,920
Promissory notes	承兌票據	106,477	83,991
Finance lease obligation	財務租賃承擔	24,199	22,631
		2,051,642	1,692,980
		2,051,642	1,799,677

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For the year ended 31 December 2018 截至二零一八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, cash and bank balances, trade payables, other payables and accruals, bank overdrafts, loans from shareholders, borrowings, finance lease obligation, bonds, convertible bond and promissory notes. 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 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 considered that the volatility of the exchange rates between HK\$, RMB and US\$ is limited. However, the Directors 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、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、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。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，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。

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For the year ended 31 December 2018 截至二零一八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 loans from shareholders, borrowings, bonds, convertible bond and promissory notes which are subject to fixed interest rates are disclosed in Notes 29, 30, 32, 33 and 34 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 loss for the year ended 31 December 2018 would increase/decrease by approximately HK\$47,000 (2017: approximately HK\$ 31,000). This is mainly attributable to the Group's exposure to interest rates on loans from shareholders, borrowings, bonds, convertible bond and promissory notes.

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。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29、30、32、33及34。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，本集團截至二零一八年十二月三十一日止年度之稅後虧損將增加／減少約47,000港元(二零一七年：約31,000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。

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

For the year ended 31 December 2018 截至二零一八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)

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.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances individually. In this regard, the directors of the Company 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)

市場風險 (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。

客戶合約產生的應收貿易款項

為盡量減少信貸風險，本集團管理層已委任一個團隊負責釐定信貸限額及信貸許可。接納任何新客戶前，本集團使用內部信貸評分系統，評估潛在客戶的信貸質素及界定客戶的信貸限額。給予客戶的限額及評分每年檢討兩次。已設定其他監察程序，確保已採取跟進行動，收回逾期負債。此外，本集團於應用香港財務報告準則第9號(二零一七年：已產生虧損模式)後，根據預期信貸模式，個別對貿易結餘作出減值評估。就此，本公司董事認為本集團的信貸風險已大幅減少。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies (Continued)

Bank balances

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 40% (2017: 36%) of the total trade receivables are due from the Group's largest customer within film studio operation segment (2017: film studio 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.

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.

Impairment of trade receivables

During the year ended 31 December 2018, the Group provided HK\$6,982,000 impairment allowance for trade receivables significant balances.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables under the simplified approach.

		Lifetime ECL 存續期預期 信貸虧損 HK\$'000 千港元
As at 31 December 2017 under HKAS 39	於二零一七年十二月三十一日，根據香港會計準則第39條	
Adjustment upon application of HKFRS 9	應用香港財務報告準則第9條後調整	7,673
As at 1 January 2018 — As restated	於二零一八年一月一日 — 經重列	7,673
Impairment losses reversed	撥回減值虧損	(297)
Exchange adjustments	匯兌調整	(394)
As at 31 December 2018	於二零一八年十二月三十一日	6,982

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

銀行結餘

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40% (二零一七年：36%) 來自本集團影視城經營分部 (二零一七年：影視城經營分部) 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。

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。

應收貿易款項減值

於截至二零一八年十二月三十一日止年度，本集團就應收貿易款項重大結餘，計提6,982,000港元的減值撥備。

下表說明就應收貿易款項及其他應收款項，根據簡化法，已確認的存續期預期信貸虧損的變動。

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For the year ended 31 December 2018 截至二零一八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

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.

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 the 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

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。

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 加權平均利率 %	On demand or within 1 year 按要求或一年內 HK\$'000 千港元	More than 1 year but less than 5 years 多於一年但少於五年 HK\$'000 千港元	More than 5 years 多於五年 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金流量總額 HK\$'000 千港元	Carrying amounts 賬面值 HK\$'000 千港元
At 31 December 2018						
於二零一八年十二月三十一日						
Non-derivative financial liabilities						
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	—	103,557	—	—	103,557	103,557
Loans from shareholders	9.58%	4,090	680,875	—	684,965	601,031
Borrowings	9.64%	153,204	58,462	—	211,666	193,059
Bonds	6.97%	687,084	114,322	349,867	1,151,273	1,023,319
Promissory note	10.19%	—	123,148	—	123,148	106,477
Finance lease obligation	11.40%	11,595	7,632	48,988	68,215	24,199
		959,530	984,439	398,855	2,342,824	2,051,642

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity management (Continued)

Liquidity tables (Continued)

		Weighted average interest rate 加權 平均利率 %	On demand or within 1 year 按要求或 一年內 HK\$'000 千港元	More than 1 year but less than 5 years 多於一年 但少於五年 HK\$'000 千港元	More than 5 years 多於五年 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金 流量總額 HK\$'000 千港元	Carrying amounts 賬面值 HK\$'000 千港元
At 31 December 2017	於二零一七年 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	—	137,040	—	—	137,040	137,040
Bank overdrafts	銀行透支	4.50	8,447	—	—	8,447	8,416
Loans from shareholders	股東的貸款	9.56	472,532	55,233	—	527,765	504,060
Borrowings	借貸	9.61	212,871	22,440	—	235,311	221,202
Bonds	債券	8.24	360,443	412,573	72,408	845,424	719,920
Promissory note	承兌票據	9.00	86,145	—	—	86,145	83,991
Finance lease obligation	財務租賃承擔	11.40	9,041	7,927	59,055	76,023	22,631
			<u>1,286,519</u>	<u>498,173</u>	<u>131,463</u>	<u>1,916,155</u>	<u>1,697,260</u>
Derivatives	衍生工具						
Convertible bond	可換股債券	11.48	<u>110,187</u>	<u>—</u>	<u>—</u>	<u>110,187</u>	<u>106,697</u>

(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 2018 and 2017, 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。

截至二零一八年及二零一七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。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. REVENUE

7. 收入

Revenue from the Group's principal activities recognised during the year is as follows:

年內確認來自本集團主要業務的收入如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines:	香港財務報告準則第15號範圍內客戶合約的收益，按主要产品或服務線劃分：		
Artiste management fee income	藝人管理費收入	344	929
Hotel room income	酒店房間收入	13,432	17,545
Food and beverage income	餐飲收入	26,365	31,619
Entrance fee income	門券收入	54,422	63,677
Event income	活動收入	—	11,285
Films production and licensing income	電影製作及特許收入	—	912
Sales of travel related products	銷售旅遊相關產品	1,121	816
Sales of goods	貨品銷售	1,865	2,355
Ancillary services	附設服務	16,248	15,265
Consultation income	顧問收入	1,553	—
		115,350	144,403
Interest revenue that reflects significant financing granted to customers	反映向客戶授予重大融資的利息收入	3,421	—
Rental income	租金收入	35,066	76,969
		153,837	221,372

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. REVENUE (Continued)

Disaggregation of revenue from contracts with customers

7. 收入 (續)

分拆客戶合約收益

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度		
		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及分銷、銷售旅遊相關產品、藝員管理及活動協調 HK\$'000 千港元	Film studio operation 影視城營運 HK\$'000 千港元	Hotel operation 酒店營運 HK\$'000 千港元
Segments				
分部				
Types of goods or service	貨品或服務類別			
Artiste management fee income	藝員管理費收入	344	—	—
Hotel room income	酒店房間收入	—	—	13,432
Food and beverage income	餐飲收入	—	—	26,365
Entrance fee income	入場費收入	—	54,422	—
Sales of travel related products	銷售旅遊相關產品	1,121	—	—
Sales of goods	銷售貨品	—	1,865	—
Ancillary services	配套服務	—	14,490	1,758
Consultation income	諮詢服務	—	1,553	—
		1,465	72,330	41,555
Geographical markets	地理市場			
PRC	中國	—	72,330	41,555
Hong Kong	香港	1,465	—	—
		1,465	72,330	41,555
Timing of revenue recognition	收益確認的時間			
At a point in time	於一個時間點	1,121	56,287	26,365
Over time	於一段時間	344	16,043	15,190
		1,465	72,330	41,555

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

7. REVENUE (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

7. 收入 (續)

分拆客戶合約收益 (續)

下文列載客戶合約收益與分部資料披露的金額的對賬。

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度		
Segments		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及分銷、銷售旅遊相關產品、藝員管理及活動協調 HK\$'000 千港元	Film studio operation 影視城營運 HK\$'000 千港元	Hotel operation 酒店營運 HK\$'000 千港元
分部				
Reportable segment revenue	可報告分部收益	1,465	110,836	42,261
Inter-segment revenue	分部間收益	—	(19)	(706)
Interest revenue that reflects significant financing granted to customers	反映授予客戶的重大融資的利息收益	—	(3,421)	—
Rental income	租金收入	—	(35,066)	—
Revenue from contracts with customers	客戶合約收益	1,465	72,330	41,555

Disaggregation of revenue from contract with customers by the timing of revenue recognition and by geographic markets. Also, as described in note 2, the Group has applied HKFRS 15 for the first time for the current year and decided not to restate the comparative figure for the comparative period based on the specific transitional provisions set out in HKFRS 15.

以收益確認時間及地區市場劃分客戶合約的收益明細。再者，誠如附註2所述，本集團已於本年首次應用香港財務報告準則第15號，並根據香港財務報告準則第15號所載的特定過渡條文，決定不再重列於比較期間的比較數字。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. OTHER INCOME AND OTHER LOSSES

8. 其他收入及其他虧損

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other income	其他收入		
Bank interest income	銀行利息收入	16	13
Others	其他	5,261	854
		5,277	867

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Other losses	其他虧損		
Impairment losses of investments in films/dramas production	電影／戲劇製作投資之減值虧損	—	(5,775)
Loss on capitalisation of loan interest payables	資本化應付貸款利息虧損	—	(1,570)
Loss on capitalisation of other payables	資本化其他應付款項虧損	—	(5,431)
Loss on disposal of an intangible asset	出售一項無形資產虧損	—	(79)
Loss on disposal of an associate	出售一間聯營公司虧損	—	(110)
		—	(12,965)

9. IMPAIRMENT LOSS OF FINANCIAL ASSETS

9. 金融資產減值虧損

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Impairment loss of financial assets	金融資產減值虧損		
Impairment loss (recognised)/reversed on:	就以下各項(已確認)／撥回減值虧損：		
— trade receivables	— 應收貿易款項	297	(13)
— other receivables	— 其他應收款項	(7,792)	—
— interest receivables	— 應收利息	—	(5,239)
— available-for-sale investment	— 可供出售投資	—	(5,250)
		(7,495)	(10,502)

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. 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, sales of travel related products, 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.

10. 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、銷售旅遊相關產品、藝人管理及活動統籌	—	製作及發行電影、提供旅遊相關產品、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。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. SEGMENT INFORMATION

(Continued)

Segment revenues and results

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

10. 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、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Inter-segment elimination 分部間抵銷 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
Revenue from external customers	來自外界客戶的收入	1,465	110,817	41,555	—	153,837
Inter-segment revenue	分部間收入	—	19	706	(725)	—
Reportable segment revenue	可呈報分部收入	1,465	110,836	42,261	(725)	153,837
Segment result	分部業績	(14,597)	1,754	(51,645)	—	(64,488)
Other income	其他收入					5,277
Loss on exchange difference	匯兌差額虧損					(42,712)
Unallocated corporate expenses	未分配公司開支					(14,832)
Finance costs	融資成本					(227,330)
Impairment loss on land lease	土地租賃減值虧損					(71,473)
Loss before income tax	除所得稅前虧損					(415,558)

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. SEGMENT INFORMATION

(Continued)

10. 分部資料 (續)

Segment revenues and results (Continued)

分部收入及業績 (續)

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Inter-segment elimination 分部間抵銷 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度					
Revenue from external customers	來自外界客戶的收入	2,817	166,829	51,726	—	221,372
Inter-segment revenue	分部間收入	53	—	952	(1,005)	—
Reportable segment revenue	可呈報分部收入	2,870	166,829	52,678	(1,005)	221,372
Reportable segment (loss)/profit	可呈報分部(虧損)/溢利	(25,724)	57,577	(49,340)	—	(17,487)
Other income	其他收入					867
Loss on fair value changes of convertible bonds	可換股債券公允值變動虧損					(4,902)
Loss on capitalisation of loan interest payables	資本化應付貸款利息虧損					(1,570)
Loss on capitalisation of other payables	資本化其他應付款項虧損					(5,431)
Gain on fair value changes of investment properties	投資物業公允值變動收益					1,080
Unallocated corporation expenses	未分配公司開支					(527)
Finance costs	融資成本					(165,563)
Loss before income tax	除所得稅前虧損					(193,533)

Revenue reported above represents revenue generated from external customers and inter-segment sales during both years.

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。

Segment (loss)/profit represents the loss incurred by each segment without allocation of central administration costs including directors' salaries, loss on capitalisation of loan interest payables, loss on capitalisation of other payables, gain on fair value changes of investment properties, loss on fair value changes of convertible bond, waiver of interest of convertible bond, net losses on early redemption of convertible bonds, other income, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

分部(虧損)/溢利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、資本化應付貸款利息虧損、資本化其他應付款項虧損、投資物業公允值變動收益、可換股債券公允值變動虧損、豁免可換股債券利息、提早結付可換股債券之虧損淨額、其他收入、財務成本及所得稅開支)。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。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. SEGMENT INFORMATION

(Continued)

Segment assets and liabilities

10. 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、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
At 31 December 2018	於二零一八年十二月三十一日				
Reportable segment assets	可呈報分部資產	14,337	1,444,421	868,964	2,327,722
Property, plant and equipment	物業、廠房及設備				15
Cash and cash equivalents	現金及現金等價物				9,273
Unallocated corporation assets	未分配公司資產				21,421
Consolidated assets	綜合資產				2,358,431
Reportable segment liabilities	可呈報分部負債	(5,100)	(69,793)	(23,192)	(98,085)
Loans from shareholder	股東的貸款				(601,031)
Borrowings	借貸				(193,059)
Bond	債券				(1,023,319)
Promissory notes	承兌票據				(106,477)
Deferred tax liabilities	遞延稅項負債				(158,470)
Provision for income tax	所得稅撥備				(2,951)
Unallocated corporate liabilities	未分配公司負債				(29,864)
Consolidated liabilities	綜合負債				(2,213,256)

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. SEGMENT INFORMATION

(Continued)

10. 分部資料 (續)

Segment assets and liabilities (Continued)

分部資產及負債 (續)

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
At 31 December 2017	於二零一七年十二月三十一日				
Reportable segment assets	可呈報分部資產	18,389	1,645,751	898,941	2,563,081
Property, plant and equipment	物業、廠房及設備				613
Cash and bank balances	現金及銀行結餘				16,384
Assets classified as held for sale	分類為持作出售資產				34,780
Unallocated corporate assets	未分配公司資產				2,728
Consolidated assets	綜合資產				2,617,586
Reportable segment liabilities	可呈報分部負債	(6,126)	(88,672)	(24,722)	(119,520)
Loans from shareholders	股東的貸款				(504,060)
Borrowings	借貸				(221,202)
Bonds	債券				(719,920)
Convertible bond	可換股債券				(106,697)
Promissory note	承兌票據				(83,991)
Deferred tax liabilities	遞延稅項負債				(165,629)
Provision for income tax	所得稅撥備				(2,951)
Unallocated corporate liabilities	未分配公司負債				(53,185)
Consolidated liabilities	綜合負債				(1,977,155)

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. 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.

10. 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、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
At 31 December 2018	於二零一八年十二月三十一日				
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,555	31,145	30,509	63,209
Amortisation of land lease prepayments	預付土地租賃攤銷	—	11,512	2,245	13,757
Amortisation of film products	電影產品攤銷	1,224	—	—	1,224
Addition to non-current assets	非流動資產增加	63	63,025	356	63,444
At 31 December 2017	於二零一七年十二月三十一日				
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,764	28,194	28,798	58,756
Amortisation of land lease prepayments	預付土地租賃攤銷	—	11,512	2,245	13,757
Amortisation of film products	電影產品攤銷	1,210	—	—	1,210
Addition to non-current assets	非流動資產增加	2,185	97,527	2,562	102,274

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

10. 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

Revenue from customer contributing over 10% of the total revenue of the Group is as follows:

10. 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華人民共和國(「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

來自佔本集團總收入超過10%的客戶的收入如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Customer A	客戶A	52,370 ¹	N/A不適用 ²
Customer B	客戶B	N/A不適用 ²	48,468 ¹

¹ Revenue from film studio operation.

² The customer did not contribute over 10% or more to the Group's total revenue in the year.

¹ 影視城經營的收入。

² 該客戶於該年度並無佔本集團總收入超過10%。

11. FINANCE COSTS

11. 融資成本

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Finance lease charges	財務租賃費用	1,839	2,171
Interest on bank overdrafts	銀行透支利息	46	364
Interest on bonds	債券利息	139,023	83,025
Interest on promissory notes	承兌票據利息	10,348	9,536
Interest on loans from shareholders	股東貸款的利息	53,309	43,699
Interest on unsecured other borrowings	其他無抵押借貸利息	8,493	14,360
Interest on secured other borrowings	其他有抵押借貸利息	13,775	12,145
Interest on secured bank borrowings	有抵押銀行借貸利息	497	263
		227,330	165,563

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12. LOSS BEFORE INCOME TAX 12. 除所得稅前虧損

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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：		
Auditors' remuneration	核數師酬金	850	1,118
Amortisation of film products	影片攤銷	1,224	1,210
Amortisation of land lease prepayments	預付土地租賃攤銷	13,757	13,757
Costs of inventories recognised as expenses	確認為開支的存貨成本	443	629
Depreciation of property, plant and equipment	物業、廠房及設備折舊	63,247	58,957
Equity-settled share-based payments granted to consultants	授予顧問之以股權結算的股份支付	—	9,581
Impairment losses of investment in films/dramas production	電影／戲劇製作投資減值虧損	—	5,775
Net exchange losses/(gains)	匯兌虧損／(收益)淨額	42,712	(47,809)
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	11,249	12,521
Rental receivables from investment properties less direct outgoings	投資物業應收租金減直接開支	—	(149)
Employee benefit expenses (including directors' remuneration) (note 15)	僱員福利開支 (包括董事酬金) (附註15)		
— Salaries, allowances and benefits in kind	— 薪金、津貼及實物福利	40,545	37,189
— Contributions to retirement benefits schemes	— 退休福利計劃供款	11,084	10,156
— Equity-settled share-based payments	— 以股權結算的股份支付	—	21,841
		51,629	69,186

Note: Equity settled share based payments recognised as employee benefit expenses include an amount of HK\$4,790,000 representing the fair value of share options granted to an employee who subsequently resigned from the Group and became a consultant of the Group with effect from November 2017. The share options vested immediately on the date of grant.

附註：以權益結算的股份付款確認為作為僱員福利開支，包括4,790,000港元的款項，代表授予一名僱員的購股權的公允值，該僱員其後從本集團辭任及成為本集團一名顧問，由二零一七年十一月起生效。該等購股權於授出日期隨時歸屬。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

13. INCOME TAX EXPENSE

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.

The PRC Enterprises Income Tax at 25% has not been provided as the PRC subsidiaries have available tax losses brought forward from previous years to offset the assessable profits generated during the year, or incurred losses for taxation purposes.

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:

13. 所得稅開支

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。

由於中國附屬公司擁有往轉自過往年度之可用稅項虧損以抵扣年內產生之應課稅溢利或就課稅目的產生的虧損，故並無就中國企業所得稅(稅率為25%)作出撥備。

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：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loss before tax	除稅前虧損	(415,558)	(193,533)
Tax at domestic income tax rate	按國內所得稅稅率計算的稅項	(76,797)	(28,780)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	77,774	26,597
Tax effect of income not taxable for tax purpose	毋須課稅收入的稅務影響	(2)	(7,522)
Utilisation of tax losses previously not recognised	動用先前未確認的稅項虧損	(13,531)	(9,339)
Tax effect of unrecognised estimated tax losses	未確認估計稅項虧損的稅務影響	12,556	19,044
Income tax expense for the year	本年度所得稅開支	—	—

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

13. INCOME TAX EXPENSE

(Continued)

Income tax recognised in other comprehensive income

13. 所得稅開支 (續)

於其他全面收入確認的所得稅

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Deferred tax	遞延稅項		
Arising on expense recognised in other comprehensive income:	產生自於其他全面開支確認的收入：		
Revaluation of properties held for own use	重估持作自用物業	(7,159)	(10,727)
Total income tax credit recognised in other comprehensive income	於其他全面收入確認的所得稅抵免總額	(7,159)	(10,727)

14. 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\$415,556,000 (2017: approximately HK\$193,529,000) and the weighted average of approximately 4,517,071,000 (2017: approximately 4,348,296,000) 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 2018 and 2017 was the same as basic loss per share because the impact of the exercise of the share options and convertible bonds is anti-dilutive.

14. 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415,556,000港元(二零一七年：約193,529,000港元)及已發行的普通股的加權平均數約4,517,071,000股(二零一七年：約4,348,296,000股)計算。購股權及可換股債券的行使具有反攤薄影響，因此，截至二零一八年及二零一七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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the ten (2017: ten) Directors and the chief executive were as follows:

15. 董事及高級管理人員薪酬

已付或應付十名(二零一七年：十名)董事及高級管理人員的薪酬如下：

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

		Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及 實物福利 HK\$'000 千港元	Contributions to retirement benefits schemes 退休福利 計劃供款 HK\$'000 千港元	Equity-settled share option expense 以權益結算 購股權開支 HK\$'000 千港元	Total emoluments 總酬金 HK\$'000 千港元
Executive Directors:	執行董事：					
Mr. Chow Kai Weng	周啟榮先生	—	1,220	18	—	1,238
Ms. Law Po Yee (Resigned on 15 November 2018)	羅寶兒女士(於二零一八年 十一月十五日辭任)	—	888	17	—	905
Ms. Sin Ho Yee (Resigned on 15 November 2018)	沈灝怡女士(於二零一八年 十一月十五日辭任)	—	263	13	—	276
Mr. Cheng Wang Chun (Appointed on 4 May 2018)	鄭弘駿先生(於二零一八年 五月四日獲委任)	—	479	11	—	490
Mr. Ho Leung Ting (Appointed on 15 November 2018)	何亮霆先生(於二零一八年 十一月十五日獲委任)	—	80	3	—	83
Non-executive Directors:	非執行董事：					
Mr. Sin Kwok Lam (Resigned on 4 May 2018)	冼國林先生(於二零一八年 五月四日辭任)	—	913	8	—	921
Mr. Li Sin Hung, Maxim (Resigned on 5 January 2018)	李錦洪先生(於二零一八年 一月五日辭任)	—	—	—	—	—
Dr. Lam Lee G.	林家禮博士	100	—	—	—	100
Independent non-executive Directors:	獨立非執行董事：					
Mr. Chan Tin Lup, Trevor (Resigned on 1 July 2018)	陳天立先生(於二零一八 年一月一日辭任)	30	—	—	—	30
Mr. Chui Chi Yun, Robert	崔志仁先生	60	—	—	—	60
Prof. Wong Lung Tak, Patrick (Resigned on 1 January 2019)	黃龍德教授(於二零一九年 一月一日辭任)	60	—	—	—	60
Mr. Li Kit Chee	李傑之先生	60	—	—	—	60
Total emoluments	總酬金	310	3,843	70	—	4,223

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(Continued)

For the year ended 31 December 2017

15. 董事及高級管理人員薪酬(續)

截至二零一七年十二月三十一日止年度

		Fees 袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及 實物福利 HK\$'000 千港元	Contributions to retirement benefits schemes 退休福利 計劃供款 HK\$'000 千港元	Equity-settled share option expense 以權益結算 購股權開支 HK\$'000 千港元	Total emoluments 總酬金 HK\$'000 千港元
Executive Directors:	執行董事：					
Ms. Law Po Yee	羅寶兒女士	—	960	18	514	1,492
Ms. Sin Ho Yee	沈瀾怡女士	—	240	12	514	766
Mr. Chow Kai Weng	周啟榮先生	—	720	18	5,164	5,902
Non-executive Directors:	非執行董事：					
Mr. Sin Kwok Lam	冼國林先生	—	2,400	18	514	2,932
Mr. Li Sin Hung, Maxim (Resigned on 5 January 2018)	李錦洪先生(於二零一八年 一月五日辭任)	40	—	—	514	554
Dr. Lam Lee G. (Appointed on 30 June 2017)	林家禮博士(於二零一七年 六月三十日獲委任)	50	—	—	—	50
Independent non-executive Directors:	獨立非執行董事：					
Mr. Chan Tin Lup, Trevor	陳天立先生	60	—	—	514	574
Mr. Chui Chi Yun, Robert	崔志仁先生	60	—	—	514	574
Prof. Wong Lung Tak, Patrick	黃龍德教授	60	—	—	514	574
Mr. Li Kit Chee	李傑之先生	60	—	—	514	574
Total emoluments	總酬金	330	4,320	66	9,276	13,992

Notes:

Ms. Law Po Yee ("Ms. Law") and Mr. Chow Kai Weng were also the chief executive of the Company and her/his emoluments disclosed included those for services rendered by her/his 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 2018 and 2017.

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 during the years ended 31 December 2018 and 2017.

附註：

羅寶兒女士(「羅女士」)及周啟榮先生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。截至二零一八年及二零一七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。

於截至二零一八年及二零一七年十二月三十一日止年度，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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2017: all) of them were Directors of the Company whose emoluments are included in the disclosures in Note 15 above. The emoluments of the remaining individual for the year ended 31 December 2018 and 2017 were as follows:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	775	—
Retirement benefit costs	退休福利成本	—	—
		775	—

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 (2017: nil).

16. 僱員薪酬

在本集團五名最高薪酬人士中，四名(二零一七年：全體)為本公司董事，彼等的薪酬已於上文附註15中披露。於截至二零一八年及二零一七年十二月三十一日止年度，餘下一名人士的薪酬如下：

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(二零一七年：無)。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Leasehold land and buildings 租賃土地及 樓宇 HK\$'000 千港元	Hotel properties 酒店物業 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 HK\$'000 千港元	Motor vehicles and yacht 汽車及遊艇 HK\$'000 千港元	Film studio 影視城 HK\$'000 千港元	Total 總額 HK\$'000 千港元
COST	成本							
Balance at 1 January 2017	於二零一七年一月一日的結餘	10,910	752,402	4,157	45,728	6,793	884,127	1,704,117
Additions	添置	—	1,765	89	3,769	288	96,363	102,274
Deficit on valuation	估值虧絀	—	(8,956)	—	—	—	(82,440)	(91,396)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	831	41,198	55	3,409	111	49,648	95,252
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日的結餘	11,741	786,409	4,301	52,906	7,192	947,698	1,810,247
Additions	添置	—	—	—	807	650	61,987	63,444
Disposal	出售	—	—	(1,220)	(69)	(559)	—	(1,848)
Surplus/(Deficit) on valuation	估值盈餘/(虧絀)	—	8,090	—	—	—	(89,677)	(81,587)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(609)	(30,262)	(42)	(2,504)	(88)	(35,042)	(68,547)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	11,132	764,237	3,039	51,140	7,195	884,966	1,721,709
DEPRECIATION	折舊							
Balance at 1 January 2017	於二零一七年一月一日的結餘	1,830	—	2,509	12,599	2,195	—	19,133
Depreciation expense	折舊開支	492	22,293	695	8,094	1,187	26,196	58,957
Deficit on valuation	估值虧絀	—	(22,293)	—	—	—	(26,196)	(48,489)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	157	—	35	1,192	54	—	1,438
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日的結餘	2,479	—	3,239	21,885	3,436	—	31,039
Depreciation expense	折舊開支	498	24,012	337	8,322	1,140	28,938	63,247
Written back upon disposal	出售後撥回	—	—	(755)	(30)	(316)	—	(1,101)
Deficit on valuation	估值虧絀	—	(24,012)	—	—	—	(28,938)	(52,950)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(146)	—	(35)	(1,486)	(49)	—	(1,716)
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	2,831	—	2,786	28,691	4,211	—	38,519
CARRYING AMOUNTS	賬面值							
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	8,301	764,237	253	22,449	2,984	884,966	1,683,190
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	9,262	786,409	1,062	31,021	3,756	947,698	1,779,208

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17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Hotel properties were revaluated on 31 December 2018 and 2017 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 surplus of approximately HK\$32,102,000 (2017: deficit of approximately HK\$13,337,000) net of applicable deferred income taxes expenses of approximately HK\$8,026,000 (2017: approximately HK\$3,334,000) was credited to properties revaluation reserve in the amount of approximately HK\$24,076,000 (2017: debited to properties revaluation reserve of approximately HK\$10,003,000). If the hotel properties had not been revalued, it would have been included in the consolidated financial statements at historical cost of approximately HK\$453,713,000 (2017: approximately HK\$453,713,000) as at 31 December 2018.

Film Studio were revaluated on 31 December 2018 and 2017 by RHL. The revaluation deficit of approximately HK\$60,739,000 (2017: deficit of approximately HK\$56,244,000) net of applicable deferred income taxes credit of approximately HK\$15,185,000 (2017: approximately HK\$14,061,000) was debited to properties revaluation reserve in the amount of approximately HK\$45,554,000 (2017: debited to properties revaluation reserve of approximately HK\$42,183,000). If the film studio had not been revalued, it would have been included in the consolidated financial statements at historical cost of approximately HK\$818,434,000 (2017: approximately HK\$791,490,000) as at 31 December 2018.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. 物業、廠房及設備 (續)

酒店物業於二零一八年及二零一七年十二月三十一日由永利行評估顧問有限公司(「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。重估盈餘約32,102,000港元(二零一七年：虧絀約13,337,000港元)扣除適用的遞延所得稅支出約8,026,000港元(二零一七年：約3,334,000港元)已於物業重估儲備中增加約24,076,000港元(二零一七年：於物業重估儲備中扣除約10,003,000港元)。倘酒店物業並無進行重估，其將按二零一八年十二月三十一日的歷史成本約453,713,000港元(二零一七年：約453,713,000港元)計入綜合財務報表。

影視城已於二零一八年及二零一七年十二月三十一日由永利行重估。重估虧絀約60,739,000港元(二零一七年：虧絀約56,244,000港元)扣除適用的遞延所得稅抵免約15,185,000港元(二零一七年：約14,061,000港元)已於物業重估儲備中扣除約45,554,000港元(二零一七年：於物業重估儲備中扣除約42,183,000港元)。倘影視城未經重估，其將按二零一八年十二月三十一日的歷史成本約818,434,000港元(二零一七年：約791,490,000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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

As at 31 December 2018:

Element	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range/Amount	Sensitivity
元素	公允價值層級	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	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 hotel properties	RMB663,000,000 (2017: RMB655,000,000)	The higher the costs of constructions, the higher the fair values
酒店物業	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663,000,000 (二零一七年: 人民幣655,000,000)	建築成本愈高, 公允價值愈高
Film studio	Level 3	Income approach-discounted cashflow approach	Discount, rate	14.00% (2017: 16.40%)	The higher the discount rate, the lower the fair value
影視城	第三級	收入法 — 貼現現金流量法	變現率	14.00% (二零一七年: 16.40%)	變現率愈高, 公允價值愈低

At the end of the reporting period, the net carrying amount of film studio held under finance leases of the Group was approximately HK\$8,302,000 (2017: approximately HK\$9,262,000).

17. 物業、廠房及設備 (續)

下表提供有關該等酒店物業及影視城的公允價值如何釐定(尤其是所用估值技術及主要輸入數據)的資料, 以及有關公允價值計量按照公允價值計量主要輸入數據的可觀察程度而分類的公允價值層級(第一級至第三級)。

於二零一八年十二月三十一日:

於報告期末, 本集團根據財務租賃持有的影視城之賬面淨值約為8,302,000港元(二零一七年: 約9,262,000港元)。

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18. LAND LEASE PREPAYMENTS

18. 預付土地租賃

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Analysed for reporting purposes as: Non-current asset	就報告目的之分析： 非流動資產	371,074	456,304

19. PRINCIPAL SUBSIDIARIES

19. 附屬公司列表

Details of the Company's principal subsidiaries at the end of the reporting period are set out as follows:

本公司於報告期末的主要附屬公司詳情如下：

Name of subsidiary	Forms of business structure	Place of incorporation or registration	Issued and fully paid share capital/ registered capital/ paid-up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
附屬公司名稱	業務架構形式	註冊成立地點或註冊地點	已發行及繳足股本／註冊資本／實繳資本	本公司所持已發行股本面值／註冊資本比例		主要業務
				2018 二零一八年	2017 二零一七年	
National Arts Entertainment Limited ("NA Entertainment")	Incorporated	Hong Kong	Ordinary shares of HK\$1,500,000	100% (indirect)	100% (indirect)	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% (間接)	在香港向藝人提供管理服務
National Arts Entertainment Holdings Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$192,308	100% (direct)	100% (direct)	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% (直接)	在香港進行投資控股
National Arts Production & Promotions Limited	Incorporated	Hong Kong	Ordinary shares of HK\$1	100% (indirect)	100% (indirect)	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% (間接)	在香港提供推廣演出服務
National Arts Films Production Limited ("NA Film")	Incorporated	Hong Kong	Ordinary shares of HK\$1,500,000	100% (indirect)	100% (indirect)	Provision of distribution of film in Hong Kong
國藝影視製作有限公司(「國藝影視」)	註冊成立	香港	普通股1,500,000港元	100% (間接)	100% (間接)	在香港製作及發行電影
Art Tour Limited	Incorporated	Hong Kong	Ordinary shares of HK\$10,000	100% (direct)	100% (direct)	Inactive
遊藝有限公司	註冊成立	香港	普通股10,000港元	100% (直接)	100% (直接)	無業務
Glory Max Group Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	100% (direct)	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% (直接)	在香港進行投資控股
Head Return Limited ("HRL")	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100% (indirect)	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% (間接)	在香港進行投資控股
Expand Pacific Limited ("EPL")	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100% (indirect)	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% (間接)	在香港進行投資控股

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19. PRINCIPAL 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
				2018 二零一八年	2017 二零一七年	
Foshanshi Huixing Jiudian Co., Ltd*	Wholly foreign owned enterprise ("WFOE")	PRC	Registered capital of US\$45,000,000	100% (indirect)	100% (indirect)	Hotel operation in the PRC
佛山市匯星酒店有限公司	外商獨資企業	中國	註冊資本 45,000,000美元	100% (間接)	100% (間接)	在中國經營酒店
Foshanshi Huishoujingqu Kai Fa Co., Ltd*	WFOE	PRC	Registered capital of US\$40,000,000	100% (indirect)	100% (indirect)	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	註冊資本 40,000,000美元	100% (間接)	100% (間接)	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% (indirect)	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% (間接)	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% (indirect)	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% (間接)	於中國經營輕食餐廳
Rainbow Dragon Corporation Limited	Incorporated	Hong Kong	Ordinary shares of HK\$150	100% (indirect)	100% (indirect)	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% (間接)	在香港進行投資控股
Wide Expand Limited	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100% (indirect)	Investment holding in Hong Kong
偉澎有限公司	註冊成立	香港	普通股港幣100	100% (間接)	100% (間接)	在香港進行投資控股
Broad Sky Investment Limited	Incorporated	Hong Kong	Ordinary shares of HK\$20	100% (direct)	100% (direct)	Inactive
博天投資有限公司	註冊成立	香港	普通股20港元	100% (直接)	100% (直接)	無業務
National Arts Travel Limited	Incorporated	Hong Kong	Ordinary shares of HK\$500,000	100% (indirect)	100% (indirect)	Provision of travel related products in Hong Kong
國藝旅遊有限公司	註冊成立	香港	普通股500,000港元	100% (間接)	100% (間接)	在香港提供旅遊相關產品
Elegant Motion Enterprises Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	100% (direct)	Investment holding in Hong Kong
雅動企業有限公司	註冊成立	英屬維京群島	普通股1美元	100% (直接)	100% (直接)	在香港進行投資控股
Flash Star Holdings Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	100% (direct)	Investment holding in Hong Kong
耀星控股有限公司	註冊成立	英屬維京群島	普通股1美元	100% (直接)	100% (直接)	在香港進行投資控股
Wealth Day Enterprises Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	100% (direct)	Investment holding in Hong Kong
富日企業有限公司	註冊成立	英屬維京群島	普通股1美元	100% (直接)	100% (直接)	在香港進行投資控股

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19. PRINCIPAL 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
				2018 二零一八年	2017 二零一七年	
Lux Unicorn Limited ("Lux Unicorn")	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	100% (indirect)	Investment holding in Hong Kong
盛麟有限公司(「盛麟」)	註冊成立	香港	普通股100港元	100% (間接)	100% (間接)	在香港進行投資控股
NA Sing Sing Entertainment Limited	Incorporated	Hong Kong	Ordinary shares of HK\$500,000	51% (indirect)	51% (indirect)	Provision of event coordination services in Hong Kong
藝星娛樂有限公司	註冊成立	香港	普通股500,000港元	51% (間接)	51% (間接)	在香港提供活動統籌服務
Brillant Grand Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	—	Inactive
Brillant Grand Limited	註冊成立	英屬維京群島	普通股1美元	100% (直接)	—	無業務
Bright Joyful Development Limited	Incorporated	British Virgin Islands	Ordinary shares of US\$1	100% (direct)	—	Inactive
Bright Joyful Development Limited	註冊成立	英屬維京群島	普通股1美元	100% (直接)	—	無業務
Thousand Famous Limited	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	—	Inactive
千譽有限公司	註冊成立	香港	普通股100港元	100% (間接)	—	無業務
Real Wind Limited	Incorporated	Hong Kong	Ordinary shares of HK\$100	100% (indirect)	—	Inactive
真宏有限公司	註冊成立	香港	普通股100港元	100% (間接)	—	無業務
一譽國藝投資諮詢(深圳)有限公司	WFOE	PRC	Register capital of RMB500,000	100% (indirect)	—	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)	—	無業務
佛山市國昊景區管理有限公司	Domestic enterprise	PRC	Register capital of RMB1,000,000	100% (indirect)	—	Inactive
佛山市國昊景區管理有限公司	內資企業	中國	註冊資本人民幣1,000,000元	100% (間接)	—	無業務
佛山市國藝匯晟園區管理有限公司	WFOE	PRC	Register capital of US\$300,000	100% (indirect)	—	Inactive
佛山市國藝匯晟園區管理有限公司	外商獨資企業	中國	註冊資本US\$300,000元	100% (間接)	—	無業務
佛山市匯盈旅遊有限公司	Domestic enterprise	PRC	Register capital of RMB500,000	100% (indirect)	—	Inactive
佛山市匯盈旅遊有限公司	內資企業	中國	註冊資本人民幣500,000元	100% (間接)	—	無業務
佛山市匯展道具租賃有限公司	Domestic enterprise	PRC	Register capital of RMB1,000,000	100% (indirect)	—	Inactive
佛山市匯展道具租賃有限公司	內資企業	中國	註冊資本人民幣1,000,000元	100% (間接)	—	無業務

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19. PRINCIPAL 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
				2018 二零一八年	2017 二零一七年
佛山市啟創影視諮詢服務有限公司	Domestic enterprise 內資企業	PRC 中國	Register capital of RMB1,000,000 註冊資本人民幣1,000,000元	100% (indirect)	— Inactive 無業務
佛山市國翰賢藝文化藝術傳播有限公司	Domestic enterprise 內資企業	PRC 中國	Register capital of RMB30,000 註冊資本人民幣30,000	100% (indirect)	— Inactive 無業務
National Arts Film Shooting Base Management Company Limited 國藝影視基地管理有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$100 普通股100港元	100% (indirect)	— Inactive 無業務
佛山市國藝景區管理有限公司	WFOE 外商獨資企業	PRC 中國	Register capital of US\$3,000,000 註冊資本3,000,000美元	100% (indirect)	— Inactive 無業務

* For identification purpose only

Note:

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 2018 and 2017.

* 僅供識別

附註：

於報告期末，概無附屬公司已發行任何上市證券。截至二零一八年及二零一七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。

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20. INVESTMENT IN A JOINT VENTURE

20. 合營企業投資

Details of the Group's investment in a joint venture are as follows:

本集團合營企業投資的詳情如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	(6,072)	(5,000)
		5,328	6,400

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 activity 主要業務
			2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年	
Zhuhaishi 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 purpose only

* 僅供識別

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. 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 HKFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

20. 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。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current assets	流動資產	1,699	2,336
Non-current assets	非流動資產	11,645	13,742
Current liabilities	流動負債	4,974	5,437
Non-current liabilities	非流動負債	—	—
The above amounts of assets and liabilities include the following:	上述資產及負債金額包括以下各項：		
Cash and cash equivalents	現金及現金等值項目	821	1,239
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)	—	—

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20. INVESTMENT IN A JOINT VENTURE (Continued)

20. 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)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收入	6,465	7,212
Loss for the year	本年度虧損	(1,787)	(1,087)
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	(1,787)	(1,087)
Dividends received from the joint venture during the year	本年度自合營企業收取的股息	—	—
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	165	(155)
Interest income	利息收入	4	2
Interest expense	利息開支	—	—
Income tax expense	所得稅開支	—	—

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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. FILM PRODUCTS AND FILM PRODUCTION IN PROGRESS

21. 電影產品及在製電影產品

		Film rights 電影權利 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 2017	於二零一七年一月一日的結餘	103,187	3,630	106,817
Additions	添置	—	—	—
Transfer to film products	轉撥至電影產品	3,630	(3,630)	—
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日的結餘	106,817	—	106,817
Additions	添置	14	—	14
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	106,831	—	106,831
Accumulated amortisation and impairment losses:	累計攤銷及減值虧損：			
Balance at 1 January 2017	於二零一七年一月一日的結餘	103,187	—	103,187
Amortisation of film products	電影產品攤銷	1,210	—	1,210
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日的結餘	104,397	—	104,397
Amortisation of film products	電影產品攤銷	1,224	—	1,224
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	105,621	—	105,621
CARRYING AMOUNTS	賬面值			
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	1,210	—	1,210
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	2,420	—	2,420

Note:

Amortisation charge of approximately HK\$1,224,000 (2017: approximately HK\$1,210,000) with respect to film rights has been included in cost of film production in the consolidated statement of profit or loss and other comprehensive income. Amortisation of film right 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：

有關電影權利的攤銷支出約1,224,000港元(二零一七年：約1,210,000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。電影權利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。

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**22. INVESTMENTS IN FILMS/
DRAMAS PRODUCTION****22. 投資電影／戲劇製作**

	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Investments in films/dramas production 投資電影／戲劇製作	1,311	986

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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

23. TRADE RECEIVABLES

23. 應收貿易款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade receivables	應收貿易款項		
— travel agents	— 旅遊代理	102,386	66,824
— production crews	— 製作團隊	23,382	55,454
— others	— 其他	9,391	5,317
		135,159	125,595
Less: allowance for credit losses	減：信貸虧損撥備	(6,982)	—
		128,177	125,595

The Group generally allows a credit period from 30 to 90 days (2017: 30 to 90 days) to its trade customers in respect of film production and distribution sales of travel related products, artiste management and event coordination and hotel operation. In respect of travel agent selling tickets of a film studio owned by the Group on behalf of the Group (such ticket agent was new for the year ended 31 December 2018) (referred to as "Ticket Selling Agent A"), the credit period granted by the Group to the Ticket Selling Agent A was about 1 year from the date when the related revenue is recognised by the Group. The Group assessed and concluded that there was a significant financing component and hence the Group adjusted the promised consideration by using a discount rate that would be reflected in a separate financing transaction between the Group and the Ticket Selling Agent A. When the tickets are sold by Ticket Selling Agent A on behalf of the Group, the Group only recognised the consideration adjusted for the financing component as the revenue. The consideration allocated to the financing income is recognised as interest income over the credit period. The amount of interest income recognised for the year ended 31 December 2018 amounted to HK\$3,421,000.

本集團通常對其貿易客戶容許30至90日的信貸期(二零一七年：30至90日)，該等客戶來自電影製作及旅遊相關產品分銷、藝員管理及活動統籌及酒店營運。就代本集團銷售本集團影視城門票的旅行代理而言(該門票代理為截至二零一八年十二月三十一日止年度的新代理(下文稱為「售票代理A」))，本集團給予售票代理A的信貸期為本集團確認相關收益日期起計約一年。本集團經過評估，得出結論為當中有重大的融資成份，因此，使用貼現率調整承諾代價，反映本集團與售票代理A之間的獨立融資交易。當售票代理A代本集團售票，本集團僅確認就融資成份作出調整的代價為收益。分配予融資收入的代價，乃確認為信貸期內的利息收入。於截至二零一八年十二月三十一日止年度確認的利息收入金額為3,421,000港元。

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23. TRADE RECEIVABLES

(Continued)

The Group in previous years had engaged another agent to sell tickets on behalf of the Group (referred to as "Ticket Selling Agent B"). During the year ended 31 December 2018, the Group entered into an arrangement with the Ticket Selling Agent B such that the Group agreed to extend the payment date for 12 months from the date of 31 August 2018 which, according to the arrangement, will be due for payment from December 2018 to July 2019. The Group considered that such an arrangement was a modification; the difference between the gross carrying amount of the receivable and the present value of the agreed cash flows discounted at the appropriate discount rate was recognised as a loss for the year ended 31 December 2018, amounting to HK\$5,254,000. As at 31 December 2018, the carrying amount of the receivable from the Ticket Selling Agent B amounting to HK\$40,809,000. Since the arrangement was entered into and up to the date when the consolidated financial statements were authorised for issue, the Ticket Agent B had payment of HK\$15,500,000 in accordance with the arrangement. Accordingly, the Directors considered no additional impairment as at 31 December 2018 is necessary.

As at 31 December 2018, the Group had trade receivables from film production companies amounting to HK\$23,382,000 (2017: HK\$55,454,000). For the year ended 31 December 2018, an expected credit loss ("ECL") of HK\$1,728,000 was recognised. The estimation of ECL was determined neither based on the best scenario nor the worst scenario. The Directors estimated the amount of ECL based on the expected amount and timing of payments. In general, an ECL is determined based on the present value of the difference between (a) the contractual cash flows that are due to the Group and (b) the cash flows expected to be received by the Group, at the appropriate discount rate. The adopted discount rate was taken into account the credit risk characteristics of such debtors.

23. 應收貿易款項 (續)

本集團於先前年度已委聘另一名代理代本集團售票(下文稱為「售票代理B」)。於截至二零一八年十二月三十一日止年度，本集團與售票代理B訂立安排，據此，本集團同意，由二零一八年八月三十一日起延長付款日期12個月，而根據該安排，將由二零一八年十二月至二零一九年七月到期付款。本集團認為該安排為一項修訂；應收款項賬面總值與按適當貼現率貼現的協定現金流量現值的差異，乃確認為截至二零一八年十二月三十一日年度的虧損，金額為5,254,000港元。於二零一八年十二月三十一日，應收售票代理B的款項賬面值為40,809,000港元。由於已訂立該安排，而截至綜合財務報表獲授權發出日期，售票代理B須根據安排支付15,500,000港元。據此，董事認為於二零一八年十二月三十一日，概無須作出額外減值。

於二零一八年十二月三十一日，本集團有應收電影製作公司的應收貿易款項，金額約23,382,000港元(二零一七年：55,454,000港元)。於截至二零一八年十二月三十一日止年度，已確認1,728,000港元的預期信貸虧損(「預期信貸虧損」)。估計預期信貸虧損，並非根據最佳或最差情況釐定。董事根據預期付款的金額及時間，估計信貸虧損的金額。一般而言，一項預期信貸虧損乃根據以下兩項的差異的現值釐定：(a)應付本集團的合約現金流量；與(b)本集團預期將獲得的現金流量，按適當的貼現率計算。已採用的貼現率已計及該等應收款項的信貸風險特色。

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23. TRADE RECEIVABLES

(Continued)

Except for a customer arising from entrance fee income, whose credit term for payment was about 12 months after tickets are sold, the following is the ageing analysis of trade receivables, net of allowances for bad and doubtful debts, presented based on the invoice date:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0 to 60 days	0至60日	9,330	40,669
61 to 90 days	61至90日	7,430	19,906
91 to 180 days	91至180日	11,533	37,129
Over 180 days	超過180日	99,884	27,891
		128,177	125,595

As at 31 December 2017, trade receivables of approximately HK\$60,575,000 were neither past due nor impaired. These balances related to certain customers whom there was no recent history of default.

As at 31 December 2017, included in the balances are debts with carrying amounts of approximately HK\$65,020,000 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.

23. 應收貿易款項 (續)

除來自門券收入的客戶除外，其付款的信貸條款約為售票後的12個月。以下為應收貿易款項的賬齡分析，已扣除呆壞賬撥備，並按發票日期呈報：

於二零一七年十二月三十一日，約60,575,000港元的應收貿易款項並無逾期或減值。該等結餘涉及近期並無違約歷的若干客戶。

於二零一七年十二月三十一日，結餘中包括賬面值約65,020,000港元的債項，於報告日期已逾期，惟本集團並無就此作出減值虧損撥備。已逾期但並無減值的應收貿易款項涉及多名客戶，而董事認為不必就該等結餘作出撥備，因為信貸質素並無重大變動及該等結餘仍被視為可悉數收回。本集團並無就該等結餘持有任何抵押品。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

23. TRADE RECEIVABLES

(Continued)

The following is the ageing analysis of trade receivables which are past due but not impaired based on the due date:

23. 應收貿易款項 (續)

以下為根據到期日，已逾期但並無減值的應收貿易款項的賬齡分析：

		2017 二零一七年 HK\$'000 千港元
0 to 90 days	0至90日	37,129
Over 90 days	超過90日	27,891
		<u>65,020</u>

Movement on the Group's allowance for impairment of trade receivables are as follows:

本集團應收貿易款項的減值撥備變動如下：

		2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	—
Impairment losses of trade receivables	應收貿易款項減值虧損	13
Written offs	撇銷	(13)
At 31 December	於十二月三十一日	<u>—</u>

24. INVENTORIES

24. 存貨

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Food and beverage	餐飲	683	1,369
Merchandise	商品	984	1,074
General operating supplies and others	一般經營物資及其他	1,261	538
		<u>2,928</u>	<u>2,981</u>

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25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

25. 預付款項、按金及其他應收款項

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產		
Long-term receivable (notes (i) and (ii))	遠期應收款項 (附註(i)及(ii))	55,990	100,181
Investment and other deposits (notes (iii) and (iv))	投資及其他按金 (附註(iii)及(iv))	36,565	4,901
		92,555	105,082
Current assets	流動資產		
Prepayments	預付款項	13,208	19,461
Rental deposits	租賃押金	1,614	1,672
Other deposits	其他押金	2,258	1,165
Deposits paid to suppliers	已付供應商按金	1,158	6,341
Other receivables (note (ii))	其他應收款項(附註(ii))	36,227	52,833
		54,492	81,472
		147,047	186,554

Notes:

- (i) The long-term receivable originally represented the amount due from a local government company which was 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 PRC local government company mutually agreed that interest, based on the People's Bank of China Benchmark Interest Rates, would not be accrued until the Wong Tai Sin Temple records a monthly turnover of more than RMB100,000 for six consecutive months. The amount was denominated in RMB. The monthly turnover threshold had not been met yet in part.

During the year ended 31 December 2017, the PRC government issued Guozongfa (2017) No. 88 (the "Guozongfa") on 3 November 2017 to address the commercialisation issues relating to the development of Buddhism and Taoism in the PRC. Under the Guozongfa, it is promulgated that commercial capital is strictly forbidden to intervene in Buddhist Taoism and no organisation or individual may invest or contract for the operation of Buddhist Taoism activities or conduct business operations on or through Buddhist Taoism venues.

附註：

- (i) 遠期應收款項原先代表應收一間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互相協定，在黃大仙祠連續六個月錄得每月經營總收入超過人民幣100,000元前，均不會按中國人民銀行的基準利率計息。該款項以人民幣計值。每月營業額門檻在過去尚未達成。

於截至二零一七年十二月三十一日止年度，中國政府於二零一七年十一月三日頒佈《國宗發(2017)88號》(「國宗發」)，處理關於在中國發展佛教道教的商業化問題。國宗發規定嚴禁商業資本進入佛教道教，任何組織或個人不能投資或承包經營佛教道教活動場所或對佛教道教場所進行商業運作。

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25. PREPAYMENTS, DEPOSITS
AND OTHER RECEIVABLES

(Continued)

Notes: (Continued)

(i) (Continued)

After the issuance of the Guozongfa, the Group, with the assistance of PRC legal advisers, proceeded to assess the legal effects of the Guozongfa on the construction management agreement entered into with the PRC local government company and to discuss with the PRC local government company in order to effect amendments to the terms of the agreement considered necessary as a result of the promulgation of the Guozongfa. The management of the Group was taking actions and steps considered necessary to respond to the changes in regulatory environment brought about by the Guozongfa with a view to safeguard the Group's interests in the Wong Tai Sin Temple and optimize the synergistic benefits that the temple can bring to the Film Studio as the temple is located in the film studio area.

As at 31 December 2017, the Group and the PRC local government company reached mutual agreement on the changes to the contractual arrangements between them to take account of the changes in the applicable laws and regulations due to the promulgation of the Guozongfa. In March 2018, the Group and the PRC local government company officially entered into a loan repayment agreement which supersedes all previous agreements between them. Under the terms of the loan repayment agreement, the PRC local government company would repay the principal amount and accrued interest payable under the superseded agreements amounting to RMB74,700,000 in aggregate in the following manner:

- RMB11,259,000 to be repaid on 21 March 2018
- The remaining RMB63,441,000 to be repaid annually in equal instalments over a period of 15 years, bearing interest at 5% per annum to be paid together with the annual repayment instalment.

25. 預付款項、按金及其他應收
款項(續)

附註：(續)

(i) (續)

國宗發頒佈後，在中國法律顧問的協助下，已著手評估國宗發對與中國地方政府公司訂立的建築管理協議的法律影響，以及與中國地方政府公司磋商，以對協議的條款作出在頒佈國宗發後被視為必須的修訂。本集團管理層已採取必須的行動及步驟，回應國宗發帶來的監管環境的變動，旨在保障本集團在黃大仙廟的利益，以及優化廟宇可為該影視城帶來的協同利益，因為廟宇正位於該影視城的區域。

於二零一七年十二月三十一日，本集團與中國地方政府公司經考慮國宗發頒佈後適用的法律及法規的變動後達成協議，更改互相之間的合約安排。於二零一八年三月，本集團與中國地方政府公司正式訂立貸款償還協議，取代先前互相訂立的所有協議。根據貸款償還協議的條款，中國地方政府公司將償還被取代協議下的本金及應付累計利息共人民幣74,700,000元，方式如下：

- 人民幣11,259,000元將於二零一八年三月二十一日償還
- 餘下人民幣63,441,000元將在15年期間內每年償還，每期還款金額相同，按年息5%計息，將連同每年分期還款一併支付。

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25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(Continued)

Notes: (Continued)

(i) (Continued)

The amount of RMB11,259,000 was duly repaid by the PRC local government company on 21 March 2018. As at 31 December 2018, the aggregate amount of RMB56,962,000 (2017: RMB74,700,000) owed to the Group was classified as follows:

- Current assets: approximately HK\$8,886,000 (equivalent to RMB7,802,000) (2017: HK\$13,517,800 (equivalent to RMB11,259,000));
- Non-current assets: approximately HK\$55,990,000 (equivalent to RMB49,159,000) HK\$76,169,000 (equivalent to RMB63,441,000)

(ii) Included in the balance of other receivables as non-current assets of the Group as at 31 December 2017 was loan receivable of RMB20,000,000 (equivalent to approximately HK\$24,012,000). Loan receivable was unsecured, bearing interest at 10% per annum and repayable in January 2019. As at 31 December 2018, the balance was classified as current assets.

(iii) Included in the balance of deposits classified as non-current assets of the Group was deposit of approximately RMB7,000,000 (equivalent to approximately HK\$7,973,000) (2017: RMB3,570,000 (equivalent to approximately HK\$3,651,000)) in relation to a proposed acquisition of 60% equity interest of 佛山市藝美婚紗攝影有限公司 (Foshan City Yi Mei Wedding Photography Limited*) at a consideration of RMB8,000,000 (equivalent to approximately HK\$8,931,000). As at 31 December 2017, the proposed acquisition is still under progress.

(iv) Included in the balance of deposits classified as non-current assets of the Group as at 31 December 2018 was deposit of approximately RMB24,000,000 (equivalent to approximately HK\$27,343,000) in relation to a proposed acquisition of entire equity interest of a company established in the PRC. As at 31 December 2018, the proposed acquisition is still under progress.

* For identification purpose only

25. 預付款項、按金及其他應收款項 (續)

附註：(續)

(i) (續)

人民幣11,259,000元的款項已由中國地方政府公司於二零一八年三月二十一日妥為償還。於二零一八年十二月三十一日，結欠本集團的款項總額人民幣56,962,000元(二零一七年：人民幣74,700,000元)已分類如下：

- 流動資產：約8,886,000港元(相當於約人民幣7,802,000元)(二零一七年：約13,517,000港元(相當於人民幣11,259,000元))
- 非流動資產：約55,990,000(相當於約人民幣49,159,000)(二零一七年：約76,169,000港元(相當於人民幣63,441,000元))

(ii) 於二零一七年十二月三十一日的其他應收款項結餘中包括作為本集團非流動資產的應收貸款人民幣20,000,000元(相當於約24,012,000港元)。應收貸款為無抵押、按10%年利率計息及須於二零一九年一月償還。於二零一八年十二月三十一日，結餘分類為流動資產。

(iii) 分類為本集團之非流動資產之按金結餘包括約人民幣7,000,000元(相當於約7,793,000港元)(二零一七年：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)。於二零一七年十二月三十一日，建議收購仍在進行中。

(iv) 分類為本集團於二零一八年十二月三十一日之非流動資產之按金結餘包括約人民幣24,000,000元之按金(相當於約27,343,000港元之按金)，涉及建議收購一間在中國註冊成立的公司之全部股權。於二零一八年十二月三十一日，建議收購仍在進行。

* 僅供識別

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26. 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 (2017: range from 0.75% per annum below HKD Prime Rate to 1% per annum over Hong Kong Inter-bank Offered Rate).

At 31 December 2018, included in cash and cash equivalents of the Group was approximately HK\$5,931,000 (2017: approximately HK\$2,878,000) 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.

26. 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%(二零一七年：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。

於二零一八年十二月三十一日，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5,931,000港元(二零一七年：約2,878,000港元)。人民幣不可自由兌換為其他貨幣。

27. TRADE PAYABLES

The Group was granted by its suppliers' credit periods from 30 to 60 days (2017: 30 to 60 days). The following is the ageing analysis of trade payables based on invoice date:

27. 應付貿易款項

本集團獲其供應商授予30日至60日(二零一七年：30日至60日)信貸期。應付貿易款項根據發票日期的賬齡分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0 to 30 days	0至30日	699	3,154
31 to 60 days	31至60日	429	68
61 to 90 days	61至90日	469	14
91 to 180 days	91至180日	920	1,048
Over 180 days	超逾180日	17,462	21,382
		19,979	25,666

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28. OTHER PAYABLES AND ACCRUALS

28. 其他應付款項及應計費用

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Accruals	應計費用	47,075	35,680
Receipts in advance	預收款項	25	8,898
Other payables	其他應付款項	36,671	71,414
		83,771	115,992

29. LOANS FROM SHAREHOLDERS

29. 股東的貸款

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current liabilities	流動負債		
Mr. Sin (note (a))	冼先生(附註(a))	—	396,269
Ms. Law (note (b))	羅女士(附註(b))	—	35,661
Mr. Tsang Yan Kwong ("Mr. Tsang") (note (c))	曾仁光先生(「曾先生」) (附註(c))	3,500	3,500
Mr. Tse Young Lai ("Mr. Tse") (note (d))	謝欣禮先生(「謝先生」) (附註(d))	590	—
Mr. Yiu Kin Kong ("Mr. Yiu") (note (e))	姚建剛先生(「姚先生」) (附註(e))	—	17,243
		4,090	452,673
Non-current liabilities	非流動負債		
Mr. Sin (note (a))	冼先生附註(a))	527,969	20,000
Ms. Law (note (b))	羅女士(附註(b))	35,566	—
Mr. Tse (note (d))	謝先生(附註(d))	—	7,244
Mr. Yiu Kin Kong ("Mr. Yiu") (note (e))	姚建剛先生(「姚先生」) (附註(e))	33,406	24,143
		596,941	51,387

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29. LOANS FROM
SHAREHOLDERS (Continued)

The loans from shareholders are repayable as follows:

29. 股東的貸款(續)

股東的貸款須於以下期限內償還：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	4,090	452,673
More than one year, but not exceeding two years	一年以上但不超過兩年	596,941	49,087
More than two years, but not more than five years	兩年以上但不超過五年	—	2,300
		601,031	504,060

Notes:

- (a) In the year ended 31 December 2018, the loans were unsecured. The loan amounting HK\$40,000,000 included in the loans from Mr. Sin was interest-free and was repayable within one year. Except for the abovementioned loan, the remaining loans from Mr. Sin bear interest ranging from 6.00% to 15.00% per annum and were repayable within two years. The loans are unsecured and bears interest at 6.00% to 15.00% per annum and are repayable within two years.
- (b) The loan was unsecured and bore interest at 5.00% per annum (2017: 5.00%) and was repayable within two years (2017: one year).
- (c) The loan was unsecured and bore interest at 15.00% per annum (2017: 15.00%) and was repayable within one year.
- (d) The loan was unsecured and bore interest at 11.50% per annum (2017: 11.50%) and was repayable within one year (2017: two years).
- (e) The loan was unsecured and bore interest ranging from 8.00% to 12.00% per annum (2017: 8.00% to 12.00%) and was repayable within two years.

附註：

- (a) 該貸款為無抵押，年利率為6.00%至15.00%，並須於兩年內償還。於截至二零一八年十二月三十一日止年度，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一年內償還。除上文所述貸款外，來自冼先生的餘下貸款按介乎6.00%至15.00%的年利率計息及須於兩年內償還。
- (b) 該貸款無抵押及按5.00%的年利率計息(二零一七年：5.00%)及須於兩年(二零一七年：一年)內償還。
- (c) 該貸款無抵押及按15.00%的年利率計息(二零一七年：15.00%)及須於一年內償還。
- (d) 該貸款為無抵押及按年利率11.50%(二零一七年：11.50%)計息及須於一年(二零一七年：兩年)內償還。
- (e) 該貸款為無抵押及按介乎年利率8.00%至12.00%(二零一七年：8.00%至12.00%)計息及須於兩年內償還。

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30. BORROWINGS

30. 借貸

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current liabilities	流動負債		
Bank borrowing — secured — Floating rate (note (a), (b))	銀行借貸 — 有抵押 — 浮息(附註(a), (b))	12,392	7,000
		12,392	7,000
Other borrowings — secured (note (c))	其他借貸 — 有抵押 (附註(c))	81,780	100,000
Other borrowings — unsecured (note (d))	其他借貸 — 無抵押 (附註(d))	44,228	93,547
		138,400	200,547
Non-current liabilities	非流動負債		
Bank borrowings — secured	銀行借貸 — 有抵押	10,388	—
Other borrowings — unsecured (note (d))	其他借貸 — 無抵押 (附註(d))	44,271	20,655
		193,059	221,202

The Group's borrowings are repayable as follows:

本集團借貸須於以下期限內償還：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	138,400	200,547
More than one year, but not exceeding two years	一年以上但不超過兩年	54,659	7,497
More than two years, but not exceeding five years	兩年以上但不超過五年	—	13,158
		193,059	221,202

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30. BORROWINGS (Continued)

Notes:

- (a) The floating rate bank borrowings of the Group are secured by the Group's bank's deposit of approximately RMB2,000,000 and bears interest at 6.09% to 6.65% per annum.
- (b) During the year 2017, the floating rate bank borrowing of the Group was secured by the Group's investment properties (Note 16) and bore interest at 2.75% per annum over Hong Kong Inter-bank Offered Rate (2016: at 2.75% per annum over Hong Kong Inter-bank Offered Rate). The floating rate bank borrowing was denominated in HK\$.
- (c) The other borrowings were secured by (i) the personal guarantee executed by Mr. Sin, (ii) share capital of Glory Max Group Limited and EPL and bore interest at 13.00% per annum.
- (d) The other borrowings were unsecured and bore interest ranging from 2.50% to 12.00% per annum (2017: from 2.88% to 36.00% per annum). The other borrowings were repayable within one year to three years (2017: within the year to three years). Included in other borrowings was amount of approximately HK\$35,811,000 (2017: HK\$51,250,000) due to Mr. Chow Kai Weng, the director of the Company.

30. 借貸(續)

附註：

- (a) 本集團銀行借款的浮息以本集團的銀行存款約人民幣2,000,000元作抵押，租賃利息為每年6.09%至6.65%。
- (b) 於二零一七年，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(二零一六年：香港銀行同業拆息加2.75%的年利率)計息。浮息借貸借貸以港元計值。
- (c) 其他借貸由以下各項為抵押：(i)冼先生簽立的個人擔保；及(ii)Glory Max Limited及太平洋拓展的股本，並按年率13.00%計息。
- (d) 其他借貸為無抵押及按介乎2.50%至12.00%的年利率計息(二零一七年：介乎2.88%至36.00%的年利率)。其他借貸須於一年至三年內償還(二零一七年：於三年至兩年內)。其他借貸包括應付本公司董事周啟榮先生的款項約35,811,000(二零一七年：51,250,000港元)港元。

31. FINANCE LEASE OBLIGATION

Future finance lease payments arising from the leasing of film studio (2017: film studio and motor vehicle) are due as follows:

31. 財務租賃承擔

因攝影棚(二零一七年：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 2018 二零一八年 HK\$'000 千港元	Interest 利息 2018 二零一八年 HK\$'000 千港元	Present value 現值 2018 二零一八年 HK\$'000 千港元
Not later than one year	不遲於一年	11,595	1,857	9,738
Later than one year but not later than five years	遲於一年但不遲於五年	7,632	7,355	277
Later than five years	遲於五年	48,988	34,804	14,184
Balance at 31 December 2018	於二零一八年十二月三十一日之結餘	68,215	44,016	24,199

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31. FINANCE LEASE OBLIGATION (Continued)

31. 財務租賃承擔 (續)

		Minimum lease payment 最低租賃付款 2017 二零一七年 HK\$'000 千港元	Interest 利息 2017 二零一七年 HK\$'000 千港元	Present value 現值 2017 二零一七年 HK\$'000 千港元
Not later than one year	不遲於一年	9,041	1,888	7,153
Later than one year but not later than five years	遲於一年但不遲於 五年	7,927	7,487	440
Later than five years	遲於五年	59,055	44,017	15,038
Balance at 31 December 2017	於二零一七年 十二月三十一日 之結餘	76,023	53,392	22,631

The present values of future lease payments are analysed as:

未來租賃付款的現值分析為：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current liabilities	流動負債	9,738	7,153
Non-current liabilities	非流動負債	14,461	15,478
		24,199	22,631

Finance lease obligation that are denominated in the functional currencies of the relevant group entities are set out below:

以有關集團實體功能貨幣計值的財務租賃承擔載列如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
RMB	人民幣	24,199	22,348
HK\$	港元	—	283
		24,199	22,631

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32. BONDS

New Issued Bonds

During the year ended 31 December 2018, the Company issued the bonds with an aggregate principal amount of approximately HK\$890,110,000 (2017: approximately HK\$412,457,000) at par value in accordance with the conditional placing and underwriting agreement entered into between the Company and the independent placing agents. The bonds have a maturity from three months to 8 years (2017: from three months to 8 years) from the dates of issue and bear coupon interest ranging from 0.40% to 9.00% per annum (2017: from 0% to 9.60% per annum), accrued daily and payable annually in arrears. A default rate ranging from 0% to 9.60% per annum (2017: from 0% to 9.60%) 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\$.

The movement for the year on the bonds was as follows:

32. 債券

新發行債券

截至二零一八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約890,110,000港元（二零一七年：約412,457,000港元）的債券。該等債券於發行日期起計三個月至八年（二零一七年：三個月至八年）到期，息率介乎每年0.40%至9.00%（二零一七年：每年0%至9.60%），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0%至9.60%的（二零一七年：每年0%至9.60%）違約利率支付利息。該等債券以港元計值。

本年度內債券的變動如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Balance at 1 January	於一月一日之結餘	719,920	506,803
Proceeds from issue of the bonds	發行債券所得款項	890,110	412,457
Transaction cost allocated to the liability component	分配至負債部分的交易成本	(93,087)	(87,557)
Interest expense (note 9)	利息支出(附註9)	139,023	83,025
Interest paid during the year	年內已付利息	(126,246)	(97,271)
Repayment during the year	年內償還	(506,401)	(73,819)
Transfer to other payables	轉撥至其他應付款項	—	(23,718)
Balance at 31 December	於十二月三十一日之結餘	1,023,319	719,920
Carrying amount repayable:	須於以下期限內償還之賬面值：		
Within one year	一年內	660,424	306,369
More than one year but not exceeding two years	一年以上但不超過兩年	82,725	183,015
More than two years but not exceeding five years	兩年以上但不超過五年	188,348	166,773
More than five years	五年以上	91,822	63,763
		1,023,319	719,920

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32. BONDS (Continued)

New Issued Bonds (Continued)

The fair value of the Bonds at 31 December 2018 amounted to approximately HK\$1,128,191,514 (2017: approximately HK\$849,432,000). The fair value of the Bonds are calculated using cash flows discounted at rate on the borrowings rate ranging from 7.11% to 9.11% per annum (2017: from 7.26% to 8.99% per annum) and are within level 2 of the fair value hierarchy.

33. CONVERTIBLE BONDS

CB5

As part of the consideration of the acquisition of Lux Unicorn Limited, 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.

32. 債券(續)

新發行債券(續)

債券於二零一八年十二月三十一日之公允值約為1,128,191,514港元(二零一七年:約849,432,000港元)。債券之公允值乃採用按借貸利率每年介乎7.11%至9.11%(二零一七年:每年介乎7.26%至8.99%)貼現之現金流量計算,並列入公允值等級第二級。

33. 可換股債券

第五批可換股債券

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,每年票面息率為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於到期付息日前向本公司發出不少於7個營業日的書面通知,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10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)。

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33. 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 four holders of CB5 offered to waive the accrued interest up to the date of conversion of approximately HK\$12,513,000.

CB5 was due to Mr. Sin as at 31 December 2017. As at 31 December 2017, the principal amount of the CB5 was approximately HK\$100,200,000.

33. 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，冼先生及四名第五批可換股債券持有人提出豁免截至兌換日期的應計利息約12,513,000港元。

於二零一七年十二月三十一日，第五批可換股債券來自冼先生。於二零一七年十二月三十一日，第五批可換股債券的本金額為約100,200,000港元。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. CONVERTIBLE BONDS

(Continued)

CB5 (Continued)

CB5 matured on 14 April 2018. In accordance with the loan agreement dated 9 March 2018 entered into between the Company and Mr. Sin, the CB5 with principal amount of HK\$4,200,000 was settled by the Company by way of loan from shareholder. The Company also entered into a supplementary loan agreement with Mr. Sin on 14 April 2018, pursuant to which, the Company issued promissory notes for the settlement of the CB5 with principal amount of HK\$96,000,000. For the year ended 31 December 2018, the CB5 was fully redeemed by the Company by way of issue of promissory note and loan from shareholder.

33. 可換股債券 (續)

第五批可換股債券 (續)

第五批可換股債券於二零一八年四月十四日到期。根據本公司與冼先生訂立日期為二零一八年三月九日之貸款協議，本公司以股東貸款結付本金金額為4,200,000港元之第五批可換股債券，並於二零一八年四月十四日與冼先生簽訂一份貸款補充協議，本公司發行承兌票據結付本金金額為96,000,000港元之第五批可換股債券。截至二零一八年十二月三十一日止年度，第五批可換股債券已通過由本公司發行承兌票據及來自股東貸款方式悉數贖回。

		CB5 第五批 可換股債券 HK\$'000 千港元
Balance at 1 January 2017	於二零一七年一月一日的結餘	110,813
Transfer to interest payable	轉撥至應付利息	(9,018)
Fair value changes	公允值變動	4,902
Balance at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日的結餘	106,697
Fair value changes	公允值變動	2,521
Transfer to interest payable	轉撥至應付利息	(9,018)
Settled by way of loan from shareholder	以股東貸款結付	(4,200)
Settled by way of promissory note	以承兌票據結付	(96,000)
Balance at 31 December 2018	於二零一八年十二月三十一日的 結餘	—

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

33. CONVERTIBLE BONDS

(Continued)

Balance at 31 December 2018

33. 可換股債券 (續)

於二零一八年十二月三十一日之結餘

		CB5 第五批 可換股債券 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	—

Balance at 31 December 2017

於二零一七年十二月三十一日之結餘

		CB5 第五批 可換股債券 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	106,697

The fair values of the liability components CB5 at 31 December 2018 amounted to HK\$nil (31 December 2017: approximately HK\$106,697,000). The fair values of the liability components of CB5 are calculated using cash flows discounted at rate based on the borrowings rate of 7.24% per annum and are within level 2 of the fair value hierarchy.

於二零一八年十二月三十一日第五批可換股債券負債部分的公允值為零港元(二零一七年十二月三十一日：約106,697,000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7.24%貼現的現金流量計算，並列入公允值等級的第二級。

34. PROMISSORY NOTES

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. The PN 1 has 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 are denominated in HK\$.

34. 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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

34. PROMISSORY NOTES

(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.

PN 4

On 14 April 2018, the promissory note with principal amount of HK\$104,640,000 (the "PN 4") at par value was issued to settle part of the principal and interest accrued on the CB5 in accordance with the supplementary loan agreement dated 14 April 2018 entered into between the Company and Mr. Sin. The PN 4 has a maturity of approximately 27 months from the date of issue and bears coupon interest at 8% per annum, accrued monthly and payable in full on the maturity date.

The movement for the period on the PN 1 and PN 4 was as follows:

34. 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4

於二零一八年四月十四日，根據本公司與冼先生訂立日期為二零一八年四月十四日之貸款補充協議，按面值發行本金金額為104,640,000港元之承兌票據（「承兌票據4」）以結付第五批可換股債券之部分本金及其累計利息。承兌票據4於發行日期起計約二十七個月到期，票息按年利率8%每月累計，並須於到期日全數支付。

承兌票據1及承兌票據4於期內之變動如下：

		PN 1 承兌票據1 HK\$'000 千港元	PN 4 承兌票據4 HK\$'000 千港元
Balance at 1 January 2017	於二零一七年一月一日 的結餘	81,655	—
Effective interest expense (note 11)	實際利息開支(附註11)	9,536	—
Transfer to interest payables	轉移至應付利息	(7,200)	—
Balance at 31 December 2017	於二零一七年十二月 三十一日的結餘	83,991	—
Issuance of promissory note	發行承兌票據	—	99,338
Effective interest expense (note 11)	實際利息開支(附註11)	3,209	7,139
Transfer to interest payables	轉移至應付利息	(7,200)	—
Settled by way of loan from shareholder	以股東貸款結付	(80,000)	—
Balance at 31 December 2018	於二零一八年十二月 三十一日的結餘	—	106,477

As at 31 December 2018, the fair value of PN 1 amounted to approximately HK\$85,395,000 (2017: approximately HK\$85,395,000). The fair value of PN 1 is calculated using cash flows discounted at rate on the nil rate of 7.54% per annum (2016: 5.48% per annum) and are within level 2 of the fair value hierarchy.

於二零一八年十二月三十一日，承兌票據1的公允值為零港元(二零一七年：約85,395,000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7.54%(二零一六年：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。

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35. 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.

35. 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 2017	於二零一七年一月一日	176,356
Charged to property revaluation reserve	於物業重估儲備內扣除	(10,727)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	165,629
Charged to property revaluation reserve	於物業重估儲備內扣除	(7,159)
At 31 December 2018	於二零一八年十二月三十一日	158,470

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$604,637,000 (2017: approximately HK\$534,911,000) 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\$257,949,000 (2017: approximately HK\$199,748,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK\$346,688,000 (2017: approximately HK\$335,163,000) 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604,637,000港元(二零一七年：約534,911,000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257,949,000港元(二零一七年：約199,748,000港元)將於五年內屆期。其他估計未動用虧損約346,688,000港元(二零一七年：約335,163,000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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

36. SHARE CAPITAL

36. 股本

		Number of Shares 股份數目		Share Capital 股本	
	Notes 附註	2018 二零一八年 '000 千股	2017 二零一七年 '000 千股	2018 二零一八年 '000 千港元	2017 二零一七年 HK\$'000 千港元
Ordinary shares of HK\$0.1 each 每股面值0.1港元					
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	600,000	600,000
Issued and fully paid:	已發行及繳足：				
At 1 January	於一月一日	4,514,160	3,998,389	451,416	399,839
Capitalisation of loan interest payable	應付貸款利息資本化	(a) —	112,107	—	11,211
Capitalisation of other payable	其他應付款項資本化	(b) —	387,984	—	38,798
Share issued upon exercise of share options	行使購股權所發行的股份	3,000	15,680	300	1,568
31 December	於十二月三十一日	4,517,160	4,514,160	451,716	451,416

Notes:

- (a) On 21 April 2017, the Company issued 112,107,623 shares at HK\$0.1 each to Mr. Sin to settle interest payables of the loans from shareholder, convertible bonds and promissory note amounting to approximately HK\$25,000,000 (note 45(iii)).
- (b) On 21 April 2017, the Company issued 387,984,117 shares at HK\$0.1 each to the third parties to settle the other payables amounting to approximately HK\$86,472,000 (note 45(iv)).

附註：

- (a) 於二零一七年四月二十一日，本公司按每股0.1港元，發行112,107,623股股份予冼先生，結付股東的貸款、可換股債券及承兌票據之應付利息，金額約25,000,000港元（附註45(iii)）。
- (b) 於二零一七年四月二十一日，本公司按每股0.1港元，發行387,984,117股股份予第三方，以結付其他應付款項，金額約86,472,000港元（附註45(iv)）。

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37. 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 131 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.

37. 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131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。

38. 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:

38. 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：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	11,427	9,303
In the second to fifth years inclusive	第二至第五年 (包括首尾兩年)	46,128	29,388
Over five years	超過五年	91,488	99,271
		149,043	137,962

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

38. 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 33. 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.

38. 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33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。

39. CAPITAL COMMITMENTS

39. 資本承擔

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Contracted but not provided for: Construction of properties	已訂約但未撥備： 物業建設	63,514	91,807
Authorised but not contracted for: Construction of properties (Note)	已批准但未訂約： 物業建設 (附註)	341,686	360,187

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。

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40. 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.

40. 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。

41. SHARE-BASED PAYMENT TRANSACTIONS

As at 31 December 2018, the Group had share options schemes for employee compensation as set out below.

41. 以股份為基準的付款交易

於二零一八年十二月三十一日，本集團有下列為僱員報酬而設的購股權計劃。

(a) 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.

(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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. 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.

41. 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%。

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41. 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.

41. 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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. 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;

41. 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；

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41. 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 29 June 2017 (2016: 24 June 2016), amounting to 4,498,481,222 shares (2016: 3,801,722,816 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;

41. 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二零一七年六月二十九日（二零一六年：二零一六年六月二十四日）已發行股本的10%，即4,498,481,222股（二零一六年：3,801,722,816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%；

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41. 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 exercise shall continue to be valid and exercisable subject to and in accordance with the terms of the New Scheme.

41. 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。

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses details and movements of the Company's share options held by the directors, eligible employees and other participants of the Group during the years ended 31 December 2018 and 2017:

41. 以股份為基準的付款交易 (續)

下表披露截至二零一八年及二零一七年十二月三十一日止年度由董事、合資格僱員以及本集團其他參與者所持有的本公司購股權之詳情及變動。

Option type 購股權類別	Outstanding at 1 January 2018 於二零一八年 一月一日尚 未行使	Granted during the year 於年內授出	Number of share options 購股權數目		Outstanding at 31 December 2018 於二零一八年 十二月 三十一日 尚未行使
			Exercised during the year 於年內行使	Lapsed during the year 於年內失效	
Post-IPO Option Scheme 首次公開招股後 購股權計劃	12,096,325	—	—	(8,022,645)	4,073,680
New Scheme 新計劃	281,292,987	—	(3,000,000)	(7,882,408)	270,410,579
Total 總計	293,389,312	—	(3,000,000)	(15,905,053)	274,484,259
Exercisable at the end of the year 於年末可行使	293,389,312				274,484,259
Weighted average exercise price 加權平均行使價	HK\$3.31港元	—	HK\$0.25港元	HK\$3.16港元	HK\$0.41港元

Note:

The following share options under the New Scheme were exercised during the year ended 31 December 2018:

For the year ended 31 December 2018

附註：

以下新計劃下的購股權於截至二零一八年十二月三十一日止年度獲行使：

於截至二零一八年十二月三十一日止年度

Date of options granted 授出購股權日期	Number of Shares 股份數目	Exercise date 行使日期	Share price at exercise date 行使日期股價	Share price immediately before the date of exercise 緊接行使 日期前的股價
16 May 2017 二零一七年五月十六日	3,000,000 3,000,000	12 January 2018 二零一八年一月十二日	0.37 0.37	0.37 0.37

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

41. 以股份為基準的付款交易 (續)

Option type 購股權類別	Outstanding at 1 January 2017 於二零一七年 一月一日尚 未行使	Number of share options 購股權數目			Outstanding at 31 December 2017 於二零一七年 十二月 三十一日 尚未行使
		Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed during the year 於年內失效	
Post-IPO Option Scheme 首次公開招股後 購股權計劃	12,885,263	—	—	(788,938)	12,096,325
New Scheme 新計劃	10,787,062	288,740,000	(15,680,000)	(2,554,075)	281,292,987
Total 總計	23,672,325	288,740,000	(15,680,000)	(3,343,013)	293,389,312
Exercisable at the end of the year 於年末可行使	23,672,325				293,389,312
Weighted average exercise price 加權平均行使價	HK\$5.18港元	HK\$0.25港元	HK\$0.25港元	HK\$6.15港元	HK\$3.31港元

Note:

The following share options under the New Scheme were exercised during the year ended 31 December 2017:

附註：

以下新計劃下的購股權於截至二零一七年十二月三十一日止年度獲行使：

For the year ended 31 December 2017

於截至二零一七年十二月三十一日止年度

Date of options granted 授出購股權日期	Number of Shares 股份數目	Exercise date 行使日期	Share price at exercise date 行使日期股價	Share price immediately before the date of exercise 緊接行使 日期前的股價
16 May 2017 二零一七年五月十六日	2,240,000	18 December 2017 二零一七年十二月十八日	0.43	0.46
16 May 2017 二零一七年五月十六日	13,440,000	20 December 2017 二零一七年十二月二十日	0.43	0.46
			0.40	0.42
			0.40	0.42

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For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. SHARE-BASED PAYMENT
TRANSACTIONS (Continued)

As at 31 December 2018, the number of shares of which options had been granted and remained outstanding under the share option scheme was 274,484,259 (2017: 293,389,332) representing approximately 6.1% (2017: 6.5%) of the Company's issued shares capital at that date. The weighted average remaining contractual life was 1.39 years (2017: 4 years).

The fair value of the share options granted to employees and directors was determined using the binomial Model.

The following assumptions were used to calculate the fair values of share options:

Date of grant	16 May 2017
授出日期	二零一七年五月十六日
Number of shares to be issued upon exercise of Options granted	288,740,000
已授出購股權獲行使後將予發行之股份數目	288,740,000
Estimated fair values of options granted (rounded to HK\$'000)	HK\$31,422,000
估計已授出購股權之公允值(約整至千港元)	31,422,000港元
Grant date share price	HK\$0.2240
授出日期的股份價格	0.2240港元
Exercise price	HK\$0.2456
行使價	0.2456港元
Expected volatility	76.45%
預期波幅	76.45%
Expected life of options	2.64 years
購股權預計有效期	2.64年
Risk-free interest rate	0.887%
無風險利率	0.887%
Expected dividend yield	0.00%
預期收益率	0.00%

Expected volatility was determined by using the historical volatility of the share prices of other companies in the similar industry over the expected life of the options. No other feature of the options granted was incorporated into the measurement of fair values.

The variables and assumptions used in computing the fair values of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Options granted are fully vested at the date of grant.

41. 以股份為基準的付款交易 (續)

於二零一八年十二月三十一日，於購股權計劃下，已授出但仍未行使購股權的股份數目為274,484,259份(二零一七年：293,389,332份)，佔本公司於當日的已發行股本當日約6.1%(二零一七年：6.5%)。加權平均餘下合約年限為1.39年(二零一七年：4年)。

授予僱員及董事購股權的公允值乃使用二項模型釐定。

計算購股權的公允值時已利用以下假設：

16 May 2017
二零一七年五月十六日
288,740,000
288,740,000
HK\$31,422,000
31,422,000港元
HK\$0.2240
0.2240港元
HK\$0.2456
0.2456港元
76.45%
76.45%
2.64 years
2.64年
0.887%
0.887%
0.00%
0.00%

預期波幅乃採用經營同類行業之其他公司股價於購股權預計年期內之歷史波幅而釐定。計算公允值時，並無納入已授出之購股權之其他特點。

計算購股權之公允值所使用之變數及假設乃基於董事之最佳估計。購股權價值隨若干主觀假設之變數不同而有所差異。

所授出的購股權於授出日期悉數歸屬。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

42. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 8, 11, 29, 33 and 36 to the consolidated financial statements, the Group entered into the following transactions with related parties:

42. 關聯方交易

除綜合財務報表附註8、11、29、33及36所披露外，本集團還與關聯方訂立下列交易：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Interest paid to a director	已付一名董事利息	2,281	—
Interest paid to shareholders	已付股東利息	53,309	43,699
Loss on capitalisation of loan interest payables	資本化應付貸款利息虧損	—	(1,570)

Compensation of key management personnel

The Directors consider that they are the only key management personnel of the Group and details of their compensation are set out in note 15.

主要管理人員的報酬

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15。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

43. DISPOSAL OF A
SUBSIDIARY

In March 2017, the Group entered into a sale and purchase agreement with a third party to dispose of the Group's entire equity interest in In Industrial for a cash consideration of HK\$1,000,000. In Industrial is an investment holding company incorporated in Hong Kong.

43. 出售一間附屬公司

於二零一七年三月，本集團與一名第三方訂立買賣協議，出售本集團持有的全部平然實業股權，現金代價為1,000,000港元。平然實業為於香港註冊成立之香港投資控股公司。

Analysis of asset and liabilities over which control
was lost

失去控制權之資產及負債分析

		HK\$'000 千港元
Non-current assets	非流動資產	
Intangible asset	無形資產	1,079
Net assets disposed of	已出售資產淨值	1,079

Loss on disposal of a subsidiary

出售一間附屬公司之虧損

		HK\$'000 千港元
Consideration received	已收代價	1,000
Net assets disposal of	已出售資產淨值	(1,079)
Loss on disposal	出售之虧損	(79)

Net cash inflow on disposal of a subsidiary

出售一間附屬公司之現金流入淨額

		HK\$'000 千港元
Consideration received in cash and cash equivalents	以現金及現金等值項目收取之代價	1,000

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

44. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金兩方面的變動。融資活動所產生負債指現金流量已經或未來現金流量將要分類為本集團綜合現金流量表內之融資活動的現金流量的有關負債。

		Loans from shareholders 股東 的貸款 (note 31) (附註31) HK\$'000 千港元	Borrowings 借貸 (note 32) (附註32) HK\$'000 千港元	Finance lease obligations 財務 租賃承擔 (note 33) (附註33) HK\$'000 千港元	Bonds 債券 (note 34) (附註34) HK\$'000 千港元	Convertible bond 可換 股債券 (note 35) (附註35) HK\$'000 千港元	Promissory note 承兌票據 (note 36) (附註36) HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於二零一七年一月	462,344	179,538	23,406	506,803	110,813	81,655	1,364,559
Financing cash flows	融資現金流量	3,851	16,385	(2,584)	153,810	—	—	171,462
Finance costs recognised	已確認融資成本	43,699	26,768	2,171	83,025	—	9,536	165,199
Fair value change	公允值變動	—	—	—	—	4,902	—	4,902
Transfer to other payables and accruals	轉撥至其他應付 款項及應計款項	(5,834)	(2,081)	—	(23,718)	(9,018)	(7,200)	(47,851)
Effect of foreign currency exchange differences	外幣匯兌差額影響	—	592	(362)	—	—	—	230
At 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日 及二零一八年 一月一日	504,060	221,202	22,631	719,920	106,697	83,991	1,658,501
Financing cash flows	融資現金流量	(35,041)	(40,380)	(282)	164,376	—	—	88,673
Finance costs recognised	已確認融資成本	53,309	13,775	1,839	139,023	—	10,348	218,294
Fair value change	公允值變動	—	—	—	—	2,521	—	2,521
Transfer to other payables and accruals	轉撥至其他應付 款項及應計款項	(5,402)	(1,411)	—	—	(9,018)	(7,200)	(23,031)
Settled by way of loan from shareholder	以股東貸款方式 結付	84,200	—	—	—	(4,200)	(80,000)	—
Settled by way of promissory note	以承兌票據方式 結付	—	—	—	—	(96,000)	99,338	3,338
Effect of foreign currency exchange differences	外幣匯兌差額影響	(95)	(127)	11	—	—	—	(211)
At 31 December 2018	於二零一八年 十二月三十一日	601,031	193,059	24,199	1,023,319	—	106,477	1,948,085

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

**45. MAJOR NON — CASH
TRANSACTIONS**

- i. During the year ended 31 December 2018, the CB5 with principal amount of HK\$4,200,000 was settled by way of loan from Mr. Sin (Note 33).
- ii. During the year ended 31 December 2018, the CB5 with principal and accrued interests amounted of HK\$96,000,000 and HK\$8,640,000 respectively, settled by the issuance of promissory note with principal amount of HK\$104,640,000 (Note 33).
- iii. During the year ended 31 December 2017, the Company issued 112,107,623 shares at HK\$0.1 each to Mr. Sin to settle the amounting to approximately HK\$25,000,000 (Note 36).
- iv. During the year ended 31 December 2017, the Company issued 387,984,117 shares at HK\$0.1 each to the third parties to settle the other payables amounting to approximately HK\$86,472,000 (Note 36).

46. DIVIDEND

No dividend has been proposed or declared by the Directors for the year ended 31 December 2018 (2017: Nil).

**47. APPROVAL OF FINANCIAL
STATEMENTS**

The consolidated financial statements for the year ended 31 December 2018 were approved for issue by the Board of Directors on 20 March 2019.

45. 主要非現金交易

- i. 於截至二零一八年十二月三十一日止，第五批可換股債券尚未償還本金4,200,000港幣以冼先生提供的結付(附註33)。
- ii. 於截至二零一八年十二月三十一日止，第五批可換股債券尚未償還本金及應計利息分別96,000,000港幣及8,640,000港幣通過發行本金金額為104,640,000港元之承兌票據結付(附註33)。
- iii. 於截至二零一七年十二月三十一日止年度，本公司按每股0.1港元，發行112,107,623股予冼先生，結付金額約25,000,000港元(附註36)。
- iv. 於截至二零一七年十二月三十一日止年度，本公司按每股0.1港元，發行387,984,117股予第三方，結付其他應付款項，金額約86,472,000港元(附註36)。

46. 股息

截至二零一八年十二月三十一日止年度，董事概無建議或宣派股息(二零一七年：無)。

47. 批准財務報表

截至二零一八年十二月三十一日止年度的綜合財務報表已於二零一九年三月二十日獲董事會批准發佈。

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

48. 本公司的財務狀況報表及儲備

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	2	3
Investments in subsidiaries	附屬公司之投資	882	882
		884	885
Current assets	流動資產		
Prepayments, deposit and other receivables	預付款項、按金及其他應收款項	28,929	2,724
Amounts due from subsidiaries	應收附屬公司款項	2,087,764	2,233,299
Cash and bank balances	現金及銀行結餘	9,217	16,037
		2,125,910	2,252,060
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	30,259	44,295
Amounts due to subsidiaries	應付附屬公司款項	19,272	1,019
Loans from shareholders	股東的貸款	4,090	452,673
Borrowings	借貸	92,408	177,945
Bonds	債券	660,424	306,369
Convertible bond	可換股債券	—	106,697
Promissory note	承兌票據	—	83,991
		806,453	1,172,989
Net current assets	流動資產淨值	1,319,457	1,079,071
Total assets less current liabilities	資產總額減流動負債	1,320,341	1,079,956
Non-current liabilities	非流動負債		
Loans from shareholders	股東的貸款	596,941	51,387
Borrowings	借貸	41,074	20,655
Bonds	債券	362,895	413,551
Promissory note	承兌票據	106,477	—
		1,107,387	485,593
Net assets	資產淨值	212,954	594,363
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	451,716	451,416
Reserves	儲備	(238,762)	142,947
Total equity	權益總額	212,954	594,363

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

48. 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 20 March 2019 and are signed on its behalf by:

Chow Kai Weng
周啟榮
Director
董事

48. 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二零一九年三月二十日批准及授權刊發，並由下列董事代表董事會簽署：

Cheng Wang Chun
鄭弘駿
Director
董事

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

48. 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

The Company 本公司		Share premium	Capital reserve	Convertible bonds equity reserve	Contributed surplus	Share options reserve	Accumulated losses	Total
		股份溢價 HK\$'000 千港元	資本儲備 HK\$'000 千港元	可換股債券 權益儲備 HK\$'000 千港元	實繳盈餘 HK\$'000 千港元	購股權儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	總計 HK\$'000 千港元
Balance at 1 January 2017	於二零一七年 一月一日的結餘	731,706	(25)	15,597	76,471	26,229	(630,895)	219,083
Capitalisation of loan interest payables	應付貸款利息資本化	15,359	—	—	—	—	—	15,359
Capitalisation of other payables	其他應付款項資本化	53,154	—	—	—	—	—	53,154
Share issued upon exercise of share options	行使購股權所發行的股份	3,495	—	—	—	(1,212)	—	2,283
Equity-settled share-based payment (note 41)	權益結付股份付款(附註41)	—	—	—	—	31,422	—	31,422
Lapse of share options	購股權失效	—	—	—	—	(4,559)	4,559	—
Loss for the year	本年度虧損	—	—	—	—	—	(178,354)	(178,354)
Balance at 31 December 2017	於二零一七年 十二月三十一日	803,714	(25)	15,597	76,471	51,880	(804,690)	142,947
Balance at 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日及 二零一八年一月一日的結餘	803,714	(25)	15,597	76,471	51,880	(804,690)	142,947
Share issued upon exercise of share options	行使購股權所發行的股份	781	—	—	—	(344)	—	437
Lapse of share options	購股權失效	—	—	—	—	(9,622)	9,622	—
Extinguishment of convertible bond by the way of issuance of promissory note to substantial shareholder	以發行承兌票據予主要股東的方式註銷可換股債券	—	5,302	(15,597)	—	—	15,597	5,302
Loss for the year	本年度虧損	—	—	—	—	—	(387,448)	(387,448)
Balance at 31 December 2018	於二零一八年 十二月三十一日	804,495	5,277	—	76,471	41,914	(1,166,919)	(238,762)

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

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

48. 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.

48. 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

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元
Revenue	收入	153,837	221,372	57,827	40,038	15,260
Loss before income tax	除稅前虧損	(415,558)	(193,533)	(327,092)	(264,834)	(142,989)
Income tax expense	所得稅開支	—	—	—	—	(5,924)
Loss for the year	年內虧損	(415,558)	(193,533)	(327,092)	(264,834)	(148,913)
Attributable to: Owners of the Company	以下應佔： 本公司擁有人	(493,616)	(193,529)	(327,091)	(264,828)	(148,913)
Non-controlling interests	非控股權益	(2)	(4)	(1)	(6)	—
		(493,618)	(193,533)	(327,092)	(264,834)	(148,913)

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元
Total assets	資產總額	2,358,431	2,617,586	2,377,447	2,448,510	1,835,642
Total liabilities	負債總額	(2,213,256)	(1,977,155)	(1,737,469)	(1,518,128)	(763,168)
		145,175	640,431	639,978	930,382	1,072,474
Equity attributable to the owners of the Company	本公司擁有人 應佔權益	144,943	640,197	639,740	930,143	1,072,474
Non-controlling interests	非控股權益	232	234	238	239	—
		145,175	640,431	639,978	930,382	1,072,474



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