



中國農業生態有限公司
China Eco-Farming Limited

Stock Code 股票代碼： 8166

(Continued into Bermuda with limited liability)

(於百慕達存續之有限公司)



2018

Annual report 年報

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

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

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

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

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

This report will remain on the Company’s website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.

香港聯合交易所有限公司（「聯交所」）GEM之特色

GEM之定位，乃為相比起其他在聯交所上市之公司帶有較高投資風險之公司提供上市之市場。有意投資之人士應了解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。GEM之較高風險及其他特色表示GEM較適合專業及其他經驗豐富投資者。

由於GEM上市公司新興的性質所然，在GEM買賣之證券可能會較於聯交所主板買賣之證券承受較大之市場波動風險，同時無法保證在GEM買賣之證券會有高流通量之市場。

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

中國農業生態有限公司（「本公司」）董事（「董事」）願就本報告之資料共同及個別地承擔全部責任，本報告之資料乃遵照聯交所的GEM證券上市規則（「GEM上市規則」）之規定而提供有關本公司之資料；各董事在作出一切合理查詢後，確認就其所知及所信，本報告所載資料在各重大方面均屬準確及完整，且無誤導或欺詐成分，及並無遺漏任何其他事實致使本報告所載任何陳述產生誤導。

本報告將自登載日期起計在本公司網站<http://www.aplushk.com/clients/8166chinaeco-farming/index.html>及GEM網站「最新公司公告」頁內保留最少七日。

CONTENTS

目錄

| | | <i>Page</i> <i>頁次</i> |
|---|--------------|--------------------------|
| Corporate Information | 公司資料 | 3 |
| Profile of the Directors | 董事履歷 | 5 |
| Management Discussion and Analysis | 管理層討論及分析 | 10 |
| Directors' Report | 董事會報告 | 35 |
| Corporate Governance Report | 企業管治報告 | 53 |
| Environmental, Social and Governance Report | 環境、社會及管治報告 | 73 |
| Independent Auditor's Report | 獨立核數師報告 | 92 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 綜合損益及其他全面收益表 | 102 |
| Consolidated Statement of Financial Position | 綜合財務狀況表 | 104 |
| Consolidated Statement of Changes in Equity | 綜合權益變動表 | 106 |
| Consolidated Statement of Cash Flows | 綜合現金流量表 | 108 |
| Notes to the Consolidated Financial Statements | 綜合財務報表附註 | 110 |
| Financial Summary | 財務概要 | 334 |
| Investment Property | 投資物業 | 335 |

BOARD OF DIRECTORS

Executive Directors

Mr. So David Tat Man

Mr. Lai Yick Fung

(resigned on 30 March 2018)

Mr. Ng Cheuk Fan, Keith

Independent Non-executive Directors

Mr. Yick Ting Fai, Jeffrey

Mr. Zhang Min

Ms. Yuen Wai Man

AUTHORISED REPRESENTATIVES

Mr. So David Tat Man

Mr. Ng Cheuk Fan, Keith

AUDIT COMMITTEE

Ms. Yuen Wai Man (*Chairman*)

Mr. Yick Ting Fai, Jeffrey

Mr. Zhang Min

NOMINATION COMMITTEE

Mr. Zhang Min (*Chairman*)

Ms. Yuen Wai Man

Mr. Yick Ting Fai, Jeffrey

REMUNERATION COMMITTEE

Mr. Yick Ting Fai, Jeffrey (*Chairman*)

Ms. Yuen Wai Man

Mr. Zhang Min

COMPLIANCE OFFICER

Mr. So David Tat Man

COMPANY SECRETARY

Mr. Ng Cheuk Fan, Keith

AUDITOR

Asian Alliance (HK) CPA Limited

Suites 313-316,

3/F., Shui On Centre,

6-8 Harbour Road,

Wanchai,

Hong Kong

董事會

執行董事

蘇達文先生

賴益豐先生

(於二零一八年三月三十日辭任)

吳卓凡先生

獨立非執行董事

易庭暉先生

張民先生

袁慧敏女士

法定代表

蘇達文先生

吳卓凡先生

審核委員會

袁慧敏女士 (*主席*)

易庭暉先生

張民先生

提名委員會

張民先生 (*主席*)

袁慧敏女士

易庭暉先生

薪酬委員會

易庭暉先生 (*主席*)

袁慧敏女士

張民先生

監察主任

蘇達文先生

公司秘書

吳卓凡先生

核數師

華融(香港)會計師事務所有限公司

香港

灣仔

港灣道6-8號

瑞安中心3樓

313-316室

CORPORATE INFORMATION

公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2303-06, 23/F.,
Great Eagle Centre,
23 Harbour Road, Wanchai,
Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road, North Point,
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Industrial Bank Co., Ltd

GEM STOCK CODE

8166

WEBSITE ADDRESS

www.aplushk.com/clients/8166chinaeco-farming/index.html

總辦事處及主要營業地點

香港灣仔港灣道23號
鷹君中心
23樓2303-06室

註冊辦事處

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

股份過戶登記總處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay Road,
Pembroke HM08,
Bermuda

香港股份過戶登記分處

聯合證券登記有限公司
香港北角英皇道338號華懋交易廣場
2期33樓3301-04室

主要往來銀行

香港上海滙豐銀行有限公司

恒生銀行有限公司
興業銀行有限公司

GEM股份代號

8166

網址

www.aplushk.com/clients/8166chinaeco-farming/index.html

EXECUTIVE DIRECTORS

Mr. So David Tat Man (“Mr. So”) (蘇達文先生), aged 34, is an executive Director. Mr. So holds a bachelor degree in surveying from The Hong Kong Polytechnic University and is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Directors. Mr. So started his career in the investment department of Savills (Hong Kong) Limited and then worked in a company that specialized in China property investment prior to joining the Company. He has extensive experience in investment in China and Hong Kong. Mr. So was a non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272), a company listed on the GEM on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 1 April 2014 to 31 December 2016. Mr. So joined the Group in January 2014.

Mr. Lai Yick Fung (“Mr. Lai”) (賴益豐先生), aged 48, was an executive Director and the company secretary of the Company. Mr. Lai obtained a Master of Science Degree in Financial Management in the University of London and a Bachelor of Arts Degree in Accountancy in The Hong Kong Polytechnic University. He is an associate member of The Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators in the United Kingdom, The Hong Kong Institute of Chartered Secretaries and The Taxation Institute of Hong Kong. Mr. Lai had worked for an international accounting firm and a number of listed companies in Hong Kong and the United States as senior management and has over 20 years of experience in auditing, accounting and financial management. Mr. Lai joined the Group in April 2015 and resigned in March 2018.

執行董事

蘇達文先生(「蘇先生」), 34歲, 為執行董事。蘇先生持有香港理工大學測量學學士學位, 並為英國皇家特許測量師學會及香港董事學會之會員。加盟本公司前, 蘇先生於第一太平戴維斯(香港)有限公司的投資部開展其事業, 及後於一間專門從事中國物業投資的公司任職。彼於中國及香港投資方面擁有豐富經驗。蘇先生自二零一四年四月一日至二零一六年十二月三十一日為香港聯合交易所有限公司(「聯交所」) GEM上市公司華人飲食集團有限公司(股份代號: 8272)的非執行董事。蘇先生自二零一四年一月加入本集團。

賴益豐先生(「賴先生」), 48歲, 曾為本公司的執行董事及公司秘書。賴先生取得倫敦大學財務管理學碩士學位及香港理工大學會計學文學學士學位。彼為香港會計師公會、英國特許秘書及行政人員公會、香港特許秘書公會及香港稅務學會之會員。賴先生曾任職於一間國際會計師行, 且於多間香港及美國上市公司擔任高級管理層, 並擁有逾二十年的審計、會計及財務管理經驗。賴先生自二零一五年四月加入本集團, 至二零一八年三月辭任。

PROFILE OF THE DIRECTORS 董事履歷

EXECUTIVE DIRECTORS (continued)

Mr. Ng Cheuk Fan, Keith (“Mr. Ng”) (吳卓凡先生), aged 57, is an executive Director and Company Secretary of the Company. Mr. Ng graduated from the University of Alberta, Canada, with a Bachelor’s degree in Commerce, majoring in Accounting. He also obtained a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia and is a Certified Public Accountant in Australia and a member of The Hong Kong Institute of Certified Public Accountants. Mr. Ng has over 20 years of management and accounting experience.

Mr. Ng was an executive director of U-RIGHT International Holdings Limited (“U-RIGHT”) from July 2011 to December 2017 (stock code: 627), a company listed on the Stock Exchange, which received petitions from the Hong Kong Court against the company and its wholly owned subsidiary, Uni-Capital Limited filed by Detusche Bank A.G., Hong Kong Branch on 6 October 2008, before Mr. Ng’s tenure of office. The winding-up petition against U-RIGHT was subsequently dismissed pursuant to the order of the Hong Kong Court dated 16 September 2013. Mr. Ng was also an executive director of China Fortune Financial Group Limited (stock code: 290), a company listed on the Main Board of the Stock Exchange from December 2007 to July 2016. Mr. Ng was appointed as an independent non-executive Director in September 2014 redesignated as an executive Director in September 2016 and was appointed as Company Secretary in March 2018.

執行董事 (續)

吳卓凡先生(「吳先生」), 57歲, 為本公司的執行董事及公司秘書。吳先生畢業於加拿大阿爾伯塔大學, 並取得商業學學士學位, 主修會計。彼亦於澳洲新南威爾斯大學取得專業會計商業碩士學位, 並為澳洲會計師公會及香港會計師公會會員。吳先生於管理及會計方面擁有超過20年經驗。

於二零一一年七月至二零一七年十二月, 吳先生曾為聯交所上市公司佑威國際控股有限公司(「佑威」)(股份代號: 627)之執行董事。佑威接獲德意志銀行香港分行於二零零八年十月六日(於吳先生任職前)就公司及其全資附屬公司立暉有限公司向香港法院提出的呈請。針對佑威的清盤呈請其後根據香港法院日期為二零一三年九月十六日之法令駁回。吳先生於二零零七年十二月至二零一六年七月亦為中國富強金融集團有限公司(股份代號: 290, 一間於聯交所主板上市的公司)之執行董事。吳先生於二零一四年九月獲委任為獨立非執行董事, 於二零一六年九月獲調任為執行董事及於二零一八年三月獲委任為公司秘書。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yick Ting Fai, Jeffrey (“Mr. Yick”) (易庭暉先生), aged 34, is an independent non-executive Director. Mr. Yick is also the chairman of the remuneration committee and members of the audit committee and nomination committee of the Company. Mr. Yick graduated from The Hong Kong Polytechnic University with a Bachelor of Science degree. He subsequently obtained the Juris Doctor degree as well as the Postgraduate Certificate in Laws (PCLL) from The Chinese University of Hong Kong. Mr. Yick was admitted to practice law as a solicitor in Hong Kong in 2012. He has been a member of The Law Society of Hong Kong since then. Mr. Yick worked in both international and reputable local law firms and is currently working as a solicitor with emphasis on corporate finance practice at a local law firm. Mr. Yick principally engages in Hong Kong listing projects and assists in legal compliance of Hong Kong listed companies.

Mr. Yick is currently an independent non-executive director of Mengke Holdings Limited (stock code: 1629), a company listed on the Main Board of the Stock Exchange. Mr. Yick joined the Group in September 2014.

Mr. Zhang Min (“Mr. Zhang”) (張民先生), aged 61, is an independent non-executive Director. He is also the chairman of the nomination committee, members of the audit committee and remuneration committee of the Company. Mr. Zhang holds a Bachelor of Philosophy Degree from the Beijing Normal College and a Master of Laws Degree from the Renmin University of China.

Mr. Zhang is currently an executive director of Value Convergence Holdings Limited (Stock code: 821) appointed in June 2018, a company listed on the Main Board of the Stock Exchange.

Mr. Zhang was the chief executive officer and an executive director of Junefield Department Store Group Limited (stock code: 758) from June 2016 to August 2018, a company listed on the Main Board of the Stock Exchange.

獨立非執行董事

易庭暉先生(「易先生」), 34歲, 為獨立非執行董事。易先生亦為本公司薪酬委員會主席以及審核委員會及提名委員會成員。易先生畢業於香港理工大學並獲取理學士學位。彼其後取得香港中文大學之法律博士學位以及法學專業證書(PCLL)。易先生於二零一二年獲准作為律師在香港從事法律事務, 及自此成為香港律師會會員。易先生曾於國際及具聲譽的本地律師事務所任職, 而目前於一間本地律師事務所擔任律師, 專責企業融資事務。易先生主要從事香港上市項目及協助香港上市公司處理有關法律合規事宜。

易先生現為盟科控股有限公司(股份代號: 1629, 一間於聯交所主板上市的公司)的獨立非執行董事。易先生於二零一四年九月加入本集團。

張民先生(「張先生」), 61歲, 為獨立非執行董事。張先生亦為本公司提名委員會主席, 以及審核委員會及薪酬委員會成員。張先生持有北京師範大學哲學學士學位及中國人民大學法學碩士學位。

張先生於二零一八年六月獲委任為聯交所主板上市公司滙盈控股有限公司(股份代號: 821)的執行董事, 目前仍擔任該職。

張先生自二零一六年六月至二零一八年八月擔任莊勝百貨集團有限公司(股份代號: 758, 一間於聯交所主板上市的公司)的行政總裁及執行董事。

PROFILE OF THE DIRECTORS 董事履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Zhang was appointed as a non-executive director of China Fortune Financial Group Limited (stock code: 290) ("China Fortune") on 8 December 2010. He was re-designated and appointed as chairman of the board, executive director and a member of the remuneration committee of China Fortune from 12 April 2011 to 30 June 2014. In addition, Mr. Zhang was an independent non-executive director of Silver Base Group Holdings Limited (stock code: 886), a company listed on the Main Board of the Stock Exchange, from 28 January 2011 to 1 April 2014. He was also the chief marketing officer of the China Cinda Asset Management Co., Ltd from 28 April 2011 to 31 August 2013 and was the chief executive of China Construction Bank Corporation, Hong Kong Branch, from September 2006 to March 2011 and a director of CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited from August 2006 to March 2011. Both CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited are wholly-owned subsidiaries of China Construction Bank Corporation (stock code: 939) (together with its subsidiaries referred to as the "CCBC Group"), a joint stock company incorporated in the People's Republic of China with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange. He was the president of the Beijing Banking Association from 2003 to 2005 and the Beijing Investment Institution from 2001 to 2006. Mr. Zhang possesses over 20 years' experience in the banking industry through his work with the CCBC Group. Mr. Zhang joined the Group in March 2015.

獨立非執行董事(續)

張先生於二零一零年十二月八日獲委任為中國富強金融集團有限公司(股份代號:290)(「中國富強」)非執行董事,並於二零一一年四月十二日至二零一四年六月三十日期間,獲調任為該公司之董事會主席、執行董事及薪酬委員會成員。此外,自二零一一年一月二十八日至二零一四年四月一月期間,張先生曾擔任聯交所主板上市公司銀基集團控股有限公司(股份代號:886)之獨立非執行董事。自二零一一年四月二十八日至二零一三年八月三十一日期間,彼亦為中國信達資產管理股份有限公司之市場總監,而自二零零六年九月至二零一一年三月期間,彼一直擔任中國建設銀行股份有限公司香港分行行長,並自二零零六年八月至二零一一年三月期間出任建銀國際(控股)有限公司及中國建設銀行(亞洲)股份有限公司董事。建銀國際(控股)有限公司及中國建設銀行(亞洲)股份有限公司均為中國建設銀行股份有限公司(股份代號:939)(連同其附屬公司統稱為「中國建設銀行集團」)之全資附屬公司,而中國建設銀行股份有限公司為於中華人民共和國註冊成立之股份有限公司,且其已發行股份於聯交所主板上市。彼曾於二零零三年至二零零五年期間為北京銀行業協會主席,以及於二零零一年至二零零六年期間為北京投資學會主席。張先生於銀行業擁有超過20年經驗,期間一直於中國建設銀行集團任職。張先生於二零一五年三月加入本集團。

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Ms. Yuen Wai Man (“Ms. Yuen”) (袁慧敏女士), aged 47, is appointed as an independent non-executive Director. Ms. Yuen is also the chairman of the audit committee and members of the nomination committee and remuneration committee. Ms. Yuen graduated from The University of Hong Kong with a degree in Business Administration in 1994. She is the fellow member of The Association of Chartered Certified Accountants, fellow member of The Hong Kong Institute of Certified Public Accountants and overseas member of The Chinese Institute of Certified Public Accountants. Ms. Yuen has worked in accounting and auditing area for over 23 years. Ms. Yuen is currently an independent non-executive director of Chinese Strategic Holdings Limited (stock code: 8089), a company listed on the GEM of the Stock Exchange. Ms. Yuen was also an independent non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), a company listed on the Main Board of the Stock Exchange from November 2011 to November 2017. Ms Yuen joined the Group in September 2016.

獨立非執行董事 (續)

袁慧敏女士(「袁女士」), 47歲, 獲委任為獨立非執行董事。袁女士亦為審核委員會主席以及提名委員會及薪酬委員會成員。袁女士於一九九四年畢業於香港大學, 並持有工商管理學士學位。彼乃英國特許公認會計師公會資深會員、香港會計師公會資深會員及中國註冊會計師協會海外會員。袁女士已從事會計及審核工作逾23年。袁女士現為華人策略控股有限公司(股份代號: 8089, 一間於聯交所GEM上市之公司)之獨立非執行董事。自二零一一年十一月至二零一七年十一月, 袁女士亦為香港建屋貸款有限公司(股份代號: 145, 一間於聯交所主板上市之公司)之獨立非執行董事。袁女士於二零一六年九月加入本集團。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS OVERVIEW

During the year ended 31 December 2018, the Company and its subsidiaries (collectively, the "Group") was principally engaged in the business of one-stop value chain services, property investment, trading of grocery food products, trading of consumables and agricultural products, provision of money lending services and provision of financial services.

During the year ended 31 December 2018, the Group recorded revenue of approximately HK\$51,417,000 (2017: HK\$63,028,000), representing a decrease of approximately 18.4% as compared to that of last year. Loss for the year attributable to owners of the Company amounted to approximately HK\$68,428,000 (2017: HK\$71,648,000). The basic loss per share of the Company was approximately HK9.63 cents (2017: HK11.83 cents).

Property Investment

During the year ended 31 December 2018, the property investment segment reported revenue of approximately HK\$5,153,000 (2017: HK\$3,919,000), representing an increase of approximately 31.5%, as compared to the last year. At 31 December 2018, the Group held properties in the People's Republic of China (PRC), Taiwan and Hong Kong for investment purpose amounted to approximately HK\$169,800,000 (2017: HK\$169,173,000). The portfolio's rental yield was shown in the table below.

Key performance – data of property investment

| | |
|---|----------------------|
| Average occupancy level | 平均佔用水平 |
| Average monthly rental income per square metre (sq.m) | 每平方米(平方米)的 月均租金收入 |

Definition and calculation: Average occupancy level, being percentage of floor area occupied by tenant. Average monthly rental income per sq.m. being average rental income charged to tenant per sq.m. of floor area leased.

業務概覽

截至二零一八年十二月三十一日止年度，本公司及其附屬公司（統稱「本集團」）主要從事提供一站式價值鏈服務、物業投資、糧油食品貿易、消耗品及農產品貿易、提供放債服務及金融服務之業務。

截至二零一八年十二月三十一日止年度，本集團錄得收益約51,417,000港元（二零一七年：63,028,000港元），較去年減少約18.4%。本公司擁有人應佔本年度虧損約68,428,000港元（二零一七年：71,648,000港元）。本公司每股基本虧損約為9.63港仙（二零一七年：11.83港仙）。

物業投資

截至二零一八年十二月三十一日止年度，物業投資分類錄得收益約5,153,000港元（二零一七年：3,919,000港元），較去年增加約31.5%。於二零一八年十二月三十一日，本集團於中華人民共和國（中國）、台灣及香港持作投資用途的物業約為169,800,000港元（二零一七年：169,173,000港元）。投資組合的租金收益率如下表所示。

關鍵表現 – 物業投資數據

| | 2018 二零一八年 | 2017 二零一七年 |
|---|---------------|---------------|
| Average occupancy level | 66.6% | 67.2% |
| Average monthly rental income per square metre (sq.m) | HK\$129港元 | HK\$99港元 |

定義及計算：平均佔用水平為租戶所佔用樓面面積的百分比。每平方米的月均租金收入為按每平方米出租樓面面積向租戶收取的平均租金收入。

BUSINESS OVERVIEW (continued)

One-stop Value Chain Services

During the year ended 31 December 2018, the one-stop value chain services segment reported a revenue of approximately HK\$28,880,000 (2017: HK\$16,177,000), representing an increase of approximately 78.5%, as compared to the last year. The increase was due to more resources was allocated to this segment.

Key performance – data of one-stop value chain services

| | | 2018 二零一八年 | 2017 二零一七年 |
|---------------------|-----|---------------|---------------|
| Gross profit margin | 毛利率 | 0.9% | 2.8% |

Definition and calculation: Gross profit margin, being percentage of gross profit to segment turnover.

業務概覽 (續)

一站式價值鏈服務

截至二零一八年十二月三十一日止年度，一站式價值鏈服務分類錄得收益約28,880,000港元（二零一七年：16,177,000港元），較去年增加約78.5%。該增加是由於更多資源獲分配至該分類。

關鍵表現 – 一站式價值鏈服務的數據

| | | 2018 二零一八年 | 2017 二零一七年 |
|---------------------|-----|---------------|---------------|
| Gross profit margin | 毛利率 | 0.9% | 2.8% |

定義及計算：毛利率為毛利佔分類營業額的百分比。

Trading of Consumables and Agricultural Products

During the year ended 31 December 2018, this business segment reported a revenue of approximately HK\$6,045,000 (2017: HK\$5,870,000). The increase in revenue was mainly due to widen customer base for reusable bags trading business.

Key performance – data of trading of consumables and agricultural products

| | | 2018 二零一八年 | 2017 二零一七年 |
|---------------------|-----|---------------|---------------|
| Gross profit margin | 毛利率 | 27.6% | 26.4% |

Definition and calculation: Gross profit margin, being percentage of gross profit to segment turnover.

消耗品及農產品貿易

截至二零一八年十二月三十一日止年度，本業務分類錄得收益約6,045,000港元（二零一七年：5,870,000港元）。收益增加主要由於可循環再用袋貿易業務的客戶群有所擴大。

關鍵表現 – 消耗品及農產品貿易的數據

| | | 2018 二零一八年 | 2017 二零一七年 |
|---------------------|-----|---------------|---------------|
| Gross profit margin | 毛利率 | 27.6% | 26.4% |

定義及計算：毛利率為毛利佔分類營業額的百分比。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS OVERVIEW (continued)

Trading of Grocery Food Products

The Group's trading of grocery food products segment consists of distribution (i) in the catering channel in Hong Kong for "Mengniu" liquid milk and pasteurized dairy products, under the "Mengniu" brand; and (ii) in peanut oil, corn oil and canola oil under the "Jinlongyu" brand via supermarkets, convenience stores and small-scale stores in Hong Kong. In addition, the Group is also the sole and exclusive distributor for the sale and distribution of ramen and udon products under the brand of "Nittin" (日丁) in Hong Kong, Macau and Taiwan. During the year ended 31 December 2018, this segment reported a revenue of approximately HK\$5,769,000 (2017: HK\$29,902,000).

Key performance – data of trading of grocery food products

Gross profit margin

毛利率

Definition and calculation: Gross profit margin, being percentage of gross profit to segment turnover.

Performance guarantee – Mengniu and Jinlongyu

Pursuant to the sale and purchase agreement dated 28 October 2015 entered into between Hexin Limited ("Hexin"), Fantastic Alliance Investments Limited and the Company, Hexin will be entitled to obtain 118,320,000 new shares to be issued by the Company if YIHE Enterprise Holding Limited ("YIHE") successfully meet the target profit of HK\$7,000,000 for the year ended 31 December 2018. Since YIHE recorded a loss of approximately HK\$146,000 instead, no shares of the Company will be issued to Hexin. Goodwill arising from acquisition of YIHE was fully impaired whereas contingent consideration was written back to the consolidated statement of profit or loss and other comprehensive income in previous financial years.

業務概覽 (續)

糧油食品貿易

本集團的糧油食品貿易分類，包括(i)於香港餐飲渠道分銷「蒙牛」液態奶及「蒙牛」品牌下的巴氏奶類產品；及(ii)透過香港的超級市場、便利店及小規模店鋪分銷「金龍魚」品牌下的花生油、粟米油及芥花籽油。加上，本集團亦為「日丁」(Nittin)品牌的唯一及獨家分銷商，於香港、澳門及台灣銷售及分銷拉麵及烏冬麵產品。截至二零一八年十二月三十一日止年度，本分類錄得收益約5,769,000港元(二零一七年：29,902,000港元)。

關鍵表現－糧油食品貿易數據

| | 2018 二零一八年 | 2017 二零一七年 |
|---------------------|---------------|---------------|
| Gross profit margin | 30.6% | 7.8% |

定義及計算：毛利率為毛利佔分類營業額的百分比。

表現保證－蒙牛及金龍魚

根據合欣(香港)有限公司(「合欣」)、Fantastic Alliance Investments Limited與本公司訂立日期為二零一五年十月二十八日的買賣協議，倘宜合企業控股有限公司(「宜合」)於截至二零一八年十二月三十一日止年度成功達到目標溢利7,000,000港元，合欣將有權獲得本公司發行118,320,000股新股份。因宜合錄得約146,000港元的虧損，本公司將不會發行股份予合欣。自收購宜合產生的商譽悉數減值，而或然代價已於過往財政年度撥回綜合損益及其他全面收益表。

BUSINESS OVERVIEW (continued)

Trading of Grocery Food Products (continued)

Performance guarantee – Mengniu and Jinlongyu (continued)

After a series of discussion and careful consideration, the Group decided to not to renew the sole distributorship agreements with respective principals of Mengniu and Jinlongyu products. The Group is unable to come up with a satisfactory turnaround plan with the management of Huge Famous Corporation Limited due to the tough trading environment resulting in the products' low gross margin. The Group will focus on Nittin brand of ramen and udon products within this segment.

Provision of money lending services

During the year ended 31 December 2018, the Group's money lending services segment reported a revenue of approximately HK\$1,568,000 (2017: HK\$5,750,000). With majority of the loans secured by properties or company shares, we demonstrated our strategy of balanced approach between protecting the Group's position yet allowing certain flexibility to cater for customer needs.

Key performance – loan interest data

Interest rate earned 已賺取利息

Definition and calculation: Interest rate earned, being percentage of interest income divided by loan amount.

業務概覽 (續)

糧油食品貿易 (續)

表現保證 – 蒙牛及金龍魚 (續)

經過一系列的討論及認真考慮後，本集團決定不再與蒙牛及金龍魚各自續簽獨家分銷協議。由於艱困的貿易環境導致產品毛利率低，本集團未能與銘鵬有限公司管理層達成令人滿意的周轉計劃。本集團將取聚焦本分類的日丁品牌拉麵及烏冬麵產品。

提供放債服務

截至二零一八年十二月三十一日止年度，本集團的放債服務分類呈報的收益約為1,568,000港元（二零一七年：5,750,000港元）。大部分以物業或公司股份作為抵押的貸款，我們展示我們在保障本集團的地位及允許一定的靈活性以滿足客戶需求之間達成平衡的策略。

關鍵表現 – 貸款利息數據

| | 2018 二零一八年 | 2017 二零一七年 |
|----------------------------|---------------|---------------|
| Interest rate earned 已賺取利息 | 9.8% | 12.7% |

定義及計算：已賺取利息，即利息收入百分比除以貸款額。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS OVERVIEW (continued)

Provision of financial services

During the year ended 31 December 2018, the Group has two operating subsidiaries, China AF Asset Management Limited, a company holding Type 9 (asset management) licence under Securities and Futures Commission (the "SFC"), and China AF Corporate Finance Limited, a company holding Type 6 (advising on corporate finance) licence under the SFC. This segment reported a revenue for the year ended 31 December of 2018 of HK\$4,002,000 (contribution to revenue for the year ended 31 December of 2017 of HK\$1,410,000).

Securities investments

The Group had equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss in aggregate of approximately HK\$52,346,000 as at 31 December 2018, representing approximately 11.58% of the Company's total assets (31 December 2017: approximately HK\$99,508,000, representing approximately 20.27% of the Company's total assets).

The Company's investment strategy is to invest in securities that have growth potential, with the aims to capture capital appreciation and diversify the Company's investment portfolio (as detailed below) in order to reduce concentration of investment risks in one industry and maximise value for the Shareholders. The composition of the investment portfolio may change from time to time during the coming year. In order to mitigate the possible financial risks related to the equities, the investment portfolio will be monitored regularly and appropriate actions would be taken whenever necessary in a prudent manner in response to changes in market situation. Below is additional information in relation to the significant investments with market value exceeding HK\$10,000,000 as at 31 December 2018 and 31 December 2017:

業務概覽 (續)

提供金融服務

截至二零一八年十二月三十一日止年度，本集團擁有兩間經營附屬公司：中國農信資產管理有限公司（一間持有證券及期貨事務監察委員會（「證監會」）第9類（資產管理）牌照的公司）及中國農信財務顧問有限公司（一間持有證監會第6類（就企業融資提供意見）牌照的公司）。該分類呈報的截至二零一八年十二月三十一日止年度的收益為4,002,000港元（截至二零一七年十二月三十一日止年度的收益貢獻為1,410,000港元）。

證券投資

於二零一八年十二月三十一日，本集團按公平值計入其他全面收益之權益工具及按公平值計入損益之金融資產合共約52,346,000港元，佔本公司總資產約11.58%（二零一七年十二月三十一日：約99,508,000港元，佔本公司總資產約20.27%）。

本公司的投資策略為投資具增長潛力的證券，旨在把握資本增值及豐富本公司投資組合（詳情見下文）以減少集中投資於單一行業的風險及實現股東價值最大化。來年投資組合的組成情況或會隨時變化。為降低與股本相關的可能財務風險，我們將定期監控投資組合並於必要時審慎採取適當行動以順應市況的變化。於二零一八年十二月三十一日及二零一七年十二月三十一日，與市值超過10,000,000港元的重大投資相關的額外資料如下：

BUSINESS OVERVIEW (continued)
Securities investments (continued)

For the year ended 31 December 2018 and year ended 31 December 2017

業務概覽 (續)
證券投資 (續)
截至二零一八年十二月三十一日止年度及截至二零一七年
十二月三十一日止年度

| Name of investee company | 被投資公司名稱 | Investment cost | | Number of shares held | | % of shareholding | | Market value | | % of market value to the Group's total assets | | Change in fair value | Gain/(loss) on disposal | Dividends received |
|--|-------------------------|-------------------------------------|-------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---|-------------------------------------|----------------------|-------------------------|--------------------|
| | | For the year ended 31 December 2018 | For the year ended 31 December 2017 | As at 31 December 2018 | As at 31 December 2017 | As at 31 December 2018 | As at 31 December 2017 | As at 31 December 2018 | As at 31 December 2017 | For the year ended 31 December 2018 | For the year ended 31 December 2017 | | | |
| Financial assets at fair value through profit or loss | 按公平值計入損益之金融資產 | | | | | | | | | | | | | |
| China Fortune Financial Group Limited (Note 1) | 中國豐盛金融集團有限公司 (附註1) | - | - | 33,478 | 104,620,000 | 1.48% | 17,681 | (5,860) | (15,798) | N/A 不適用 | (1,479) | - | - | |
| Madison Holdings Group Limited (Note 2) | 麥迪森控股集團有限公司 (附註2) | 5,575 | 3,260,000 | 0.08% | 8,680,000 | 0.22% | 14,843 | (5,303) | (3,559) | N/A 不適用 | - | 197 | - | |
| Others (Note 3 and Note 7) | 其他 (附註3及附註7) | 20,706 | N/A 不適用 | N/A 不適用 | 7,804 | N/A 不適用 | 7,804 | (9,323) | (1,264) | N/A 不適用 | (5,689) | 771 | 20 | |
| | | 26,281 | 60,948 | | 20,362 | 4.50% | 40,328 | (20,486) | (20,621) | N/A 不適用 | (7,168) | 968 | 20 | |
| Equity instruments at fair value through other comprehensive income | 按公平值計入其他全收益之權益工具 | | | | | | | | | | | | | |
| China Industrial Securities International Financial Group Limited (Note 4) | 興證國際金融集團有限公司 (附註4) | 8,422 | 13,000 | 0.22% | 13,380,451 | 0.33% | 18,064 | 2,512 | 5,064 | N/A 不適用 | - | 401 | 268 | |
| Anhui Damingyuan Tourism Development Company Limited* (安徽大明園旅遊發展股份有限公司) (Note 5) | 安徽大明園旅遊發展股份有限公司 (附註5) | 40,005 | 11,250,000 | 4.99% | 11,250,000 | 4.99% | 40,005 | (18,172) | - | N/A 不適用 | - | - | - | |
| Others (Note 6) | 其他 (附註6) | 1,111 | N/A 不適用 | N/A 不適用 | 9 | N/A 不適用 | 1,111 | (1,102) | - | N/A 不適用 | - | - | - | |
| | | 49,538 | 54,116 | | 31,984 | 7.08% | 59,180 | (16,762) | 5,064 | N/A 不適用 | - | 401 | 268 | |
| Total | 總計 | 75,819 | 115,064 | | 52,346 | 11.58% | 99,508 | (37,248) | (15,557) | N/A 不適用 | (7,168) | 1,369 | 288 | |

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS OVERVIEW (continued)

For the year ended 31 December 2018 and year ended 31 December 2017 (continued)

Notes:

1. China Fortune Financial Group Limited, a company listed on the Main Board of the Stock Exchange, together with its subsidiaries are principally engaged in securities and insurance brokerage, margin financing, provision of corporate finance services and money lending services.
2. Madison Holdings Group Limited, a company listed on the GEM of the Stock Exchange, together with its subsidiaries are principally engaged in (i) the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine; and (ii) the provision of financial services.
3. These are all listed companies on the Stock Exchange for the year ended 31 December 2018, together with their subsidiaries are mainly engaged in provision of financial services such as securities and brokerage trading as well as provision of loans and financing services. There are also companies engaging in printing and packaging industry, equine services, building fire safety services, and asphalt plants industry.
4. China Industrial Securities International Financial Group Limited, a company listed on the GEM of the Stock Exchange, together with its subsidiaries are principally engaged in the provision of brokerage services, loans and financing services, investment banking services, asset management services and financial products and investments.
5. Anhui Damingyuan Tourism Development Company Limited* (安徽大明園旅遊發展股份有限公司), a company listed on Shanghai Equity Exchange in the PRC until 28 February 2018, which is principally engaged in development of tourism resources business. For details, please refer to the announcements of the Company dated 19 July 2016 and 31 August 2016.
6. This is another listed company on Shanghai Equity Exchange in the PRC which is principally engaged in selling comfort shoes and insoles, as well as foot related products.
7. These are all listed companies on the Stock Exchange for the year ended 31 December 2018, together with their subsidiaries are mainly engaged in the financial industry such as securities trading, provision of financial guarantee services and loans financing business. There are also companies engaging in properties investments, motor trading industry and internet technology related service industry.

業務概覽(續)

截至二零一八年十二月三十一日止年度及截至二零一七年十二月三十一日止年度(續)

附註:

1. 中國富強金融集團有限公司，一間於聯交所主板上市的公司，連同其附屬公司主要從事證券及保險經紀、保證金融資、提供企業融資服務及放債服務。
2. 麥迪森控股集團有限公司，一間於聯交所GEM上市的公司，連同其附屬公司主要(i)於香港從事一應俱全的葡萄酒產品及其他酒精飲品之零售及批發，並專注於紅酒；及(ii)提供金融服務。
3. 截至二零一八年十二月三十一日止，該等公司均為於聯交所上市的公司，連同其附屬公司主要從事提供金融服務，如證券及經紀交易以及提供貸款及金融服務。亦有公司從事印刷及包裝行業、馬匹服務、建築消防安全服務及瀝青廠房行業。
4. 興證國際金融集團有限公司，一家於聯交所GEM上市的公司，連同其附屬公司主要從事提供經紀服務、貸款及融資服務、投資銀行服務、資產管理服務以及金融產品及投資。
5. 安徽大明園旅遊發展股份有限公司，一家於二零一八年二月二十八日之前在中國上海股權托管交易中心掛牌的公司，主要從事旅遊資源開發業務。更多詳情，請參考本公司日期為二零一六年七月十九日及二零一六年八月三十一日的公佈。
6. 該公司為在中國上海股權托管交易中心掛牌的另一家公司，主要從事舒適的鞋子及鞋墊銷售以及腳部相關產品。
7. 截至二零一八年十二月三十一日止年度，該等公司為於聯交所上市的公司，連同彼等的附屬公司主要從事金融業，如證券交易、提供金融擔保服務及貸款融資業務。亦有公司從事物業投資、汽車貿易行業及互聯網科技相關服務行業。

* For identification purposes only

* 僅供識別

BUSINESS OVERVIEW (continued)

Environmental Policies and Performance

The Board admits the responsibility to environmental protection. Over the years, the Group has committed to reduce waste and pollution with a view of effective and efficient resources utilisation in the office spaces. Staff are reminded from time to time the Group's direction in this respect.

Compliance with the Relevant Laws and Regulations

The Group's main business and operation work within common trade practice environment and the Group endeavours to comply with all legal and regulatory requirements. In relation to the human resources, the Group is committed to comply with the requirements of the applicable laws and regulations, such as the Employment Ordinance, ordinances in relation to discrimination, the Privacy Ordinance and the Minimum Wage Ordinance. The Group also values good conduct of the employees and has set out clear guidelines to prevent bribery and to regulate the acceptance of benefits by the employees. On the corporate level, the Group continuously complies with the requirements under the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the Securities and Futures Ordinance ("SFO"), such as disclosure of interests, corporate governance, Model Code for Securities Transactions by Directors of the Listed Issuers and "Inside Information" disclosure. The Group employs legal and financial advisers when undergoing acquisitions or other corporate exercises. During the year ended 31 December 2018, there was no material breach of or non-compliance with the applicable laws and rules by the Group.

業務概覽 (續)

環保政策及表現

董事會承認有責任保護環境。為有效及高效地使用辦公場所的資源，本集團多年來一直承諾減少廢物及污染。員工不時獲提醒本集團在此方面的方針。

遵守相關法例及法規

本集團主要業務及營運工作於一般商業環境進行，且本集團努力遵循所有法律和監管規定。至於人力資源方面，本集團承諾遵守適用法例及法規的規定，如僱傭條例、有關歧視的條例、私隱條例及最低工資條例。本集團亦重視員工的良好操守，並已制定清晰指引，以防止賄賂及規範僱員接受利益。於企業層面上，本集團持續遵守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」）以及證券及期貨條例（「證券及期貨條例」）的規定，如權益披露、企業管治、上市發行人董事進行證券交易的標準守則及「內幕消息」披露。本集團進行收購及其他企業活動時，會聘用法律及財務顧問。截至二零一八年十二月三十一日止年度，本集團並無重大違反或不遵守適用法例及規則。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS OVERVIEW (continued)

Relationships with Employees, Customers and Suppliers

The Group recognises importance of retaining talents to ensure the ongoing execution of business plans. The Group has established all-rounded staff policy and guidelines for staff welfare, provide a safe workplace, and support the development of talent. The Group provides incentives to its employees based on their performance. The Group encouraged employees to update their work-related knowledge, skill by providing training offered by external organisations. During the year ended 31 December 2018, the employee voluntary turnover rate of the Group was kept at a low level. During the year, no violation of labour law was recorded. The key customers of the Group include the long term trading customers and tenants of the investment properties. The key suppliers of the Group are the suppliers of the trading business. The Group has established long term and solid business relationship with the suppliers which ensures stable supply and quality products which meet customers' demand. During the year, there was no material dispute between the Group and the customers/suppliers.

FINANCIAL REVIEW

For the year ended 31 December 2018, the Group recorded a revenue of approximately HK\$51,417,000 (2017: HK\$63,028,000), representing a decrease of approximately 18.4% as compared to that of last year. The decrease was mainly due to the Group has ceased the trading business of "Mengniu" and "Jinlongyu".

Cost of sales for the year under review was approximately HK\$37,798,000 (2017: HK\$47,716,000), representing a decrease of approximately 20.8% as compared to that of last year. The decrease of cost of sales was in line with the drop in revenue. The decrease in absolute amount of gross profit was due to decrease interest income from provision of money lending services.

業務概覽 (續)

與僱員、顧客及供應商的關係

本集團認同挽留人才的重要性，以確保業務計劃得以持續。本集團已就員工福利建立全面的員工政策及指引，以提供安全的工作環境並支持人才的發展。本集團按照其表現向僱員提供獎勵。本集團透過提供由外部機構舉辦的培訓，鼓勵僱員更新彼等與工作相關的知識、技能。於截至二零一八年十二月三十一日止年度，本集團的員工自願離職率保持於低水平。年內，概無違反勞工法例的紀錄。本集團的主要客戶包括長期貿易客戶及投資物業的租戶。本集團的主要供應商為貿易業務的供應商。本集團與該等供應商已建立長期及穩定的業務關係，此確保可獲得迎合客戶要求的穩定供應及優質產品。年內，本集團與客戶／供應商並無任何重大爭議。

財務回顧

截至二零一八年十二月三十一日止年度，本集團錄得收益約51,417,000港元（二零一七年：63,028,000港元），較去年減少約18.4%。該等減少乃主要由於本集團已終止「蒙牛」及「金龍魚」的貿易業務。

回顧年度之銷售成本約為37,798,000港元（二零一七年：47,716,000港元），較去年下跌約20.8%。銷售成本下跌乃與收入下降趨勢一致。毛利絕對數量的減少乃由於提供放債服務的利息收入降低所致。

FINANCIAL REVIEW (continued)

Administrative expenses for the year under review was approximately HK\$63,626,000 (2017: HK\$58,635,000), representing an increase of approximately 8.5% as compared to that of last year. The increase was mainly attributable to increase in written off the other receivables of approximately HK\$13,300,000, which was partially offset by decrease in share option expense of approximately HK\$6,300,000, decrease in amortisation of intangible assets of approximately HK\$1,600,000, and decrease in legal and professional fees of approximately HK\$1,900,000.

Finance costs for the year under review was approximately HK\$9,251,000 (2017: HK\$10,873,000), representing a decrease of approximately 14.9% as compared to that of last year. The decrease was mainly due to decrease in effective interest expense on convertible bonds of approximately HK\$2,755,000.

The Group recorded a loss for the year attributable to owners of the Company in the amount of approximately HK\$68,428,000 (2017: HK\$71,648,000). Basic loss per share of the Company decreased from HK11.83 cents for the year ended 31 December 2017 to HK9.63 cents for the year ended 31 December 2018.

財務回顧 (續)

回顧年度之行政開支約為63,626,000港元(二零一七年: 58,635,000港元), 較去年上升約8.5%。上升主要由於其他應收款項撇銷增加約13,300,000港元, 其部分被購股權費用減少約6,300,000港元、無形資產攤銷減少1,600,000港元、法律及專業費用減少約1,900,000港元所抵銷。

回顧年度內融資成本約為9,251,000港元(二零一七年: 10,873,000港元), 較去年減少約14.9%。此減少乃主要由於可換股債券實際利息開支減少約2,755,000港元所致。

本集團錄得本公司擁有人應佔本年度虧損金額約為68,428,000港元(二零一七年: 71,648,000港元)。本公司每股基本虧損由截至二零一七年十二月三十一日止年度之11.83港仙下降至截至二零一八年十二月三十一日止年度之9.63港仙。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Liquidity and Financial Resources

The Group financed its business operations mainly with its internally generated resources and borrowings during the year under review. At 31 December 2018, the bank balances and cash of the Group was approximately HK\$17,870,000 (2017: HK\$5,111,000).

At 31 December 2018, the net assets of the Group was approximately HK\$336,973,000 (2017: HK\$320,233,000) and the net current assets was approximately HK\$38,100,000 (2017: HK\$3,669,000).

Gearing Ratio

At 31 December 2018, the total liabilities of the Group amounted to approximately HK\$112,446,000 (2017: HK\$170,648,000), which mainly comprised of trade and other payables, contract liabilities, borrowings, margin loans payable, other loan payable, amount due to non-controlling interests, income tax payable and deferred tax liabilities. These liabilities are denominated in Hong Kong dollars, Renminbi and New Taiwan Dollars.

At 31 December 2018, the Group had total assets of approximately HK\$449,419,000 (2017: HK\$490,881,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, turned to 0.25 as at 31 December 2018 (2017: 0.35).

Segmental Information

An analysis of the Group's performance for the year ended 31 December 2018 by business segment is set out in note 6 to the consolidated financial statements.

財務回顧 (續)

流動資金及財務資源

於回顧年度，本集團主要以內部資源及借款為其業務經營提供資金。於二零一八年十二月三十一日，本集團的銀行結餘及現金約為17,870,000港元（二零一七年：5,111,000港元）。

於二零一八年十二月三十一日，本集團之資產淨值約為336,973,000港元（二零一七年：320,233,000港元）及流動資產淨值約為38,100,000港元（二零一七年：3,669,000港元）。

資產負債比率

於二零一八年十二月三十一日，本集團之負債總額約為112,446,000港元（二零一七年：170,648,000港元），主要包括應付賬款及其他應付款項、合約負債、借款、應付保證金貸款、應付其他貸款、應付非控股股東權益款項、應付所得稅及遞延稅項負債。該等負債以港元、人民幣及新台幣計值。

於二零一八年十二月三十一日，本集團之總資產約為449,419,000港元（二零一七年：490,881,000港元）。於二零一八年十二月三十一日，本集團之資產負債比率（以總負債與總資產比率表示）下降至0.25（二零一七年：0.35）。

分類資料

截至二零一八年十二月三十一日止年度，本集團按業務分類劃分之業務表現分析載於綜合財務報表附註6。

FINANCIAL REVIEW (continued)

Employees and Remuneration Policies

As at 31 December 2018, the Group had 45 (2017: 44) total number of full-time employees. Staff costs, including directors' emoluments of the Company for the year ended 31 December 2018 were approximately HK\$20,213,000 in total (2017: HK\$24,023,000). The Group determines the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

Capital Structure

As at 31 December 2018, the Company's issued ordinary share capital was HK\$7,771,324.30 divided into 777,132,430 shares of HK\$0.01 each ("Shares") (2017: HK\$122,071,049.76 divided into 6,103,552,488 shares of HK\$0.02 each).

Fund Raising Activities

Issue of Convertible Bonds II as a consideration of an acquisition

On 13 December 2013, Skyline Top Limited ("Skyline Top"), a wholly-owned subsidiary of the Company and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited; and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregated consideration of HK\$40,000,000, of which: (i) HK\$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK\$20,000,000 shall be satisfied by the Skyline Top's procuring of the issue of the convertible bonds ("Convertible Bonds II") at the conversion price of HK\$0.17 (note) per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the Convertible Bonds II, 117,647,058 (note) new shares shall be issued.

The completion of the acquisition involving the issue of convertible bonds as a consideration took place on 31 March 2014.

財務回顧(續)

僱員及薪酬政策

於二零一八年十二月三十一日，本集團擁有合共45名全職僱員（二零一七年：44名）。本公司截至二零一八年十二月三十一日止年度之員工成本（包括董事酬金）合共約20,213,000港元（二零一七年：24,023,000港元）。本集團主要根據僱員之個別表現及專才釐定薪金及報酬。除基本薪金外，可根據本集團之業績以及個別僱員之貢獻向合資格僱員授予購股權。

股本架構

於二零一八年十二月三十一日，本公司已發行普通股本為7,771,324.30港元，分為777,132,430股每股面值0.01港元之股份（「股份」）（二零一七年：122,071,049.76港元，分為6,103,552,488股每股面值0.02港元之股份）。

集資活動

發行可換股債券二作為收購代價

於二零一三年十二月十三日，本公司全資附屬公司天際高有限公司（「天際高」）與蘇斌先生訂立買賣協議，據此，(i)蘇斌先生已同意向天際高出售，而天際高已同意自蘇斌先生購買康信環球投資有限公司的銷售股份；及(ii)蘇斌先生已同意向天際高轉讓及天際高已同意接受所轉讓的銷售貸款，總代價為40,000,000港元，其中：(i) 20,000,000港元將由天際高於完成後以支票或本票支付；及(ii)20,000,000港元將由天際高於完成後通過促使本公司按換股價每股換股股份0.17港元（附註）向蘇斌先生發行可換股債券（「可換股債券二」）支付。

於可換股債券二隨附的兌換權獲行使後，117,647,058股（附註）新股份將予以發行。

涉及發行可換股債券作為代價的收購事項於二零一四年三月三十一日完成。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Fund Raising Activities (continued)

Issue of Convertible Bonds II as a consideration of an acquisition (continued)

Included in the audited financial statements of the Property Investment Subsidiary (as defined in the Company's circular dated 19 February 2014) dated 28 April 2017 was the profit before tax of the Property Investment Subsidiary for the period commencing from the Placing Completion Date (as defined in the Company's circular dated 19 February 2014) up to 31 December 2016 of HK\$46,541,792 which was audited by the auditor of the Company. As a result, principal portion of Convertible Bond II amounted to HK\$8,364,552 was cancelled by the Company pursuant to the terms and conditions of the Convertible Bond II. On 23 May 2017, 68,443,811 new shares of the Company were issued to Mr. So Pan upon his exercise in full of the remaining portion of Convertible Bond II.

Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

Note: On 2 July 2015, a placing of 629,000,000 new shares of the Company was completed and pursuant to the terms and conditions of the bond instruments of the Convertible Bonds, the conversion price was revised from HK\$0.188 to HK\$0.17. As a result, number of new shares to be issued upon exercise of conversion attaching to the Convertible Bonds was revised from 106,382,978 to 117,647,058.

Placing of new shares

On 20 February 2018, the Company entered into the placing agreement with a placing agent, it is propose that the placing agent would propose to offer for subscription of 1,200,000,000 placing shares at HK\$0.08334 per placing shares ("Placing I"), and the placing agent has agreed to procure subscriptions for the placing shares. The maximum gross proceeds from the Placing I will be approximately HK\$100,008,000. Details are set out in the announcement issued by the Company dated 20 February 2018.

財務回顧 (續)

集資活動 (續)

發行可換股債券二作為收購代價 (續)

物業投資附屬公司(定義見本公司日期為二零一四年二月十九日之通函)日期為二零一七年四月二十八日之經審核財務報表已計入物業投資附屬公司自配售事項完成日期(定義見本公司日期為二零一四年二月十九日之通函)起直至二零一六年十二月三十一日的除稅前溢利46,541,792港元,該金額已經本公司核數師審核。因此,可換股債券二本金部分8,364,552港元由本公司根據可換股債券二之條款及條件註銷。於蘇斌先生悉數行使可換股債券二之餘下部分後,於二零一七年五月二十三日,本公司向蘇斌先生發行68,443,811股新股份。

有關發行可換股債券作為收購代價的更多詳情,載於本公司日期為二零一三年十二月十三日、二零一四年三月七日及二零一四年三月三十一日之公佈,以及本公司日期為二零一四年二月十九日之通函。

附註: 於二零一五年七月二日,629,000,000股本公司新股份之配售已完成,且根據可換股債券的債券文據的條款及條件,有關換股價已自0.188港元修訂為0.17港元。因此,可換股債券所附帶兌換獲行使而將予發行的新股份數目自106,382,978股修訂為117,647,058股。

配售新股份

於二零一八年二月二十日,本公司與配售代理訂立配售協議,建議配售代理建議以每股配售股份0.08334港元認購1,200,000,000股配售股份(「配售事項一」),而配售代理已同意促使認購配售股份。配售事項一之最高所得款項總額將約為100,008,000港元。詳情載於本公司於二零一八年二月二十日刊發之公佈。

FINANCIAL REVIEW (continued)

Fund Raising Activities (continued)

Placing of new shares (continued)

On 9 March 2018, the Company announced to terminate Placing I and will be replaced by a new placing agreement with a placing agent. It is proposed that the placing agent would propose to offer for subscription of 1,200,000,000 placing shares at the placing price of HK\$0.083 per placing share. The maximum gross proceeds from the placing were approximately HK\$99,600,000 and the net proceeds after deducting the placing commission and other relevant expenses were approximately HK\$96,900,000. Further details of the placing are set out in the announcements of the Company dated 9 March 2018 and 29 March 2018. The net proceeds from placing were used as follows:

| Period under review | Aggregate amount used during the period under review | Purpose of usage | Remaining balance of placing proceeds as the last date of the period under review |
|---|--|--------------------------------|---|
| 回顧期間 | 於回顧期間所使用的總額 | 使用目的 | 配售事項所得款項於回顧期間最後日期的餘額 |
| Since completion of placing on 29 March 2018 up to and including 31 December 2018 | HK\$12.0 million | Redemption of Convertible Bond | HK\$11.5 million |
| 自配售事項於二零一八年三月二十九日完成起直至二零一八年十二月三十一日(包括該日)止 | 12.0百萬港元 | 贖回可換股債券 | 11.5百萬港元 |
| | HK\$23.9 million | Repayment of other debts | Nil |
| | 23.9百萬港元 | 償還其他債務 | 無 |
| | HK\$44.5 million | Partial repayment of loan | Nil |
| | 44.5百萬港元 | 部分償還貸款 | 無 |
| | HK\$5.0 million | General working capital | Nil |
| | 5.0百萬港元 | 一般營運資金 | 無 |

Issue of Convertible Bond III & Convertible Bond IV as a consideration of an acquisition

On 28 May 2015, Skyline Top Limited and Yardley Wealth Management Limited ("Yardley") became shareholders (the "JV Partners") of Delightful Hope Limited (the "JV Company") for the purpose of the proposed acquisition. The JV Company is owned as to 50% by each of the JV Partners. The directors of the Company considered the JV Company is the subsidiary of the Company in accordance with HKFRS10 Consolidated Financial Statement.

財務回顧(續)

集資活動(續)

配售新股份(續)

於二零一八年三月九日，本公司宣佈終止配售事項一，並將與配售代理以新配售協議取代。其建議配售代理將提出認購要約，按配售價每股配售股份0.083港元認購1,200,000,000股配售股份。配售事項之最高所得款項總額約為99,600,000港元且扣除配售佣金及其他相關開支後的所得款項淨額約為96,900,000港元。有關配售事項之進一步詳情載於本公司日期為二零一八年三月九日及二零一八年三月二十九日之公佈。配售事項所得款項淨額乃按以下方式使用：

發行可換股債券三及可換股債券四作為收購代價

於二零一五年五月二十八日，天際高有限公司與溢利財富管理有限公司(「溢利」)就建議收購事項成為希愉有限公司(「合營公司」)的股東(「合營夥伴」)。合營公司由合營夥伴各自擁有50%。本公司董事認為，根據香港財務報告準則第10號綜合財務報表，合營公司為本公司之附屬公司。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Fund Raising Activities (continued)

Issue of Convertible Bond III & Convertible Bond IV as a consideration of an acquisition (continued)

Upon formation of JV Company, the JV Partners have agreed to make provision for the management and administration of the JV Company's affairs, and set out their respective obligations and rights on the terms and conditions set in the shareholders' agreement (the "Shareholders' Agreement").

On 29 May 2015, the Company, the JV Company, Yardley and Rich Best Asia Limited (the "Vendor") entered into the sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which (i) the Vendor has agreed to sell and the JV Company has agreed to purchase entire equity interest in China Smart Asia Limited, a subsidiary of Chinese Strategic Holdings Limited ("Chinese Strategic"), which the shares of Chinese Strategic are listed on the GEM of the Stock Exchange (stock code: 8089); and (ii) the Vendor has agreed to assign the JV Company, and the JV Company has agreed to accept the assignment of sale loan at an aggregate consideration of HK\$93,000,000, which shall be settled and discharged by the JV Company in accordance with the time, mode and manner set out under the Sale and Purchase Agreement: (i) forthwith upon the execution of the Sale and Purchase Agreement, the JV Company and Yardley shall jointly and severally pay the sum of HK\$20,000,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor as deposit (the "Deposit"), and the Deposit shall be applied for partial payment of the consideration at completion; (ii) the JV Company and Yardley shall jointly and severally pay a further sum of HK\$26,500,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor for partial payment of the balance of the consideration at completion; and (iii) the remaining balance of the consideration in the sum of HK\$46,500,000 shall be settled and discharged by the Company's issuance to the Vendor (or any nominee of the Vendor) (i) the convertible bonds ("Convertible Bond-III") in the principal amount of HK\$23,000,000; and (ii) the convertible bonds ("Convertible Bond-IV") in the principal amount of HK\$23,500,000 at completion.

財務回顧 (續)

集資活動 (續)

發行可換股債券三及可換股債券四作為收購代價 (續)

待組成合營公司後，合營夥伴已同意就管理合營公司之事務作出規定，並按照股東協議（「股東協議」）所載條款及條件訂明彼等各自的義務及權利。

於二零一五年五月二十九日，本公司、合營公司、溢利與Rich Best Asia Limited（「賣方」）訂立買賣協議（「買賣協議」），據此，(i)賣方已同意出售及合營公司已同意購買華人策略控股有限公司（「華人策略」，華人策略的股份於聯交所GEM上市（股份代號：8089））之附屬公司華杰亞洲有限公司全部股權；及(ii)賣方已同意向合營公司轉讓及合營公司已同意接受轉讓銷售貸款，總代價為93,000,000港元，並將由合營公司根據買賣協議所載列的時間、模式及方法結付及清償：(i)緊隨簽立買賣協議後，合營公司及溢利須共同及個別地以現金或銀行本票向華人策略（代表賣方）支付總數20,000,000港元作為按金（「按金」），而按金將於完成時用作支付部份代價；(ii)合營公司及溢利須共同及個別地進一步以現金或銀行本票向華人策略（代表賣方）支付總數26,500,000港元，作為於完成時部份支付代價的結餘；(iii)代價餘額合共為46,500,000港元，須由本公司於完成時向賣方（或賣方的任何提名人）發行(i)本金額為23,000,000港元的可換股債券（「可換股債券三」）；及(ii)本金額為23,500,000港元的可換股債券（「可換股債券四」）作結付及清償。

FINANCIAL REVIEW (continued)

Fund Raising Activities (continued)

Issue of Convertible Bond III & Convertible Bond IV as a consideration of an acquisition (continued)

Upon exercise of conversion rights attaching to the Convertible Bond-III & Convertible Bond-IV, 186,000,000 new shares shall be issued.

The completion of the acquisition involving the issue of Convertible Bond-III & Convertible Bond-IV as a part of the consideration took place on 20 August 2015.

Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 29 May 2015, 20 August 2015 and the circular of the Company dated 27 July 2015.

Convertible Bond III expired on 31 March 2017 and subsequently the Company received a redemption notice from the Convertible Bond III holder for the principal amount of HK\$23,000,000. The Company had agreed with the Convertible Bond III holder to pay an interest of 5% per annum from 1 April 2017 up to the date of settlement. The amount was fully settled with interest on 29 March 2018. Convertible Bond IV expired on 30 September 2018 and the Company received a redemption notice from the Convertible Bond IV holder for the principal amount of HK\$23,500,000 as at the date of this report HK\$10,500,000 remained outstanding.

財務回顧 (續)

集資活動 (續)

發行可換股債券三及可換股債券四作為收購代價 (續)

可換股債券三及可換股債券四所附帶兌換權獲行使後，186,000,000股新股份將獲發行。

涉及發行可換股債券三及可換股債券四作為部分代價的收購事項於二零一五年八月二十日完成。

有關發行可換股債券作為收購代價的更多詳情載於本公司日期為二零一五年五月二十九日、二零一五年八月二十日的公佈及本公司日期為二零一五年七月二十七日的通函。

可換股債券三於二零一七年三月三十一日到期，其後本公司接獲可換股債券三持有人之贖回通知，本金額為23,000,000港元。本公司已同意可換股債券三持有人自二零一七年四月一日起直至結算日期支付年利率5%。該金額於二零一八年三月二十九日悉數結算（計息）。可換股債券四於二零一八年九月三十日到期，且本公司接獲可換股債券四持有人之贖回通知，本金額為23,500,000港元，於本報告日期，10,500,000港元仍未贖回。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Significant Investments, Acquisitions and Disposal

Disposal of an investment property

On 10 August 2018 and 26 October 2018, the Group entered into and signed two sale and purchase agreements with an independent third party to dispose of three of the investment properties held by the Group which are all located in the PRC with fair value of approximately RMB9,330,000 (equivalent to approximately HK\$11,186,000) as at 31 December 2017. Such property was classified as investment properties in the consolidated statement of financial position as at 31 December 2017. The transaction was completed on 30 September 2018 and 31 October 2018 with a loss of disposal between the sale proceed over the cost of acquisition of approximately HK\$3,177,000.

Acquisition of Shunxin Holdings Limited and placing of convertible bonds

(a) *The acquisition of Shunxin Holdings Limited (the "Acquisition")*

On 29 May 2017, Cosmic Bliss Limited as the vendor (the "Vendor"), Champion Front Limited as the purchaser (the "Purchaser") and the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the entire issued share capital of Shunxin Holdings Limited, the target company, at the maximum consideration of HK\$120,000,000, which shall be settled by the issue of the consideration CBs (the "Consideration CBs").

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the outstanding shareholder loan due to the Vendor at the consideration of HK\$1, which shall be settled by cash at completion.

財務回顧 (續)

重大投資、收購及出售

出售一項投資物業

於二零一八年八月十日及二零一八年十月二十六日，本集團與獨立第三方訂立及簽訂兩份買賣協議，出售三處由本集團持有的位於中國的投資物業，於二零一七年十二月三十一日，公平值約為人民幣9,330,000元（相當於約11,186,000港元）。於二零一七年十二月三十一日，該物業獲分類為綜合財務狀況表中投資物業。該交易已於二零一八年九月三十日及二零一八年十月三十一日完成，銷售所得款項減收購成本的出售虧損約為3,177,000港元。

收購順欣控股有限公司及配售可換股債券

(a) *收購順欣控股有限公司 (「收購事項」)*

於二零一七年五月二十九日，宇福有限公司作為賣方（「賣方」）、Champion Front Limited作為買方（「買方」）及本公司訂立買賣協議（「買賣協議」），據此，賣方已同意向買方出售而買方已同意向賣方購買順欣控股有限公司（目標公司）全部已發行股本，代價最多為120,000,000港元，須透過發行代價可換股債券（「代價可換股債券」）予以清償。

根據買賣協議，賣方已同意向買方出售而買方已同意向賣方購買應付賣方的尚未清償股東貸款，代價為1港元，須於完成時以現金清償。

FINANCIAL REVIEW (continued)

**Significant Investments, Acquisitions and Disposal
(continued)**

**Acquisition of Shunxin Holdings Limited and placing of
convertible bonds (continued)**

(a) *The acquisition of Shunxin Holdings Limited (the
“Acquisition”) (continued)*

The Consideration CBs are convertible at the conversion price of HK\$0.06 per consideration conversion share. Assuming the Consideration CBs in the principal amount of HK\$120,000,000 are fully converted at the initial conversion price of HK\$0.06, 2,000,000,000 new shares will be allotted and issued by the Company under specific mandate to authorise the Directors to allot and issue the conversion shares under conversion of the Consideration CBs.

Upon completion of the Acquisition, the target company and its subsidiaries will become wholly-owned subsidiaries of the Company and accordingly, their financial results will be consolidated into the accounts of the Company.

(b) *Placing of convertible bonds (the “Placing”)*

On 29 May 2017, Kingston Securities Limited (the “Placing Agent”) and the Company entered into a placing agreement (the “Placing Agreement”) pursuant to which the Company has agreed to appoint the Placing Agent as the placing agent and the Placing Agent has agreed to procure subscribers to subscribe for the placing CBs (the “Placing CBs”) in the aggregate principal amount of HK\$360,000,000, on a best effort basis, on the terms and conditions set out in the Placing Agreement.

財務回顧 (續)

重大投資、收購及出售 (續)

收購順欣控股有限公司及配售可換股債券
(續)

(a) 收購順欣控股有限公司 (「收購事項」)
(續)

代價可換股債券可按換股價每股代價換股股份0.06港元進行轉換。假設本金額為120,000,000港元之代價可換股債券按初步換股價0.06港元獲悉數兌換，則本公司將根據特別授權配發及發行2,000,000,000股新股份以授權董事根據代價可換股債券之轉換配發及發行換股股份。

於收購事項完成後，目標公司及其附屬公司將成為本公司之全資附屬公司，因此，該等公司的財務業績將併入於本公司的賬目。

(b) 配售可換股債券 (「配售事項」)

於二零一七年五月二十九日，金利豐證券有限公司 (「配售代理」) 與本公司訂立配售協議 (「配售協議」)，據此，本公司已同意委任配售代理作為配售代理，而配售代理已同意盡最大努力按配售協議載列的條款及條件，促使認購人認購本金總額360,000,000港元的配售可換股債券 (「配售可換股債券」)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Significant Investments, Acquisitions and Disposal (continued)

Acquisition of Shunxin Holdings Limited and placing of convertible bonds (continued)

(b) *Placing of convertible bonds (the "Placing") (continued)*

Completion of the Placing shall be conditional upon, among other things, the completion of the Acquisition. Assuming the Placing CBs in the principal amount of HK\$360,000,000 are fully converted at the initial conversion price of HK\$0.06, 6,000,000,000 new shares will be allotted and issued by the Company under the specific mandate to authorise the Directors to allot and issue the conversion shares under conversion of the Placing CBs.

On 2 January 2018, the Company announced that the Acquisition was terminated as certain conditions precedent of the Sale and Purchase have not fulfilled or waived by the long stop date. As a result, the Company also announced that the Placing was terminated accordingly.

Acquisition of interest in certain properties in Shenzhen, the PRC

On 17 July 2017, Yardley Wealth Management Limited ("YWML") and Skyline Top Limited ("STL"), a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") pursuant to which the YWML has agreed to sell and the STL has agreed to purchase the sale shares (the "Sale Shares"), representing 50% of the issued share capital of Delightful Hope Limited (the "Target Company") for cash consideration of HK\$55,000,000. The Target Company is a non-wholly owned subsidiary of the Company and is owned as to 50% by each of YWML and STL. Following completion, the Target Company will be wholly owned by the STL and will become an indirect wholly-owned subsidiary of the Company.

財務回顧 (續)

重大投資、收購及出售 (續)

收購順欣控股有限公司及配售可換股債券 (續)

(b) *配售可換股債券 (「配售事項」) (續)*

配售事項之完成須待 (其中包括) 收購事項完成後方可作實。假設本金額為360,000,000港元之配售可換股債券以初步換股價0.06港元獲悉數兌換, 則本公司將根據特別授權配發及發行6,000,000,000股新股份以授權董事根據配售可換股債券之兌換配發及發行換股股份。

於二零一八年一月二日, 本公司宣佈終止收購事項, 因買賣的若干先決條件於最後截止日期前尚未達成或獲豁免。因此, 本公司亦宣佈配售事項已相應終止。

收購於中國深圳的若干物業權益

於二零一七年七月十七日, 溢利財富管理有限公司 (「溢利財富管理」) 與天際高有限公司 (「天際高」) (本公司之全資附屬公司) 訂立一項協議 (「該協議」), 據此, 溢利財富管理已同意出售且天際高已同意購買銷售股份 (「銷售股份」), 佔希愉有限公司 (「目標公司」) 已發行股本之50%, 以獲得55,000,000港元之現金代價。目標公司為本公司之非全資附屬公司且由溢利財富管理及天際高各自擁有50%。於完成後, 目標公司將由天際高全資擁有且將成為本公司之間接全資附屬公司。

FINANCIAL REVIEW (continued)

**Significant Investments, Acquisitions and Disposal
(continued)**

***Acquisition of interest in certain properties in
Shenzhen, the PRC (continued)***

The principal assets of the Target Company consist of properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m. According to the audited consolidated account of the Target Company, the book value of the properties was approximately HK\$110,236,000 as at 31 December 2016.

The consideration payable by the STL to the YWML for the Sale Shares is HK\$55,000,000 and shall be satisfied by the STL's payment in cash to the YWML or its nominee in the following manner: (a) as to the part payment in the sum of HK\$20,000,000, within 14 days after the date of the Agreement; (b) as to the balance of HK\$35,000,000, upon completion.

On 31 July 2017, a supplemental agreement was entered into between the parties that the part payment in the sum of HK\$20,000,000 shall be paid on or before 28 August 2017 or such later date as the parties may agree in writing. HK\$20,000,000 of the above part payment has been paid.

On 17 January 2018, the parties had entered into a second supplemental agreement whereas the timing of payment of the balance of HK\$35,000,000 was extended from 17 January 2018 to 17 January 2019. On 19 March 2019, the parties had entered into a third supplemental agreement whereas the Long Stop Date has been extended from 17 January 2019 to 31 March 2020 and payment of the remaining balance shall be paid by one or several instalments on or before the Date of Completion. As at the date of this report, the amount of HK\$10,760,237 remained outstanding.

財務回顧 (續)

重大投資、收購及出售 (續)

收購於中國深圳的若干物業權益 (續)

目標公司之主要資產包括位於中國廣東省深圳市的總建築面積約1,690平方米之八個商業單位，及位於中國廣東省深圳市的總建築面積約315.23平方米之一幢住宅。根據目標公司的經審核綜合賬目，於二零一六年十二月三十一日，該等物業的賬面值約為110,236,000港元。

天際高就銷售股份應向溢利財富管理支付的代價為55,000,000港元且須由天際高按下列方式以現金向溢利財富管理或其代名人支付：(a) 合共20,000,000港元之部分付款，於該協議日期後十四日內；(b) 35,000,000港元之結餘，於完成後。

於二零一七年七月三十一日，訂約方訂立補充協議，部分付款合共20,000,000港元須於二零一七年八月二十八日（或訂約方可能書面協定之較後日期）或之前支付。上述部分付款20,000,000港元已支付。

於二零一八年一月十七日，訂約方訂立第二份補充協議，據此，結餘35,000,000港元之償付時間由二零一八年一月十七日延至二零一九年一月十七日。於二零一九年三月十九日，訂約方訂立第三份補充協議，據此，最後截止期已自二零一九年一月十七日延至二零二零年三月三十一日，且餘額須在完成日期或之前一次性或分多次支付。本報告日期，金額10,760,237港元仍未償還。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Significant Investments, Acquisitions and Disposal (continued)

Acquisition of Max Joint Asia Pacific (China) Limited

On 27 August 2018, Guo Weifu as the Vendor, King Noble Holdings Limited as the Purchaser, an indirect wholly-owned subsidiary of the Company and the Company entered into the sale and purchase agreement. Under and pursuant to the terms and conditions of the sale and purchase agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the entire issued capital of Max Joint Asia Pacific (China) Limited, at the Consideration of HK\$46,500,000.

Upon Completion and subject to audit, the Target Company and its wholly-owned subsidiaries are expected to be accounted for as indirect wholly-owned subsidiaries of the Company, and Higreen Agricultural and its subsidiary are expected to be accounted for as investments to the Company.

At Completion, the Company shall, and the Purchaser shall procure the Company to, allot and issue 465,000,000 new Shares at the Issue Price out of the General Mandate and free from any encumbrance whatsoever to and in favour of the Vendor for full and final settlement and discharge of the Consideration.

The Target Company is an investment holding company incorporated in Hong Kong with limited liability, which holds 15% equity interest in Higreen Agricultural Product Logistics Company Limited ("Higreen Agricultural"). Higreen Agricultural is established in PRC with limited liability. It operates a large-scale agricultural products logistics center in Bengbu of Anhui Province, PRC for wholesale of agricultural products, which also handles processing, packaging, storage, direct selling, delivery, auction, e-commerce, food safety testing and central settlement. Upon Completion, Higreen Agricultural shall be held as to 15% indirectly by the Company.

The acquisition has been completed on 25 October 2018. An aggregate of 465,000,000 consideration share were allotted and issued at the issue price of HK\$0.10 each.

財務回顧 (續)

重大投資、收購及出售 (續)

收購盛隆亞太(中國)有限公司

於二零一八年八月二十七日，郭偉夫(作為賣方)、King Noble Holdings Limited(作為買方)(本公司一間間接全資附屬公司)及本公司訂立買賣協議。根據買賣協議的條款及條件，賣方已同意向買方出售而買方已同意自賣方購買盛隆亞太(中國)有限公司的全部已發行股本，代價為46,500,000港元。

於完成後及待審核後，目標公司及其全資附屬公司預期將作為本公司的間接全資附屬公司入賬，而海吉星農產品及其附屬公司預期將作為對本公司的投資入賬。

於完成時，本公司須且買方須促使本公司因一般授權而向賣方及以賣方為受益人按發行價配發及發行465,000,000股新股份(無論如何並無任何產權負擔)，以便充分及最終結算及償付代價。

目標公司為一間於香港註冊成立的投資控股有限公司，持有海吉星農產品物流有限公司(「海吉星農產品」)的15%股權。海吉星農產品於中國成立為有限公司。其於中國安徽省蚌埠經營一個大型農產品物流中心以進行農產品的批發，其亦處理加工、包裝、倉儲、直接銷售、交付、拍賣、電子商務、食品安全檢測及中央結算。於完成後，海吉星農產品將由本公司間接持有15%的股權。

收購事項已於二零一八年十月二十五日完成。合共465,000,000股代價股份按每股0.10港元的發行價配發及發行。

FINANCIAL REVIEW (continued)

**Significant Investments, Acquisitions and Disposal
(continued)**

***Disposal of Shenzhen City Jintaiyuan Investment
Development Company Limited***

On 29 November 2018, Shenzhen City Chenqi Enterprise Consultancy Management Company Limited (“Chenqi”), an indirect wholly-owned subsidiary of the Company, and the transferee, an independent third party, entered into the equity transfer agreement pursuant to which the Chenqi has agreed to sell, and the Transferee has agreed to acquire, the entire equity interest in Shenzhen City Jintaiyuan Investment Development Company Limited (“Jintaiyuan”) at the consideration of RMB21,000,000 (being approximately HK\$23,635,500).

Jintaiyuan is an investment holding company incorporated in the PRC with limited liability, which holds 15% equity interest in Bengbu Higreen Agricultural Product Logistics Company Limited* (蚌埠海吉星農產品物流有限公司) (“Higreen Agricultural”).

On 14 December 2018, the Transferee and the Chenqi entered into a memorandum in relation to the disposal. According to the Equity Transfer Agreement, the Transferee is obligated to pay a total consideration of RMB21,000,000 upon the completion date. As at the date of this announcement the Transferee has already paid the Chenqi a total of RMB14,000,000. The final payment of RMB7,000,000 was to be paid on the equity change registration completion date. The equity change registration completion date took place on 11 December 2018. At the request of the Transferee and after arm’s length negotiations between the Parties, the Parties have entered into the memorandum to extend the final payment of RMB7,000,000 to be paid within six months upon the signing of the memorandum.

財務回顧 (續)

重大投資、收購及出售 (續)

出售深圳市金泰園投資發展有限公司

於二零一八年十一月二十九日，本公司的間接全資附屬公司深圳市承啟企業諮詢管理有限公司（「承啟」）及受讓方（獨立第三方）訂立股權轉讓協議，據此，承啟已同意出售而受讓方已同意收購深圳市金泰園投資發展有限公司（「金泰園」）的全部股權，代價為人民幣21,000,000元（約為23,635,500港元）。

金泰園為一間於中國註冊成立之投資控股有限公司，其持有蚌埠海吉星農產品物流有限公司（「海吉星農產品」）之15%股權。

於二零一八年十二月十四日，受讓方及承啟訂立有關出售事項的備忘錄。根據股權轉讓協議，受讓人有義務於完成日期後支付總代價人民幣21,000,000元。於本公佈日期，受讓方已向承啟支付共計人民幣14,000,000元，最終付款人民幣7,000,000元將於股權變更登記完成日期支付。股權變更登記完成日期於二零一八年十二月十一日落實。應受讓方之要求及經眾訂約方公平磋商後，眾訂約方已訂立備忘錄，以將最終付款人民幣7,000,000元延長至於簽署備忘錄後六個月內支付。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW (continued)

Charges on Group's Assets

As at 31 December 2018, the Group had charges on one of its investment properties to obtain a mortgage financing from a bank in Taiwan of approximately HK\$8,230,000 (2017: HK\$9,233,000). Investments held for trading have been pledged to brokers' account to obtain a margin loan financing of approximately HK\$18,199,000 (31 December 2017: HK\$30,077,000). Further, the Group had charges on certain investment properties in the PRC and Hong Kong to obtain term loans from a money lender in the PRC of approximately HK\$17,386,000 (31 December 2017: HK\$47,956,000).

Contingent Liabilities

At 31 December 2018, the Group did not have any significant contingent liabilities (2017: Nil).

Capital Commitments

At 31 December 2018, the Group had capital commitment amounting to approximately HK\$20,000,000 (2017: HK\$35,000,000).

Exposure to Fluctuation in Exchange Rates

All of the Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollars or Renminbi or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or other alternative have been implemented.

Events after the Reporting Period

Details are set out in note 56 to the consolidated financial statements.

OUTLOOK AND PROSPECTS

Looking ahead, the global economic activities are expected continue to strengthen in 2019. Benefit from economic growth in PRC, a firm US economy and low interest rate, the Hong Kong economic outlook in 2019 is rather optimistic. However, the Group continues to allocate resources carefully in different business segments to optimise the investment strategies.

財務回顧 (續)

本集團資產抵押

於二零一八年十二月三十一日，本集團已抵押其中一項投資物業，以自一間台灣的銀行取得按揭融資約8,230,000港元（二零一七年：9,233,000港元）。持作買賣之投資已抵押予經紀賬戶以獲取保證金貸款融資約18,199,000港元（二零一七年十二月三十一日：30,077,000港元）。此外，本集團已抵押於中國和香港的若干投資物業，自中國放債人獲取定期貸款約17,386,000港元（二零一七年十二月三十一日：47,956,000港元）。

或然負債

於二零一八年十二月三十一日，本集團並無任何重大或然負債（二零一七年：無）。

資本承擔

於二零一八年十二月三十一日，本集團的資本承擔為約20,000,000港元（二零一七年：35,000,000港元）。

匯率波動風險

本集團所有資產、負債及交易乃主要以港元或人民幣或新台幣計算。董事認為本集團並無面對任何重大外匯風險。因此，並無採取對沖或其他措施。

報告期後事項

有關詳情載列於綜合財務報表附註56。

展望及前景

展望未來，預期於二零一九年環球經濟活動會持續加強，自中國經濟增長獲益，穩健而低利率的美國經濟，於二零一九年香港的經濟前景仍然樂觀。然而，本集團持續謹慎分配資源予不同的業務分部以優化投資策略。

OUTLOOK AND PROSPECTS (continued)

One-stop value chain services

During the year, the Group noticed that the performance of this segment was better than previous year. We expect that this business segment will continue contribute to the Group's revenue and gross profit.

Property investment

During the year under review, the Group has disposed certain commercial properties in Quanzhou City, Fujian Province, the PRC.

The Group will continue monitor its property investment portfolio and grasp the opportunity to be benefited from the potential capital gain of the assets together but also balance with enhanced rental yields.

Trading of consumables and agricultural products

The business segment for trading of consumables and agricultural products was mainly consisted of re-usable bags trading business. The business segment demonstrates growth potential and the Group is optimistic about its future contribution.

展望及前景 (續)

一站式價值鏈服務

於年內，本集團注意到此分部較上年度好轉。我們預計此業務分部將持續貢獻本集團的收益及毛利。

物業投資

於回顧年度，本集團出售了位於福建省泉州市的若干商業物業。

本集團將持續監察其物業投資組合並抓住機會自潛在資產的資本增益中受益，但亦平衡增加租金收益。

消耗品及農產品貿易

消耗品及農產品貿易業務分部主要包括可循環再用袋業務。此業務分部顯示增長潛力及本集團對其未來的貢獻表示樂觀。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OUTLOOK AND PROSPECTS (continued)

Trading of grocery food products

Since the Group has decided not to renew the sale distributorship agreements with respective principals of Mengniu and Jinlongyu products, the Group will focus its resources on Nittin brand of ramen and udon products in this segment.

Provision of money lending services

The Group's money lending service segment continue to make contribution to the Group's revenue. The Group will re-visit its credit control policy and look to further expand this business segment if and when financial resources are available.

Provision of financial services

The Group has now 2 licensed subsidiaries providing asset management and advising on corporate finance services. With the relatively optimistic outlook in Hong Kong in 2019, the Group hope that this segment will continue to grow and make positive contribution to the Group's revenue and profit.

展望及前景 (續)

糧油食品貿易

因本集團已決定不再與蒙牛及金龍魚產品各自重訂分銷協議，本集團將專注其於此分部的日丁品牌拉麵及烏冬麵產品。

提供放債服務

本集團的放債服務分部持續對本集團的貢獻收益。本集團將重新檢討其嚴謹信用控制政策並於當有可用的財政資源時期待近一步擴展此業務分部。

提供金融服務

本集團現有兩間持牌附屬公司提供資產管理及企業融資顧問服務。於二零一九年在香港有相對樂觀的前景，本集團相信此分部將持續增長並對本集團的收益及溢利帶來正面貢獻。

The Directors present the annual report and audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 1 to the consolidated financial statements.

RESULTS AND DIVIDENDS

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 page 102 of this annual report.

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

BUSINESS REVIEW

Discussion and analysis of the principal activities of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the Management Discussion and Analysis set out on pages 10 to 34 of this annual report. These discussions form part of this Directors' Report.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 334 of this annual report.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year ended 31 December 2018 are set out in Note 16 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for approximately 68.2% (2017: 53.7%) of the Group's turnover, and the five largest suppliers accounted for approximately 94.5% (2017:85.0%) of the Group's cost of sales, for the year ended 31 December 2018. To the best knowledge of the Directors, at no time during the year ended 31 December 2018, any Director or his associates or any shareholder (who owned more than 5% of the Company's issued share capital) has any interest in the above-mentioned customers or suppliers.

董事謹此提呈截至二零一八年十二月三十一日止年度年報及經審核綜合財務報表。

主要業務

本公司為一家投資控股公司。各附屬公司之主要業務載於綜合財務報表附註1。

業績及股息

本集團截至二零一八年十二月三十一日止年度業績載於本年報第102頁之綜合損益及其他全面收益表。

董事並不建議就截至二零一八年十二月三十一日止年度派付末期股息（二零一七年：無）。

業務回顧

香港公司條例附表5所規定的本集團主要業務的討論及分析載於本年報第10頁至第34頁所載的管理層討論及分析。該等討論構成本董事會報告的一部分。

財務概要

本集團於最近五個財政年度之已公佈業績與資產及負債概要載於本年報第334頁。

廠房及設備

本集團截至二零一八年十二月三十一日止年度廠房及設備變動詳情載於綜合財務報表附註16。

主要客戶及供應商

截至二零一八年十二月三十一日止年度，本集團五大最大客戶之銷售額佔本集團營業額約68.2%（二零一七年：53.7%），而五大供應商之採購額佔本集團銷售成本約94.5%（二零一七年：85.0%）。就董事所盡悉，截至二零一八年十二月三十一日止年度概無董事、其聯繫人士或擁有本公司已發行股本5%以上之股東於上文披露之客戶或供應商擁有任何權益。

DIRECTORS' REPORT

董事會報告

SHARE CAPITAL

Details of movements during the year ended 31 December 2018 in the share capital of the Company are set out in Note 37 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group are presented in the consolidated statement of changes in equity on page 106 to 107 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company did not have any reserves available for cash/in specie dividend distribution to shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at the forthcoming annual general meeting (the "AGM")

| | |
|--------------------------------|---|
| Latest time to lodge transfers | 4:00 p.m. on 17 May 2019 (Friday) |
| Book close date | 20 May 2019 (Monday) To 23 May 2019 (Thursday) (both dates inclusive) |
| Record date | 23 May 2019 (Thursday) |
| AGM date | 23 May 2019 (Thursday) |

In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong before the above latest time to lodge transfers.

SHARE OPTION SCHEME

The Company has adopted a new share option scheme on 6 May 2011 (the "Share Option Scheme").

股本

本公司之股本於截至二零一八年十二月三十一日止年度變動詳情載於綜合財務報表附註37。

儲備

本集團儲備之變動詳情已於本年報第106至107頁之綜合權益變動表內呈列。

可供分派儲備

於二零一八年十二月三十一日，本公司概無現金／可用作實物形式的股息分派予本公司股東之任何儲備。

暫停辦理股份過戶登記手續

就確定股東出席應屆股東週年大會（「股東週年大會」）及於會上投票表決的權利

| | |
|-----------------|--|
| 遞交過戶文件以作登記的最後時間 | 二零一九年五月十七日（星期五） 下午四時正 |
| 暫停辦理股份過戶登記日期 | 二零一九年五月二十日（星期一）至 二零一九年五月二十三日（星期四） （首尾兩天包括在內） |
| 記錄日期 | 二零一九年五月二十三日（星期四） |
| 股東週年大會日期 | 二零一九年五月二十三日（星期四） |

為符合資格出席股東週年大會及於會上投票表決的權利，所有股份過戶文件連同有關股票須於上述遞交過戶文件以作登記的最後時間前送達本公司之香港股份過戶登記分處聯合證券登記有限公司，地址為香港北角英皇道338號華懋交易廣場2期33樓3301-04室。

購股權計劃

本公司二零一一年五月六日採納一個新購股權計劃（「購股權計劃」）。

SHARE OPTION SCHEME (continued)

The Share Option Scheme will remain in force for a period of 10 years from 6 May 2011 to 5 May 2021, unless terminated otherwise as in accordance with the provisions of the Share Option Scheme. The purpose of the Share Option Scheme is to enable the Group to grant options to eligible participants the Directors may at its absolute discretion select as incentives or rewards for their contribution to the Group. Eligible participants include any employee (whether full-time or part-time, including executive directors, non-executive directors and independent non-executive directors), shareholder, customer, supplier of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest; any person or entity that provides research, development or other technological support, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the Shareholders' approval in general meeting of the Company. Where any grant of options to a substantial Shareholder or an independent non-executive director of the Company or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million; such further grant of options must be approved by the Shareholders in general meeting.

購股權計劃 (續)

購股權計劃將自二零一一年五月六日至二零二一年五月五日之十年期間維持有效，惟根據購股權計劃之規定以其他方式終止者除外。購股權計劃旨在使本集團向董事可能全權決定推選出之合資格參與者授出購股權，作為彼等對本集團所作出貢獻的獎勵或回報。合資格參與者包括本公司、其任何附屬公司或本集團持有股權之任何實體（「投資實體」）之任何僱員（不論全職或兼職與否，並包括執行董事、非執行董事及獨立非執行董事）、股東、客戶、供應商；提供研究、開發或其他技術支援之任何人士或實體；本集團或任何投資實體之任何業務範疇或業務發展之任何顧問（專業人士或其他專業人士）或顧問；及已經或可能藉合資經營、業務聯盟或其他業務安排而對本集團的發展及增長作出貢獻的任何其他組別或類別參與者。

已發行股份總數及因行使根據購股權計劃及本集團任何其他購股權計劃所授出之購股權（包括已獲行使或尚未行使之購股權）而可能於任何十二個月期間內向各名參與者發行的股份總數，不得超逾本公司現時已發行股本之1%（「個人限額」）。倘在截至進一步授出購股權當日（包括該日）止的任何十二個月內，任何進一步授出超逾個人限額之購股權，須於本公司之股東大會取得股東批准。倘向本公司主要股東或獨立非執行董事或彼等各自之任何聯繫人士授予任何購股權，則可能導致有關股份會因行使於截至有關人士獲授購股權當日（包括該日）止十二個月期間內已授予及將授予該人士之所有購股權（包括已行使、已註銷及尚未行使之購股權）而獲發行及將獲發行：(i)合共佔已發行股份0.1%以上；及(ii)按每次授出購股權當日有關股份收市價計算之合共價值超逾5百萬港元；則進一步授出該等購股權須於股東大會上獲股東批准。

DIRECTORS' REPORT

董事會報告

SHARE OPTION SCHEME (continued)

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination as set out in the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The subscription price for shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of 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 shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

At the annual general meeting of the Company held on 6 May 2011, the Company was also authorised to issue up to 242,459,969 shares (i.e. 121,229,984 consolidated shares upon the share consolidation effective on 11 October 2013) upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group, being 10% of the shares in issue on 6 May 2011 (the "General Scheme Limit"). The Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit to participants specifically identified by the Company before such approval is sought. Notwithstanding the foregoing, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

購股權計劃 (續)

購股權可於董事所決定並知會各承授人之期間內任何時間獲行使，該期間可始於接納授出購股權之提呈日期，惟在任何情況下將不遲於確定提呈要約授出購股權之日起計十年結束（根據載於購股權計劃之提早條款終止購股權者除外）。除非董事另有決定及在提呈授予承授人購股權之要約中列明，購股權計劃並無規定持有至可行使購股權之最短期間。

名義代價1港元須於授出購股權獲接納時支付。根據購股權計劃之股份認購價為由董事釐定之價格，惟不得少於以下三者之最高者：(i)本公司股份於授予購股權日期（須為交易日）在聯交所每日報價表所列之收市價；(ii)本公司股份於授予購股權日期前五個交易日在聯交所每日報價表所列之平均收市價；及(iii)本公司股份面值。

於二零一一年五月六日舉行之本公司股東週年大會上，本公司於根據購股權計劃及本集團任何其他購股權計劃將予授出全部購股權（不包括，就此而言，根據購股權計劃及本集團任何其他購股權計劃條款已失效之購股權）獲行使後，亦獲授權發行最多242,459,969股股份（即股份合併於二零一三年十月十一日生效後之121,229,984股合併股份，亦即於二零一一年五月六日已發行股份之10%（「一般計劃上限」））。本公司於股東大會上亦可尋求股東另行批准，向本公司在尋求該批准前已特別指定之參與者授出超過一般計劃上限之購股權。儘管如上所述，根據購股權計劃及本集團任何其他購股權計劃授出但尚未行使的購股權獲行使後將予發行股份總數最多不得超過本公司不時已發行股本的30%。

SHARE OPTION SCHEME (continued)

During the year ended 31 December 2018, no option was granted under the Share Option Scheme.

During the year ended 31 December 2018, 100,375,000 shares options were lapsed.

As at 31 December 2018, the number of Shares in respect of which options had been granted and accepted and remained outstanding under the Share Option Scheme was 30,325,000 after Capital Reorganisation of the Company became effective on 16 November 2018 (2017: 403,625,000), representing approximately 3.90% (2017: 6.61%) of the Company's issued share capital as at that date. For details of the Capital Reorganisation, please refer to the announcements of the Company on 3 October 2018 and 15 November 2018 and circular of the Company on 22 October 2018.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the year ended 31 December 2018 and up to the date of this report were:

Executive Directors

Mr. So David Tat Man

Mr. Lai Yick Fung

(resigned on 30 March 2018)

Mr. Ng Cheuk Fan, Keith

Independent Non-executive Directors

Mr. Yick Ting Fai, Jeffrey

Mr. Zhang Min

Ms. Yuen Wai Man

購股權計劃 (續)

截至二零一八年十二月三十一日止年度，概無根據購股權計劃授出購股權。

截至二零一八年十二月三十一日止年度，100,375,000份購股權已失效。

於二零一八年十二月三十一日，於本公司股本重組在二零一八年十一月十六日生效後有關根據購股權計劃授出及獲接納及尚未行使購股權的股份數目為30,325,000股（二零一七年：403,625,000股），佔本公司於該日期的已發行股本約3.90%（二零一七年：6.61%）。有關本公司股本重組之詳情，請參閱本公司日期為二零一八年十月三日及二零一八年十一月十五日之公佈及本公司日期為二零一八年十月二十二日之通函。

董事及董事服務合約

於截至二零一八年十二月三十一日止年度及直至本年報日期任職的董事為：

執行董事

蘇達文先生

賴益豐先生

（於二零一八年三月三十日辭任）

吳卓凡先生

獨立非執行董事

易庭暉先生

張民先生

袁慧敏女士

DIRECTORS' REPORT

董事會報告

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)

Each independent non-executive Director has signed an appointment letter with the Company for a fixed term of two years and may be terminated by not less than three months prior notice in writing served by either party to the other in accordance with the provisions set out in the respective appointment letter.

Each executive Director has entered into a service agreement with the Company for an initial fixed term of two years and will continue thereafter until terminated by not less than six months' notice in writing served by either party to the other in accordance with the provisions set out in the respective service agreement. Each of the executive Directors may receive a discretionary bonus, the amount of which will be determined by the Board at its absolute discretion having regard to the operation results of the Company and performance of the Directors.

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

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, namely, Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man, an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all of the independent non-executive Directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2018.

董事及董事服務合約 (續)

各獨立非執行董事已與本公司簽署一份委任書，固定任期為兩年，而其中一方可根據彼等各自委任書載有之條文向另一方發出不少於三個月之事先書面通知予以終止。

每位執行董事已與本公司簽訂服務協議，初步固定任期為兩年，並將於其後繼續，直至任何一方根據各自的服務協議所載條文向另一方發出不少於六個月的書面通知予以終止為止。各執行董事或可酌情收取花紅，有關金額將由董事會全權酌情按本公司之經營業績及董事的表現而釐定。

本公司概無與任何於股東週年大會上擬膺選連任的董事訂立任何不可於一年內由本公司終止而毋須作出賠償（法定賠償除外）的服務合約。

確認獨立性

本公司已接獲各獨立非執行董事（即易庭暉先生、張民先生及袁慧敏女士）按照GEM上市規則第5.09條發出之獨立性年度確認書，而本公司認為全體獨立非執行董事屬獨立人士。

董事於合約之權益

本公司或其任何附屬公司概無訂立於截至二零一八年十二月三十一日止年度內或年底時仍有效及本公司董事直接或間接擁有重大權益之重大合約。

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in Notes 12 and 13 to the consolidated financial statements, respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2018, the interests and short positions of the Directors or the chief executive of the Company 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 Future Ordinance (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 or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

Long position in the underlying shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives) granted under the Share Option Scheme adopted by the Company on 6 May 2011:

| Name | Date of grant | Exercise price per Share (HK\$) (Note) | Exercisable period | Outstanding as at 1 January 2018 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding as at 31 December 2018 (Note) |
|-------------------------|----------------------------|---|--|----------------------------------|-------------------------|---------------------------|------------------------|--|
| 姓名 | 授出日期 | 每股股份行使價 (港元) (附註) | 行使期 | 於二零一八年一月一日尚未行使 | 年內授出 | 年內行使 | 年內失效 | 於二零一八年十二月三十一日尚未行使 (附註) |
| So David Tat Man 蘇達文 | 13 July 2015 二零一五年七月十三日 | 0.212 | 14 July 2017 – 13 July 2018 二零一七年七月十四日至 二零一八年七月十三日 | 21,375,000 | - | - | (21,375,000) | - |

董事、最高行政人員及五位最高薪人士酬金

董事及本集團最高行政人員及五位最高薪人士的酬金詳情分別載於綜合財務報表附註12及13。

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益或淡倉

於二零一八年十二月三十一日，本公司董事或最高行政人員擁有根據證券及期貨條例（「證券及期貨條例」）第XV部第7及8分部須知會本公司及聯交所（包括根據證券及期貨條例之該等條文彼等被視為或當作擁有之權益或淡倉）或根據證券及期貨條例第352條須記入本公司存置之股東登記冊之本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券之權益或淡倉，或根據GEM上市規則第5.46條至5.67條有關董事進行證券交易之規定須知會本公司及聯交所之權益或淡倉如下：

有關根據本公司於二零一一年五月六日所採納的購股權計劃授出的本公司購股權（其視為非上市以實物交收的股本衍生工具）的相關股東好倉：

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (continued)

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益或淡倉(續)

| Name | Date of grant | Exercise price per Share (HK\$) (Note) | Exercisable period | Outstanding as at 1 January 2018 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding as at 31 December 2018 (Note) |
|----------------------|---------------------------------|---|--|----------------------------------|-------------------------|---------------------------|------------------------|--|
| 姓名 | 授出日期 | 每股股份行使價(港元) (附註) | 行使期 | 於二零一八年一月一日尚未行使 | 年內授出 | 年內行使 | 年內失效 | 於二零一八年十二月三十一日尚未行使 (附註) |
| | 12 September 2016 二零一六年九月十二日 | 1.10 | 13 September 2016 – 12 September 2019 二零一六年九月十三日至二零一九年九月十二日 | 15,600,000 | - | - | - | 1,560,000 |
| | | | 13 September 2017 – 12 September 2019 二零一七年九月十三日至二零一九年九月十二日 | 15,600,000 | - | - | - | 1,560,000 |
| | | | 13 September 2018 – 12 September 2019 二零一八年九月十三日至二零一九年九月十二日 | 20,800,000 | - | - | - | 2,080,000 |
| Lai Yick Fung 賴益豐 | 13 July 2015 二零一五年七月十三日 | 0.212 | 14 July 2017 – 13 July 2018 二零一七年七月十四日至二零一八年七月十三日 | 5,000,000 | - | - | (5,000,000) | - |
| | 12 September 2016 二零一六年九月十二日 | 1.10 | 13 September 2016 – 12 September 2019 二零一六年九月十三日至二零一九年九月十二日 | 6,000,000 | - | - | (6,000,000) | - |
| | | | 13 September 2017 – 12 September 2019 二零一七年九月十三日至二零一九年九月十二日 | 12,000,000 | - | - | (12,000,000) | - |
| | | | 13 September 2018 – 12 September 2019 二零一八年九月十三日至二零一九年九月十二日 | 16,000,000 | - | - | (16,000,000) | - |

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (continued)

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益或淡倉(續)

| Name | Date of grant | Exercise price per Share (HK\$) (Note) | Exercisable period | Outstanding as at 1 January 2018 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding as at 31 December 2018 (Note) |
|-------------------------------|---------------------------------|---|---|----------------------------------|-------------------------|---------------------------|------------------------|--|
| 姓名 | 授出日期 | 每股股份行使價(港元) (附註) | 行使期 | 於二零一八年一月一日尚未行使 | 年內授出 | 年內行使 | 年內失效 | 於二零一八年十二月三十一日尚未行使 (附註) |
| Ng Cheuk Fan, Keith 吳卓凡 | 13 July 2015 二零一五年七月十三日 | 0.212 | 14 July 2017 – 13 July 2018 二零一七年七月十四日至 二零一八年七月十三日 | 2,000,000 | - | - | (2,000,000) | - |
| | 12 September 2016 二零一六年九月十二日 | 1.10 | 13 September 2016 – 12 September 2019 二零一六年九月十三日至 二零一九年九月十二日 | 12,000,000 | - | - | - | 1,200,000 |
| | | | 13 September 2017 – 12 September 2019 二零一七年九月十三日至 二零一九年九月十二日 | 12,000,000 | - | - | - | 1,200,000 |
| | | | 13 September 2018 – 12 September 2019 二零一八年九月十三日至 二零一九年九月十二日 | 16,000,000 | - | - | - | 1,600,000 |
| Yick Ting Fai, Jeffrey 易庭輝 | 13 July 2015 二零一五年七月十三日 | 0.212 | 14 July 2017 – 13 July 2018 二零一七年七月十四日至 二零一八年七月十三日 | 2,000,000 | - | - | (2,000,000) | - |
| | 12 September 2016 二零一六年九月十二日 | 1.10 | 13 September 2016 – 12 September 2019 二零一六年九月十三日至 二零一九年九月十二日 | 1,500,000 | - | - | - | 150,000 |
| | | | 13 September 2017 – 12 September 2019 二零一七年九月十三日至 二零一九年九月十二日 | 1,500,000 | - | - | - | 150,000 |
| | | | 13 September 2018 – 12 September 2019 二零一八年九月十三日至 二零一九年九月十二日 | 2,000,000 | - | - | - | 200,000 |

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (continued)

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益或淡倉(續)

| Name | Date of grant | Exercise price per Share (HK\$) (Note) | Exercisable period | Outstanding as at 1 January 2018 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding as at 31 December 2018 (Note) |
|---------------------|---------------------------------|---|---|----------------------------------|-------------------------|---------------------------|------------------------|--|
| 姓名 | 授出日期 | 每股股份行使價(港元) (附註) | 行使期 | 於二零一八年一月一日尚未行使 | 年內授出 | 年內行使 | 年內失效 | 於二零一八年十二月三十一日尚未行使 (附註) |
| Zhang Min 張民 | 13 July 2015 二零一五年七月十三日 | 0.212 | 14 July 2017 – 13 July 2018 二零一七年七月十四日至 二零一八年七月十三日 | 2,000,000 | - | - | (2,000,000) | - |
| | 12 September 2016 二零一六年九月十二日 | 1.10 | 13 September 2016 – 12 September 2019 二零一六年九月十三日至 二零一六年九月十二日 | 1,500,000 | - | - | - | 150,000 |
| | | | 13 September 2017 – 12 September 2019 二零一七年九月十三日至 二零一七年九月十二日 | 1,500,000 | - | - | - | 150,000 |
| | | | 13 September 2018 – 12 September 2019 二零一八年九月十三日至 二零一八年九月十二日 | 2,000,000 | - | - | - | 200,000 |
| Yuen Wai Man 袁慧敏 | 12 September 2016 二零一六年九月十二日 | 1.10 | 13 September 2016 – 12 September 2019 二零一六年九月十三日至 二零一六年九月十二日 | 1,500,000 | - | - | - | 150,000 |
| | | | 13 September 2017 – 12 September 2019 二零一七年九月十三日至 二零一七年九月十二日 | 1,500,000 | - | - | - | 150,000 |
| | | | 13 September 2018 – 12 September 2019 二零一八年九月十三日至 二零一八年九月十二日 | 2,000,000 | - | - | - | 200,000 |

Note: The number of options outstanding as at 31 December 2018 represents the number after Capital Reorganisation become effective on 16 November 2018 and the exercise price per share for options granted on 12 September 2016 became HK\$1.10 after the Capital Reorganisation. Please refer to the announcements of the Company on 3 October 2018 and 15 November 2018, and circular of the Company on 22 October 2018.

附註：於二零一八年十二月三十一日尚未行使的購股權數目指股本重組於二零一八年十一月十六日生效後的數目，而於二零一六年九月十二日授出的購股權的每股行使價於股本重組後變成1.10港元。請參閱本公司日期為二零一八年十月三日及二零一八年十一月十五日之公佈及本公司日期為二零一八年十月二十二日之通函。

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the Reporting Period, there subsisted arrangements to which the Company or any of its subsidiaries is a party, being arrangements whose subjects are, or one of whose objects is, to enable any of the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the directors of the Company, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company during the year ended 31 December 2018.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 31 December 2018, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

董事及主要行政人員購買股份或債務證券的權利

除上文「董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債券之權益或淡倉」一節所披露者外，於報告期間內任何時間，概無本公司或其任何附屬公司參與訂立的安排，而該等安排的主題為（或該等安排的目標之一是）讓本公司董事或主要行政人員藉購入本公司或任何其他法人團體的股份或債務證券（包括債券）而獲取利益，且本公司任何董事、彼等的配偶或彼等未滿十八歲的子女於截至二零一八年十二月三十一日止年度概無任何權利認購本公司的證券。

主要股東

就董事所知並經作出適當查詢，於二零一八年十二月三十一日，以下人士（本公司董事或主要行政人員除外）於本公司股份及相關股份擁有以下須根據證券及期貨條例第XV部第2及3分部條文向本公司披露或記錄於本公司根據證券及期貨條例第336條存置之登記冊的直接或間接權益或淡倉：

DIRECTORS' REPORT

董事會報告

SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in the shares and underlying shares of the Company:

主要股東 (續)

於本公司股份及相關股份之好倉：

| Name of shareholders 股東名稱 | Number of shares of the Company (Personal Interests) 本公司股份數目 (個人權益) | Number of shares of the Company (Corporate Interests) 本公司股份數目 (公司權益) | Number of underlying shares of the Company 本公司相關股份數目 | Total 總數 | Approximate percentage of the issued share capital 佔已發行股本的概約百分比 (Note 1) (附註1) |
|--|--|---|---|-------------|---|
| Yardley Finance Limited (Note 2) 溢利財務有限公司 (附註2) | - | 43,080,000 | - | 43,080,000 | 5.54% |
| Chan Kin Sun (Note 2) 陳建新 (附註2) | - | 43,080,000 | - | 43,080,000 | 5.54% |

Notes:

- As at 31 December 2018, the Company's issued ordinary share capital was HK\$7,771,324.30 divided into 777,132,430 Shares of HK\$0.01 each.
- These shares were held by Yardley Finance Limited ("Yardley Finance"), a company incorporated in Hong Kong with limited liability. Since Yardley Finance is wholly-owned by Chan Kin Sun, Chan Kin Sun was deemed to be interested in these shares.

附註：

- 於二零一八年十二月三十一日，本公司已發行普通股股本為7,771,324.30港元，分為777,132,430股每股面值0.01港元之股份。
- 該批股份由溢利財務有限公司（「溢利財務」，一間於香港註冊成立之有限公司）持有。由於溢利財務由陳建新全資擁有，故陳建新被視為於該批股份中擁有權益。

SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in the shares and underlying shares of the Company: (continued)

Save as disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 31 December 2018 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2018, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CONNECTED TRANSACTIONS

1. Continuing Connected Transactions – sale and distribution of grocery food products

On 4 Feb 2016, Chan Kee and Right Ocean entered into the Sole Distributorship Agreement whereas Chan Kee has agreed to appoint Right Ocean as its sole and exclusive distributor for sale and distribution of the Products within the territories of Hong Kong, Macau and Taiwan (the "Sale Transactions").

Right Ocean is indirectly held as to 51% by the Company and 49% by Ms. Yoo, Chan Kee (90% held by Mr. Chan, the spouse of Ms. Yoo) is therefore connected person at subsidiary level of the Company under Chapter 20 of the GEM Listing Rules and the Sale Transactions contemplated under the Sole Distributorship Agreement constitute continuing connected transactions on the part of the Company subject to reporting, announcement and annual review requirements of Chapter 20 of the GEM Listing Rules.

主要股東 (續)

於本公司股份及相關股份之好倉：(續)

除上文披露者外，於二零一八年十二月三十一日，本公司並不知悉有任何其他人士（除本公司董事或行政總裁外）於本公司股份及相關股份中擁有根據證券及期貨條例第336條記錄於本公司存置之登記冊內的權益或淡倉。

購回、贖回或出售上市證券

於截至二零一八年十二月三十一日止年度，本公司或其任何附屬公司並無購買、贖回或出售本公司任何上市證券。

關連交易

1. 持續關連交易－銷售及分銷糧油食品

於二零一六年二月四日，陳記與威海訂立單一分銷權協議，陳記已同意委任威海作為其單一及獨家分銷商，於香港、澳門及台灣地區銷售及分銷該等產品（「銷售交易」）。

威海由本公司間接持有51%及由俞女士持有49%。根據GEM上市規則第20章，陳記（由俞女士之配偶陳先生持有90%）因而為本公司於附屬公司層面之關連人士及單一分銷權協議項下擬進行之銷售交易構成本公司之持續關連交易，須符合GEM上市規則第20章有關申報、公佈及年度檢閱規定。

DIRECTORS' REPORT

董事會報告

CONNECTED TRANSACTIONS (continued)

1. Continuing Connected Transactions – sale and distribution of grocery food products (continued)

The Master Agreement

The Sole Distributorship Agreement

Date: 4 February 2016
日期：二零一六年二月四日

Parties: (i) Chan Kee
訂約方：(i) 陳記
(ii) Right Ocean
(ii) 威海

Duration: Commencing from the date of the Sole Distributorship Agreement up to 31 December 2018 (both days inclusive)

持續時期：自單一分銷權協議日期開始，直至二零一八年十二月三十一日（包括首尾兩日）

Subject matter: The Sale Transactions
主要事項：銷售交易

Annual Caps: The Sale Transactions will be subject to the following annual caps:
年度上限：銷售交易將須符合下列年度上限：

The aggregate amounts payable by Right Ocean to Chan Kee for the Sale Transactions for the period from the date of the Sole Distributorship Agreement up to 31 December 2016 and for each of the two financial years ending 31 December 2017 and 31 December 2018 shall not exceed HK\$25 million, HK\$35 million and HK\$40 million, respectively

自單一分銷權協議日期直至二零一六年十二月三十一日及截至二零一七年十二月三十一日及二零一八年十二月三十一日止兩個財政年度各年的期間，威海根據銷售交易應付予陳記的總金額，分別不得超過25百萬港元、35百萬港元及40百萬港元

Transaction amount: For the year ended 31 December 2018: approximately HK\$3.8 million
交易金額：於截至二零一八年十二月三十一日止年度：約3.8百萬港元

Terms: On normal commercial terms and at rates no less favourable from independent third parties in respect of the transactions similar to the Sale Transactions.
條款：按一般商業條款及按不遜於獨立第三方就銷售交易類似交易的基準。Detailed payment terms are specified in individual contracts governing particular transactions.

按一般商業條款及按不遜於獨立第三方就銷售交易類似交易的基準。詳細支付條款於載有特定交易的個別合約中訂明。

Details were set out in the Company's announcement dated 4 February 2016.

詳情載於本公司日期為二零一六年二月四日的公佈。

關連交易（續）

1. 持續關連交易－銷售及分銷糧油食品（續）

主要協議

單一分銷權協議

CONNECTED TRANSACTIONS (continued)

1. Continuing Connected Transactions – sale and distribution of grocery food products (continued)

Definitions

| | | |
|---|----------|--|
| <p>“Chan Kee” 「陳記」</p> | <p>指</p> | <p>Chan Kee Holdings Limited 陳記集團有限公司</p> |
| <p>“Products” 「該等產品」</p> | <p>指</p> | <p>various products being packaged ramen and udon noodles sold by Chan Kee and purchased by and to be distributed by Right Ocean 由陳記出售及由威海購買及分銷的多種包裝拉麵及烏冬麵產品</p> |
| <p>“Right Ocean” 「威海」</p> | <p>指</p> | <p>Right Ocean Asia Limited 威海亞洲有限公司</p> |
| <p>“Sole Distributorship Agreement” 「單一分銷權協議」</p> | <p>指</p> | <p>the agreement entered into between Chan Kee and Right Ocean dated 4 February 2016 in respect of the Sale Transactions 陳記與威海就銷售交易於日期為二零一六年二月四日訂立的協議</p> |

The above transactions have complied with the requirements for continuing connected transactions under Chapter 20 of the GEM Listing Rules.

The Directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

Pursuant to the Listing Rules, the Independent Non-executive Directors have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iv) have not exceeded the relevant maximum amount capped in accordance with the announcements of the Company dated 4 February 2016.

關連交易 (續)

1. 持續關連交易 – 銷售及分銷糧油食品 (續)

釋義

上述交易已符合GEM上市規則第20章項下持續關連交易的要求。

董事認為上述交易為於本集團正常業務過程中進行。

根據上市規則，獨立非執行董事已審閱上述持續關連交易及已確認該等持續關連交易乃(i)於本集團正常及日常業務過程內訂立；(ii)按正常商業條款或不遜於本集團給予獨立第三方或由獨立第三方提供之條款訂立；(iii)根據規管該等交易之有關協議及按公平合理及符合本公司及其全體股東利益之條款訂立；及(iv)根據本公司日期為二零一六年二月四日的公佈，並無超出相關最高上限。

CONNECTED TRANSACTIONS (continued)

1. Continuing Connected Transactions – sale and distribution of grocery food products (continued)

Definitions (continued)

Asian Alliance (HK) CPA Limited, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Asian Alliance (HK) CPA Limited have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange. There has been change in auditors during the financial year. On 30 November 2018, SHINEWING (HK) CPA Limited resigned as auditor and Asian Alliance (HK) CPA Limited was appointed as new auditor of the Company.

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the year ended 31 December 2018 are set out in Note 48 to the consolidated financial statements.

關連交易 (續)

1. 持續關連交易 – 銷售及分銷糧油食品 (續)

釋義 (續)

本公司核數師華融(香港)會計師事務所有限公司獲委聘根據香港會計師公會頒佈的香港保證應聘服務準則第3000號「審核或審閱過往財務資料以外之保證應聘」,及參考執行指引第740號「根據香港上市規則發出的持續關連交易核數師函件」,以就本集團持續關連交易作出報告。華融(香港)會計師事務所有限公司已根據GEM上市規則第20.54條出具無保留意見函件,當中載有對本集團披露的上述持續關連交易的調查結果和總結。本公司已將核數師函件副本送呈聯交所。在本財政年度內核數師發生變動。於二零一八年十一月三十日,信永中和(香港)會計師事務所有限公司已辭任核數師,而華融(香港)會計師事務所有限公司已獲委任為本公司新核數師。

關連人士交易

於截至二零一八年十二月三十一日止年度內之關連人士交易詳情載於綜合財務報表附註48。

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete with the business of the Group or has or may have any other conflict of interest with the Group during the year ended 31 December 2018.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in Note 42 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there is no restriction against such under the laws in Bermuda.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" section of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Details of the Company's environmental, social and governance practices are set out in the "Environmental, Social and Governance Report" section of this report.

EMOLUMENT POLICY

The emolument policy of the employees and senior management of the Group is set up by the remuneration committee of the Company on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to market competitiveness, individual performance and achievement.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out under the section headed "Share Option Scheme" above and also in Note 41 to the consolidated financial statements.

競爭權益

於截至二零一八年十二月三十一日止年度，本公司之董事、控股股東或彼等各自之聯繫人士（定義見GEM上市規則）概無擁有與本集團業務出現競爭或已經或可能與本集團存在任何其他利益衝突的業務或權益。

退休福利計劃

退休福利計劃詳情載於綜合財務報表附註42。

優先購買權

儘管百慕達法例並無有關優先購買權之限制，惟本公司之公司細則亦無任何優先購買權條文。

企業管治

有關本公司企業管治常規之詳情載於本報告「企業管治報告」一節。

環境、社會及管治

有關本公司環境、社會及管治常規的詳情載於本報告「環境、社會及管治報告」一節。

薪酬政策

本集團僱員及高級管理層的薪酬政策乃由本公司薪酬委員會根據其長處、資歷及能力訂立。

董事的薪酬由本公司薪酬委員會於考慮到市場競爭力、個人表現及成績後釐定。

本公司已採納購股權計劃，作為對董事及合資格僱員的激勵，有關該計劃的詳情載於上文「購股權計劃」一節及綜合財務報表附註41。

DIRECTORS' REPORT

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules during the year ended 31 December 2018 and up to the date of this report.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group. The Audit Committee currently comprises three independent non-executive Directors; namely Ms. Yuen Wai Man (Chairman), Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min.

The audited financial results of the Group for the year ended 31 December 2018 have been reviewed by the Audit Committee.

AUDITOR

Asian Alliance (HK) CPA Limited ("Asian Alliance") was appointed as auditor of the Company on 30 November 2018. A resolution for the re-appointment of Asian Alliance as auditor of the Company will be proposed at the forthcoming AGM.

By Order of the Board

So David Tat Man

Executive Director

Hong Kong, 28 March 2019

足夠公眾持股量

根據本公司循公開途徑取得的資料並據董事所知，本公司於截至二零一八年十二月三十一日止年度及直至本報告日期，維持GEM上市規則要求的足夠公眾持股量。

審核委員會

本公司於二零零一年七月三十一日成立審核委員會（「審核委員會」）並遵守GEM上市規則訂立書面職權範圍。審核委員會的主要職責為審閱及監督本集團之財務申報程序及內部監控及風險管理系統。審核委員會目前由三名獨立非執行董事（分別為袁慧敏女士（主席）、易庭暉先生及張民先生）組成。

審核委員會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。

核數師

於二零一八年十一月三十日，華融（香港）會計師事務所有限公司（「華融」）獲委任為本公司核數師。本公司將於應屆股東週年大會上提呈一項決議案，以續聘華融為本公司之核數師。

承董事會命

執行董事

蘇達文

香港，二零一九年三月二十八日

INTRODUCTION

The board of Directors (the “Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders of the Company.

The Company has complied with the applicable code provisions on Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules throughout the year under review except for the following deviation:

The code provision A.2.1 of the Code provides, among others, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Throughout the year ended 31 December 2018, the Company did not appoint a chairman. The Board will keep reviewing the structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post of chairman as appropriate.

Under code provision A.2.7 of the Code, the chairman of board should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As the Company does not have the Chairman, no such meeting was held in this regard for the year ended 31 December 2018.

引言

本公司董事會（「董事會」）及管理層致力維持高水準之企業管治常規及程序。

本公司之企業管治原則著重高質素的董事會、良好之內部監控以及針對所有本公司股東之透明度和問責性。

本公司於整個回顧年度內一直遵守GEM上市規則附錄十五所載之企業管治守則及企業管治報告（「企業管治守則」）之適用守則條文，惟下文所述之偏離行為除外：

守則之守則條文第A.2.1規定（其中包括），主席與行政總裁之角色應有區分，並不應由一人同時兼任。於截至二零一八年十二月三十一日止整個年度，本公司並無委任主席。董事會將繼續不時檢討董事會架構。若物色到具備適當知識、技能及經驗的人選，本公司將於適當時間作出委任以填補主席之空缺。

守則之守則條文第A.2.7條規定，董事會主席須在執行董事缺席的情況下，最少每年與非執行董事（包括獨立非執行董事）舉行會議。由於本公司並無主席，故截至二零一八年十二月三十一日止年度內並無就此舉行有關會議。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in such code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2018.

BOARD OF DIRECTORS

The Board currently comprises five Directors, two are executive Directors and three are independent non-executive Directors.

The Board members for the year ended 31 December 2018 and up to the date of this report were:

Executive Directors

Mr. So David Tat Man

Mr. Lai Yick Fung

(resigned on 30 March 2018)

Mr. Ng Cheuk Fan, Keith

Independent Non-executive Directors

Mr. Yick Ting Fai, Jeffrey

Mr. Zhang Min

Ms. Yuen Wai Man

The Directors' biographical information are set out on pages 5 to 9 in this report. All executive Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience to hold the position so as to carry out his duties effectively and efficiently. There is no relationship among the members of the Board.

董事進行證券交易

本公司已採納GEM上市規則第5.48至5.67條所載之規則作為董事進行證券交易之操守守則。經向所有董事作出具體查詢之後，據本公司所知，於截至二零一八年十二月三十一日止整個年度，董事一直遵守有關董事進行證券交易之操守守則所載之規定標準。

董事會

董事會現時由五名董事組成，兩名為執行董事及三名為獨立非執行董事。

於截至二零一八年十二月三十一日止年度及直至本報告日期之董事會成員為：

執行董事

蘇達文先生

賴益豐先生

(於二零一八年三月三十日辭任)

吳卓凡先生

獨立非執行董事

易庭暉先生

張民先生

袁慧敏女士

董事履歷詳情載於本報告第5至第9頁。所有執行董事均就本集團事務付出充足時間及心力。每名執行董事均具有其職位所需之足夠經驗，以有效且具效率地執行其職務。董事會成員之間並無關係。

BOARD OF DIRECTORS (continued)

The Company is committed to having a diversity of the Board to complement the Company's corporate strategy. The Company considers that having a Board with diverse culture would assure Directors that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated. The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board including, but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Throughout the year ended 31 December 2018, the Board consisted of three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of the shareholders of the Company. One of the independent non-executive Directors has appropriate professional qualification or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules. Each independent non-executive Director has signed an appointment letter with the Company for an initial fixed term of two years and may be terminated by not less than three months prior notice in writing served by either party to the other or in accordance with the provisions set out in the respective appointment letter.

The Board considers that all of the independent non-executive Directors are independent and have received from each of them the annual confirmation of independence required by Rule 5.09 of the GEM Listing Rules.

The Board is responsible for approving and monitoring of the Group's overall strategies and policies; approving of business plans; evaluating the performance of the Group and overseeing the management. The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

董事會 (續)

本公司致力推動董事會成員多元化，以配合本公司的企業策略。本公司認為，董事會成員具有多元化文化可確保董事會有聆聽董事的意見、考慮彼等的顧慮及讓彼等在一個於任何事宜亦不容許偏見、歧視及騷擾的環境服務。董事會已採納董事會成員多元化政策，當中載列達致董事會成員多元化的方針。董事會的任命均以用人唯才為原則，並在考慮人選時會以客觀準則顧及董事會成員多元化的利益，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。

於截至二零一八年十二月三十一日止整個年度，董事會由三名獨立非執行董事組成，彼等皆具備合適資格及充足經驗以執行職務，以保障本公司股東利益。其中一名獨立非執行董事具備GEM上市規則第5.05(2)條所規定的合適專業資格或會計或相關財務管理專業知識。各獨立非執行董事已與本公司簽署一份委任書，初步固定任期為兩年，而其中一方可向另一方發出不少於三個月之事先書面通知或根據彼等各自委任書載有之條文予以終止。

董事會認為所有獨立非執行董事均為獨立人士，並如GEM上市規則第5.09條所規定，接獲彼等各自之獨立性年度確認書。

董事會負責批准及監察本集團之整體策略及政策；批准業務計劃；檢討本集團之表現及監督管理層。董事會著重整體策略及政策，特別關注本集團之增長及財務表現。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (continued)

The Board delegates day-to-day operations of the Group to the executive Directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive Directors who have attended Board meetings.

The Company has arranged insurance coverage on Directors' and officers' liabilities in respect of any legal actions which may be taken against its Directors and officers in the execution and discharge of their duties or in relation thereto.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE

The Board meets regularly at least four times a year to review the financial and operating performance of the Group.

Details of the attendance record of each Director at the meetings of the Board and general meetings of the Company are as follows:

董事會 (續)

董事會授權執行董事及高級管理層進行本集團之日常經營，但保留若干重要事務予董事會批准。董事會透過出席董事會會議之執行董事，傳達董事會之決定予管理層。

本公司已為董事及行政人員購買責任保險，保障彼等因履行其職責或相關事宜時可能要承擔的訴訟責任。

董事會會議及董事出席率

董事會至少每年定期舉行四次會議，以審閱本集團財務及營運表現。

各董事於本公司董事會會議及股東大會之出席記錄如下：

| | | Attendance of 出席 | |
|--|---------------------------|----------------------------|-----------------------------|
| | | Board Meetings 董事會會議 | General Meetings 股東大會 |
| Executive Directors | 執行董事 | | |
| Mr. So David Tat Man | 蘇達文先生 | 14/14 | 2/2 |
| Mr. Lai Yick Fung (resigned on 30 March 2018) | 賴益豐先生 (於二零一八年 三月三十日辭任) | 5/5 | 0/0 |
| Mr. Ng Cheuk Fan, Keith | 吳卓凡先生 | 14/14 | 2/2 |
| Independent Non-executive Directors | 獨立非執行董事 | | |
| Mr. Yick Ting Fai, Jeffrey | 易庭暉先生 | 14/14 | 2/2 |
| Mr. Zhang Min | 張民先生 | 12/14 | 1/2 |
| Ms. Yuen Wai Man | 袁慧敏女士 | 13/14 | 2/2 |

BOARD PRACTICES

Apart from the four regular Board meetings of the year ended 31 December 2018, the Board met on other occasions when a board-level decision on a particular matter was required. The Directors received detailed agenda and documents prior to the meetings of the Board to ensure that the Directors were able to make informed decisions regarding the matters discussed in the meetings. All Directors may access the advice, regulatory updates on governance and regulatory matters from professional parties if necessary.

The Company Secretary and the company secretarial team are responsible to take and keep minutes of all Board meetings and committee meetings and ensure compliance with the procedures of the Board meetings and general meetings of the Company. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

TRAINING FOR DIRECTORS

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at the Board meetings. Trainings conducted by professional service provider regarding Listing Rules' updates on corporate governance have been provided to the Directors to ensure a high standard of corporate governance is upheld and that the Directors possess up-to-date information to discharge their duties.

The Directors are committed to complying with Code Provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2018 to the Company.

董事會常規

除截至二零一八年十二月三十一日止年度的四次定期董事會會議外，董事會將於特定事宜需要董事會決定時舉行會議。董事於每次董事會會議前均會獲發待決議之議程項目。董事將於董事會會議舉行前獲得詳細資料文件，以確保董事在知情情況下就會議上討論事項作出決定。如有需要，所有董事均可自專業人士獲得有關管治及監管事宜的意見及條例更新資料。

公司秘書及公司秘書團隊負責撰寫及保存所有董事會會議及委員會會議之紀錄，並負責本公司董事會會議及股東大會程序的合規性。會議紀錄草稿一般會於每次會議後的合理時間內供董事傳閱及批閱，而最終稿則可供董事查詢。

董事培訓

所有新委任的董事均獲提供必要的入職培訓及資料，確保其對本公司的營運及業務以及其於相關法規、法例、規則及條例下的責任有適當程度的了解。

本公司於董事會會議上就有關本集團業務以及立法及監管環境的變動及發展為董事提供定期更新及簡報。董事已獲得專業服務供應商所提供的上市規則企業管治更新之培訓，以確保達致高水平的企業管治且董事掌握最新資料以履行職務。

董事致力遵守企業管治守則內有關董事培訓的守則條文第A.6.5條。全體董事已參與持續專業發展，以發展及更新知識及技能，並已向本公司提供彼等於截至二零一八年十二月三十一日止年度所接受培訓的紀錄。

CORPORATE GOVERNANCE REPORT

企業管治報告

TRAINING FOR DIRECTORS (continued)

All of the Directors have either attended seminars organised by external professionals relevant to the business or directors' duties or read professional materials published by regulators or professional bodies for the year ended 31 December 2018.

CHAIRMAN AND CHIEF EXECUTIVE

The positions and roles of chairman of the Board and chief executive of the Company should be held and performed separately by two individuals to ensure their respective independence, accountability and responsibility. During the year ended 31 December 2018, the Company did not appoint a chairman or a chief executive.

The Board will keep reviewing the current structure from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the posts as appropriate.

REMUNERATION OF DIRECTORS

The remuneration committee of the Company (the "Remuneration Committee") had been formed in 2005 pursuant to a resolution passed by the Board. Following the re-domicile of the Company from the Cayman Islands into Bermuda in October 2007, it was re-established pursuant to a resolution passed by the Board on 15 February 2008 and specific terms of reference were adopted. As at the date of this report, the Remuneration Committee comprises three members, all are independent non-executive Directors, namely Mr. Yick Ting Fai, Jeffrey, Ms. Yuen Wai Man and Mr. Zhang Min. Mr. Yick Ting Fai, Jeffrey is the chairman of the Remuneration Committee.

董事培訓 (續)

截至二零一八年十二月三十一日止年度，本公司全體董事已出席由外部專業人員所舉辦有關業務或董事職務的研討會或已閱畢由監管機關或專業團體出版之專業刊物。

主席及行政總裁

董事會主席及本公司行政總裁此等職位應由兩名人士分別擔任，確保彼等各自之獨立性、問責性及負責制。截至二零一八年十二月三十一日止年度，本公司並無委任主席或行政總裁。

董事會將繼續不時檢討目前的架構。若發現具備適當知識、技能及經驗的人選，本公司將於適當時間作出委任以填補以上職位之空缺。

董事薪酬

本公司之薪酬委員會（「薪酬委員會」）於二零零五年根據董事會通過的決議案成立。隨著本公司於二零零七年十月從開曼群島遷冊往百慕達後，薪酬委員會已根據董事會於二零零八年二月十五日通過的決議案重新成立，並採納明確職權範圍。於本報告日期，薪酬委員會由三名成員組成，全部均為獨立非執行董事，包括易庭暉先生、袁慧敏女士及張民先生。易庭暉先生為薪酬委員會主席。

REMUNERATION OF DIRECTORS (continued)

The role and function written in the terms of reference of the Remuneration Committee are no less exacting terms than the Code. The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also reviews and recommends the Board on its proposals relating to the remuneration of the executive Directors with reference to the Board's corporate goal and objectives. No Directors or any of his/her associates can be involved in deciding his/her own remuneration. Factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration are considered by the Remuneration Committee to determine the remuneration package of individual executive Directors including benefits in kind, pension rights and compensation payments including any compensation payable for loss or termination of their office or appointment; or relating to dismissal or removal for misconduct to ensure that it is consistent with contractual terms and is otherwise fair, not excessive, reasonable and appropriate.

Frequency of Meetings and Attendance

For the year ended 31 December 2018, the Remuneration Committee of the Company held one meeting to review the remuneration packages of all Directors and senior management and to advise on remuneration packages of newly appointed Directors. Details of the attendance of the meeting are as follows:

| Name of members | 成員名稱 | Attendance 出席次數 |
|--|------------|--------------------|
| Mr. Yick Ting Fai, Jeffrey (<i>Chairman</i>) | 易庭暉先生 (主席) | 1/1 |
| Ms. Yuen Wai Man | 袁慧敏女士 | 1/1 |
| Mr. Zhang Min | 張民先生 | 1/1 |

董事薪酬 (續)

薪酬委員會書面職權範圍所載的角色及功能不遜於守則之條款。薪酬委員會就本公司董事及高級管理層所有薪酬之政策及架構以及為發展薪酬政策而成立正式及具透明度的程序向董事會提出建議。薪酬委員會亦就其有關執行董事薪酬(經參考董事會的企業方針及目的)的計劃書作出檢討及向董事會提出建議。概無董事或任何其聯繫人可參與決定其本身薪酬。薪酬委員會考慮可資比較公司支付的薪金、董事投放的時間及職責、本集團其他僱用條件及與表現掛鈎薪酬的成效等因素，從而釐定個別執行董事的薪酬待遇，包括非金錢利益、退休金權利及賠償金額(包括喪失或終止職務或委任的賠償)；或關於因行為失當而解僱或罷免的賠償，以確保該等安排與合約條款一致，若未能與合約條款一致，賠償亦須公平合理及合適，不致過多。

會議次數及出席率

截至二零一八年十二月三十一日止年度，本公司薪酬委員會共召開一次會議，以檢討所有董事及高級管理層的薪酬待遇，並就新委任董事的薪酬待遇提供建議。會議之出席詳情如下：

CORPORATE GOVERNANCE REPORT

企業管治報告

NOMINATION OF DIRECTORS

The nomination committee of the Company (the "Nomination Committee") had been formed in 2005 pursuant to a resolution passed by the Board. Following the re-domicile of the Company from the Cayman Islands into Bermuda in October 2007, the Nomination Committee was re-established pursuant to a resolution passed by the Board on 15 February 2008 and specific terms of reference were adopted. As at the date of this report, the Nomination Committee comprises three members, of which all of them are independent non-executive Directors, namely, Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man. Mr. Zhang Min is the chairman of the Nomination Committee.

The functions of the Nomination Committee are reviewing and supervising the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and senior management.

Where vacancies on the Board exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

董事之提名

本公司之提名委員會（「提名委員會」）於二零零五年根據本公司董事會通過的決議案成立。隨著本公司於二零零七年十月從開曼群島遷冊往百慕達後，提名委員會已根據董事會於二零零八年二月十五日通過的決議案重新成立，並採納明確職權範圍。於本報告日期，提名委員會由三名成員組成，全部為獨立非執行董事，包括易庭暉先生、張民先生及袁慧敏女士。張民先生為提名委員會主席。

提名委員會之功能為檢討及監督董事會之架構、規模及組成；物色合資格人士出任董事會成員；評估獨立非執行董事之獨立性，以及向董事會就委任及重新委任董事及高級管理層作出推薦建議。

倘董事會出現空缺，提名委員會將因應有關人選之技能、經驗、專業知識、個人誠信及所能付出之時間及其獨立性（倘為獨立非執行董事），以及本公司之需要及其他相關法定規定及規例，以進行甄選程序。

NOMINATION OF DIRECTORS (continued)

The Board has also adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

Frequency of Meetings and Attendance

For the year ended 31 December 2018, the Nomination Committee held one meeting to review the composition, size and structure of the Board, to assess the independence of the independent non-executive Directors and to make recommendations to the Board on the appointment of Directors. Details of the attendance of the meetings are as follows:

董事之提名(續)

董事會亦已採納董事會成員多元化的政策，當中載有達致董事會成員多元化的方針。因此，在甄選董事會成員之候選人時，會以多項可計量目標為基準，包括但不限於性別、年齡、文化及教育背景、專業經驗及資歷、技能、知識及服務任期，並應考慮本公司本身的業務模式及不時的具體需要。鑒於現時董事會成員來自不同業務及專業背景，本公司認為，董事會擁有均衡之技能、經驗、專長及多元化觀點，以配合本公司業務所需。

會議次數及出席率

截至二零一八年十二月三十一日止年度，提名委員會共召開一次會議，以檢討董事會的組成、規模及架構，評估獨立非執行董事的獨立性，並就董事之委任向董事會作出建議。會議之出席詳情如下：

| Name of members | 成員名稱 | Attendance 出席次數 |
|-----------------------------------|-----------|--------------------|
| Mr. Zhang Min (<i>Chairman</i>) | 張民先生 (主席) | 1/1 |
| Ms. Yuen Wai Man | 袁慧敏女士 | 1/1 |
| Mr. Yick Ting Fai, Jeffrey | 易庭暉先生 | 1/1 |

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 31 July 2001 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Ms. Yuen Wai Man, Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min. Ms. Yuen Wai Man is the chairman of the Audit Committee.

The responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the quarterly, interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of risk management and internal control systems of the Group. The Audit Committee had during the year performed such functions and reviewed the unaudited quarterly and interim results and audited annual results for the year ended 31 December 2018.

Frequency of Meetings and Attendance

For the year ended 31 December 2018, the Audit Committee of the Company held four meetings to review and supervise the financial reporting process, and corporate governance and internal control review and make recommendation to the Board on reappointment of the external auditor. They had, in conjunction with the external auditor of the Company, reviewed the annual results of the Group and recommended to the Board for their consideration and approval. The Audit Committee of the Company was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

審核委員會

本公司於二零零一年七月三十一日成立審核委員會（「審核委員會」）並遵守GEM上市規則訂立書面職權範圍。審核委員會的主要職責為審閱及監督本集團之財務申報程序以及風險管理及內部監控系統。於本報告日期，審核委員會由三名獨立非執行董事組成，包括袁慧敏女士、易庭暉先生及張民先生。袁慧敏女士為審核委員會主席。

審核委員會負責就外聘核數師之委聘、續聘及罷免向董事會作出建議，並審批外聘核數師之酬金及聘任條款，以及與該等核數師之辭任或罷免有關之任何事宜；審閱季度報告、中期報告、年報及本集團賬目；以及監察財務申報程序及本集團風險管理及內部監控系統是否有效。審核委員會已於本年度履行其職責並審閱截至二零一八年十二月三十一日止年度之未經審核季度及中期業績及經審核年度業績。

會議次數及出席率

截至二零一八年十二月三十一日止年度，本公司審核委員會已召開四次會議，以檢討及監察財務報告過程、企業管治及內部監控檢討工作以及就續聘外聘核數師向董事會提出建議。彼等連同本公司外聘核數師已審閱本集團的季度、中期及全年業績，並向董事會提出建議以供考慮及批准。本公司審核委員會認為，該等業績之編製乃符合適用會計準則及規定，且已作出足夠披露。

AUDIT COMMITTEE (continued)

Frequency of Meetings and Attendance (continued)

Details of the attendance of the Company's Audit Committee meetings are as follows:

審核委員會 (續)

會議次數及出席率 (續)

本公司審核委員會會議的出席詳情如下：

| Name of members | 成員名稱 | Attendance 出席次數 |
|--------------------------------------|------------|--------------------|
| Ms. Yuen Wai Man (<i>Chairman</i>) | 袁慧敏女士 (主席) | 4/4 |
| Mr. Yick Ting Fai, Jeffrey | 易庭暉先生 | 4/4 |
| Mr. Zhang Min | 張民先生 | 4/4 |

CORPORATE GOVERNANCE FUNCTION

The Board is also responsible for performing the corporate governance duties with its written terms of reference as set out below:

企業管治職能

董事會亦負責履行企業管治職能，其書面職權範圍載列如下：

- | | |
|---|------------------------------------|
| a) to develop and review the Company's policies and practices on corporate governance; | a) 制訂及檢討本公司有關企業管治的政策及常規； |
| b) to review and monitor the training and continuous professional development of Directors and senior management; | b) 檢討及監察董事及高級管理層的培訓及持續專業發展； |
| c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; | c) 檢討及監察本公司就法律及監管要求之合規性的政策及常規； |
| d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and | d) 制訂、檢討及監察僱員及董事適用的操守守則及合規手冊（如有）；及 |
| e) to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report. | e) 檢討本公司就企業管治常規及企業管治報告中的披露事項之合規性。 |

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITORS' REMUNERATION

An amount of approximately HK\$925,000 (2017: approximately HK\$940,000) was charged to the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018. Remuneration to the auditors of the Company, Asian Alliance (HK) CPA Limited, amounted to HK\$700,000 for the provision of annual audit services for the year ended 31 December 2018. Remuneration to the auditors of the Company, SHINEWING (HK) CPA Limited, amounted to HK\$100,000 and HK\$125,000 respectively for the provision of annual audit services and other non-audit services for the previous year. A resolution for re-appointment of Asian Alliance (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting. The Board concurs with the views of the Audit Committee in determining the re-appointment of auditors of the Company. There has been change in auditors during the financial year. On 30 November 2018, SHINEWING (HK) CPA Limited resigned as auditor and Asian Alliance (HK) CPA Limited was appointed as new auditor of the Company.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's account for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the audited consolidated financial statements for the year ended 31 December 2018, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The auditors of the Company acknowledge their responsibilities in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2018.

核數師酬金

約925,000港元(二零一七年:約940,000港元)列入本集團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。截至二零一八年十二月三十一日止年度,本公司核數師華融(香港)會計師事務所有限公司就提供年度審核服務之酬金為700,000港元。於上一年度就提供年度審核服務及非審核服務支付予本公司核數師信永中和(香港)會計師事務所有限公司的酬金分為100,000港元及125,000港元。本公司將於應屆股東週年大會上提呈一項決議案,以續聘華融(香港)會計師事務所有限公司為本公司核數師。董事會就決定續聘本公司核數師與審核委員會的意見一致。在本財政年度內核數師發生變動。於二零一八年十一月三十日,信永中和(香港)會計師事務所有限公司已辭任核數師,而華融(香港)會計師事務所有限公司已獲委任為本公司新核數師。

董事及核數師對綜合財務報表之責任

董事會肩負於每個財政期間編製本集團賬目之職責,該等賬目可真實公平地反映本集團業務狀況及該期間之業績及現金流量。編製截至二零一八年十二月三十一日止年度之經審核綜合財務報表時,董事會已揀選及貫徹應用合適會計政策;作出審慎、公平及合理之判斷及估計。董事會負責採取一切合理所需步驟保障本集團資產,並且防止及偵查欺詐及其他不正常情況。

本公司之核數師於本集團截至二零一八年十二月三十一日止年度之綜合財務報表之獨立核數師報告內確認彼等所承擔之責任。

COMPANY SECRETARY

For the year ended 31 December 2018, Mr. Ng Cheuk Fan, Keith was the Company Secretary who was appointed on 30 March 2018 following the resignation of Mr. Lai Yick Fung. Pursuant to Rule 5.15 of the GEM Listing Rules, Mr. Ng has taken no less than 15 hours of relevant professional training during the year ended 31 December 2018.

SHAREHOLDERS' RIGHTS

Right to convene special general meeting

The Directors, on the requisition of shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the rights, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company in Bermuda and its principal place of business in Hong Kong for the attention of the Company Secretary.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of two months from the said date.

公司秘書

於截至二零一八年十二月三十一日止年度，吳卓凡先生為公司秘書，彼於賴益豐先生辭任後在二零一八年三月三十日獲委任。根據GEM上市規則第5.15條，吳先生於截至二零一八年十二月三十一日止年度已接受不少於15小時的相關專業訓練。

股東權利

召開股東特別大會之權利

董事於接獲本公司股東之要求，而有關股東於遞交要求當日持有不少於十分之一之本公司繳足股本（其附帶於本公司股東大會上投票之權利），則董事有權於任何時間以書面向董事會或公司秘書要求董事會就有關請求書所載明的任何事項召開股東特別大會。

請求書必須闡明會議目的，且必須由請求人簽署及送交本公司位於百慕達之註冊辦事處及香港主要營業地點，並註明收件人為公司秘書。

如董事在遞交請求書日期起計21天內未有正式召開會議，則該等請求人可自行召開會議，惟按此召開之會議不得於上述日期起計兩個月屆滿後舉行。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHTS (continued)

Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the head office of the Company in Hong Kong or the registered office in Bermuda, or by e-mail to info@chinaeco-farming.com for the attention of the Company Secretary.

Right to put forward proposals at general meetings

On the requisition in writing of either (i) any number of shareholder(s) of the Company representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) not less than 100 shareholders, the Company shall, at the expense of the requisitionists: (a) to give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; (b) to circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition must be signed by the requisitionists and deposited at the head office and principal place of business in Hong Kong of the Company for the attention of the Company Secretary.

股東權利 (續)

向董事會作出查詢的權利

股東有權向董事會作出查詢。所有查詢必需以書面作出，並郵寄至本公司於香港的總辦事處或於百慕達的註冊辦事處，或發送電子郵件至 info@chinaeco-farming.com，並註明收件人為公司秘書。

於股東大會提出議案之權利

在(i)於遞交要求當日持有不少於全體股東(其賦有於要求所涉股東大會上投票之權利)總投票權二十分之一之任何數目本公司股東;或(ii)不少於一百名股東以書面方式提出要求下，本公司將會(而有關費用將由請求人承擔): (a)向有權接收下一屆股東週年大會通告之本公司股東發出通知，以告知任何可能於該大會上正式動議並擬於會上動議之決議案; (b)向有權接收任何股東大會通告之股東傳閱任何不超過一千字之陳述書，以告知該大會上任何提呈之決議案所述事宜或將處理之事項。

有關要求必須由請求人簽署，並送達本公司之總辦事處及於香港的主要營業地點，並註明收件人為公司秘書。

INVESTORS AND SHAREHOLDERS RELATIONS

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders of the Company and investors. The Company has disclosed all necessary information to its shareholders and investors in compliance with the GEM Listing Rules. Moreover, the Board maintains close communications with the shareholders and investors of the Company through a number of formal communication channels which include (i) the publication of the Company's latest business developments and financial performance through its annual, interim and quarterly reports, notices, announcements and circulars; (ii) the general meetings providing an opportunity for the shareholders of the Company to raise comments and exchanging views with the Board; and (iii) the Company's website provides an effective communication platform between the Company and its investors.

During the year of 2018, there has been no significant changes in the Company's constitutional documents.

POLICY ON PAYMENT OF DIVIDENDS

The Company has adopted a policy on payment of dividends ("Dividend Policy") on 30 November 2018 pursuant to E.1.5 in Appendix 15 to the GEM Listing Rules' Corporate Governance Code and Corporate Governance Report with effective from 1 January 2019.

The Policy sets out principles to determine the amount that can be distributed to the Shareholders as dividend. The Policy and the declaration and/or payment of future dividends under the Policy are subject to the final determination of the Board that the Policy and the declaration and/or payment of dividends would be in the best interests of the Shareholders and the Company. The Board will use their best endeavours to maintain a balance between the Shareholders' expectations and prudent capital management with a sustainable dividend policy.

投資者及股東關係

董事會認同與本公司股東及投資者保持清楚、及時及有效溝通的重要性。本公司已遵守GEM上市規則，向其股東及投資者披露所有必要資料。此外，董事會透過多種正式溝通渠道，包括(i)通過其年度、中期及季度報告、通告、公佈及通函刊發本公司最新業務發展及財務表現；(ii)舉行股東大會，為本公司股東提供機會向董事會提問及交換意見；及(iii)本公司網站，為本公司及其投資者提供有效的溝通平台。

於二零一八年年度，本公司的憲章文件概無重大變動。

股息派付政策

本公司已根據GEM上市規則附錄15(企業管治守則及企業管治報告)E.15於二零一八年十一月三十日採納股息派付政策(「股息政策」)，自二零一九年一月一日起生效。

股息政策載列釐定可作為股息分派予股東之金額的原則。股息政策及日後根據股息政策宣派及／或派付股息須由董事會最終決定，且股息政策及宣派及／或派付股息應符合股東及本公司之最佳利益。憑藉可持續的股息政策，董事會將盡力維持股東期望與審慎資本管理之間的平衡。

CORPORATE GOVERNANCE REPORT

企業管治報告

POLICY ON PAYMENT OF DIVIDENDS (continued)

The Company has always strived to enhance the Shareholders' value. The Directors believe that distributing dividends to the Shareholders is an important method to create value for them.

The Policy includes the following parameters/factors to be considered by the Board for declaration of dividend from time to time:

- I. Circumstances under which the Shareholders may or may not expect dividend
- II. Financial parameters/factors that shall be considered for declaration of dividend
- III. Internal and external factors that shall be considered for declaration of dividend
- IV. Utilisation of retained earnings
- V. Multiple classes of Shares

The Board will review the Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

股息派付政策(續)

本公司始終致力於提高股東價值。董事相信，向股東分派股息是為股東創造價值的重要方法。

股息政策包括董事會將為宣派股息不時審議之下列參數／因素：

- I. 股東可能會或可能不會期望股息之情況
- II. 宣派股息時考慮的參數／因素
- III. 宣派股息時應考慮的內部及外部因素
- IV. 保留盈利的利用
- V. 股份多個類別

董事會將不時審閱股息政策，並在其認為恰當及必要時行使唯一及絕對酌情權隨時更新、修訂及／或修改股息政策。概不保證於任何既定期間會派付任何具體金額之股息。

RISK MANAGEMENT AND INTERNAL CONTROL

Goals and objectives

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management policy has been established to formalize the risk management of the Group, to build up a standard and effective risk management system, improve the ability of risk prevention, so as to ensure the Group is operating in a safety and steady environment, the operation management level could be increased and the Group's operational strategy and target could be achieved. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

Main features of the risk management and internal control systems

The Board resolved to delegate its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee. Terms of reference of the Audit Committee included the followings: (i) review the Group's financial controls, internal control and risk management systems; (ii) discuss the risk management system and internal control systems with management to ensure that management has performed its duty to have an effective internal control systems; and (iii) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings.

風險管理及內部監控

目標及目的

董事會確認其負責風險管理及內部監控系統，並持續檢討該等系統的有效性。該等風險管理及內部監控系統乃為管理風險而非免除未能達致業務目標的風險，而僅可對重大錯誤陳述或虧損作出合理保證而非絕對保證。

風險管理政策已獲制定，以規範化本集團的風險管理、建立標準及有效的風險管理系統、改善預防風險的能力，從而確保本集團正於安全及穩定的環境中營運，而經營管理水平可獲提升，且亦可達致本集團的經營策略及目標。目前的常規將會定期獲檢討及更新，以跟隨最新的企業管治常規。

風險管理及內部監控系統的主要功能

董事會決議將其有關風險管理及內部監控的責任（連同相關權限）委派予審核委員會。審核委員會的職權範圍包括以下：(i) 檢討本集團的財務監控、內部監控及風險管理系統；(ii) 與管理層討論風險管理系統及內部監控系統，以確保管理已履行其設立有效內部監控系統的職務；及(iii) 按董事會委派或主動研究對風險管理及內部監控事宜的主要調查結果及管理層對上述結果的回應。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Main features of the risk management and internal control systems (continued)

The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems for the year ended 31 December 2018.

To ensure the efficient and effective operation of the business and operations, relevant internal control policies and procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. These policies and procedures are monitored and reviewed from time to time and updated where necessary. All employees are made aware of the policies and procedures in place, with understanding enhanced by staff communications and training.

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems, at least quarterly, through the Audit Committee.

Process Used to Identify, Evaluate and Manage Significant Risks

As a routine procedure and part of the risk management and internal control systems, executive Directors and management would meet on monthly basis to review the financial and operating performance of each department. The management of the key operating subsidiaries is also required to keep executive Directors updated of material development of the department's business and implementation of the strategies and policies set by the Board on regular basis.

風險管理及內部監控 (續)

風險管理及內部監控系統的主要功能 (續)

截至二零一八年十二月三十一日止年度，審核委員會（代表董事會）監督設計、實施及監察風險管理及內部監控系統的管理。

為確保業務及營運能具效地有效經營，相關內部監控政策及程序已獲設立，以保障資產不被擅自挪用或處置、控制資本開支、妥為保存會計賬目及確保業務及出版所用財務資料的可靠性。該等政策及程序會不時獲監察及檢討，並會適時獲更新。全體僱員均須知悉已設立政策及程序，並透過員工溝通及培訓加深對此的認識。

董事會透過審核委員會最少每季度一次檢討本集團風險管理及內部監控系統的充足性及有效性。

識別、評估及管理重大風險所用的過程

作為恒常程序以及風險管理及內部監控系統的一部分，執行董事及管理層會每月會面，以檢討各部門的財務及經營表現。主要經營附屬公司的管理層亦須就部門業務的重大發展及董事會制定的策略及政策的推行定期向執行董事提供最新資料。

**RISK MANAGEMENT AND INTERNAL CONTROL
(continued)**

**Process Used to Identify, Evaluate and Manage
Significant Risks (continued)**

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the key processes of the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of their occurrence.

Risk Response

- Prioritizes the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Report the results of risk monitoring to the management and the Board regularly.

風險管理及內部監控 (續)

識別、評估及管理重大風險所用的過程 (續)

本集團識別、評估及管理重大風險所用的過程概述如下：

識別風險

- 識別可能對本集團業務及經營的主要過程有潛在影響的風險。

評估風險

- 利用管理層開發的評估準則評估已識別風險；及
- 考慮對業務的影響及出現有關影響的可能性。

回應風險

- 透過比較風險評估的結果為風險排列優先次序；及
- 釐定風險管理策略及內部監控過程，以預防、避免或減輕該等風險。

監察及匯報風險

- 持續及定期監察風險，並確保已設有合適的內部監控過程；
- 於情況出現任何重大變化，則修訂風險管理策略及內部監控過程；及
- 定期向管理層及董事會匯報監察風險的結果。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Process Used to Identify, Evaluate and Manage Significant Risks (continued)

The Board has in place an internal audit function within the Group as required under code provision C.2.5 of the Corporate Governance Code. The Group has engaged an independent professional adviser (the “Internal Control Adviser”) to conduct the annual review of the effectiveness of the risk management and internal control systems for the year ended 31 December 2018. The scope of review included revenue and receipt cycle, expenditure cycle, cash management and treasury cycle, and financial reporting cycle for the Company and two of our operating subsidiary. Internal Control Adviser has reported major findings and areas for improvement to the Audit Committee. All recommendations from Internal Control Adviser would be followed up closely to ensure that they are implemented within a reasonable period of time. The Group therefore considered that the Group’s risk management and internal control processes are adequate to meet the needs of the Company in its current business environment and that nothing has come to its attention to cause the Board to believe the Group’s risk management and internal control systems are inadequate.

Inside Information Disclosure Policy

An inside information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the GEM Listing Rules.

On behalf of the Board
So David Tat Man
Executive Director

Hong Kong, 28 March 2019

風險管理及內部監控 (續)

識別、評估及管理重大風險所用的過程 (續)

根據企業管治守則C.2.5條守則條文的規定，董事會已於本集團內安排內部核數職位。於截至二零一八年十二月三十一日止年度，本集團已委聘獨立專業顧問（「內部監控顧問」），以對風險管理及內部監控系統的有效性進行年度檢討。檢討範圍包括本公司及我們兩間經營附屬公司的收益及收款週期、開支週期、現金管理及庫務週期及財務報告週期。內部監控顧問已向審核委員會匯報主要檢討結果及需改善的範疇。內部監控顧問的所有建議均會獲密切跟進，以確保於一段合理時間內獲實施。因此，本集團認為，本集團的風險管理及內部監控過程足以應付本公司於其目前營商環境中的需求，以及董事會概無注意到任何事項令其相信本集團的風險管理及內部監控系統不足。

內幕消息披露政策

內幕消息披露政策已獲制定，以確保潛在內幕消息會獲保存而有關資料會被保密，直至有關消息已根據GEM上市規則作出一致且及時的披露為止。

代表董事會
執行董事
蘇達文

香港，二零一九年三月二十八日

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

ABOUT THIS REPORT

The purpose of this Environmental, Social and Governance Report (the “ESG Report”) is not only to communicate the sustainability strategies, management approaches and performances of China Eco-Farming Limited and its subsidiaries (collectively known as the “Group” or “we”) with the stakeholders, but also to strengthen the Group’s understanding towards their ongoing activities in sustainable development of the society and the environment as a whole. This ESG Report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development.

Sustainability Approach

We embed sustainability into the Group’s core principles by operating with transparency and integrity, fostering our Group’s culture, building a resilient business, operating responsibly and creating shared value with our stakeholders.

Across the Group, we work proactively and diligently to monitor and reduce our environmental footprint, to ensure effective and ethical governance and to invest in ways that promote sustainable economic growth. Being a responsible corporate citizen, we strictly comply with all applicable laws, take into account the environmental, social and governance factors and risk management strategies in our operations and fulfill our social responsibilities with good practical deeds.

Scope of the ESG Report

Unless otherwise stated, this ESG Report covers our Hong Kong business of trading of grocery food products, trading of consumables and agricultural products, property investment, provision of money lending services, one-stop value chain services and provision of financial services for the period from 1 January 2018 to 31 December 2018 (the “Reporting Period”).

關於本報告

本環境、社會及管治報告（「ESG報告」）的目的不僅為了提升持份者對中國農業生態有限公司及其附屬公司（統稱「本集團」或「我們」）可持續發展策略、管理方針及表現的認識，還增進本集團就其有關社會及環境可持續發展所進行的行動的了解。本ESG報告概述了本集團在企業社會責任及可持續發展方面的努力及成果。

可持續發展方針

我們將可持續發展納入本集團的核心原則，奉行以透明公正的營運方式打造我們的集團文化，以負責任的經營態度積極開拓業務，與持份者攜手創造共享價值。

集團上下，全體員工積極響應，努力監控及減少我們的環境足跡，確保有效及道德的管治，並以促進可持續經濟增長的方式作出投資。作為一個負責任的企業公民，我們嚴格遵守所有適用法律，在經營中會顧及環境、社會及管治因素以及風險管理策略，並以良好的實際行動履行我們的社會責任。

本ESG報告的範圍

除另有說明外，本ESG報告涵蓋自二零一八年一月一日至二零一八年十二月三十一日期間（「報告期間」）我們的香港業務，即糧油食品貿易、消耗品及農產品貿易、物業投資、提供放債服務、一站式價值鏈服務及提供金融服務。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

ABOUT THIS REPORT (continued)

Reporting Standard

This ESG Report is prepared in compliance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 20 to the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”). The four reporting principles, namely materiality, quantitative, balance and consistency, form the backbone of this ESG Report.

For further information regarding our corporate governance, please refer to the section of “Corporate Governance Report” in this Annual Report.

Feedback

We will continue to improve and refine the content and format of our ESG Report. Should you have any enquires or suggestions, please feel free to contact us via post at Unit 2303-06, 23/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

關於本報告 (續)

報告標準

本ESG報告乃根據香港聯合交易所有限公司GEM證券上市規則(「GEM上市規則」)附錄20所載《環境、社會及管治報告指引》編製。重要性、量化、平衡及一致性為四個構成本ESG報告的主幹內容的報告原則。

有關我們企業管治的進一步資訊，請參閱本年報「企業管治報告」一節。

意見反饋

我們將在未來持續改進和完善ESG報告的內容和形式。如有任何疑問或建議，歡迎隨時通過郵件發送至香港灣仔港灣道23號鷹君中心23樓2303-06室與本公司聯繫。

COMMUNICATION WITH STAKEHOLDERS

We believe that understanding the views and opinion of our stakeholders is of paramount importance to the long-term success and growth of the Group. Sustainable development embraces not only our own ESG performance but also our relationship with stakeholders. As such, we are devoted to maintaining close and harmonious relationships with our stakeholders.

It is crucial to maintain communication with our stakeholders and obtain valuable advice. We continue to adopt the following communication channels with stakeholders to ensure we learn their opinions and suggestions timely and accurately, so that our business could be improved and developed in a continuous manner. Stakeholders communications and expectations can be summarized as follows:

與持份者的溝通

我們相信，理解持份者的觀點及意見，對於本集團的長期成功及成長至關重要。可持續發展不僅包括我們自身的ESG表現，亦包括我們與持份者的關係。因此，我們務求與我們的持份者保持緊密且和諧的關係。

與持份者保持溝通並取得寶貴意見至關重要。我們延續以下與持份者的溝通渠道以確保及時、準確地獲取各持份者的意見與建議，以促進我們的業務不斷改進與發展。持份者溝通方式及期望可概述如下：

| Stakeholders 持份者 | Communication channels 溝通方式 | Expectations and concerns 期望及關注事項 |
|---------------------|---|---|
| Employees 僱員 | <ul style="list-style-type: none"> Internal meetings 內部會議 Performance assessment 績效評估 Company activities 公司活動 Training 培訓 | <ul style="list-style-type: none"> Employees' compensation and benefits 僱員補償及福利 Health and safety working environment 健康及安全的工作環境 Career development opportunities 職業發展機遇 |
| Customers 客戶 | <ul style="list-style-type: none"> Business communication 商務溝通 Customer service hotline 客戶服務熱線 Email 電郵 | <ul style="list-style-type: none"> High quality product and service 優質產品及服務 Protect the rights of customers 保障客戶權益 |
| Suppliers 供應商 | <ul style="list-style-type: none"> Business communication 商務溝通 Visits 訪問 Email 電郵 | <ul style="list-style-type: none"> Fair and open procurement 公平公開採購 Win-win cooperation 雙贏合作 |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

COMMUNICATION WITH STAKEHOLDERS (continued)

與持份者的溝通 (續)

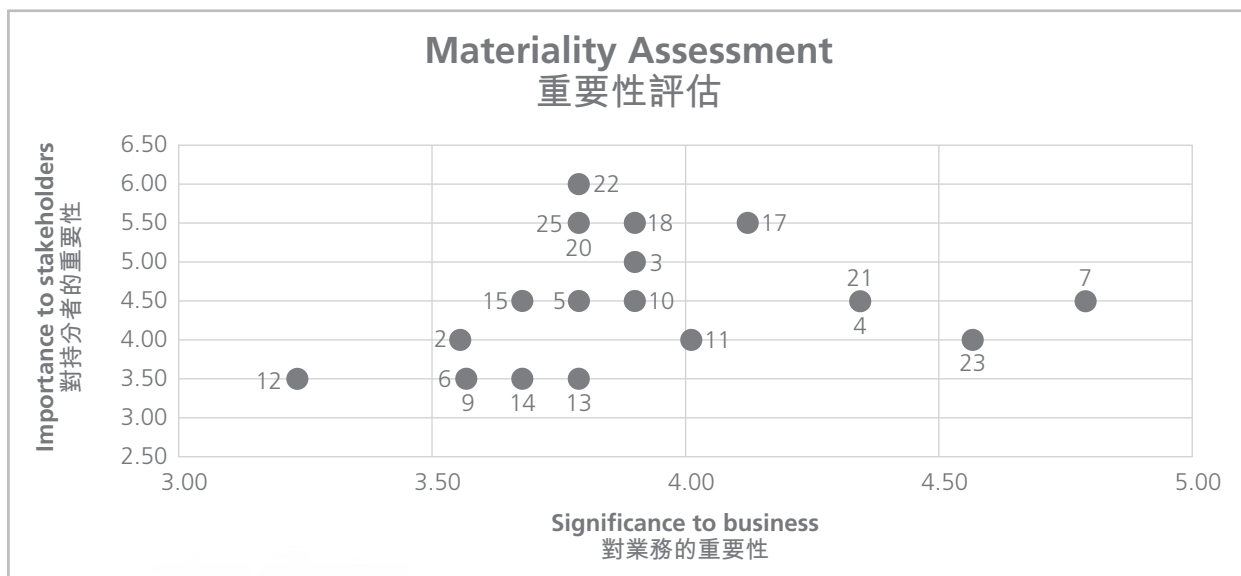
| Stakeholders 持份者 | Communication channels 溝通方式 | Expectations and concerns 期望及關注事項 |
|---|---|--|
| Shareholders 股東 | <ul style="list-style-type: none"> Shareholders' meetings 股東大會 Regular reports and announcements 定期報告及公告 Official website 官方網站 | <ul style="list-style-type: none"> Return on investments 投資回報 Information disclosure and transparency 資料披露及透明度 Protection of interests and fair treatment of shareholders 保障股東權益及公平對待 |
| Community 公眾 | <ul style="list-style-type: none"> Official website 官方網站 Charitable activities 慈善活動 | <ul style="list-style-type: none"> Involvement in communities 社區參與 Business compliance 商業合規 Environmental protection awareness 環保意識 |
| Government and regulatory bodies 政府及監管機構 | <ul style="list-style-type: none"> Information submission 提交資料 Email 電郵 | <ul style="list-style-type: none"> Compliance with laws and regulations 遵守法律及法規 Promote regional economic development and employment 促進地區經濟發展及就業 |

MATERIALITY ASSESSMENT

To better understand stakeholders' opinions and expectations on the Group's ESG performance, the Group engaged its stakeholders to conduct a materiality assessment survey. Both internal and external stakeholders were selected based on their influence and dependence on the Group. The selected stakeholders were invited to express their views and concerns on a list of sustainability issues via an online survey. As a result, the Group was able to prioritise the issues for discussion in this Report. The result from the materiality assessment survey has been mapped and presented as below.

重要性評估

為了更好地了解持份者對本集團ESG表現的意見及期望，本集團委託持份者進行一份重要性評估調查。本集團以持份者對本集團的影響及依賴程度為基礎，挑選出內部及外部持份者進行重要性評估調查。獲選的持份者通過網上調查的方式，就可持續性發展的議題表達意見及提出關注。據此，本集團可通過該調查選定議題在本報告內作討論。重要性評估調查結果如下圖所示。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

MATERIALITY ASSESSMENT (continued)

重要性評估 (續)

| NUMBER 編號 | LIST OF MATERIAL TOPICS 重要議題清單 |
|--------------|--|
| 1 | Employee diversity and equal opportunities 僱員多元化及平等機會 |
| 2 | Turnover rate 流失率 |
| 3 | Occupational health and safety 職業健康與安全 |
| 4 | Training and development 培訓及發展 |
| 5 | Child labour and forced labour 童工及強迫勞工 |
| 6 | Employment relationship and communication 僱傭關係及溝通 |
| 7 | Employee remuneration and benefits 僱員報酬及福利 |
| 8 | Sewage disposal 污水處理 |
| 9 | Greenhouse gas emissions 溫室氣體排放 |
| 10 | Air emissions 廢氣排放 |
| 11 | Treatment of hazardous and non-hazardous wastes 處理有害及無害廢棄物 |
| 12 | Energy and water conservation 節能節水 |
| 13 | Natural resources (includes water and energy) 自然資源 (包括水及能源) |
| 14 | Supplier environmental and social assessment 供應商環境及社會評估 |
| 15 | Carbon trading system 碳排放系統 |
| 16 | Supplier selection process 供應商篩選流程 |
| 17 | Anti-fraud and corruption 反欺詐及腐敗 |
| 18 | Business continuity plan 營運持續計劃 |
| 19 | Product and service quality 產品及服務質量 |

MATERIALITY ASSESSMENT (continued)

重要性評估(續)

| NUMBER 編號 | LIST OF MATERIAL TOPICS 重要議題清單 |
|--------------|-----------------------------------|
| 20 | Complaints handling 投訴處理 |
| 21 | Intellectual property 知識產權 |
| 22 | Customer privacy 客戶私隱 |
| 23 | Research and development 研發 |
| 24 | Community participation 社區參與 |
| 25 | Donations 捐款 |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CARING FOR ENVIRONMENT

As a responsible corporation, we are aware of the shared responsibility to protect and preserve our planet. We endeavor to comply with laws and regulations regarding environmental protection and adopts effective measures to achieve efficient use of resources, energy saving and waste reduction. Due to our business nature, apart from emissions and use of resources for electricity and water, our operation does not have other significant impact on the environment.

Emission Management

Our greenhouse gas (“GHG”) emissions primarily stem from petrol consumption from the use of vehicles (Scope 1), indirect emissions produced by externally-purchased electricity consumed in offices (Scope 2), and indirect emissions produced by business travels (Scope 3).

We have implemented various initiatives to reduce the amount of GHG emissions, as further explained in the subsection headed “Energy Management” of this ESG Report.

Through implementing various measures, the GHG emission and energy consumption was decreased as detailed below:

愛護環境

作為一家負責任的公司，我們知悉保護地球的共同責任。我們努力遵守有關環境保護的法律法規，並採取有效措施以實現資源的有效利用、節約能源及減少廢棄物。由於我們的業務性質使然，除排放及使用電力及水資源外，我們的營運對環境並無其他重大影響。

排放管理

我們的溫室氣體（「溫室氣體」）排放主要來源於使用汽車所造成的汽油消耗（範圍1），辦公室的外購電力（範圍2）以及商務旅行造成的間接排放（範圍3）。

我們已實施多項措施以減少溫室氣體排放量，進一步詳情載於本ESG報告「能源管理」分節。

通過實施各種措施，溫室氣體排放及能耗已減少，詳情如下：

| Air emissions | | 2018 | 2017 | Unit |
|---------------------------|-------------|-------|-------|-------|
| 氣體排放 | | 二零一八年 | 二零一七年 | 單位 |
| Nitrogen Oxides (“NOx”) | 氮氧化物（「NOx」） | 3.6 | 5.7 | kg 千克 |
| Sulphur Oxides (“SOx”) | 硫氧化物（「SOx」） | 0.1 | 0.2 | kg 千克 |
| Particulate Matter (“PM”) | 微粒物質（「PM」） | 0.3 | 0.4 | kg 千克 |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CARING FOR ENVIRONMENT (continued)

Emission Management (continued)

愛護環境 (續)

排放管理 (續)

| GHG emission ¹ 溫室氣體排放 ¹ | | 2018 二零一八年 | 2017 二零一七年 | Unit 單位 |
|--|--------------------------------|---------------|---------------|--|
| Total GHG emissions (Scope 1, 2 and 3) | 溫室氣體排放總量 (範圍1、2及3) | 59.3 | 74.2 | Tonnes of CO ₂ e 二氧化碳當量 (噸) |
| Direct emission (Scope 1) | 直接排放 (範圍1) | 25.7 | 37.2 | Tonnes of CO ₂ e 二氧化碳當量 (噸) |
| Indirect emission (Scope 2) | 間接排放 (範圍2) | 28.9 | 30.1 | Tonnes of CO ₂ e 二氧化碳當量 (噸) |
| Other indirect emission from air travel ² (Scope 3) | 航空旅程的其他間接排放 ² (範圍3) | 4.7 | 6.9 | Tonnes of CO ₂ e 二氧化碳當量 (噸) |
| Intensity of total GHG emissions | 溫室氣體排放密度 | 0.1 | 0.1 | kg of CO ₂ e/m ² 二氧化碳當量 (噸/平方米) |

Energy Management

The energy consumption information is shown as follow:

能源管理

能耗資料列示如下：

| Energy consumption 能耗 | | 2018 二零一八年 | 2017 二零一七年 | Unit 單位 |
|--|------------------|------------------|---------------|-------------------------------|
| Total energy consumption | 總能耗 | 125,623.8 | 166,599.0 | kWh 千瓦時 |
| Intensity of total energy consumption (per floor area) | 總能耗強度 (每樓面面積) | 161.2 | 213.8 | kWh/m ² 每平方米千瓦時 |
| Electricity consumption ³ | 耗電量 ³ | 37,768.0 | 39,186.0 | kWh 千瓦時 |
| Petrol | 汽油 | 87,855.8 | 127,413.0 | kWh 千瓦時 |

¹ As the scope of total electricity consumption excluded those usage in shared office rented by few subsidiaries, which the electricity consumption data were included in the management fee paid and unable to be obtained for the occupied areas, the GHG emission data has not included the electricity used by those shared office.

² GHG calculation for air travel were made reference to the International Civil Aviation Organization Carbon Emissions Calculator.

³ The scope of total electricity consumption excluded those usage in shared office rented by few subsidiaries, which the electricity consumption data were included in the management fee paid and unable to be obtained for the occupied areas.

¹ 由於總耗電量範圍不包括少數附屬公司租用的共用辦公室耗電量，其耗電量數據獲納入已付管理費且不能於佔用區間獲得，故而溫室氣體排放數據不包含該等共用辦公室耗電量。

² 航空旅行的溫室氣體計算經參考國際民航組織碳排放計算器。

³ 總耗電量範圍不包括少數附屬公司租用的共用辦公室耗電量，其耗電量數據獲納入已付管理費且不能於佔用區間獲得。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

CARING FOR ENVIRONMENT (continued)

Energy Management (continued)

As GHG emissions are positively correlated to electricity and energy consumption, the Group tries to reduce the consumption of both aspects in its daily operation through the following specific measures:

- Adopt natural lighting where possible, while energy-efficient light bulbs are used to reduce electricity consumption
- Modify the set temperature of air conditioners in the offices based on the season
- Consider with higher grading of energy efficiency when selecting electronic devices
- Encourage our employees to switch off idle equipment (such as computers and lighting equipment) when the equipment is not in use or employees are getting off work
- Office copy machines will be automatically switched to energy saving mode when left idle for a set period of time
- Encourage our employees to replace business travels with telephone conference or video conference when appropriate to reduce related GHG emissions caused by the transportation required for business travels
- Encourage employees to schedule visits or offsite meetings within one trip to reduce the frequency of travel

愛護環境 (續)

能源管理 (續)

由於溫室氣體排放與耗電及耗能成正比，本集團試圖通過以下具體措施減少日常運營中的耗電及耗能：

- 盡可能採用自然採光，同時使用節能燈泡以減少電力消耗
- 根據季節修改辦公室空調的設定溫度
- 在選擇電子設備時考慮高能效等級的產品
- 鼓勵員工在設備不使用或員工下班時關閉閒置設備（如電腦和照明設備）
- 辦公室影印機在閒置一段時間後自動切換到節能模式
- 鼓勵員工在適當的時候通過電話會議或視訊會議取代商務旅行，以減少因商務旅行所需的運輸造成的相關溫室氣體排放
- 鼓勵員工在一次差旅內安排訪問或場外會議，以減少差旅的頻率

CARING FOR ENVIRONMENT (continued)

Water Use and Sewage Discharge

Due to our business nature, we do not consume a large amount of water resources or generate a large amount of sewage in our operation. Sewage produced by the Group is mainly generated from the daily water usage from its staffs during working hours in office, which is further discharged to the municipal wastewater treatment plant through the sewage pipe work. We believed that the water consumption would be reduced by encouraging our employees to build up the habit of saving water through the following specific measures:

- Post notice in office pantries and washrooms to encourage water conservation
- Remind employees to turn off water taps when they are not in use
- Any leakage or dripping found in office should also be reported promptly to prevent unnecessary water consumption

As we operated in leased office premises in Hong Kong of which both the water supply and discharge were solely controlled by the respective building management. Hence, the water usage data was unable to be obtained by us as an individual occupant. As our business is located in Hong Kong, there is no issue in sourcing water.

愛護環境 (續)

水源使用及污水排放

由於我們的業務性質使然，我們的營運中並未消耗大量的水資源，亦未產生大量污水排放物。本集團產生的污水主要來自員工在辦公時間內的日常用水，並通過污水管道工程進一步排放至市政污水處理廠。我們認為，通過以下具體措施鼓勵所有員工養成節約用水的習慣將減少耗水量：

- 在辦公室及洗手間張貼通告，鼓勵節約用水。
- 提醒僱員在不用水時關閉水龍頭
- 及時報告辦公室內出現的任何洩露或滴水情況，以防止不必要的用水

由於我們在香港的租賃辦公室經營業務，其供水及排水均由各自的大廈管理層單獨控制。因此，作為個人使用者，我們無法獲得用水量數據。由於我們的業務位於香港，故而於獲得水資源方面沒有問題。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CARING FOR ENVIRONMENT (continued)

Waste Management

The Group adheres to the waste management principles and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has been compiled with laws and regulations relating to environmental protection. Due to the business nature, our operations do not directly generate hazardous waste. The non-hazardous wastes generated by the Group's operations are mainly consist of paper and domestic garbage generated in office. The wastes were collected and handled by building management. The total paper waste generated during the Reporting Period was 1.45 tonnes (2017: 1.45 tonnes) with an intensity of 1.86 kg (2017: 1.86 kg) per square meter.

We seek opportunities to reduce resource consumption and waste generation, reuse and recycle materials in an aim of minimizing overall quantities of waste. As paper is mainly consumed by the Group in its offices, the Group has adopted the following practices to reduce the consumption:

- Encourage both-side printing and the use of recycled paper for printing and copying
- Disseminate information by electronic means (i.e. via email) as much as possible
- Provide bins and trays in offices to collect waste paper for further recycling
- Encourage staff to reduce paper consumption and to share tips and information on how to adopt a more environmentally-responsible lifestyle

The Group strongly advocates green office, strengthens daily operation and management, integrates low-carbon environmental protection concepts into the daily work of employees by implementing energy-saving office environment reforms, promoting paperless office management, raises employees' awareness of energy conservation, and cultivates the environmental habits of employees. With the implementation of the measures above, we believe the objectives of saving energy, reducing waste and preserving the environment can be achieved.

愛護環境 (續)

廢棄物管理

本集團堅守廢物管理原則，致力適當處理及處置我們的業務活動產生的所有廢物。我們的所有廢物管理慣例符合相關環保法律及規例。由於業務性質使然，我們的營運並不會直接產生有害廢棄物。本集團業務活動產生的無害廢棄物主要為辦公室產生的紙張及生活垃圾。廢棄物由樓宇管理部門收集及處理。報告期間產生的廢紙總量為1.45噸（二零一七年：1.45噸），密度為每平方米1.86千克（二零一七年：1.86千克）。

我們尋求機會減少資源消耗及減少產生廢棄物、再利用及回收材料，以最大限度地減少廢棄物總量。由於本集團主要在其辦公室消耗紙張，本集團已採取以下措施以減少消耗：

- 鼓勵雙面打印及使用再生紙進行打印及複印
- 盡可能通過電子方式（即電郵）傳遞資料
- 在辦公室提供回收桶和回收盤，收集廢紙作進一步回收利用
- 鼓勵員工減少用紙，並分享在日常生活上履行環保責任的方法和資訊

本集團大力倡導綠色辦公，加強日常運營管理，通過開展辦公環境節能改造、推行無紙化辦公管理等措施，將低碳環保理念融入員工日常工作，提升員工節能意識，培養員工環保習慣。通過實施上述措施，我們認為節能減排及保護環境的目標將得以實現。

CARING FOR ENVIRONMENT (continued)

Packaging Material Use

Due to the business nature, the Group does not produce any finished product and does not have any industrial facilities. As the suppliers would arrange delivery to our customers directly for the trading business, we do not consume a significant amount of packaging materials in our daily operations.

Compliance

During the Reporting Period, the Group was not aware of any incidents of non-compliance with Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and other relevant laws and regulations related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste. The Group did not have any significant impact on the environment and natural resources.

CARING FOR EMPLOYEES

Our dedicated and skilled workforce is our biggest asset. We are committed to providing training, equal and development opportunities for our people to enable them to reach their potential in a healthy, safe and respectful working environment.

Equal Opportunities

The Group believes that it is important to provide employees with equal opportunities based on the principles of fairness and fairness. We provide fair opportunities for recruitment, compensation, training, transfer and promotion to our employees regardless of their gender, ethnic, background, religion, colour, age, marital status, family status, retirement, disability or pregnancy.

In addition, the Group adopts a zero-tolerance attitude towards gender, ethnicity, disability discrimination, and workplace harassment. We respect human rights and prohibits discrimination, harassment, child labor and forced labor in the workplace.

愛護環境 (續)

包裝材料使用

由於業務性質使然，本集團不生產任何製成品，亦無任何工業設施。由於供應商會安排直接向我們的客戶交付貿易業務，我們在日常運營中不會消耗大量的包裝材料。

合規

於報告期間，本集團並不知悉有任何不遵守香港法例第311章《空氣污染管制條例》、香港法例第358章《水污染管制條例》、香港法例第354章《廢物處置條例》及其他有關空氣及溫室氣體排放、排放入水及土地、危害及無危害廢物產生的相關法例及法規的事件。本集團對環境及自然資源沒有任何重大影響。

關懷員工

盡責及富經驗的員工是我們的最大資產。我們致力為員工提供培訓、平等和發展機會，令他們可在健康、安全和備受尊重的工作環境內發揮他們的潛能。

平等機會

本集團認為以公平和公正原則為員工提供均等的機會十分重要。我們為僱員提供公平的招聘、薪酬、培訓、轉崗及晉升機會，無論他們的性別、種族、背景、宗教、膚色、年齡、婚姻狀況、家庭狀況、退休、殘疾或懷孕。

此外，對於性別、種族、殘疾歧視以及職場騷擾的問題，本集團採取零容忍態度。我們亦尊重人權，於工作場所禁止歧視、騷擾、童工及強制勞工。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

CARING FOR EMPLOYEES (continued)

Equal Opportunities (continued)

We have established whistleblowing policy, which provides our staff a private channel to voice out any concerns about possible discrimination or harassment. We keep the whistleblowers and their report contents confidential, and protect the legitimate rights and interests of whistleblowers, thereby encouraging employees to report violation and create a good business environment.

Employee Remuneration and Benefits

We offer a comprehensive and competitive remuneration package to enhance our staff morale and satisfaction. In addition, the Group conducts staff performance assessments regularly in accordance to changes in macroeconomic factors (e.g. national policies and price levels), market trend and the overall effectiveness of the Group, and makes corresponding adjustments to staff remuneration. Outstanding employees will get promotion as reward and recognition. Apart from competitive remuneration packages, we also grant share options and special bonuses to eligible personnel, depending on their performances and our financial conditions, in order to attract and retain the most talented people. Our employees also enjoy the statutory holidays, annual leaves, maternity leaves and compassionate leaves regarding to the relevant laws and regulations.

Our employee handbook outlines the standard working hours, paid leaves, rest periods and dismissal policy in protection of the rights of our staff. We disseminate the handbook to all our staff to keep them well informed of our principles and policies.

關懷員工 (續)

平等機會 (續)

我們設有舉報政策，為我們的員工提供私人渠道，去發表任何有關疑似歧視和騷擾的事件。我們對舉報人和其舉報內容保密，保護舉報人的合法權益，從而鼓勵員工舉報違規行為，締造良好的企業經營環境。

僱員薪酬及福利

我們提供全面而有競爭力的薪酬待遇，以提升員工士氣及滿意度。此外，本集團根據宏觀經濟因素（如國家政策及價格水準）的變動、市場趨勢及本集團的整體有效性，定期進行員工績效評估，並對員工薪酬作出相應調整。優秀員工將獲得獎勵與表彰。除具競爭力的薪酬待遇外，我們亦根據員工的表現及我們的財務狀況向合資格員工授出購股權及特別花紅，以吸引及挽留最有才能的人才。我們的僱員亦享有有關法律法規規定的法定假日、年假、產假及喪假。

我們的僱員手冊概述了標準工時、帶薪假期、休息期及遣散政策，以保障員工權利。我們向所有員工傳閱手冊，以使彼等充分了解我們的原則及政策。

CARING FOR EMPLOYEES (continued)

Recruitment and Dismissal

To attract high-calibre candidates, the Group offers fair remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspiration. We follow the principles of fairness, equality, competitive and non-discrimination to hire outstanding talents, and devote to protect human right and privacy of employees. We recruit employees based on a number of factors, such as professional experience, educational background and capabilities, and they are not discriminated against because of their age, sex, sexual orientation, race, disability, marital status, pregnancy, religion, political factions and referrals, so as to maintain employment equality. All employees of the Group have entered into written employment contracts and such contracts include dismissal term where the Company has the right to terminate such contract with an employee who willfully violates local laws and regulations and the Group's policy.

Promotion of work-life balance

We believe a culture of healthy work-life balance supports us to build an energetic and more collaborative team. By providing five-day working week and organizing a wide variety of recreational activities for our staff, we believe it can uphold the excellent work performance of employees and benefit the growth of the Group.

Training and Development

We believe our sustainable growth is largely derived from the continuous development of our staff. We place a great emphasis on career development of talents and are dedicated to providing our employees with abundant opportunities for career development.

We provide and encourage employees at all levels to participate in various internal and external courses, including technical and vocational training seminars, forums, on-job and continuing training courses. We also offer educational subsidies to our employees to attend academic and commercial course. These not only enhance their job-related skills and knowledge, but also provide them equal opportunities for learning, training and promotion.

關懷員工 (續)

招聘及解僱

為吸引高質的求職者，本集團按個人的過往表現、素養、工作經驗及事業抱負提供公平、具競爭力的薪酬及福利。我們遵循公平、公正、平等、競爭、無歧視的基本原則招募優秀人才，並致力保護員工人權及個人隱私。我們基於多項因素招募僱員，如專業經驗、教育背景及能力，不因應聘者的年齡、性別、性傾向、種族、殘疾、婚姻狀況、懷孕狀況、信仰、政治派別和推薦人而受到歧視，保障員工就業機會平等。本集團全體僱員均已訂立書面僱傭合約，且該等合約包含解僱條款，當中列明公司有權終止與故意違反當地法律法規及本集團政策的僱員訂立的合約。

促進工作與生活的平衡

我們認為健康的工作與生活平衡文化使我們得以建立一個充滿活力及更具協作性的團隊。通過提供為期五天的工作週及為員工組織各種娛樂活動，我們認為員工可藉此保持出色的工作表現，從而有利於本集團的發展。

培訓與發展

我們相信我們的可持續增長在很大程度上來源於我們員工的持續發展。我們非常重視人才的職業發展，致力為僱員提供充足的職業發展機會。

我們為各級僱員提供並鼓勵彼等參與不同的內部及外部課程，包括技術及職業培訓班、座談會、入職及持續培訓課程。我們亦向參加學術及商業課程的僱員提供教育補貼。該等舉措不僅提高了彼等與工作相關的技能及知識，亦為彼等提供學習、培訓及晉升的公平機會。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

CARING FOR EMPLOYEES (continued)

Compliance

During the Reporting Period, the Group was not aware of any incidents of non-compliance with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Minimum Wage Ordinance (Cap. 608 of the laws of Hong Kong) and Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong) and other relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare.

OCCUPATIONAL HEALTH AND SAFETY

The Group pays great attention to the physical, mental and occupational health of its employees. We aim to offer and maintain a safe and healthy working environment for employees to protect them from work-related accidents or injuries.

We are committed to achieving this goal by implementing the measures including but not limited to:

- Provide personal medical insurance and business travel insurance for all employees
- Provide sufficient first-aid kits and personal protective equipment at workplaces
- Prohibit smoking in all enclosed areas within our offices without exception
- Perform regular checking and maintenance of machines, equipment and fire extinguishers

Compliance

During the Reporting Period, the Group was not aware of any incidents of non-compliance with The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. We also did not receive any reports on work-related injuries or casualties during the Reporting Period.

關懷員工 (續)

合規

於報告期內，本集團並不知悉有任何對本集團造成重大影響的不遵守香港法例第57章《僱傭條例》、香港法例第608章《最低工資條例》、香港法例第485章《強制性公積金計劃條例》及其他有關法例及法規的事件，包括補償及解僱、招聘及晉升、工作時間、休息時間、平等機會、多元化、反歧視以及其他待遇及福利。

職業健康與安全

本集團十分關注員工的身心和職業健康。我們旨在為僱員提供及維持安全及健康的工作環境，避免他們發生工傷事故。

我們致力於實現該目標，所採取的措施包括但不限於：

- 為全體僱員提供個人醫療保險及商務差旅保險
- 在工作場所提供足夠的急救用品及個人保護設備
- 辦公室內一律禁止吸煙
- 定期檢查及維護機器、設備及滅火器

合規

於報告期間，本集團並不知悉有任何不遵守香港法例第509章《職業安全及健康條例》及其他有關提供安全工作環境及保護僱員免受職業危害，對本集團有重大影響的法例及法規的事件。於報告期間，我們亦無接獲任何有關工傷或受傷的報告。

LABOUR STANDARD

In strict accordance with applicable local laws and regulations, we adopt a zero-tolerance approach to unethical labour practice including but not limited to child labor and forced labor. Once any breach of regulations is discovered, the labour relationship will be terminated immediately. All recruitment procedure and promotion are managed by the Human Resource Department to ensure no child labour or forced labour is employed.

Compliance

During the Reporting Period, the Group was not aware of any incidents of non-compliance with the Employment of Children Regulations made under the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) or other relevant laws and regulations on preventing child or forced labour.

CARING FOR CUSTOMER

The Group attaches importance to quality, safety and environment, and endeavors to fulfill social responsibilities and facilitate sustainable development of the food industry.

Product Responsibility

As one of our principal business is trading of grocery food products, we have always endeavored to provide safety food products to our customers. We have registered as food importer and food distributor under the Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong). We have registered as a food importers/food distributors under the Food Safety Ordinance. In order to demonstrate that we are committed to selecting cooking oil suppliers with adequate and appropriate records, we have registered as registered supplier to the Hong Kong Cooking Oil Registration Scheme under Hong Kong Quality Assurance Agency ("HKQAA") on voluntary basis.

Regarding to product recall, we attach great importance to the food alerts issued by Centre for Food Safety as well as related market information. Once we noticed our product is involved with quality and safety issues and necessary to be revoked, we will fully collaborate with related regulatory authorities and recall the relevant products as required. Recall arrangement will be announced and the recalled products will be handled appropriately. During the Reporting Period, no product recall has been incurred.

勞工準則

我們嚴格遵守適用的當地法律法規，對不道德勞工慣例（包括但不限於童工及強迫勞工）採取零容忍立場。一旦發現任何違規行為，將立即終止勞動關係。所有招聘流程及晉升均由人力資源部管理，以確保不僱用童工或強迫勞工。

合規

於報告期間，本集團並不知悉有任何不遵守香港法例第57章《僱傭條例》項下僱用童工規定或其他有關防止童工或強制勞工的法例及法規的事件。

關懷客戶

本集團非常重視質量、安全及環境，努力履行社會責任，促進食品行業的可持續發展。

產品責任

由於我們其中一項主要業務為從事糧油食品貿易，我們一直致力於為客戶提供安全食品。根據香港法例第612章食物安全條例，我們已註冊為食物進口商及食物分銷商。根據食物安全條例，我們已註冊為食物進口商／食物分銷商。為證明我們致力於篩選具有足夠及合適記錄的食用油供應商，我們已自願註冊為香港品質保證局（「香港品質保證局」）香港食用油認證計劃的註冊供應商。

就產品召回而言，我們非常重視食物安全中心發布的食物警報及相關的市場資訊。一旦我們知悉產品涉及質量及安全問題並必須召回，我們將與相關監管部門合作，按要求召回相關產品，並宣布召回安排及妥善處理召回產品。於報告期間，我們並無召回任何產品。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

CARING FOR CUSTOMER (continued)

Personal data privacy

In accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Group handles the personal data of our customers carefully by collecting only necessary personal data and ensures that the information obtained is protected from unauthorised or accidental access. Our employees are constantly reminded the importance of respecting the privacy of personal and business data.

Compliance

During the Reporting Period, the Group was not aware of any material non-compliance with the Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong), Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong), Food and Drugs (Composition and Labelling) Regulations (Chapter 132W of the Laws of Hong Kong), Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and other relevant laws and regulations that constitutes a significant impact on the Group in relation to health and safety, advertising, labelling and privacy matters.

SUPPLY CHAIN MANAGEMENT

We value mutually beneficial and longstanding relationships with our suppliers. Our major suppliers are suppliers of grocery food products, consumables and agricultural products, external business consultants and general office supply. The selection of suppliers is based on criteria such as quality, cost, business scale and reputation, with preference given to potential suppliers that demonstrate their commitment to the environment. Full compliance with all applicable laws and regulations is a must for our suppliers. When a supplier is found to be inconsistent with our policy or contractual requirements, we will terminate future cooperation until the situation got improved.

During the Reporting Period, the Group was not aware that any key suppliers had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of human rights issues.

關懷客戶 (續)

個人資料私隱

根據香港法例第486章《個人資料(私隱)條例》，本集團只會向客戶收集有實際需要的個人資料，並會謹慎處理以確保所得資料受到保護，防止未經授權或意外地被存取。我們亦不斷提醒僱員尊重個人及企業資料私隱的重要性。

合規

於報告期間，本集團並不知悉有任何不遵守香港法例第456章《消費品安全條例》、香港法例第612章《食物安全條例》、香港法例第132W章《食物及藥物(成分組合及標籤)規例》、香港法例第486章《個人資料(私隱)條例》及其他對本集團有關健康與安全、廣告、標籤及私隱事宜方面構成重大影響的法例及法規的事件。

供應鏈管理

我們重視與供應商的互利長期關係。我們的主要供應商為糧油產品、消耗品及農產品供應商、外部業務顧問及一般辦公用品供應商。甄選供應商乃基於質素、成本、業務規模及聲譽等標準並優先考慮承諾保護環境的潛在供應商。我們的供應商須全面遵守所有適用法律法規。倘發現供應商不符合我們的政策或合同要求，我們將終止未來的合作，直至情況得到改善。

於報告期間，本集團並不知悉任何主要供應商對商業道德、環境保護、人權及勞工行為有重大實際及潛在負面影響，亦無任何關鍵供應商於人權問題上都有任何不合規事件。

CARING FOR SOCIETY

We are committed to participating in community events and the improvement of community wellbeing and social services. We support and encourage staff to actively participate in a wide range of charitable events outside working hours, raise awareness and concern for the community, last but not least, inspire more people to take part in serving the community.

During the Reporting Period, the Group made contributions to various charitable organization, such as Yan Oi Tong, Po Leung Kuk, Hong Kong CPPCC Youth Association Limited, Ten Percent Donation Scheme Foundation, The Hong Kong Federation of Youth Groups, Agency for Volunteer Service (“義務工作發展局”) with approximately of HK\$922,700 (2017: HK\$458,000).

Anti-corruption

We regard honesty, integrity and fair play as core values that must be upheld by all directors and staff at all times. The Group strictly complies with applicable laws and regulations relating to bribery, extortion, fraud or anti-money laundering. Any misconduct related to bribery, extortion, fraud or anti-money laundering are strictly prohibited within the Group.

We have established reporting channels where employees can report illegal and non-compliance conducts that they have noticed by in-person, phone, email or letter. The reporting content will be confidential and never be exposed to third-party.

Compliance

During the Reporting Period, the Group was not aware of any material non-compliance with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and other relevant laws and regulations and there was no legal cases concerned with corrupt practices were brought against the Group or Directors or employees.

關愛社會

我們致力參與社區活動，以改善社區福祉及社會服務。我們支持及鼓勵員工於工餘時間積極參與各類慈善活動，以提升社區意識及對社區的關注，並激發更多力量參與社區服務。

於報告期間，本集團向仁愛堂、保良局、香港政協青年聯會有限公司、十分關愛基金會、香港青年協會及義務工作發展局捐款約922,700港元（二零一七年：458,000港元）。

反貪污

我們認為誠實、廉潔和公平是所有董事和員工必須時刻謹守的核心價值。本集團嚴格遵守有關賄賂、勒索、欺詐或反洗黑錢的適用法律法規。本集團內嚴禁一切賄賂、勒索、欺詐及反洗黑錢等不當行為。

我們設有舉報渠道，員工可以通過來訪、電話、電子郵箱或信件去舉報他們注意到的違法和違規的行為。我們將對舉報內容保密，絕不向第三方洩露。

合規

於報告期間，本集團並不知悉有任何不遵守香港法例第201章《防止賄賂條例》及其他相關法例及法規的事件，且概無針對本集團或董事或員工提起涉及貪污行為的法律案件。



TO THE MEMBERS OF CHINA ECO-FARMING LIMITED
(incorporated in the Cayman Islands and continued into Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Eco-Farming Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 102 to 333, 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.

致中國農業生態有限公司各股東
(於開曼群島註冊成立並於百慕達存續之有限公司)

意見

吾等已審核列載於第102至第333頁中國農業生態有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，當中包括於二零一八年十二月三十一日的綜合財務狀況表，與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註(包括主要會計政策概要)。

吾等認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一八年十二月三十一日的綜合財政狀況及其於截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, the Group reported loss attributable to the owners of the Company of approximately HK\$68,428,000 and had HK\$69,732,000 net cash used in operating activities for the year ended 31 December 2018. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which 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.

意見的基礎

吾等根據香港會計師公會頒布的香港審計準則（「香港審計準則」）進行審核。吾等在該等準則項下的責任在吾等的報告內「核數師就審計綜合財務報表承擔的責任」一節進一步闡述。根據香港會計師公會的職業會計師道德守則（「守則」），吾等獨立於貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證能充足及適當地為吾等的意見提供基礎。

有關持續經營的重大不明朗因素

吾等注意到綜合財務報表附註2顯示，貴集團截至二零一八年十二月三十一日止年度產生，貴公司擁有人應佔虧損約68,428,000港元及營運活動所用現金淨額69,732,000港元。此狀況連同綜合財務報表附註2所載的其他事項，顯示有重大不確定性的存在，或對貴集團持續經營的能力構成重大疑問。吾等於此方面並無修訂意見。

關鍵審核事項

根據吾等的專業判斷，關鍵審核事項為吾等審核於本期間的綜合財務報表中最重要的事項。吾等在審核綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。除於「有關持續經營的重大不明朗因素」部分所描述者外，吾等已於吾等以下之報告中釐定將予溝通之關鍵審核事項。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (continued)

Impairment assessment on loan and interest receivables

The key audit matter

關鍵審核事項

As disclosed in Note 25 to the consolidated financial statements, as at 31 December 2018, the Group's gross loan receivables amounted to approximately HK\$45,253,000, and an allowance for credit loss of loan receivables of approximately HK\$11,038,000 were included in the Group's consolidated statement of financial position. 誠如綜合財務報表附註25所披露，於二零一八年十二月三十一日，貴集團的應收貸款總額約為45,253,000港元，而應收貸款的信貨虧損撥備約11,038,000港元已計入貴集團的綜合財務狀況表。

The impairment loss on loan receivables included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 amounted to approximately HK\$620,000.

截至二零一八年十二月三十一日止年度，計入貴集團綜合損益及其他全面收益的應收貸款減值虧損約為620,000港元。

The allowance for credit loss of loan receivables represents the management's best estimates at the end of the reporting period of expected credit losses under Hong Kong Financial Reporting Standard 9: Financial Instruments expected credit losses models.

應收貸款的信貨虧損撥備指管理層對香港財務報告準則第9號：金融工具預期信貸虧損模式下報告其末預期信貸虧損的最佳估計。

Management assesses whether the credit risk of loan receivables have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their expected credit losses.

管理層評估應收貸款的信貨風險是否自其初始確認以來大幅增加，並採用三階段減值模式計算其預期信貸虧損。

關鍵審核事項（續）

應收貸款及利息的減值評估

How the matter was addressed in our audit

吾等在審核中的處理方法

Our audit procedures in relation to management's assessment on allowance for credit loss of loan receivables included:

吾等有關管理層對應收貸款信貸虧損撥備評估的審核程序包括：

- understood and tested the key control procedures performed by management, including its procedures on periodic review on overdue receivables and the assessment of expected credit losses allowance on the loan receivables;
- 了解及測試管理層進行的關鍵控制程序，包括對逾期應收款項的定期檢討程序及對應收貸款預期信貸虧損撥備的評估；
- understood and evaluated the modelling methodologies for expected credit losses measurement, assessed the reasonableness of the model selection and key measurement parameters determination;
- 了解及評估對預期信貸虧損計量制定模型的方法，評估模型選擇及關鍵計量參數釐定的合理性；
- for the historical information, discussed with management to understand the management's identification of significant increase in credit risk, defaults and credit-impaired loans, corroborated management's explanation with supporting evidence;
- 就歷史資料而言，與管理層討論了解管理層對信貸風險、違約及信貸減值貸款大幅增加的識別，以支持性證據核證管理層的解釋；

KEY AUDIT MATTERS (continued)

**Impairment assessment on loan and interest receivables
(continued)**

關鍵審核事項 (續)

應收貸款及利息的減值評估 (續)

The key audit matter

關鍵審核事項

How the matter was addressed in our audit

吾等在審核中的處理方法

The measurement models of expected credit losses involves significant management judgement and assumptions, primarily including the following:

預期信貸虧損的計量模式涉及重大管理判斷及假設，主要包括：

- selection of appropriate model and determination of relevant key measurement parameters, including probability of default, loss given default and exposure at default;
- 選擇適當的模式及釐定相關關鍵計量參數，包括違約概率、違約虧損及違約風險；
- criteria for determining whether or not there was a significant increase in credit risk or a default; and
- 確定信貸或違約風險是否大幅增加的標準；及
- economic indicator for forward-looking measurement, and the application of economic scenarios and weightings.
- 前瞻性計量的經濟指標，及應用經濟情景和權重。

We consider impairment assessment on loan and interest receivables as a key audit matter because of its significance to the consolidated financial statements and the significant estimates and judgement involved in determining the expected credit impairment losses allowance on the loan receivables.

吾等認為應收貸款及利息減值屬關鍵審核事項，因為其對綜合財務報表及釐定應收貸款預期信貸虧損撥備所涉及的重大估計及判斷具有重要性。

- for forward-looking measurement, we assessed the reasonableness of economic indicator selection, economic scenarios and weightings application, assessed the reasonableness of the estimation by comparing with industry data; and
- 就前瞻性計量而言，我們評估經濟指標、經濟場景及權重應用選擇之合理性，評估與行業數據進行比較之合理性；及
- checked major data inputs used in the expected credit losses models on sample basis to the Group's record.
- 根據對 貴集團記錄的抽樣，檢查預期信貸虧損模式所採用的重要數據輸入。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (continued)

Valuation of investment properties

The key audit matter

關鍵審核事項

As disclosed in Note 17 to the consolidated financial statements, the management has estimated the fair value of the Group's investment properties to be HK\$169,800,000 as at 31 December 2018 with a net revaluation gain for the year ended 31 December 2018 recorded in the consolidated statement of profit or loss and other comprehensive income of approximately HK\$16,249,000. The management has engaged professional valuers to perform valuation of the entire portfolio in order to support management's estimates.

誠如綜合財務報表附註17所披露，管理層估計，貴集團於二零一八年十二月三十一日投資物業的公平值為169,800,000港元，截至二零一八年十二月三十一日止年度計入綜合權益及其他全面收益表的重估收益淨額約為16,249,000港元。管理層已委聘獨立估值師進行全組合估值，以支持管理層的估計。

We consider valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and the valuations are dependent on certain key assumptions that require significant management judgment on the prevailing unit rate.

吾等認為投資物業的估值屬關鍵審核事項，原因是其對綜合財務報表具有重要性，且估值依賴於需要對現行單價作出重大管理判斷之若干關鍵假設。

關鍵審核事項 (續)

投資物業之估值

How the matter was addressed in our audit

吾等在審核中的處理方法

Our audit procedures in relation to management's valuation of investment properties included:

吾等有關管理層對投資物業進行估值的審核程序包括：

- evaluated the competence, capabilities and objectivity of the valuers;
- 評估估值師的資質、能力及客觀性；
- assessed the valuation methodologies used and the appropriateness of the key assumptions based on our knowledge of the property industry; and
- 基於我們對物業行業的知識，評估所採用的估值方法及關鍵假設的合適性；及
- checked, on a sample basis, the accuracy and relevance of the input data used.
- 通過抽樣檢查所使用輸入數據的準確性及相關度。

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2018.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

其他事項

貴集團截至二零一七年十二月三十一日止年度的綜合財務報表經另一核數師審核，其於二零一八年三月二十八日對該等報表發表無保留意見。

其他資料

貴公司董事負責其他資料。其他資料包括年報包括的資料，但不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表的意見並不涵蓋其他信息，吾等亦不對該等其他信息發表任何形式的鑒證結論。

結合吾等對綜合財務報表的審計，吾等的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或吾等在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於吾等已執行的工作，如果吾等認為其他信息存在重大錯誤陳述，吾等需要報告該事實。在這方面，吾等沒有任何報告。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

董事及管治層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》擬備真實而中肯的綜合財務報表及香港《公司條例》的披露規定，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，貴公司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，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

管治層須負責監督貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

吾等的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。根據吾等已同意的僱用條款及百慕達公司法第90節，吾等僅向閣下（作為整體）報告，除此之外別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或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。

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 核數師就審計綜合財務報表承擔的責任 (續)
在根據《香港審計準則》進行審計的過程中，吾等運用了專業判斷，保持了專業懷疑態度。吾等亦：
 - 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
 - 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
 - 評價 貴公司董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
 - 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果吾等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，則吾等應當發表非無保留意見。吾等的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

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

核數師就審計綜合財務報表承擔的責任 (續)

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督和執行。吾等為審計意見承擔全部責任。

除其他事項外，吾等與管治層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括吾等在審計中識別出內部控制的任何重大缺陷。

吾等還向管治層提交聲明，說明吾等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吾等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。

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

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

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256

Suites 313-316
3/F., Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

28 March 2019

**核數師就審計綜合財務報表承擔的責任
(續)**

從與管治層溝通的事項中，吾等確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。吾等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，如果合理預期在吾等報告中溝通某事項造成的負面後果超過產生的公眾利益，吾等決定不應在報告中溝通該事項。

華融(香港)會計師事務所有限公司
執業會計師
陳美美
執業證書編號：P05256

香港
灣仔
港灣道6-8號
瑞安中心3樓
313-316室

二零一九年三月二十八日

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 | 收益 | | | |
| Goods and services | 商品及服務 | 6 | 44,696 | 53,359 |
| Rental | 租金 | | 5,153 | 3,919 |
| Interest | 利息 | | 1,568 | 5,750 |
| Total revenue | 總收益 | | 51,417 | 63,028 |
| Cost of sales | 銷售成本 | | (37,798) | (47,716) |
| Gross profit | 毛利 | | 13,619 | 15,312 |
| Other gains or losses | 其他收益或虧損 | 7 | 7,587 | (1,830) |
| Gain from changes in fair value of investment properties, net | 投資物業的公平值變動收益淨額 | 17 | 16,249 | 2,124 |
| Loss from changes in fair value of financial assets at fair value through profit or loss | 按公平值計入損益之金融資產公平值變動虧損 | | (20,486) | (20,621) |
| Impairment loss on goodwill | 商譽減值虧損 | 18 | – | (3,968) |
| Selling and distribution expenses | 銷售及分銷開支 | | (1,232) | (1,493) |
| Administrative expenses | 行政開支 | | (63,626) | (58,635) |
| Share of results of associates | 分佔聯營公司業績 | 20 | (2,382) | 2,637 |
| Finance costs | 融資成本 | 9 | (9,251) | (10,873) |
| Loss before tax | 除稅前虧損 | | (59,522) | (77,347) |
| Income tax expense | 所得稅開支 | 11 | (984) | (365) |
| Loss for the year | 本年度虧損 | 12 | (60,506) | (77,712) |
| Other comprehensive (expense) income: Items that will not be reclassified to profit or loss: | 其他全面(開支)收入: 將不會重新分類至損益之項目: | | | |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | 按公平值計入其他全面收益之權益工具投資的公平值虧損 | | (12,288) | – |
| Items that may be reclassified subsequently to profit or loss: | 其後可重新分類至損益之項目: | | | |
| Fair value change of available-for-sale investments | 可供出售投資之公平值變動 | | – | 402 |
| Exchange differences arising on translating foreign operations | 換算海外業務產生之匯兌差額 | | (11,973) | 10,889 |
| Other comprehensive (expense) income for the year | 本年度其他全面(開支)收入 | | (24,261) | 11,291 |
| Total comprehensive expense for the year | 本年度全面開支總額 | | (84,767) | (66,421) |

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 | 2018 | 2017 |
|------------------------------------|--------------|-------|-----------------|------------|
| | | 附註 | 二零一八年 | 二零一七年 |
| | | | HK\$'000 | HK\$'000 |
| | | | 千港元 | 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 | | (68,428) | (71,648) |
| Non-controlling interests | 非控股股東權益 | | 7,922 | (6,064) |
| | | | (60,506) | (77,712) |
| Total comprehensive expense | 應佔本年度全面開支總額： | | | |
| for the year attributable to: | | | | |
| Owners of the Company | 本公司擁有人 | | (86,113) | (56,844) |
| Non-controlling interests | 非控股股東權益 | | 1,346 | (9,577) |
| | | | (84,767) | (66,421) |
| | | | | (Restated) |
| | | | | (重列) |
| LOSS PER SHARE | 每股虧損 | 15 | | |
| Basic and diluted (HK cents) | 基本及攤薄 (港仙) | | (9.63) | (11.83) |

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 | | |
| Plant and equipment | 廠房及設備 | 16 | 7,984 |
| Investment properties | 投資物業 | 17 | 169,173 |
| Goodwill | 商譽 | 18 | 4,272 |
| Interests in associates | 於聯營公司之權益 | 20 | 75,813 |
| Equity instruments at fair value through other comprehensive income | 按公平值計入其他全面收益之權益工具 | 21 | 31,984 |
| Available-for-sale investments | 可供出售投資 | 22 | – |
| Deposit paid for acquisition of a subsidiary | 已付收購一間附屬公司之按金 | 23 | 59,180 |
| Loan and interest receivables | 應收貸款及利息 | 25 | 35,250 |
| | | | – |
| | | | 1,675 |
| | | 320,895 | 338,097 |
| CURRENT ASSETS | 流動資產 | | |
| Inventories, finished goods | 存貨(製成品) | | 921 |
| Trade and other receivables | 應收賬款及其他應收款項 | 24 | 27,292 |
| Loan and interest receivables | 應收貸款及利息 | 25 | 34,215 |
| Loans to associates | 向聯營公司作出貸款 | 26 | 27,864 |
| Financial assets at fair value through profit or loss | 按公平值計入損益之金融資產 | 27 | 20,362 |
| Bank balances and cash | 銀行結餘及現金 | 28 | 17,870 |
| | | | 128,524 |
| | | | 1,002 |
| | | | 33,428 |
| | | | 48,059 |
| | | | 24,856 |
| | | | 40,328 |
| | | | 5,111 |
| CURRENT LIABILITIES | 流動負債 | | |
| Trade and other payables | 應付賬款及其他應付款項 | 29 | 31,051 |
| Contract liabilities | 合約負債 | 30 | 1,940 |
| Amounts due to non-controlling interests | 應付非控股股東權益款項 | 31 | 2,995 |
| Borrowings | 借款 | 32 | 35,616 |
| Margin loans payables | 應付保證金貸款 | 34 | 18,199 |
| Convertible bonds | 可換股債券 | 35 | – |
| Contingent consideration payable | 應付或然代價 | 46 | – |
| Income tax payables | 應付所得稅 | | 623 |
| | | | 90,424 |
| | | | 35,746 |
| | | | – |
| | | | 2,995 |
| | | | 57,189 |
| | | | 30,077 |
| | | | 21,687 |
| | | | 512 |
| | | | 909 |
| NET CURRENT ASSETS | 流動資產淨額 | | 38,100 |
| | | | 3,669 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 總資產減流動負債 | | 358,995 |
| | | | 341,766 |
| NON-CURRENT LIABILITIES | 非流動負債 | | |
| Deferred tax liabilities | 遞延稅項負債 | 36 | 22,022 |
| | | | 21,533 |
| NET ASSETS | 資產淨額 | | 336,973 |
| | | | 320,233 |

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 |
|--|--------------|-------------|----------------------------------|----------------------------------|
| CAPITAL AND RESERVES | 資本及儲備 | | | |
| Share capital | 股本 | 37 | 7,771 | 122,071 |
| Reserves | 儲備 | | 292,586 | 162,580 |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | | 300,357 | 284,651 |
| Non-controlling interests | 非控股股東權益 | | 36,616 | 35,582 |
| TOTAL EQUITY | 權益總額 | | 336,973 | 320,233 |

The consolidated financial statements on pages 102 to 333 were approved and authorised for issue by the Board of Directors on 28 March 2019 and are signed on its behalf by:

第102至333頁的綜合財務報表由董事會於二零一九年三月二十八日批准及授權發行，並經下列人士簽署：

So David Tat Man
蘇達文
Director
董事

Ng Cheuk Fan, Keith
吳卓凡
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

| | | Share capital | Share premium | Equity component of convertible bonds | Investment revaluation reserve | Share options reserve | Translation reserve | Special reserve | Other reserve | Accumulated losses | Total | Non-controlling interests | Total |
|---|--------------------------|---------------|---------------|---------------------------------------|--------------------------------|-----------------------|---------------------|-----------------|---------------|--------------------|----------|---------------------------|----------|
| | | 股本 | 股份溢價 | 可換股債券權益部分 | 投資重估儲備 | 購股權儲備 | 換算儲備 | 特別儲備 | 其他儲備 | 累計虧損 | 總計 | 非控股股東權益 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2017 | 於二零一七年一月一日 | 120,007 | 398,019 | 12,847 | 4,662 | 13,168 | (17,725) | 6,026 | - | (218,875) | 318,129 | 43,998 | 362,127 |
| Loss for the year | 本年度虧損 | - | - | - | - | - | - | - | - | (71,648) | (71,648) | (6,064) | (77,712) |
| Other comprehensive income (expense) for the year | 本年度其他全面收益(開支): | | | | | | | | | | | | |
| Items that may be subsequently reclassified to profit or loss: | 其後可重新分類至損益之項目: | | | | | | | | | | | | |
| Fair value change of available-for-sale investments | 可供出售投資之公平值變動 | - | - | - | 402 | - | - | - | - | - | 402 | - | 402 |
| Exchange differences arising on translating foreign operations | 換算海外業務產生之匯兌差額 | - | - | - | - | - | 14,402 | - | - | - | 14,402 | (3,513) | 10,889 |
| Other comprehensive income for the year | 本年度其他全面收益 | - | - | - | 402 | - | 14,402 | - | - | - | 14,804 | (3,513) | 11,291 |
| Total comprehensive income (expense) for the year | 本年度全面收益(開支)總額 | - | - | - | 402 | - | 14,402 | - | - | (71,648) | (56,844) | (9,577) | (66,421) |
| Issue of shares upon conversion of convertible bonds (Note 37(a)) | 兌換可換股債券時發行股份(附註37(a)) | 1,369 | 13,795 | (4,194) | - | - | - | - | - | - | 10,970 | - | 10,970 |
| Exercise of share options (Note 37(b)) | 行使購股權(附註37(b)) | 615 | 4,153 | - | - | (1,385) | - | - | - | - | 3,383 | - | 3,383 |
| Issue of shares upon settlement of contingent consideration (Note 37(c)) | 於結算或然代價時發行股份(附註37(c)) | 80 | 442 | - | - | - | - | - | - | - | 522 | - | 522 |
| Changes in ownership interest in a subsidiary that do not result in loss of control (Note 47) | 附屬公司擁有權益變動不導致失去控制權(附註47) | - | - | - | - | - | - | - | (764) | - | (764) | 764 | - |
| Expiration of conversion option of convertible bonds (Note 35) | 可換股債券兌換購股權過期(附註35) | - | - | (2,954) | - | - | - | - | - | 2,954 | - | - | - |
| Acquisition of a subsidiary (Note 44) | 收購附屬公司(附註44) | - | - | - | - | - | - | - | - | - | - | 397 | 397 |
| Recognition of equity-settled share based payments (Note 41) | 確認以權益結算及以股份為基礎的付款(附註41) | - | - | - | - | 9,255 | - | - | - | - | 9,255 | - | 9,255 |
| Share option lapsed during the year (Note 41) | 年內已失效購股權(附註41) | - | - | - | - | (2,211) | - | - | - | 2,211 | - | - | - |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 122,071 | 416,409 | 5,699 | 5,064 | 18,827 | (3,323) | 6,026 | (764) | (285,358) | 284,651 | 35,582 | 320,233 |

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 | | | | | | | | | | | |
|---|-------------------------------|---|---------------|---------------------------------------|--------------------------------|-----------------------|---------------------|-------------------|-------------------|---------------------------------------|----------|---------------------------|----------|
| | | Share capital | Share premium | Equity component of convertible bonds | Investment revaluation reserve | Share options reserve | Translation reserve | Special reserve | Other reserve | (Accumulated losses) retained profits | Total | Non-controlling interests | Total |
| | | 股本 | 股份溢價 | 可換取債券權益部分 | 投資重估儲備 | 購股權儲備 | 換算儲備 | 特別儲備 | 其他儲備 | 保留溢利 | 合計 | 非控股股東權益 | 合計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | | | | | | Note (a) 附註(a) | Note (b) 附註(b) | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 122,071 | 416,409 | 5,699 | 5,064 | 18,827 | (3,323) | 6,026 | (764) | (285,358) | 284,651 | 35,582 | 320,233 |
| Adjustments (see Note 3) | 調整(見附註3) | - | - | - | (8,780) | - | - | - | - | (11,542) | (20,322) | (286) | (20,608) |
| At 1 January 2018 (restated) | 於二零一八年一月一日(重列) | 122,071 | 416,409 | 5,699 | (3,716) | 18,827 | (3,323) | 6,026 | (764) | (296,900) | 264,329 | 35,296 | 299,625 |
| Loss for the year | 本年度虧損 | - | - | - | - | - | - | - | - | (68,428) | (68,428) | 7,922 | (60,506) |
| Other comprehensive income (expense) for the year: | 本年度其他全面收入(開支): | | | | | | | | | | | | |
| Items that will not be reclassified to profit or loss: | 將不會重新分類至損益之項目: | | | | | | | | | | | | |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | 按公平值計入其他全面收益之權益工具投資之公平值虧損 | - | - | - | (12,288) | - | - | - | - | - | (12,288) | - | (12,288) |
| Items that may be subsequently reclassified to profit or loss: | 其後可能重新分類至損益之項目: | | | | | | | | | | | | |
| Exchange differences arising on translating foreign operations | 換算海外業務產生之匯兌差額 | - | - | - | - | - | (5,371) | - | - | - | (5,371) | (6,602) | (11,973) |
| Other comprehensive income for the year | 本年度其他全面收入 | - | - | - | (12,288) | - | (5,371) | - | - | - | (17,659) | (6,602) | (24,261) |
| Total comprehensive (expense) income for the year | 本年度全面(開支)收入總額 | - | - | - | (12,288) | - | (5,371) | - | - | (68,428) | (86,087) | 1,320 | (84,767) |
| Placing of new shares (Note 37(d)) | 配售新股份(附註37(d)) | 24,000 | 75,600 | - | - | - | - | - | - | - | 99,600 | - | 99,600 |
| Placing expenses in relation to the issuance of shares | 有關發行股份之配售開支 | - | (2,691) | - | - | - | - | - | - | - | (2,691) | - | (2,691) |
| Issue of shares upon settlement of contingent consideration (Note 37(c)) | 結算或然代價時發行股份(附註37(c)) | 55 | 305 | - | - | - | - | - | - | - | 360 | - | 360 |
| Expiration of conversion option of convertible bonds (Note 35) | 可換取債券兌換購股權過期(附註35) | - | - | (5,699) | - | - | - | - | - | 5,699 | - | - | - |
| Acquisition of assets through acquisition of subsidiaries (Note 43) | 透過收購附屬公司收購資產(附註43) | 9,300 | 13,020 | - | - | - | - | - | - | - | 22,320 | - | 22,320 |
| Recognition of equity-settled share based payments (Note 41) | 確認以權益結算及以股份為基礎的付款(附註41) | - | - | - | - | 2,526 | - | - | - | - | 2,526 | - | 2,526 |
| Share option lapsed during the year (Note 41) | 年內已失效購股權(附註41) | - | - | - | - | (6,737) | - | - | - | 6,737 | - | - | - |
| Release of investment revaluation reserve upon disposals of equity instruments at fair value through other comprehensive income | 於出售按公平值計入其他全面收益之權益工具時解除投資重估儲備 | - | - | - | (792) | - | - | - | - | 792 | - | - | - |
| Capital reorganisation (Note 37(f)) | 股本重組(附註37(f)) | (147,655) | (502,643) | - | - | - | - | - | - | 650,298 | - | - | - |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 7,771 | - | - | (16,796) | 14,616 | (8,694) | 6,026 | (764) | 298,198 | 300,357 | 36,616 | 336,973 |

Notes:

- (a) The special reserve represents the difference between the nominal amount of share and share premium of the former subsidiary of the Company and the nominal amount of the Company's shares issued pursuant to a group reorganisation in 2002.
- (b) The other reserve has been set up and dealt with in accordance with the accounting policies for the changes in ownership interests in a subsidiary that do not result in a loss of control. Details of changes in ownership in interests in a subsidiary that do not result in loss of control is set out in Note 47.

附註:

- (a) 特別儲備指本公司前附屬公司股份面值及股份溢價與根據二零零二年集團重組而發行的本公司股份面值之間的差額。
- (b) 其他儲備乃根據一間附屬公司所有權權益變動所採納的會計政策而設立並處理。一間附屬公司所有權變動(不會導致失去控制權)之詳情載於附註47。

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

| | 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 |
|--|-------------------------|----------------------------------|----------------------------------|
| OPERATING ACTIVITIES | 經營業務 | | |
| Loss before taxation | 除稅前虧損 | (59,522) | (77,347) |
| Adjustments for: | 就下列項目作出調整： | | |
| Finance costs | 融資成本 | 9,251 | 10,873 |
| Depreciation for plant and equipment | 廠房及設備折舊 | 2,356 | 2,684 |
| Amortisation of an intangible asset | 無形資產攤銷 | - | 1,604 |
| Share based payments | 以股份為基礎的付款 | 2,526 | 9,255 |
| Gain on fair value changes of investment properties, net | 投資物業公平值變動收益，淨額 | (16,249) | (2,124) |
| Loss from changes in fair value of financial assets at fair value through profit or loss | 按公平值計入損益之金融資產公平值變動虧損 | 20,486 | 20,621 |
| Impairment loss on goodwill | 商譽之減值虧損 | - | 3,968 |
| (Reversal of) impairment loss recognised on trade receivables | 就應收賬款確認之(減值虧損撥回)減值虧損 | (53) | 302 |
| Impairment loss recognised on other receivables | 就其他應收款項確認之減值虧損 | 27 | - |
| Impairment loss recognised on loans and interest receivables | 就應收貸款及利息確認之減值虧損 | 620 | - |
| Impairment loss recognised on loans to associates | 就授予聯營公司貸款確認之減值虧損 | 721 | - |
| Gain on fair value change of contingent consideration payable | 應付或然代價公平值變動收益 | (152) | (1,942) |
| Gain on disposal of interest in a subsidiary | 出售一間附屬公司的權益收益 | (1,065) | - |
| Loss on written off of intangible assets | 撤銷無形資產虧損 | - | 3,075 |
| Loss on written-off of plant and equipment | 撤銷廠房及設備之虧損 | - | 382 |
| Loss on written-off of other receivables | 撤銷其他應收款項之虧損 | 13,290 | - |
| Write-down of inventories | 撇銷存貨 | 83 | - |
| Share of results of associates | 分佔聯營公司業績 | 2,382 | (2,637) |
| Interest income | 利息收入 | (4,481) | (1,560) |
| Dividend income from financial assets at fair value through profit or loss | 來自按公平值計入損益金融資產的股息收入 | (1,369) | (288) |
| Operating cash flows before movements in working capital | 計及營運資金變動前之經營現金流量 | (31,149) | (33,134) |
| (Decrease) increase in financial assets at fair value through profit or loss | 按公平值計入損益金融資產(減少)增加 | (520) | 18,320 |
| (Increase) decrease in inventories | 存貨(增加)減少 | (2) | 213 |
| Decrease (increase) in loan and interest receivables | 應收貸款及利息減少(增加) | 4,777 | (476) |
| Increase in trade and other receivables | 應收賬款及其他應收款項增加 | (14,639) | (17,454) |
| Decrease in trade and other payables | 應付賬款及其他應付款項減少 | (28,197) | (14,790) |
| Increase in contract liabilities | 合約負債增加 | 605 | - |
| Cash used in operations | 業務所用現金 | (69,125) | (47,321) |
| Income tax paid | 已付所得稅 | (607) | (239) |
| NET CASH USED IN OPERATING ACTIVITIES | 經營業務所用現金淨額 | (69,732) | (47,560) |

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

| | 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 |
|--|-------------------------------|----------------------------------|----------------------------------|
| INVESTING ACTIVITIES | 投資活動 | | |
| Proceeds on disposal of asset classified as held for sale | 出售分類為持作出售之資產的所得款項 | – | 19,447 |
| Proceeds on disposal of equity instruments at fair value through other comprehensive income | 出售按公平值計入其他全面收益之權益工具的所得款項 | 5,370 | – |
| Proceeds on disposal of investment properties | 出售投資物業的所得款項 | 7,591 | – |
| Interest received | 已收利息 | 3 | 1,560 |
| Net cash inflow from acquisition of a subsidiary | 收購一間附屬公司之現金流入淨額 | 4 | 363 |
| Dividend income from financial assets at fair value through profit or loss | 按公平值計入損益金融資產之股息收入 | 1,369 | 288 |
| Loan advance to an associate | 墊付予一間聯營公司之貸款 | (20) | (22,083) |
| Purchase of plant and equipment | 購買廠房及設備 | (560) | (3,321) |
| Net cash inflow from disposal of a subsidiary | 出售一間附屬公司之現金流入淨額 | 15,755 | – |
| | | | |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | 投資活動產生(所用)現金淨額 | 29,512 | (3,746) |
| | | | |
| FINANCING ACTIVITIES | 融資活動 | | |
| New borrowing raised | 新籌措借款 | 75,386 | 47,956 |
| Exercise of share options | 行使購股權 | – | 3,383 |
| (Decrease) increase in margin loans | 保證金貸款(減少)增加 | (11,878) | 13,309 |
| Repayment of loan payable | 償還應付貸款 | – | (20,000) |
| Repayment of borrowing | 償還借款 | (96,621) | (10,727) |
| Proceeds from issue of new shares | 發行新股份之所得款項 | 99,600 | – |
| Interest paid | 已付利息 | (7,438) | (248) |
| Transaction costs attribute to placing of new shares | 配售新股份應佔交易成本 | (2,691) | – |
| | | | |
| NET CASH FROM FINANCING ACTIVITIES | 融資活動所得現金淨額 | 56,358 | 33,673 |
| | | | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 現金及現金等值增加(減少)淨額 | 16,138 | (17,633) |
| | | | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 年初之現金及現金等值 | 5,111 | 22,298 |
| | | | |
| Effect of foreign exchange rate changes | 外匯匯率變動之影響 | (3,379) | 446 |
| | | | |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash | 年末之現金及現金等值, 以銀行結餘及現金列示 | 17,870 | 5,111 |

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 AND BASIS OF PREPARATION

General

China Eco-Farming Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Company Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 5 February 2002.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

The addresses of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is Suites 2303-06, 23/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The directors of the Company (the “Directors”) do not consider any company to be the ultimate holding company and parent company of the Company.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of one-stop value chain services, property investment, trading of consumables and agricultural products, trading of grocery food products, provision of money lending services and provision of financial services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. Other than those subsidiaries established in the People’s Republic of China (the “PRC”) and incorporated in Taiwan whose functional currencies are Renminbi (“RMB”) and New Taiwan dollars (“NTD”) respectively, the functional currency of the Company and its subsidiaries is HK\$.

1. 一般事項及編製基準

一般事項

中國農業生態有限公司(「本公司»)於二零零零年十一月三十日根據開曼群島公司法在開曼群島註冊成立為一間獲豁免有限公司。

本公司股份已於二零零二年二月五日在香港聯合交易所有限公司(「聯交所»)GEM上市。

截至二零零七年十二月三十一日止年度，本公司透過於開曼群島取消註冊及根據百慕達法例作為獲豁免公司存續，自開曼群島遷冊至百慕達。遷冊已獲本公司股東於二零零七年十月十五日批准，而本公司已自二零零七年十月二十九日起作為有限公司於百慕達存續。

本公司之註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda，而主要營業地點則為香港灣仔港灣道23號鷹君中心23樓2303-06室。本公司董事(「董事»)並無考慮任何公司將成為本公司的最終控股公司及母公司。

本公司及其附屬公司(統稱「本集團»)主要從事一站式價值鏈服務、物業投資、消耗品及農產品貿易、糧油食品貿易、提供放債服務及提供金融服務之業務。

綜合財務報表以港元(「港元»)呈列，港元亦為本公司之功能貨幣。除該等於中華人民共和國(「中國»)成立及於台灣註冊成立之附屬公司分別以人民幣(「人民幣»)及新台幣(「新台幣»)為功能貨幣外，本公司及其附屬公司之功能貨幣均為港元。

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. BASIS OF PREPARATION

During the year ended 31 December 2018, the Group incurred a loss attributable to owner of the Company of approximately HK\$68,428,000 and net operating cash outflows of approximately HK\$69,732,000 during the year ended 31 December 2018. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Although the Group has been continuously incurring losses in these years, the Directors are of the opinion that the Group will have sufficient working capital to meet its operating cash flows as and when they fall due for the next twelve months from the end of the reporting period given that:

- (i) the Directors will continuously review the cost structure of the Group formulate appropriate cost saving measures to improve the performance and the cash flows of the Group's operations;
- (ii) the Directors are also considering streamlined the Group's asset base by realise some of its investment properties, selling the Group's equity interests in PRC and interest in associates in PRC to strengthen the Group's cash flows; and the existence of standby facility to the Company for the period of 18 months.

2. 編製基準

截至二零一八年十二月三十一日止年度，本集團產生本公司擁有人應佔虧損約68,428,000港元及截至二零一八年十二月三十一日止年度產生營運現金流出淨額約69,732,000港元。此狀況顯示有重大不確定性的存在，或對本集團持續經營的能力構成重大疑問。

儘管本集團於近年來持續產生虧損，但董事認為，本集團將有足夠營運資金應付其自報告期末起未來十二個月內到期之經營現金流，此乃基於：

- (i) 董事將持續審閱本集團的成本結構，並制訂合適的節省成本措施，以改善本集團營運的表現及現金流量；
- (ii) 董事亦正在考慮通過變現部分投資物業、出售本集團於中國的股本權益和於中國聯營公司之權益，以精簡本集團的資產基礎，強化本集團的現金流；且本公司於18個月期間存在備用餘資。

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. BASIS OF PREPARATION (continued)

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 December 2018 on a going concern basis. The consolidated financial statements do not provide for further liabilities which might arise, and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

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

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

| | |
|--|--|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| HK(IFRIC)- Interpretation (“Int”) 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 <i>Financial Instruments with HKFRS 4 Insurance Contracts</i> |
| Amendments to Hong Kong Accounting Standards (“HKAS”) 28 | As part of the Annual Improvements to HKFRSs 2014-2016 Cycle |
| Amendments to HKAS 40 | Transfers of Investment Property |

2. 編製基準 (續)

因此，董事認為，按持續經營基準編製截至二零一八年十二月三十一日止年度的該等綜合財務報表乃屬合適。綜合財務報表並無就可能進一步產生的負債計提撥備，並不包括倘本集團未能持續經營而可能屬必要的任何有關資產及負債的賬面值及重新分類的調整。

3. 應用新訂香港財務報告準則及其修訂本 (「香港財務報告準則」)

於本年度強制生效的新訂香港財務報告準則及其修訂本

於本年度，本集團首次應用下列由香港會計師公會 (「香港會計師公會」) 頒佈的新訂香港財務報告準則及其修訂本：

| | |
|--|--|
| 香港財務報告準則 第9號 | 金融工具 |
| 香港財務報告準則 第15號 | 客戶合約收益及相關修訂 |
| 香港 (國際財務 報告詮釋委員 會) – 詮釋 (「詮釋」) 第22號 | 外幣交易及預付代價 |
| 香港財務報告準則 第2號之修訂本 | 以股份為基礎的付款交易 之分類及計量 |
| 香港財務報告準則 第4號之修訂本 | 與香港財務報告準則第4號 保險合約一併應用的 香港財務報告準則 第9號金融工具 |
| 香港會計準則 (「香港會計準 則」) 第28號之 修訂本 | 作為二零一四年至 二零一六年週期之 香港財務報告準則之 年度改進之一部分 |
| 香港會計準則 第40號之修訂本 | 轉撥投資物業 |

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Except as described below, the application of the new and revised HKFRSs 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.

3.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

除以下所述者外，於本年度應用新訂及經修訂香港財務報告準則對本對本集團於本年度及過往年度的財務表現及狀況及／或該等綜合財務報表所載之披露事項並無重大影響。

3.1 香港財務報告準則第15號客戶合約收益

於本年度，本集團首次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18號收益、香港會計準則第11號建築合約及相關詮釋。

本集團已追溯應用香港財務報告準則第15號，而首次應用該準則的累計影響已於二零一八年一月一日首次應用當日確認。於首次應用日期的一切差異已於期初累計虧損（或權益的其他組成部分，如適用）確認，且並無重述比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團選擇僅就於二零一八年一月一日尚未完成的合約追溯應用該準則。因此若干比較資料可能無法與根據香港會計準則第18號收益及香港會計準則第11號建築合約及相關詮釋編製之比較資料比較。

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

The Group recognises revenue from the following major sources which arise from contracts with customers:

- One-stop value chain services
- sales of consumable and agricultural products
- sales of grocery products
- provision of financial services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 6 and 4 respectively.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impacts of transition to HKFRS 15 on accumulated losses at 1 January 2018.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.1 香港財務報告準則第15號客戶合約收益（續）

本集團確認來自客戶合約產生的以下主要來源的收入：

- 一站式價值鏈服務
- 消耗品及農產品銷售
- 糧油產品銷售
- 提供金融服務

有關應用香港財務報告準則第15號產生的本集團的履約責任及會計政策的資料，分別披露於附註6及4。

首次應用香港財務報告準則第15號產生之影響概要

下表概述過渡至香港財務報告準則第15號對二零一八年一月一日的累計虧損的影響。

| | | HK\$'000 千港元 |
|---|----------------|-----------------|
| Accumulated losses | 累計虧損 | (285,358) |
| Provision of financial services recognised at a point of time | 於某個時點確認的提供金融服務 | (1,049) |
| Impact at 1 January 2018 | 於二零一八年一月一日的影響 | (286,407) |

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.1 香港財務報告準則第15號客戶合約收益（續）

首次應用香港財務報告準則第15號產生之影響概要（續）

以下調整乃對於二零一八年一月一日於綜合財務狀況表中確認的金額作出。並無受到變動影響的項目尚未載入。

| | Carrying amounts previously reported at 31 December 2017 | Remeasurement | Carrying amounts under HKFRS 15 at 1 January 2018* |
|-----------------------------|--|-----------------|--|
| | 之前於二零一七年十二月三十一日呈報的賬面值 | 重新計量 | 於二零一八年一月一日於香港財務報告準則第15號項下的賬面值* |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Current Liabilities | | | |
| Contract liabilities | | | |
| | | | |
| Capital and Reserves | | | |
| Reserves | | | |
| Non-controlling interest | | | |

* The amounts in this column are before the adjustments from the application of HKFRS 9.

* 本欄的金額乃計入應用香港財務報告準則第9號所產生的調整之前的金額。

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

Notes:

As at 1 January 2018, taking into account the contract terms, performance obligations of financial service contracts should be satisfied upon completion of the service upon application of HKFRS 15. HK\$1,335,000 related to progress billings of financial service contracts previously recognised as revenue were remeasured to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.1 香港財務報告準則第15號客戶合約收益（續）

首次應用香港財務報告準則第15號產生之影響概要（續）

附註：

於二零一八年一月一日，計及合約條款，應用香港財務報告準則第15號後，金融服務合約之履約責任應於完成服務時獲履行。先前確認為收益的有關金融服務合約之進度結算款1,335,000港元重新計量至合約負債。

以下表格概述就受影響的各項目而言應用香港財務報告準則第15號對本集團於二零一八年十二月三十一日的綜合財務狀況表及其於本年度的綜合損益及其他全面收益表的影響。並無受到變動影響的項目尚未載入。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

Impact on the consolidated statement of financial position

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.1 香港財務報告準則第15號客戶合約收益（續）

對綜合財務狀況表的影響

| | | Amounts without application of HKFRS 15 並無應用香港 財務報告準則 第15號的金額 | | |
|-----------------------------|---------------------------------------|---|---|---------|
| | As reported 按呈報 HK\$'000 千港元 | Adjustments 調整 HK\$'000 千港元 | of HKFRS 15 第15號的金額 HK\$'000 千港元 | |
| Current Liabilities | 流動負債 | | | |
| Contract liabilities | 合約負債 | 1,940 | (1,940) | - |
| Capital and Reserves | 資本及儲備 | | | |
| Reserves | 儲備 | 292,586 | 1,524 | 294,110 |
| Non-controlling interests | 非控股股東權益 | 36,616 | 416 | 37,032 |

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

Impact on the consolidated statement of profit and loss and other comprehensive income

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.1 香港財務報告準則第15號客戶合約收益（續）

對綜合損益及其他全面收益表的影響

| | | As reported | Adjustments | Amounts without application of HKFRS 15 並無應用香港財務報告準則第15號的金額 |
|---|------------------|------------------------|-----------------------|--|
| | | 按呈報 HK\$'000 千港元 | 調整 HK\$'000 千港元 | HK\$'000 千港元 |
| Revenue | 收益 | | | |
| – Good and services | – 商品及服務 | 44,696 | 605 | 45,301 |
| Gross profit | 毛利 | 13,619 | 605 | 14,224 |
| Loss before tax | 除稅前虧損 | (59,522) | 605 | (58,917) |
| Loss for the year | 本年度虧損 | (60,506) | 605 | (59,901) |
| Total comprehensive expense for the year | 本年度全面開支總額 | (84,767) | 605 | (84,162) |

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.1 HKFRS 15 Revenue from Contracts with Customers (continued)

Impact on the consolidated statement of cash flows

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.1 香港財務報告準則第15號客戶合約收益（續）

對綜合現金流量表的影響

| | | Amounts without application of HKFRS 15 並無應用香港 財務報告準則 第15號的金額 | | |
|--|---------------------------------------|---|---|----------|
| | As reported 按呈報 HK\$'000 千港元 | Adjustments 調整 HK\$'000 千港元 | of HKFRS 15 第15號的金額 HK\$'000 千港元 | |
| OPERATING ACTIVITIES | 經營活動 | | | |
| Loss before tax | 除稅前虧損 | (59,522) | 605 | (58,917) |
| Operating cash flows before movements in working capital | 計及營運資金變動前之經營現金流量 | (33,095) | 605 | (32,490) |
| Increase in contract liabilities | 合約負債增加 | 605 | (605) | - |

Notes:

Taking into account the contract terms, upon application of HKFRS 15, the performance obligations of financial service contracts should be satisfied upon completion of the service. This change in accounting policies resulted in a reduction of revenue by HK\$605,000 for the year ended 31 December 2018.

附註：

經計及合約條款，於應用香港財務報告準則第15號後，金融服務合約之履約責任應於完成服務時履行。此會計政策變動導致截至二零一八年十二月三十一日止年度之收益減少605,000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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments

In the current year, the Group has applied *HKFRS 9 Financial Instruments*. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具

於本年度，本集團已應用香港財務報告準則第9號金融工具。香港財務報告準則第9號引入1)金融資產及金融負債的分類及計量，2)金融資產預期信貸虧損（「預期信貸虧損」）及3)一般對沖會計的新規定。

本集團已根據香港財務報告準則第9號所載的過渡條文應用香港財務報告準則第9號，即是將分類及計量規定（包括預期信貸虧損模式項下的減值）追溯應用於二零一八年一月一日（初始應用日期）尚未取消確認的工具，且並無將該等規定應用於二零一八年一月一日已取消確認的工具。二零一七年十二月三十一日之賬面值與二零一八年一月一日之賬面值間的差額於期初累計虧損及其他權益組成部分中確認，並無重述比較資料。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 *HKFRS 9 Financial Instruments and the related amendments (continued)*

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 4.

Summary of effects arising from initial application of HKFRS 9.

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

因若干比較資料乃根據香港會計準則第39號金融工具：確認及計量編製，所以若干比較資料無法比較。

應用香港財務報告準則第9號所產生的會計政策披露於附註4。

首次應用香港財務報告準則第9號所產生的影響概要。

下表闡明於首次應用日期二零一八年一月一日在香港財務報告準則第9號及香港會計準則第39號項下的預期信貸虧損的規限下對金融資產及金融負債及其他項目的分類及計量。

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments and the related amendments (continued)

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

| | | Available-for-sale | Financial assets at FVTPL required by HKAS 39/ HKFRS 9 | Equity instruments at fair value through other comprehensive income ("FVOCI") | Financial assets at amortised cost (previously classified as loans and receivables) | Financial liabilities at amortised cost | Deferred tax assets/liabilities | Investment revaluation reserve | Accumulated losses | Non-controlling interests |
|---|---------------------------------------|-------------------------|--|---|---|---|----------------------------------|--------------------------------|-------------------------|--------------------------------|
| | NOTES | 可供出售 HK\$'000 千港元 | 香港會計 準則第39號/ 香港財務報告 準則第9號 規定按公平值 計入損益的 金融資產 HK\$'000 千港元 | 按公平值計入 其他全面收益 （「按公平值 計入其他全面 收益」）之權 益工具 HK\$'000 千港元 | 按攤銷成本 列賬的金融 資產（先前分類 為貸款及 應收款項） HK\$'000 千港元 | 按攤銷成本 列賬的 金融負債 HK\$'000 千港元 | 遞延稅項 資產/負債 HK\$'000 千港元 | 投資重估儲備 HK\$'000 千港元 | 累計虧損 HK\$'000 千港元 | 非控股 股東權益 HK\$'000 千港元 |
| Closing balance at 31 December 2017 – HKAS 39 | 於二零一七年十二月三十一日之 期末結餘－香港會計 準則第39號 | 59,180 | 40,328 | - | 89,413 | 147,694 | 21,533 | 5,064 | (285,358) | 35,582 |
| Effect arising from initial application of HKFRS 15 | 首次應用香港財務報告 準則第15號之影響 | - | - | - | - | - | - | - | (1,049) | (286) |
| Effect arising from initial application of HKFRS 9: | 首次應用香港財務報告 準則第9號之影響： | | | | | | | | | |
| Reclassification | 重新分類 | | | | | | | | | |
| From available-for-sale | 自可供出售 | (a) (59,180) | - | 59,180 | - | - | - | - | - | - |
| Remeasurement | 重新計量 | | | | | | | | | |
| Impairment under ECL model | 預期信貸虧損模式下之減值 | (b) - | - | - | (10,993) | - | - | - | (10,993) | - |
| From cost less impairment to fair value | 自成本減減值至公平值 | (a) - | - | (8,280) | - | - | - | (8,780) | 500 | - |
| Opening balance at 1 January 2018 | 於二零一八年一月一日之 期初結餘 | - | 40,328 | 50,900 | 78,420 | 147,694 | 21,533 | (3,716) | (296,900) | 35,296 |

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments and the related amendments (continued)

(a) Available-for-sale (“AFS”) investments

From AFS equity investments to fair value through other comprehensive income (“FVTOCI”)

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as AFS. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$59,180,000 were reclassified from AFS investments to equity instruments at FVTOCI, of which HK\$41,116,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. The fair value losses of HK\$8,280,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and investment revaluation reserve as at 1 January 2018. The fair value gains of HK\$5,064,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve. In addition, impairment losses previously recognised of HK\$500,000 were transferred from accumulated losses to investment revaluation reserve as at 1 January 2018.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

(a) 可供出售（「可供出售」）投資

自可供出售股本投資至按公平值計入其他全面收益（「按公平值計入其他全面收益」）

本集團選擇於其他全面收益呈列先前分類為可供出售之全部股本投資之公平值變動。該等投資乃並非持作買賣用途，且預計不會於可見將來出售。於首次應用香港財務報告準則第9號日期，59,180,000港元由可供出售投資重新分類至按公平值計入其他全面收益之權益工具，其中41,116,000港元與之前根據香港會計準則第39號按成本減減值計量的無報價股本投資有關。與之前按成本減減值列賬的該等無報價股本投資有關的8,280,000港元公平值虧損於二零一八年一月一日調整為按公平值計入其他全面收益的權益工具及投資重估儲備。與之前按公平值列賬的該等投資有關的5,064,000港元公平值收益繼續於投資重估儲備中累計。此外，之前確認的減值虧損500,000港元於二零一八年一月一日自累計虧損轉至投資重估儲備。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments and the related amendments (continued)

(b) Financial assets at FVTPL

The Group has reassessed its investments in equity securities classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK\$40,328,000 of the Group’s investments were held for trading and continued to be measured at FVTPL.

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

(b) 按公平值計入損益的金融資產

本集團已重新評估其根據香港會計準則第39號分類為持作買賣的股本證券投資，猶如本集團於首次應用日期已購買該等投資。基於首次應用日期的事實及情況，40,328,000港元的本集團投資乃持作買賣且繼續計量為按公平值計入損益。

自應用香港財務報告準則第9號以來，並無對就該等資產確認的金額造成任何影響。

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

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments and the related amendments (continued)

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances exceeding HK\$1,000,000, the remaining balances are grouped based on past due analysis

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

(c) 預期信貸虧損模型項下減值

本集團應用香港財務報告準則第9號簡化方式，採用所有貿易應收款項之存續期預期信貸虧損計量預期信貸虧損。除根據香港會計準則第39號被釐定為信貸減值之該等款項外，貿易應收款項已對超過1,000,000港元的重大未償還結餘進行個別評估，餘下結餘按逾期分析分類。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments and the related amendments (continued)

(c) Impairment under ECL model (continued)

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including bank balances, loan and interest receivables and loans to associates, are assessed on 12-month ECL (the “12m ECL”) basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, additional credit loss allowance of HK\$10,993,000 has been recognised against accumulated losses. The additional loss allowance is charged against the respective asset.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

(c) 預期信貸虧損模型項下減值（續）

除根據香港會計準則第39號被釐定為信貸減值之該等款項以外，按攤銷成本列賬的其他金融資產（包括銀行結餘、應收貸款及利息以及向聯營公司作出貸款）的預期信貸虧損乃按12個月預期信貸虧損（「12個月預期信貸虧損」）的基準評估，因為自初步確認以來信貸風險並無重大增加。

於二零一八年一月一日，額外信貸虧損撥備10,993,000港元已於累計虧損確認。額外虧損撥備乃於相關資產扣除。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.2 HKFRS 9 Financial Instruments and the related amendments (continued)

(c) Impairment under ECL model (continued)

All loss allowances, including trade and other receivables, loan and interest receivables and loans to associates, as at 31 December 2017 reconciled to the opening loss allowances as at 1 January 2018 are as follows:

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.2 香港財務報告準則第9號金融工具及相關修訂（續）

(c) 預期信貸虧損模型項下減值（續）

於二零一七年十二月三十一日之所有虧損撥備（包括貿易及其他應收款項、應收貸款及利息及向聯營公司作出貸款）與於二零一八年一月一日之期初虧損撥備之對賬如下：

| | | Trade receivables | Other receivables | Loan and interest receivables | Loans to associates |
|---|----------------|-------------------|-------------------|-------------------------------|---------------------|
| | | 貿易應收款項 | 其他應收款項 | 應收貸款及利息 | 向聯營公司作出貸款 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | |
| - HKAS 39 | - 香港會計準則第39號 | 302 | 1,006 | 4,149 | - |
| Amounts remeasured through opening accumulated losses | 按期初累計虧損重新計量的金額 | 106 | 34 | 10,418 | 435 |
| At 1 January 2018 | 於二零一八年一月一日 | 408 | 1,040 | 14,567 | 435 |

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.3 *HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration*

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Group is required to determine the date of transaction for each payment or receipt of advance consideration.

On initial application, the Group applied the interpretation prospectively to all foreign currency assets, expenses and income in the scope of the interpretation initially recognised on or after the beginning of the current year, i.e. 1 January 2018.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.3 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

該詮釋列明，交易日期為實體初步確認預付代價付款或收款所產生非貨幣資產或非貨幣負債之日。倘有多項預付或預收款項，該詮釋規定本集團須就各項預付代價付款或收款確定交易日期。

於首次應用時，本集團在本年度年初（即二零一八年一月一日）或之後初步確認的詮釋範圍內前瞻性地將該詮釋應用於所有外幣資產、支出及收入。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.3 *HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration (continued)*

For foreign currency denominated advance considerations paid by the Group in relation to acquisition of investment property amounting to HK\$5,814,000, the Group recorded these advances by applying the spot exchange rate on initial recognition between the functional currency of the relevant group entity and the foreign currency. Accordingly, the application of this interpretation has had no significant impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

3.4 *Impacts on opening consolidated statement of financial position arising from the application of all new standards*

As a result of the changes in the Group’s accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.3 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（續）

就本集團收購投資物業支付的以外幣計值的預付代價5,814,000港元而言，本集團於初始確認時透過採用相關集團實體的功能貨幣與外幣之間的即期匯率將該等預付款項入賬。因此，應用此詮釋概無對該等綜合財務報表所載已呈報金額及／或披露資料造成任何重大影響。

3.4 應用所有新訂準則對期初綜合財務狀況表的影響

由於本集團以上會計政策的變動，期初綜合財務狀況表必須重述。下表列示就受影響的各項目確認的調整。並無受到變動影響的項目尚未載入。

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (continued)

3.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards (continued)

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

於本年度強制生效的新訂香港財務報告準則及其修訂本（續）

3.4 應用所有新訂準則對期初綜合財務狀況表的影響（續）

| | | 31 December 2017 (Audited) 二零一七年 十二月 三十一日 (經審核) HK\$'000 千港元 | HKFRS 15 香港財務 報告準則 第15號 HK\$'000 千港元 | HKFRS 9 香港財務 報告準則 第9號 HK\$'000 千港元 | 1 January 2018 (Restated) 二零一八年 一月一日 (經重述) HK\$'000 千港元 |
|--------------------------------|-------------------|--|---|---|--|
| Non-Current Assets | 非流動資產 | | | | |
| Available-for-sale investments | 可供出售投資 | 59,180 | - | (59,180) | - |
| Equity instruments at FVTOCI | 按公平值計入其他全面收益的權益工具 | - | - | 50,900 | 50,900 |
| Current Assets | 流動資產 | | | | |
| Trade and other receivables | 應收賬款及其他應收款項 | 16,498 | - | (140) | 16,358 |
| Loan and interest receivables | 應收貸款及利息 | 48,059 | - | (10,418) | 37,641 |
| Loans to associates | 向聯營公司作出貸款 | 24,856 | - | (435) | 24,421 |
| Current Liabilities | 流動負債 | | | | |
| Contract liabilities | 合約負債 | - | 1,335 | - | 1,335 |
| Capital and Reserves | 資本及儲備 | | | | |
| Reserves | 儲備 | 162,580 | (1,049) | (19,273) | 142,258 |
| Non-controlling interests | 非控股股東權益 | 35,582 | (286) | - | 35,296 |

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

New and amendments to HKFRSs in issue but not yet effective

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

| | |
|------------------------------------|--|
| HKFRS 16 | Leases ¹ |
| HKFRS 17 | Insurance Contracts ² |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments ¹ |
| Amendments to HKFRS 3 | Definition of Business ² |
| 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 ⁵ |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material ³ |
| 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 HKFRSs 2015-2017 Cycle ¹ |

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after 1 January 2020.

⁴ Effective for annual periods beginning on or after 1 January 2021.

⁵ Effective for annual periods beginning on or after a date to be determined.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本

本集團並無提早應用以下已頒佈但尚未生效的新訂香港財務報告準則及其修訂本：

| | |
|-----------------------------|--|
| 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（國際財務報告詮釋委員會）—詮釋第23號 | 所得稅處理的不確定性 ¹ |
| 香港財務報告準則第3號之修訂本 | 業務之釋義 ² |
| 香港財務報告準則第9號之修訂本 | 提早還款特性及負補償 ¹ |
| 香港財務報告準則第10號及香港會計準則第28號之修訂本 | 投資者與其聯營或合營企業之間的資產出售或注資 ⁵ |
| 香港會計準則第1號及香港會計準則第8號之修訂本 | 重大之釋義 ³ |
| 香港會計準則第19號之修訂本 | 計劃修改、縮減或結算 ¹ |
| 香港會計準則第28號之修訂本 | 於聯營公司及合營企業的長期權益 ¹ |
| 香港財務報告準則之修訂本 | 二零一五年至二零一七年週期之香港財務報告準則之年度改進 ¹ |

¹ 於二零一九年一月一日或之後開始之年度期間生效。

² 就收購日期為始於二零二零年一月一日或之後的首個年度期間開始時或之後的業務合併及資產收購而言乃屬有效。

³ 於二零二零年一月一日或之後開始之年度期間生效。

⁴ 於二零二一年一月一日或之後開始之年度期間生效。

⁵ 於待定日期或之後開始的年度期間生效。

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

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

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

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

已頒佈但尚未生效的新訂香港財務報告準則及其修訂本（續）

除下文所述新訂香港財務報告準則及其修訂本及詮釋以外，董事預期於可預見的未來應用所有其他新訂香港財務報告準則及其修訂本及詮釋不會對綜合財務報表造成重大影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。香港財務報告準則第16號將於生效時取代香港會計準則第17號*租賃*及相關詮釋。

香港財務報告準則第16號以識別資產是否由客戶控制為基準來區分租賃及服務合約。此外，香港財務報告準則第16號要求根據香港財務報告準則第15號之規定就相關資產轉讓是否予以計為銷售釐定銷售及回租交易。香港財務報告準則第16號亦包括有關轉租及租賃修改之規定。

除短期租賃及低值資產租賃外，就承租人會計處理方法，經營租賃及融資租賃的區分已被移除，並由另一種模式取代，該模式要求承租人確認所有租賃使用權資產及相應負債。

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

HKFRS 16 Leases (continued)

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

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

Other than certain requirements which are also applicable to lessor, 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.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

使用權資產初步按成本計量，並隨後以成本（惟若干例外情況除外）減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債乃按租賃付款（非當日支付）的現值初步計量。其後，租賃負債（其中包括）經利息及租賃付款以及租賃修訂的影響所調整。就現金流量分類而言，本集團現時將前期預付租賃付款呈列為與自用租賃土地及分類為投資物業的該等土地有關的投資現金流量，而其他經營租賃付款呈列為經營現金流量。應用香港財務報告準則第16號後，有關租賃負債的租賃付款將分配至本金及利息部分，其將由本集團呈列為融資現金流量。

根據香港會計準則第17號，本集團已就其作為承租人之融資租賃安排及租賃土地預付款確認一項資產及相關融資租賃負債。應用香港財務報告準則第16號可能導致該等資產之分類出現潛在變動，取決於本集團是否分開呈列使用權資產或於將呈列相應有關資產（倘擁有）之同一項目內呈列。

除亦適用於出租人的若干規定外，香港財務報告準則第16號大致保留香港會計準則第17號內出租人會計規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 Leases (continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately HK\$3,847,000 as disclosed in Note 40 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$995,000 and refundable rental deposits received of HK\$106,000 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.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

此外，香港財務報告準則第16號要求較廣泛的披露。

於二零一八年十二月三十一日，本集團擁有不可撤銷經營租賃承擔約3,847,000港元（誠如綜合財務報表附註40所披露）。初步評估表明，該等安排將符合租賃定義。於應用香港財務報告準則第16號時，本集團將就所有該等租賃確認使用權資產及相應負債，除非有關租賃符合低值或短期租賃之資格。

此外，本集團當前將已付可退還租賃按金995,000港元及已收可退還租賃按金106,000港元視為適用香港會計準則第17號之租賃項下之權利及責任。根據香港財務報告準則第16號項下有關租賃付款之定義，有關按金並非與相關資產使用權有關之付款，因此，有關按金之賬面值或會調整至攤銷成本。對已付可退還租賃按金作出之調整將視作額外租賃付款並計入使用權資產之賬面值。對已收可退還租賃按金作出之調整將視作墊付租賃付款。

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

HKFRS 16 Leases (continued)

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 retained profits without restating comparative information.

4. 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 (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

3. 應用新訂香港財務報告準則及其修訂本（「香港財務報告準則」）（續）

香港財務報告準則第16號租賃（續）

應用新規定或會導致上文所示之計量、呈列及披露變化。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」識別為租賃的合約應用香港財務報告準則第16號，而並無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號並未識別為包括租賃的合約應用該準則。因此，本集團將不會重新評估合約是否為或包括於首次應用日期前已存在的租賃。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，並將確認首次應用對期初保留溢利的累計影響，而並無重列比較資料。

4. 重大會計政策

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，綜合財務報表包括聯交所GEM證券上市規則（「GEM上市規則」）及香港公司條例所規定之適用披露事項。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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.

4. 重大會計政策 (續)

綜合財務報表乃根據歷史成本基準編製，惟投資物業及若干按各報告期末的公平值計量之金融工具（如下文會計政策所闡釋）除外。

歷史成本一般按交換貨品及服務之代價之公平值計算。

公平值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港財務報告準則第2號以股份為基礎的付款範圍的以股份付款的交易、屬於香港會計準則第17號租賃範圍內的租賃交易，以及與公平值有部份相若地方但並非公平值的計量，譬如香港會計準則第2號存貨內的可變現淨值或香港會計準則第36號資產減值的使用價值除外。

非金融資產的公平值計量乃考慮市場參與者通過將資產用途最佳及最大化或將其出售予另外能將資產用途最佳及最大化的參與者而產生經濟利益的能力。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The principal accounting policies are set out below.

4. 重大會計政策(續)

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

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

主要會計政策載列如下。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group;

- has the power over the investee;
- is exposure, 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 circumstance indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. 重大會計政策 (續)

綜合基準

綜合財務報表包括本公司及其所控制之實體及其附屬公司之財務報表。當本集團符合以下要素時，則本集團取得控制權：

- 可對投資對象行使權力；
- 因參與投資對象業務而承擔浮動回報的風險或享有權利；及
- 有能力使用其權力影響其回報。

倘有事實及情況顯示，有一項或以上之上述三項控制權元素出現變動，則本集團重新評估其是否對被投資方擁有控制權。

倘本集團於投資對象之投票權未能佔大多數，則當投票權足以賦予本公司實際能力以單方面指揮投資對象的相關活動時即對投資對象擁有權力。本集團於評估本集團於投資對象的投票權是否足以賦予其權力時考慮所有相關事實及情況，包括：

- 相較其他投票權持有人所持投票權的數量及分散情況，本集團持有投票權的數量；
- 本集團、其他投票權持有人或其他人士持有之潛在投票權；
- 其他合約安排產生的權利；及
- 需要作出決定時，本集團目前能夠或不能指揮相關活動的任何額外事實及情況（包括於過往股東會議上的投票模式）。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control of 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 in line with the Group's accounting policies.

All intra-group 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.

4. 重大會計政策 (續) 綜合基準 (續)

附屬公司之綜合入賬於本集團取得有關附屬公司之控制權起開始，並於本集團失去有關附屬公司之控制權時終止。

具體而言，年內所收購或出售附屬公司之收入及開支乃自本集團取得控制權之日期起計入綜合損益及其他全面收益表，直至本集團不再控制有關附屬公司之日期為止。

損益及其他全面收益之每個項目乃歸屬於本公司擁有人及非控股股東權益。附屬公司之全面收益總額歸屬於本公司擁有人及非控股股東權益，即使此舉會導致非控股股東權益產生虧絀結餘。

於必要時，將對附屬公司之財務報表作出調整，以令彼等之會計政策與本集團之會計政策一致。

有關本集團成員之間交易的所有集團內公司間之資產及負債、權益、收入、支出及現金流量於綜合時悉數對銷。

於附屬公司的非控股股東權益與本集團於其中的權益分開呈列，後者是指使其持有人於清算後有權獲得相關附屬公司資產淨額成比例的份額的當前所有權權益。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. 重大會計政策 (續)

本集團於現有附屬公司之權益變動

本集團於附屬公司之權益出現變動，但並無導致本集團失去該等附屬公司的控制權，均以權益交易入賬。本集團權益的相關組成部分與非控股股東權益之賬面值均予以調整，以反映彼等於附屬公司之相關權益之變動，包括根據本集團及非控股股東權益成比例的權益在本集團與非控股股東權益之間進行相關儲備的重新分配。

非控股股東權益所調整之款額與所付或所收代價之公平值兩者之間的差額，均直接於權益確認並歸屬於本公司擁有人。

倘本集團失去附屬公司控制權，則取消確認該附屬公司的資產及負債以及非控股股東權益（如有）。收益或虧損於損益確認並按(i)所收代價之公平值及任何保留權益之公平值總和與(ii)本公司擁有人應佔該附屬公司之資產（包括商譽）及負債之間的差額計算。先前於其他全面收益就該附屬公司確認之所有款額，會按猶如本集團已直接出售該附屬公司之相關資產或負債入賬（即按適用香港財務報告準則所訂明／允許而重新分類至損益或轉撥至另一權益類別）。於失去控制權當日在前附屬公司保留之任何投資之公平值，會根據香港財務報告準則第9號／香港會計準則第39號或（如適用）初始確認於聯營公司或合營企業之投資之成本視為初始確認之公平值供其後會計處理。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

4. 重大會計政策 (續)

業務合併

收購業務採用收購法入賬。業務合併之轉撥代價按公平值計量，而計算方法為本集團所轉讓之資產於收購日期之公平值、本集團向被收購方原擁有人產生之負債及本集團於交換被收購方之控制權發行之股權之總額。有關收購之費用於產生時一般於損益中確認。

於收購日，所收購之可識別資產及所承擔之負債按公平值確認，惟下文所述者除外：

- 遞延稅項資產或負債及與僱員福利安排有關之資產或負債，分別根據香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認並計量；
- 與被收購公司以股份為基礎之付款安排或以本集團訂立以股份為基礎之付款安排取代被收購公司以股份為基礎之付款安排相關之負債或權益工具乃於收購日期根據香港財務報告準則第2號*以股份為基礎之付款計量*（見下文的會計政策）；及
- 根據香港財務報告準則第5號*持作出售之非流動資產及已終止經營業務*分類為持作出售之資產（或出售組別）則根據該準則計量。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. 重大會計政策 (續)

業務合併 (續)

商譽是以所轉撥之代價、非控股股東權益於被收購方中所佔金額及收購方以往持有之被收購方股權(如有)之公平值之總和,超出所收購之可識別資產及所承擔之負債於收購日期之淨額之差額計值。倘經過重新評估後,所收購之可識別資產與所承擔負債之淨額高於轉撥之代價、非控股股東權益於被收購方中所佔金額與收購方先持有被收購方之權益(如有)之公平值之總和,則差額即時於損益內確認為議價收購收益。

屬現時擁有之權益且於清盤時讓持有人有權按比例分佔相關附屬公司淨資產之非控股股東權益,初步按非控股股東權益應佔被收購方可識別資產淨值的已確認金額比例或公平值計量。計量基準視乎每項交易而作出選擇。

當本集團於一項業務合併轉移之代價包括或然代價安排,則或然代價乃按收購日期之公平值計算,並計入一項業務合併轉移之代價的一部份。合資格作計量期間調整之或然代價之公平值變動乃追溯調整。計量期間調整為於「計量期間」(不得超過收購日期起計一年)因取得於收購日期已存在之事件及環境之額外資訊而作出之調整。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Business combinations (continued)

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

4. 重大會計政策(續) 業務合併(續)

不符合作為計量期間調整之或然代價之其後會計處理，取決於或然代價如何分類。分類為權益之或然代價並不會於其後報告日期重新計量，而其以後之結算乃於權益內列賬。分類為資產或負債之或然代價於其後報告日期重新計量為公平值，而相應收益或虧損乃於損益中確認。

收購並不構成業務的附屬公司

當本集團收購一組不構成業務的資產及負債時，本集團藉由先將購買價按照各自之公平值分配至金融資產／金融負債，以識別及確認所收購之個別可識別資產及所承擔之負債，並於其後將購買價之餘下結餘按其於購買當日之相對公平值分配至其他可識別資產及負債。有關交易並不會產生商譽或議價購買收益。

商譽

因收購業務產生之商譽乃按於收購業務當日確定之成本（見上文的會計政策）減累計減值虧損（如有）入賬。

就減值測試而言，商譽將分配至預計自合併之協同效應中受惠之本集團各現金產生單位（或現金產生單位組別），而該組合的協同效應代表為內部管理目的而監測商譽的最低級別且不大於運營部門。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described in "interests in associates" below.

Interests in associates

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 of those policies.

4. 重大會計政策 (續)

商譽 (續)

已分配商譽的現金產生單位 (或現金產生單位組別) 每年進行減值測試, 或在有跡象顯示該單位可能出現減值時更頻密地進行減值測試。就於報告期內收購產生的商譽而言, 已向其分配商譽的現金產生單位 (或現金產生單位組別) 於該報告期末前進行減值測試。倘可收回金額低於其賬面值, 則減值虧損首先被分配用以沖減商譽的賬面值, 然後根據該單位 (或現金產生單位組別) 各項資產的賬面值按比例分配至其他資產。

出售相關現金產生單位或現金產生單位組別內的任何現金產生單位後, 應佔商譽金額納入出售損益金額的釐定。當本集團出售現金產生單位 (或現金產生單位組別內的現金產生單位) 內的業務時, 出售的商譽金額按出售的業務 (或現金產生單位) 及保留的部分現金產生單位 (或現金產生單位組別) 的相對價值計量。

本集團收購一間聯營公司產生的商譽政策如下文「於聯營公司之權益」所述。

於聯營公司之權益

聯營公司是指本集團對其擁有重大影響的實體。重大影響是指對被投資方的財務及經營政策有參與決策的權力, 但並不能夠控制或者共同控制該等政策。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Interests in associates (continued)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate 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. Changes in net assets of the associate 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 exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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.

4. 重大會計政策(續)

於聯營公司之權益(續)

聯營公司的業績與資產及負債，乃採用權益會計法列入該等綜合財務報表。擬作權益會計用途的聯營公司財務報表按與本集團於類似情況下就同類交易及事件採用的相同會計政策編製。根據權益法，於聯營公司的投資初步於綜合財務狀況表按成本確認，並於其後為確認本集團應佔該聯營公司的溢利或虧損及其他全面收益而作出調整。聯營公司的資產淨額（除損益及其他全面收益以外）的變動並無入賬，除非有關變動導致本集團持有的所有權權益發生變動。當本集團分佔一間聯營公司的虧損超出本集團於該聯營公司的權益時（包括實質上構成本集團於聯營公司的投資淨值一部份的任何長期權益），本集團會取消確認其分佔的進一步虧損。額外虧損僅於本集團已產生法定或推定責任或代表該聯營公司付款時方予確認。

於聯營公司的投資自投資對象成為聯營公司當日起以權益法入賬。收購於一間聯營公司之權益時，任何投資成本超出本集團應佔投資對象之可識別資產及負債公平值淨額之差額，均確認為商譽，並計入該項投資之賬面值內。本集團應佔可識別資產及負債之公平值淨額超出投資成本之任何數額經重新評估後，即時於收購該項投資之期間於損益內確認。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

The Group assesses whether there is an objective evidence that the interest in an associate 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 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, 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 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 and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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.

4. 重大會計政策 (續)

於聯營公司之權益 (續)

本集團評估是否存在客觀證據顯示於一間聯營公司的權益可能存在任何減值。如存在任何客觀證據，該項投資（包括商譽）的全部賬面值將根據香港會計準則第36號以單一資產方式進行減值測試，方法是比較其可收回金額（即使用價值與公平值減出售成本的較高者）與其賬面值。任何已確認減值虧損均構成該項投資賬面值的一部份。有關減值虧損的任何撥回乃於該項投資的可收回金額其後增加時根據香港會計準則第36號確認。

當本集團對聯營公司不再有重大影響，則入賬列為出售該被投資公司之全數權益，產生之收益或虧損於損益中確認。當本集團保留於前聯營公司之權益，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號範圍內之金融資產時，則本集團於該日按公平值計量保留權益，而公平值則被視為其初始確認時之公平值。聯營公司之賬面值與任何保留權益之公平值及任何自出售聯營公司相關權益之所得款項之差額計入釐定出售聯營公司之收益或虧損。此外，倘該聯營公司已直接出售相關資產或負債，則本集團可能須按相同基準將有關該聯營公司先前於其他全面收益中確認之所有金額入賬。因此，倘聯營公司先前於其他全面收益確認之收益或虧損重新分類至出售相關資產或負債之損益，則本集團於出售／部份出售有關聯營公司時將收益或虧損由權益重新分類至損益（列作重新分類調整）。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Interests in associates (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate 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.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

4. 重大會計政策(續)

於聯營公司之權益(續)

當於聯營公司的投資成為於合營公司的投資時，本集團繼續採用權益法。於擁有權權益的有關變動後，並無對公平值進行重新計量。

當本集團減少其於聯營公司之擁有權權益，惟本集團繼續使用權益法時，而倘該收益或虧損將於出售相關資產或負債時重新分類至損益之情況下，本集團會將先前就減少擁有權權益於其他全面收益中確認之收益或虧損之部份重新分類至損益。

當集團實體與本集團之聯營公司進行交易，與該聯營公司進行交易產生之損益於本集團之綜合財務報表確認，惟僅以與本集團無關之聯營公司權益為限。

客戶合約收益(根據附註2的過渡規定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，本集團於完成履約責任時(或就此)確認收益，即於特定履約責任相關貨品或服務之「控制權」移交客戶之時。

履約義務指一項明確之貨品或服務(或一批貨品或服務)或一系列大致相同之明確貨品或服務。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

4. 重大會計政策 (續)

客戶合約收益 (根據附註2的過渡規定應用香港財務報告準則第15號後) (續)

倘符合以下其中一項條件，則控制權隨時間轉移，而收益則參考相關履約責任之完成進度隨時間確認：

- 客戶於本集團履約時同時收取及消耗本集團履約所提供之利益；
- 本集團之履約創建及增強客戶於本集團履約時控制之資產；或
- 本集團之履約未創建對本集團具有替代用途之資產，而本集團有強制執行權收取至今已履約部分之款項。

否則，收益於客戶獲得明確貨品或服務之控制權時於某一個時間點確認。

合約資產指本集團就本集團已向客戶轉讓之貨品或服務而於交換中收取代價之權利 (尚未成為無條件)，根據香港財務報告準則第9號評估減值。相反，應收款項指本集團收取代價之無條件權利，即代價到期付款前僅需時間推移。

合約負債指本集團因已向客戶收取代價 (或代價金額到期) 而須向客戶轉讓貨品或服務之責任。

與合約有關的合約資產及合約負債按淨額基準入賬及呈列。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

4. 重大會計政策 (續)

客戶合約收益 (根據附註2的過渡規定應用香港財務報告準則第15號後) (續)

重大融資成分的存續

釐定交易價時，倘(以明示或暗示的方式)協定的付款時間向客戶或本集團提供向客戶轉讓貨品或服務之大量融資利益，則本集團為貨幣時間價值之影響調整承諾代價金額。於該等情況下，合約包括重大融資成分。不論融資承諾是在合約內明示或是由合約雙方同意之付款條款暗示，均可能存在重大融資成分。

就付款及轉移相關貨品或服務之間隔短於一年之合約而言，本集團就任何重大融資成分採用不調整交易價格之可行權宜方法。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Provision of financial services is recognised when the underlying services have been rendered in accordance with the terms of service agreement.

4. 重大會計政策 (續)

收益確認 (於二零一八年一月一日之前)
收益乃按於一般業務過程中出售貨品及提供服務之已收或應收代價之公平值計量。

貨品銷售之收益於交付貨品及其所有權已移交，及當符合以下全部條件時確認：

- 本集團已將貨品所有權之絕大部分風險及回報轉移予買方；
- 本集團並無就已售貨品保留與持續管理權相關之擁有權或實際控制權；
- 收益金額可以可靠地計量；
- 本集團可能獲得與交易相關之經濟利益；及
- 就交易已經或將會產生之成本可以可靠地計量。

金融服務的提供於根據服務協議的條款提供有關服務時確認。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Revenue recognition (prior to 1 January 2018) (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leases

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.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. 重大會計政策(續) 收益確認(於二零一八年一月一日之前) (續)

倘經濟利益將可能流向本集團，且收入金額能夠可靠計量，則確認金融資產的利息收入。金融資產的利息收入會根據未償還本金及適用實際利率按時間累計，而該利率於金融資產預計期限確切貼現估計未來所收取現金至該資產初步確認時的賬面淨值。

投資的股息收入於確立股東收取款項的權利後確認。

租賃

當租賃條款將擁有權的絕大部份風險及回報轉移予承租人時，租賃分類為融資租賃。所有其他租賃分類為經營租賃。

本集團作為出租人

經營租賃的租金收入於相關租賃的年期以直線法於損益內確認。

本集團一般業務過程產生之租金收入呈列為收益。

本集團作為承租人

經營租約付款乃按租期以直線基準確認為開支。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges 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 on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the 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 expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserves (attributable to non-controlling interests as appropriate).

4. 重大會計政策 (續)

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣（外幣）進行之交易乃按於交易日之現行匯率以各自的功能貨幣（即該實體經營所在的主要經濟環境的貨幣）記錄。於報告期末，以外幣計值之貨幣項目乃按該日之現行匯率重新換算。按公平值列賬並以外幣計值之非貨幣項目乃按其公平值釐定當日之現行匯率重新換算。按外幣歷史成本計量之非貨幣項目毋須重新換算。

結算貨幣項目及重新換算貨幣項目產生之匯兌差額乃於產生期間於損益確認。重新換算按公平值列賬的非貨幣項目產生的匯兌差額計入有關期間的損益。

為呈列綜合財務報表，本集團境外業務的資產及負債乃按於各報告期末的匯率換算為本集團的呈列貨幣（即港元）。收支項目乃按年內的平均匯率進行換算。所產生的匯兌差額（如有）乃於其他全面收益確認，並於股權下換算儲備累計（於適當時撥作非控股股東權益）。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Foreign currencies (continued)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4. 重大會計政策 (續) 外幣 (續)

出售境外業務時 (即出售本集團於境外業務之全部權益、或出售涉及失去包括境外業務之附屬公司之控制權、或出售包括境外業務之合營安排或聯營公司之部份權益 (其保留權益成為一項金融資產))，本公司擁有人就該業務應佔之所有於股權累計之匯兌差額乃重新分類至損益。

此外，就部份出售一間附屬公司惟並未導致本集團失去對該附屬公司之控制權而言，按比例分佔之累計匯兌差額乃重新計入非控股股東權益，而並不於損益內確認。至於所有其他部份出售 (例如部份出售聯營公司惟並未導致本集團失去重大影響力)，按比例分佔之累計匯兌差額乃重新分類至損益。

因收購海外業務而收購之可識別資產之商譽及公平值調整乃作為該海外業務之資產及負債處理，並按各報告期末之現行匯率重新換算。產生之匯兌差額於其他全面收益確認。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Retirement benefits scheme contributions

Payments to the defined contribution plans in Hong Kong, the PRC and Taiwan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

4. 重大會計政策 (續)

借款成本

所有其他借款成本於產生期間於損益內確認。

退休福利計劃供款

香港、中國及台灣的定額供款計劃付款於僱員已提供使其有權獲得供款的服務時確認為開支。

短期僱員福利

短期僱員福利按預期就僱員提供服務所支付的福利的未貼現金額確認。除非另一項香港財務報告準則要求或允許將福利計入資產成本，否則所有短期僱員福利確認為開支。

僱員福利 (如工資及薪金、年假及病假) 於扣除已支付之任何金額後確認為負債。

就其他長期僱員福利確認之負債按本集團就僱員直至報告日期所提供服務預期將作出的估計未來現金流出之現值計量。由服務成本、利息及重新計量產生的負債賬面值的任何變動於損益確認，惟另一項香港財務報告準則要求或允許將其計入資產成本的情況則除外。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the counterparties render services, unless the services qualify for recognition as assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4. 重大會計政策 (續)

以股份支付之交易

以股份支付之交易 (以股本結算)

向僱員授出購股權

所獲服務之公平值乃參考所授出購股權於授出日期之公平值 (未計及所有非市場歸屬條件) 釐定, 根據本集團對永久歸屬的權益工具的估計以直線法於歸屬期內確認為開支, 並相應增加股本 (購股權儲備)。

於報告期末, 本集團修訂其預期最終歸屬之購股權數目之估計。歸屬期內, 修訂原有估計之影響 (如有) 於損益確認, 以致累計開支反映經修訂估計, 並相應調整購股權儲備。

當購股權獲行使時, 先前於購股權儲備確認之金額將轉撥至股份溢價。當購股權於歸屬日期後被沒收或於到期日尚未行使時, 則先前於購股權儲備確認之金額將轉撥至累計虧損。

向顧問授予購股權

換取服務而發行的購股權乃按所收取服務的公平值計量, 除非公平值不能可靠計量, 在此情況下, 收取的服務乃參考授出購股權的公平值計量。在取得交易對手提供服務時, 除非該等服務符合資格確認為資產, 否則所收取服務的公平值會確認為開支並相應增加權益 (購股權儲備)。

稅項

所得稅開支指即期應付稅項及遞延稅項之總和。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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.

4. 重大會計政策 (續)

稅項 (續)

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利與除稅前虧損不同，此乃由於其他年度內乃屬應課稅或可扣稅的收入或開支以及毋須課稅或不能扣稅的項目。本集團之即期稅項負債乃用於報告期末之前已頒佈或大致頒佈之稅率計算。

於綜合財務報表的資產及負債賬面值與用作計算應課稅溢利的相應稅基兩者的暫時差額確認為遞延稅項。本公司一般將會就所有應課稅暫時差額確認遞延稅項負債。遞延稅項資產一般於可能有應課稅溢利以動用所有可扣減暫時差額時就該等可扣稅暫時差額確認。倘暫時差額因初步確認（除業務合併外）因一項不影響應課稅溢利及會計溢利的交易的資產及負債而產生，則有關遞延稅項資產及負債不予確認。此外，若暫時差額是源自商譽之初始確認，則不確認遞延稅項負債。

遞延稅項負債就與附屬公司及聯營公司的投資相關的應課稅暫時差額予以確認，惟倘本集團可控制其撥回及暫時差額有可能不會於可見將來撥回則除外。因與有關投資及權益相關的可扣減暫時差額而產生的遞延稅項資產僅於可能產生足夠應課稅溢利以動用暫時差額溢利並預期可於可見將來撥回時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

4. 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 asset 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 is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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.

4. 重大會計政策 (續) 稅項 (續)

遞延稅項資產的賬面值於各報告期間結束時作檢討，並於可能無足夠應課稅溢利恢復全部或部分資產價值時作調減。

遞延稅項資產及負債以清償負債或變現資產期間預期的適用稅率計算，根據於報告期末已實施或實質上已實施的稅率（及稅法）計算。

遞延稅項負債和資產的計量反映在報告期末本集團預期將來能收回或支付有關資產和負債賬面值的稅務影響。

就計量以公平值模式計量之投資物業的遞延稅項而言，有關物業之賬面值假設將會於出售時全數收回，惟此假設被推翻則作別論。如果有關投資物業可予以折舊，並且以目的是使投資物業絕大部份的經濟利益隨時間過去（而非通過出售）而消耗的商業模式持有，則這項假設可被推翻。

遞延稅項資產及負債乃於以下情況下抵消：當存在以即期稅項資產抵消即期稅項負債的可依法強制執行的權利時及當其與相同稅務機關徵收的所得稅有關且本集團擬按淨額基準結算其即期稅項資產及負債時。

即期及遞延稅項於損益確認，惟若涉及在其他全面收益或直接於權益確認的項目，則即期及遞延稅項亦分別於其他全面收益或直接在權益確認。就因對業務合併進行初始會計處理而產生之即期稅項或遞延稅項而言，稅務影響乃計入業務合併之會計處理內。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of 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 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.

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.

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.

4. 重大會計政策 (續)

廠房及設備

廠房及設備是按成本值減其後累計折舊及其後累計減值虧損(如有)後於綜合財務狀況表入賬。

折舊獲確認,以便以直線法在其估計可使用年期內分配各個廠房及設備項目成本減其殘值。估計可使用年期、殘值及折舊方法於各報告期末檢討,而估計之任何變動的影響以預期基準入賬。

廠房及設備項目於出售時或於預期不會從持續使用該資產中獲得未來經濟利益時取消確認。出售或報廢廠房及設備項目而引致之任何收益或虧損,乃按有關資產之出售所得款項與賬面值之差額釐定,並於損益中確認。

投資物業

投資物業為持作賺取租金及/或作資本增值之物業。

投資物業初始按成本計量,包括任何直接應佔支出。於初始確認後,投資物業以其公平值計量。本集團的根據經營租賃為賺取租金或用於資本增值用途而持有的所有物業權益乃作為投資物業分類及列賬,並採用公平值模型計量。投資物業公平值變動產生之損益,已計入其產生期間之損益內。

投資物業於出售時或在投資物業永久不再使用及預期出售該等物業不會產生未來經濟利益時取消確認。取消確認物業所產生之收益或虧損列入取消確認有關物業(按出售所得款項淨額及資產賬面值的差額計算)期間之損益。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at its fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible asset with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

Impairment losses on tangible assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

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 relevant 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 ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs 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 or a CGU for which the estimates of future cash flows have not been adjusted.

4. 重大會計政策 (續) 於業務合併中收購的無形資產

業務合併中收購的無形資產與商譽分開確認，並按其收購日期的公平值初始確認（視為其成本）。

於初始確認後，於業務合併中收購的具有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損列賬（見下文有關有形及無形資產減值虧損之會計政策）。具有限可使用年期的無形資產攤銷於其估計可使用年期內按直線法確認。

有形資產及無形資產之減值虧損（載於以上商譽的會計政策之商譽減值除外）

於報告期末，本集團審閱其有限可使用年期之有形及無形資產之賬面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何有關跡象，則估算相關資產之可收回款項以釐定減值虧損（如有）之程度。倘不能估計單一資產的可收回金額，則本集團會估計其資產所屬現金產生單位（「現金產生單位」）之可收回金額。於可識別合理及按一貫分配基準之情況下，企業資產亦會被分配至個別的現金產生單位，否則或會被分配到可合理及按一貫分配基準而識別的最小的現金產生單位組別中。

可收回金額乃公平值減出售成本和在用價值兩者中較高者。評估在用價值時，採用除稅前折現率將估計未來現金流量折現至現值。該折現率應能反映市場當時所評估的貨幣時間價值和該資產或現金產生單位的獨有風險，且估計未來現金流並無作出調整。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Impairment losses on tangible assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above) (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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 that obligation, and a reliable estimate can be made of the amount of the obligation.

4. 重大會計政策 (續)

有形資產及無形資產之減值虧損 (載於以上商譽的會計政策之商譽減值除外) (續)

倘估計資產 (或現金產生單位) 之可收回金額少於其賬面值時, 則該資產 (或現金產生單位) 之賬面值會扣減至其可收回金額。分配減值虧損時, 減值虧損首先會分配以減低任何商譽 (如適用) 的賬面值, 其後基於單位中各項資產的賬面值按比例分配至其他資產。資產的賬面值不得減少至低於公平值減出售成本 (倘可計量)、使用價值 (倘可釐定) 及零 (以最高者為準)。分配至資產的減值虧損數額按單位的其他資產比例分配。任何減值虧損即時於損益確認。

倘其後撥回減值虧損, 則資產 (或現金產生單位) 之賬面值會增加至其可收回金額之經修訂估計, 惟所增加之賬面值不可超過倘過往年度並無就該資產 (或現金產生單位) 確認減值虧損而已釐定之賬面值。減值虧損撥回即時於損益確認。

存貨

存貨以成本與可變現淨值兩者中的較低者列賬。存貨成本乃以先進先出法計算。變現淨值指估計存貨銷售價減所有估計完成成本及銷售所需成本。

撥備

當本集團因過往事件承擔現有 (法定或推定) 責任, 且本集團有可能需要清償能可靠地估計金額之責任時, 則會確認有關撥備。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Provisions (continued)

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).

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 settlement 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.

4. 重大會計政策 (續) 撥備 (續)

確認為撥備之金額乃於報告期末，經計及有關責任之風險及不確定因素後，對清償現有責任所需代價之最佳估計。當撥備以估計清償現有責任之現金流量計量時，其賬面值為該等現金流量之現值（於金錢時間價值影響屬重大之情況下）。

金融工具

當集團實體成為工具合約條文之訂約方時，則確認金融資產及金融負債。所有金融資產之正常購買或銷售，按結算日之基準確認及不予確認。正常購買或銷售是指按照市場規定或慣例須在一段期限內交付資產之金融資產買賣。

金融資產及金融負債初步按公平值計量，惟客戶合約產生的貿易應收款項自二零一八年一月一日以來初步按香港財務報告準則第15號計量則除外。收購或發行財務資產及財務負債（按公平值計入損益之金融資產或金融負債除外）直接應佔之交易成本，於初步確認時計入金融資產或金融負債之公平值或從中扣減（如適用）。收購按公平值計入損益之金融資產或金融負債直接應佔之交易成本即時於損益內確認。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial instruments (continued)

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.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

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.

4. 重大會計政策 (續) 金融工具 (續)

實際利率法是一種計算金融資產或金融負債的攤銷成本以及將利息收入及利息支出分配予有關期間的方法。實際利率是將估計未來現金收入及付款(包括所有構成實際利率整體部分在時點支付或收到的費用、交易費用及其他溢價或折價)透過金融資產或金融負債的預期年期或(倘適用)更短期間準確折現至初始確認時之賬面淨值的利率。

自本集團的正常業務過程產生的利息／股息收入按收益呈列。

金融資產

金融資產的分類及後續計量(根據附註3應用香港財務報告準則第9號(有過渡規定)後)

滿足以下條件的金融資產後續按攤銷成本計量:

- 持有金融資產的業務模式乃以收取合約現金流量為目標;及
- 合約條款於特定日期產生僅為支付本金及未償還本金的利息的現金流量。

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

4. 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)

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/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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (根據附註3應用香港財務報告準則第9號 (有過渡規定)後) (續)

符合以下條件的金融資產隨後乃按公平值計入其他全面收益計量:

- 持有金融資產的業務模式乃透過收取合約現金流量及出售以實現目標; 及
- 合約條款於特定日期產生僅為支付本金及未償還本金額的利息的現金流量。

所有其他金融資產其後均按公平值計入損益計量, 惟以下情況除外: 於首次應用/初始確認金融資產之日, 倘股本投資並非持作買賣及收購方於香港財務報告準則第3號業務合併適用的業務合併中確認的或然代價, 則本集團可不可撤銷地選擇於其他全面收益呈列股本投資公平值的後續變動。

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

4. 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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (根據附註3應用香港財務報告準則第9號 (有過渡規定)後) (續)

倘屬以下情況，金融資產被分類為持作買賣：

- 收購該資產的主要目的為於近期出售；或
- 於初始確認時，其為本集團集中管理的已識別金融工具組合的一部分，且近期具備短期獲利的模式；或
- 其為並非指定及有效作為對沖工具的衍生工具。

此外，倘可消除或大大減少會計錯配，本集團可不可撤銷地將須按攤銷成本或按公平值計入其他全面收益計量的金融資產指定為按公平值計入損益計量。

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

4. 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)

- (i) Amortised cost and interest income
- Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.
- (ii) Equity instruments designated as at FVTOCI
- Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (根據附註3應用香港財務報告準則第9號 (有過渡規定)後) (續)

- (i) 攤銷成本及利息收入
- 其後按攤銷成本計量的金融資產的利息收入採用實際利率法確認。利息收入乃對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 (見下文) 的金融資產除外。對於其後出現信貸減值的金融資產，利息收入乃自下一報告期間開始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得到改善而使金融資產不再屬於信貸減值，則利息收入乃自釐定資產不再出現信貸減值之後的報告期初開始對金融資產賬面總值應用實際利率予以確認。
- (ii) 指定為按公平值計入其他全面收益的權益工具
- 按公平值計入其他全面收益之權益工具投資乃其後按公平值計量，其自公平值變動所產生之收益及虧損於其他全面收益中確認，並於投資重估儲備中累計；毋須予以減值評估。有關累計收益或虧損不會於出售股本投資後重新分類至損益，且將轉撥至累計虧損。

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

4. 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)

- (ii) Equity instruments designated as at FVTOCI (continued)

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains or losses" line item in profit or loss.

- (iii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains or losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables and loans to associates). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (根據附註3應用香港財務報告準則第9號 (有過渡規定)後) (續)

- (ii) 指定為按公平值計入其他全面收益的權益工具 (續)

當本集團收取股息之權利獲確立，該等權益工具投資之股息將於損益內確認，除非有關股息明顯屬於就該投資收回之部分成本。股息計入損益內之「其他收益或虧損」項目。

- (iii) 按公平值計入損益的金融資產不符合按攤銷成本或按公平值計入其他全面收益計量或指定為按公平值計入其他全面收益的標準的金融資產乃按公平值計入損益計量。

按公平值計入損益的金融資產於各報告期末按公平值計量，而公平值收益或損失則確認為損益。確認為損益的淨收益或淨損失不包括金融資產所賺取的任何股利或利息，其計入「其他收益或虧損」項目。

金融資產減值 (根據附註2應用香港財務報告準則第9號 (有過渡規定)後)

對於符合香港財務報告準則第9號減值規定的金融資產 (包括貿易應收款項、應收貸款及向聯營公司作出貸款)，本集團按照預期信貸虧損確認損失準備。於各報告日期，預期信貸虧損金額均會更新，以反映自初始確認起的信用風險變動。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 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 and contract assets 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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註3應用香港財務報告準則第9號 (有過渡規定) 後) (續)

存續期預期信貸虧損指於相關工具之預計年內所有可能發生之違約事件所將產生之預期信貸虧損。反之，12個月預期信貸虧損指預期於報告日期後12個月內可能發生之違約事件所將產生之部分存續期預期信貸虧損。評估乃按本集團過往信貸虧損經驗進行，並就與債務人、整體經濟情況以及對於報告日期之當前情況及預測之未來情況兩者所作之評估有關之特定因素作出調整。

本集團總是就無重大融資成分的貿易應收款項及合約資產確認存續期預期信貸虧損。與該等資產有關的預期信貸虧損乃就有重大結餘的債務人進行個別評估及／或採用有適當分組的提列矩陣進行共同評估。

就所有其他工具而言，本集團計量之虧損撥備相等於12個月預期信貸虧損，除非自初步確認起信貸風險顯著增加，則本集團將確認存續期預期信貸虧損。對於應否確認存續期預期信貸虧損，有關評估乃基於自初步確認起發生違約之可能性或風險大幅增加。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application 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;

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註3應用香港財務報告準則第9號 (有過渡規定) 後) (續)

- (i) 信貸風險顯著增加
- 為評估信用風險是否自初始確認後顯著增加，本集團將報告日金融工具發生的違約風險與初始確認日金融工具發生的違約風險進行比較。評估時，本集團考慮了合理可用的定量信息和定性信息，包括無須過度成本或投入就可獲得的過往經驗及前瞻性信息。

在評估信用風險是否顯著增加時，特別考慮以下信息：

- 金融工具的外部信用評級 (如可用) 或內部信用評級已經顯著惡化或預期將顯著惡化；
- 信用風險外部市場指標顯著惡化，如：信用利差顯著增加、債務人信用違約互換價格顯著增加等；
- 營業狀況、財務狀況或經濟狀況存在或預測將出現不利變化，預計將顯著削弱債務人的債務履約能力；

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (continued)

- (i) Significant increase in credit risk (continued)
- 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.

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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註3應用香港財務報告準則第9號 (有過渡規定) 後) (續)

- (i) 信貸風險顯著增加 (續)
- 債務人的經營業績已經顯著惡化或預計將顯著惡化;
 - 債務人面臨的監管環境、經濟環境或技術環境存在或預計將出現重大不利變化, 將顯著削弱債務人的債務履約能力。

不論上述評估結果如何, 本集團推測, 除非本集團擁有合理有效的資訊, 證明並非如此, 否則, 如合約規定付款逾期30天以上, 則自初始確認後的信用風險顯著增加。

儘管有前述規定, 但如在報告日確定債務工具的信用風險較低, 則本集團假設, 自初始確認後, 債務工具的信用風險並未顯著增加。如滿足i)違約風險較低, ii)借方在短期內有能力充分履行其合約規定的現金流量義務以及iii)從長遠來看, 經濟和經營條件的不利變化即便有可能, 但也未必會降低借方的合約規定現金流量義務履約能力等條件, 則確認債務工具的信用風險較低。根據全球公認之定義, 當內部信用評級或外部信用評級為「投資級別」時, 本集團確認債務工具的信用風險較低。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 3) (continued)

- (i) Significant increase in credit risk (continued)
- For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

- (ii) *Definition of default*
- For internal credit risk management, 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).

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (根據附註3應用香港財務報告準則第9號 (有過渡規定) 後) (續)

- (i) 信貸風險顯著增加 (續)
- 就貸款承諾及財務擔保合約而言，本集團成為不可撤銷承諾的訂約方之日被視為對金融工具進行減值評估的初始確認之日。於評估自貸款承諾初始確認以來信貸風險是否存在顯著增加時，本集團會考慮貸款承諾與之有關的貸款發生違約的風險的變動；就財務擔保合約而言，本集團會考慮指定債務人將違約的風險的變動。

本集團會定期監測用於識別信貸風險是否存在顯著增加的標準的有效性並於適當時修正該等標準以確保該等標準能夠於有關款項逾期之前識別信貸風險的顯著增加。

- (ii) *違約的釋義*
- 就內部信貸風險管理而言，倘內部編製或自外部來源獲取的資料顯示債務人不可能悉數（不考慮本集團持有的任何抵押品）償付其債權人（包括本集團），則本集團認為發生了違約事件。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Definition of default (continued)

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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

(ii) 違約的釋義 (續)

不論上述規定如何，倘金融資產逾期超過90天，則本集團認為已發生違約，除非本集團有合理及可充當證明作用的資料證明更落後的違約標準更合適。

(iii) 信貸減值的金融資產

當發生對金融資產的估計未來現金流量有不利影響的一項或多項違約事件時，金融資產出現信貸減值。金融資產出現信貸減值的證據包括與以下事件有關的可觀察數據：

- 發行人或借方出現嚴重財政困難；
- 違約，如違約或逾期事件；
- 借方的貸方由於與借方的財政困難有關的經濟或合約原因已向借方提供貸方本來不會考慮的讓步；
- 借方有可能破產或進行其他財務重組；或
- 該金融資產的活躍市場因財政困難而消失。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, 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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

(iv) 撇銷政策

當有資料顯示交易對方出現嚴重財務困難且無實際收回預期(例如交易對方被清算或已進入破產程序)時,或就貿易應收款項而言,當有關款項逾期超過兩年時(以較快發生者為準),本集團會撇銷金融資產。經考慮法律建議(如適用),已撇銷的金融資產可能仍須進行本集團收回程序下的執行活動。撇銷構成取消確認事件。任何其後的收回均於損益確認。

(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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

(v) Measurement and recognition of ECL (continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

(v) 預期信貸虧損之計量及確認 (續)

就財務擔保合約而言，本集團僅須當債務人發生違約事件時，根據該工具所擔保之條款作出付款。因此，預期虧損為預期支付予持有人作為發生信貸虧損之補償減去任何本集團預期從持有人、債務人或任何其他人士所收取之金額的現值。

就財務擔保合約之預期信貸虧損而言，倘實際利率無法釐定時，本集團將採用可反映當前市場對貨幣時間價值之評估及現金流特定的風險之貼現率，惟僅倘，及僅限於調整貼現率時方考慮該等風險，而非調整現金差額進行貼現。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (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 following basis:

- Nature of financial instruments (i.e. the Group's trade and other 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.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

(v) 預期信貸虧損之計量及確認 (續)

若按綜合基準計量預期信貸虧損，或處理個別工具層面的證據尚未可得的情況，金融工具乃按下列基準分組：

- 金融工具的性質（即本集團的貿易及其他應收款項及應收客戶款項分別作為單獨組別評估。向關連方提供的貸款乃按個別基準進行預期信貸虧損評估）；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 可用的外部信貸評級。

管理層定期檢討分組方法，確保各組別的組成項目仍然具有相似的信貸風險特徵。

利息收入乃根據金融資產的賬面總值計算，除非金融資產出現信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

對於財務擔保合約，虧損撥備按照香港財務報告準則第9號確定的虧損撥備金額的較高者確認；並且在適當情況下，初步確認的金額減去在擔保期內確認的累計收入金額。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
Financial instruments (continued)

Financial assets (continued)

Except for investments in debt instruments/receivables that are measured at FVTOCI and financial guarantee contracts, 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 and other receivables, loan and interest receivables and loans to associates where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets are classified into one of three categories, including financial assets at FVTPL, loans and receivables and AFS financial assets. The classification depends on the nature and purpose of the financial assets and is determined 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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

除按公平值計入其他全面收益計量的於債務工具的投資／應收款項及財務擔保合約以外，本集團透過調整賬面值於所有金融工具的損益中確認減值損益，惟相應調整乃透過虧損備抵賬確認的貿易及其他應收款項、應收貸款及利息以及向聯營公司作出貸款則除外。就於按公平值計入其他全面收益的債務工具的投資而言，虧損備抵乃於其他全面收益中確認並於按公平值計入其他全面收益儲備中累計，並無減少該等債務工具／應收款項的賬面值。

金融資產的分類及後續計量 (於二零一八年一月一日應用香港財務報告準則第9號前)

本集團的金融資產分為三個類別 (包括按公平值計入損益的金融資產、貸款及應收款項及可供出售金融資產) 之一。分類乃於初步確認時基於金融資產的性質及用途確定。所有一般購買或出售的金融資產均於各交易日確認及取消確認。一般購買或出售為須於市場規則或慣例所確立的時限內交付資產的金融資產購買或出售。

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

4. 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) (continued)

- (i) Financial assets at FVTPL
Financial assets at FVTPL are held for trading on initial recognition.

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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains or losses" line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 39(c).

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (於二零一八年一月一日應用香港財務報告準則第9號前) (續)

- (i) 按公平值計入損益的金融資產
按公平值計入損益的金融資產於初步確認時持作買賣。

倘某項金融資產出現下列情況，則分類為持作買賣：

- 購入之主要目的為於近期出售；或
- 於初步確認時屬於本集團整體管理之已識別金融工具組合之一部分，且近期事實上有出售以賺取短期溢利之模式；或
- 屬非指定及有效作為對沖工具之衍生工具。

按公平值計入損益的金融資產以公平值計量，自重新計量產生之公平值變動則於產生期間內直接於損益中確認。於損益中確認之盈虧淨額不包括金融資產賺取的任何股息或利息，並計入綜合損益及其他全面收益表的「其他收益或虧損」項目中。公平值按附註39(c)所述方式釐定。

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

4. 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) (continued)

(ii) 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 loan and interest receivables, trade and other receivables, loans to associates and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy in respect of impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(iii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (於二零一八年一月一日應用香港財務報告準則第9號前) (續)

(ii) 貸款及應收款項

貸款及應收款項乃並無於活躍市場報價而具有固定或可釐定付款之非衍生金融資產。初始確認後，貸款及應收款項 (包括貸款及應收利息、貿易及其他應收款項、向聯營公司作出貸款以及銀行結餘及現金) 均採用實際利率法按攤銷成本減去任何已識別減值虧損計量 (請參閱下文有關金融資產減值虧損之會計政策)。

利息收入使用實際利率法確認，惟於確認利息屬無關重要之短期應收款項除外。

(iii) 可供出售金融資產

可供出售金融資產為指定為可供出售或未分類為按公平值計入損益之金融資產、貸款及應收款項或持至到期投資之非衍生工具。

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

4. 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) (continued)

(iii) AFS financial assets (continued)

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的分類及後續計量 (於二零一八年一月一日應用香港財務報告準則第9號前) (續)

(iii) 可供出售金融資產 (續)

本集團所持有並分類為可供出售金融資產及於活躍市場買賣之股本證券乃按於各報告期末之公平值計量。可供出售權益工具之股息於確定本集團收取股息之權利時於損益確認。可供出售金融資產賬面值之其他變動乃於其他全面收益確認及於投資重估儲備項下累計。

可供出售金融資產賬面值之其他變動乃於其他全面收益確認及於投資重估儲備項下累計。

並無活躍市場報價且其公平值不能可靠地計量之可供出售權益投資乃於報告期末按成本減任何已識別減值虧損計量。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where 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.

For an AFS equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. 重大會計政策 (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)

金融資產 (按公平值計入損益之金融資產除外) 於各報告期末評估是否有減值跡象。倘有客觀證據顯示金融資產因於初始確認金融資產後發生之一項或多項事件，金融資產之估計未來現金流量已受到影響時即表示金融資產被視為出現減值。

就可供出售權益投資而言，該投資之公平值大幅或持續下跌至低於其成本乃視為減值之客觀證據。

就全部其他金融資產而言，減值之客觀證據可包括：

- 發行人或交易對手出現重大財政困難；或
- 違反合約，如未能繳付或拖欠支付利息或本金；或
- 借方有可能面臨破產或財務重組；或
- 由於財務困難導致金融資產失去活躍市場。

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

4. 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 certain categories of financial assets, such as trade and other receivables and loan and interest receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 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 flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, loan and interest receivables and loans to associates 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 or other receivable, loan and interest receivable and loans to associates is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. 重大會計政策 (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)

就若干類別之金融資產 (如貿易及其他應收款項以及應收貸款及利息) 而言, 評定為並無個別出現減值之資產亦會彙集一併評估減值。應收款項組合之客觀減值證據可包括本集團過往之收款記錄、組合內超逾90日平均信貸期之拖欠付款的數目增加, 以及國家或地區經濟狀況出現明顯變化導致未能償還應收款項。

就按攤銷成本列賬之金融資產而言, 已確認減值虧損金額乃資產賬面值與按金融資產原實際利率貼現的估計未來現金流量現值間之差額。

就按成本列賬之金融資產而言, 減值虧損金額以資產賬面值與估計未來現金流按類似金融資產目前市場回報率貼現之現值兩者的差額計算。有關減值虧損將不會於往後期間撥回。

與所有金融資產有關之減值虧損會直接於金融資產的賬面值中作出扣減, 惟貿易及其他應收款項、貸款及應收利息以及向聯營公司作出貸款除外, 其賬面值會透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。當貿易應收款項或其他應收款項、應收貸款及利息以及向聯營公司作出貸款被視為不可收回時, 其將於撥備賬內撇銷。其後重新收回之先前已撇銷款項將計入損益。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on AFS equity investments previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

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.

4. 重大會計政策 (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)

當可供出售金融資產被視為減值時，先前於其他全面收益確認之累計收益或虧損於發生減值之期間內重新分類至損益。

就按攤銷成本計量之金融資產而言，倘於往後期間，減值虧損金額減少且能客觀地證明與確認減值虧損後所發生之事件有關，則先前確認之減值虧損會透過損益撥回，惟減值撥回當日之資產賬面值不得超過如無確認減值時的攤銷成本。

過往於損益中確認的可供出售權益投資的減值虧損不會於損益中撥回。於減值虧損後公平值之任何增加乃直接於其他全面收益確認，並於投資重估儲備中累計。

取消確認金融資產

僅當對資產現金流之合約權利屆滿時，或轉讓金融資產及將資產所有權所附帶的絕大部份風險及回報轉移予另一實體後，本集團即會解除確認該項金融資產。倘本集團並無轉移及保留擁有權的絕大部分風險及回報，並繼續控制已轉讓資產，本集團確認其於資產的保留權益，並就其可能須支付的款項確認相關負債。倘本集團保留已轉讓金融資產擁有權的絕大部份風險及回報，則本集團繼續確認金融資產，同時亦就已收取的所得款項確認有抵押借款。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

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.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

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.

4. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

取消確認金融資產 (續)

於取消確認以攤銷成本計量的金融資產時，資產賬面值與已收及應收對價總和間之差額於損益確認。

於取消確認可供出售金融資產時，之前於投資重估儲備中累計的累計損益重新分類為損益。

金融負債及權益

分類為債務或權益

債務及權益工具，乃根據所訂立合約安排之實際內容及金融負債與權益工具之定義分類為金融負債或權益計量。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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 effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which HKFRS 3 applies.

4. 重大會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

權益工具

權益工具乃證明實體於扣減其所有負債後之資產中擁有剩餘權益之任何合約。本公司發行之權益工具按已收所得款項扣除直接發行成本確認。

購回本公司自身的權益工具直接於權益中確認及扣除。並無損益由於購買、出售、發行或註銷本公司自身的權益工具而於損益中確認。

金融負債

所有金融負債其後使用實際利息法按攤銷成本或按公平值計入損益計量。

按公平值計入損益之金融負債

倘金融負債為香港財務報告準則第3號適用的業務合併中的收購方的或然代價，則金融負債分類為按公平值計入損益。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to non-controlling interests, borrowings, margin loans payables and debt component of convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9 (since 1 January 2018)/HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (before application of HKFRS 9 on 1 January 2018); and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

4. 重大會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

按攤銷成本列賬的金融負債

金融負債包括貿易及其他應付款項、應付非控股股東權益款項、借款、應付保證金貸款以及可換股債券的債務部分，有關項目其後以實際利率法按攤銷成本計量。

財務擔保合約

財務擔保合約為規定發行人作出指定付款以補償持有人因特定債務人未能按照債務工具條款在到期時付款所招致之損失之合約。財務擔保合約負債初步按公平值計量。隨後按下列之較高者計量：

- 根據香港財務報告準則第9號（自二零一八年一月一日以來）／香港會計準則第37號撥備、或然負債及或然資產（於二零一八年一月一日應用香港財務報告準則第9號之前）釐定的虧損備抵金額；及
- 初始確認的金額減（倘適合）於擔保期確認的累計攤銷。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible bonds containing liability and equity components

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items 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 of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (equity component of convertible bonds).

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 equity component of convertible bonds until the embedded option is exercised (in which case the balance stated in equity component of convertible bonds will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in equity component of convertible bonds will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

4. 重大會計政策 (續) 金融工具 (續)

金融負債及權益 (續)

可換股債券包括負債及權益部分

本公司所發行包括負債及可換股期權部分之可換股債券，乃於初始確認時根據合約安排的實質事項及金融負債及權益工具之定義，被分別分類為相關之項目。以兌換固定金額現金或以固定數目之本公司本身權益工具之其他金融資產結算之可換股期權分類為股本工具。

於初始確認時，負債部分之公平值乃按類似不可轉換債務之現行市場利率釐定。發行可換股債券之所得款項總額與轉往負債部分之公平值之差額，即代表可讓持有人將債券兌換為股本之認購期權應列入股本（可換股債券權益部分）。

於往後期間，可換股債券之負債部分乃使用實際利率法按攤銷成本列賬。股本部分（即可將負債部分兌換為本公司普通股之期權）將保留於可換股債券權益部分，直至嵌入式期權獲行使為止（在此情況下，可換股債券權益部分之結餘將轉移至股份溢價）。倘期權於到期日尚未獲行使，可換股債券權益儲備之結餘將撥至累計虧損。期權兌換或到期時將不會於損益中確認任何盈虧。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Convertible bonds containing 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 in 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/non-substantial modification 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.

4. 重大會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

可換股債券包括負債及權益部分 (續)

發行可換股債券有關之交易成本，按所得款項總額之分配比例撥往負債及股本部分。股本部分有關之交易成本會直接於股本內扣除。負債部分有關之交易成本計入負債部分之賬面值，並利用實際利率法於可換股債券期限內予以攤銷。

取消確認／金融負債的非重大修訂

當且僅當本集團之責任獲解除、取消或屆滿時，本集團方取消確認金融負債。獲取消確認之金融負債之賬面值與已付及應付代價間之差額於損益中確認。

本集團與貸方將一項金融負債交換為一項條款大不相同的金融負債，將該交換入賬為終止原金融負債及確認新金融負債。對現有金融負債或其一部分的條款的重修訂（無論是否可歸因於本集團的財政困難）入賬為終止原金融負債及確認新金融負債。

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition/non-substantial modification of financial liabilities (continued)

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.

Non-substantial modifications of financial liabilities (under HKFRS 9 since 1 January 2018)

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. 重大會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

取消確認／金融負債的非重大修訂 (續)

倘根據新條款現金流量的折現現值(包括扣除收取的任何費用及採用原實際利率折現的已付任何費用)與原金融負債剩餘現金流量的折現現值至少有10%差別,則本集團認為該等條款大不相同。因此,債務工具的有關交換或條款的修訂入賬為終止,所產生的任何成本或費用確認為終止的部分損益。當有關差異不到10%時,交換或修訂被視為非重大修訂。

金融負債的非重大修訂(自二零一八年一月一日以來根據香港財務報告準則第9號)

就不會導致取消確認的金融負債的非重大修訂而言,相關金融負債的賬面值將按以金融負債的原實際利率折現的經修訂合約現金流量的現值計算。所產生的交易成本或費用調整為經修訂金融負債的賬面值並於剩餘年內攤銷。對金融負債賬面值的任何調整於修訂日期於損益中確認。

5. 重大會計判斷及估計不確定因素之主要來源

於應用附註4所述的本集團會計政策時,董事須就並非可從其他資料來源輕易獲取之資產及負債賬面值作出判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為屬相關之其他因素。實際結果可能與該等估計有所不同。

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Going concern and liquidity

The assessment of the going concern assumptions involves making judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. Please refer to Note 2 in relation to the going concern assumptions adopted by the Directors.

Acquisition of subsidiaries

The Group determines whether an acquisition of subsidiaries qualifies as acquisition of business in accordance with HKFRS 3 (Revised) Business Combination or acquisition of assets that requires judgment. The Directors consider the substance of the acquisition of subsidiaries that constitute a business will be accounted for in accordance with HKFRS 3 (Revised) Business Combination, in case the acquisition of subsidiaries does not constitute a business, it is classified as acquisition of assets. Details of acquisition of subsidiaries by the Group during the years are set out in Notes 43 and 44.

5. 重大會計判斷及估計不確定因素之主要來源 (續)

估計及相關假設乃按持續基準審閱。對會計估計進行修訂乃於估計修訂期間(倘修訂僅影響該期間)或於修訂期間及未來期間(倘修訂同時影響本期間及未來期間)確認。

應用會計政策之關鍵判斷

以下為董事在應用本集團之會計政策過程中作出之關鍵判斷(除涉及之估計外(見下文))，以及其對綜合財務報表已確認之金額及作出之披露具有最重大之影響。

持續經營及流動資金

持續經營假設的評估涉及由董事於特定時間就本身具有不確定因素的事件或情況的未來結果作出判斷。有關董事所採納的持續經營假設，請參閱附註2。

收購附屬公司

本集團釐定收購附屬公司是否等同根據香港財務報告準則第3號(經修訂)業務合併收購業務或收購資產須要判斷。董事認為，收購附屬公司構成一項業務的內容將根據香港財務報告準則第3號(經修訂)業務合併列賬。當收購附屬公司並不構成一項業務，則被分類為資產收購。本集團於年度期間收購附屬公司之詳情載於附註43及44。

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

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.

5. 重大會計判斷及估計不確定因素之主要來源 (續)

應用會計政策之關鍵判斷 (續)

投資物業之遞延稅項

就計量使用公平值模式計量之投資物業所產生之遞延稅項而言，董事已審閱本集團之投資物業組合，且得出結論為本集團之投資物業並非根據隨時間消耗投資物業所包含之絕大部分經濟利益之商業模式而持有。因此，於釐定本集團投資物業之遞延稅項時，董事判定使用公平值模式計量之投資物業之賬面值可透過銷售全數收回此一項假設為不可推翻。本集團並無就投資物業公平值變動確認任何遞延稅項，因本集團毋須就投資物業出售時之公平值變動繳付任何所得稅。

估計不確定因素之主要來源

下文討論於報告期末極可能導致資產與負債賬面值於下一財政年度需要作出重大調整之未來相關重要假設及估計不確定因素之其他主要來源。

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment loss on interests in associates

The Directors determined whether interests in associates are impaired by reference to an estimation of recoverable amount of investment. The recoverable amount of interests in associates requires the Group to estimate the future cash flow expected to arise from the associates and a suitable discount rate including the risk adjustment in order to calculate the present value. The assumption includes management best estimate of the set of economic condition in the future.

As at 31 December 2018, the carrying amount of interests in associates is approximately HK\$73,431,000 (2017: HK\$75,813,000). No impairment loss on interests in associates was recognised for the year ended 31 December 2018.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2018, the carrying amount of goodwill is HK\$4,272,000 (31 December 2017: HK\$4,272,000), net of accumulated impairment loss of HK\$19,322,000 (31 December 2017: HK\$19,322,000). Details of the recoverable amount calculation are disclosed in Note 18.

5. 重大會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

有關於聯營公司之權益之估計減值虧損

當董事釐定於聯營公司之權益是否減值時，須參考投資之估計可收回金額。於聯營公司之權益可收回金額要求本集團估計聯營公司預期產生之未來現金流及適當貼現率（包括風險調整），以便計量現值。該假設包括管理層對日後經濟所有條件之最佳估計。

於二零一八年十二月三十一日，於聯營公司之權益之賬面值約為73,431,000港元（二零一七年：75,813,000港元）。於截至二零一八年十二月三十一日止年度，概無就於聯營公司之權益確認減值虧損。

商譽減值

釐定商譽是否出現減值須估計商譽所分配之現金產生單位的使用價值。計算使用價值時需要本集團估計現金產生單位將來可產生的現金流量和合適的折現率以計算現值。倘實際未來現金流量少於預期，則可能產生重大減值虧損。於二零一八年十二月三十一日，商譽的賬面值為4,272,000港元（二零一七年十二月三十一日：4,272,000港元），扣除累計減值虧損19,322,000港元（二零一七年十二月三十一日：19,322,000港元）。可收回款項的計算詳情披露於附註18。

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of investment properties

Investment properties are carried in the consolidated statement of the financial position at 31 December 2018 at their fair value of approximately HK\$169,800,000 (2017: HK\$169,173,000). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Fair value measurement of financial instruments

Certain of the Group's financial assets, unlisted equity instruments, amounting to HK\$21,842,000 as at 31 December 2018 are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See Note 39 for further disclosures.

5. 重大會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

投資物業之公平值

投資物業乃以其公平值約169,800,000港元(二零一七年: 169,173,000港元)計入於二零一八年十二月三十一日之綜合財務狀況表。公平值乃基於一間獨立公司之專業估值人士應用物業估值方法(包括若干市場情況之假設)對該等物業所進行的估值而作出。該等假設之有利或不利變動或會對本集團的物業投資之公平值及於綜合損益及其他全面收入表中呈報之損益賬之相應調整造成變動。

金融工具之公平值計量

於二零一八年十二月三十一日,本集團的若干金融資產、非上市權益工具、總計21,842,000港元乃按公平值計量,而公平值乃採用估值方法按未觀察到的輸入數據釐定。確立相關估值方法及其相關輸入數據時需要判斷及估計。與該等因素有關的假設變動可能會影響該等工具的呈報公平值。有關進一步披露,見附註39。

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on industry credit ratings 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 Notes 39.

Fair value of share options

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

5. 重大會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

貿易應收款項的預期信貸虧損撥備

本集團採用撥備矩陣計算貿易應收款項的預期信貸虧損。撥備率乃基於行業信用評級，因為各種債務人的分組有類似的虧損模式。經考慮合理及可充當證明作用且無需過度成本或努力即可取得的前瞻性資料，撥備矩陣乃基於本集團的歷史違約率。於各報告日期，過往觀察到的違約率獲重估且會考慮前瞻性資料的變動。此外，有重大結餘且出現信貸減值的貿易應收款項乃就預期信貸虧損獲個別評估。

預期信貸虧損的撥備對估計變動較為敏感。有關預期信貸虧損及本集團的貿易應收款項的資料披露於附註39。

購股權之公平值

二項式模式已獲採用作估計購股權之公平值。計算購股權公平值所用的變動及假設乃基於董事的最佳估計。購股權的價值會因若干主觀假設的不同變數而有所不同。

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. REVENUE

A. For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

6. 收益

A. 截至二零一八年十二月三十一日止年度

(i) 客戶合約收益的解析

| | | One-stop value chain services 一站式 價值鏈服務 HK\$'000 千港元 | Trading of consumables and agricultural products 消耗品及 農產品貿易 HK\$'000 千港元 | Trading of grocery food products 糧油食品貿易 HK\$'000 千港元 | Provision of financial services 提供金融服務 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---------------------------------------|------------------|--|--|---|--|--------------------------------|
| Geographical markets | 區域市場 | | | | | |
| Hong Kong | 香港 | 28,880 | 6,045 | 5,769 | 4,002 | 44,696 |
| Timing of revenue recognition | 收入確認的時間 | | | | | |
| At a point in time | 某個時間點 | 28,880 | 6,045 | 5,769 | 4,002 | 44,696 |
| Sales channel/type of customer | 銷售渠道／客戶類型 | | | | | |
| Wholesale | 批發 | 28,880 | 6,045 | 5,769 | - | 40,694 |
| Corporate | 企業 | - | - | - | 4,002 | 4,002 |
| Total | 總計 | 28,880 | 6,045 | 5,769 | 4,002 | 44,696 |

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. REVENUE (continued)

A. For the year ended 31 December 2018 (continued)

(i) *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.

| | | Segment revenue |
|--|---------------|----------------------------|
| | | 分部收益 |
| | | HK\$'000 |
| | | 千港元 |
| One-stop value chain services | 一站式價值鏈服務 | 28,880 |
| Trading of consumables and agricultural products | 消耗品及農產品貿易 | |
| – Reusable bags | – 環保袋 | 6,045 |
| Trading of grocery food products | 糧油食品貿易 | |
| – Ramen and udon | – 拉麵及烏冬麵 | 5,769 |
| Provision of financial services | 提供金融服務 | 4,002 |
| | | <hr/> |
| Revenue from contracts with customers | 客戶合約收益 | 44,696 |
| Rental income (Note) | 租金收入(附註) | 5,153 |
| Interest income | 利息收入 | 1,568 |
| | | <hr/> |
| Total revenue | 總收益 | 51,417 |

6. 收益(續)

A. 截至二零一八年十二月三十一日止年度(續)

(i) 客戶合約收益的解析(續)

下文載列客戶合約收益與分部資料所披露的金額的對賬。

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. REVENUE (continued)

A. For the year ended 31 December 2018 (continued)

(ii) *Performance obligations for contracts with customers*

Provision of one-stop value chain services

The performance obligation is satisfied when services are rendered and the credit period granted to the customers is normally due upon completion of the service.

Sales of reusable bags

The performance obligation is satisfied upon delivery of the reusable bags and payment is generally due within 30 days from delivery.

Sales of ramen and udon

The performance obligation is satisfied upon delivery of the ramen and udon and payment is generally due within 30-60 days from delivery.

Provision of financial service

The performance obligation is satisfied upon completion of the service. Financial services contracts are billed when stated milestones in the contracts are reached.

(iii) *Transaction price allocated to the remaining performance obligation for contracts with customers*

Transaction price allocated to the remaining performance obligation for contracts with customers.

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. 收益 (續)

A. 截至二零一八年十二月三十一日止年度 (續)

(ii) *客戶合約的履約義務*

提供一站式價值鏈服務

履約義務於提供服務時妥為履行，而授予客戶的信貸期通常隨服務完成而到期。

可循環使用袋的銷售

履約義務於交付可循環使用袋時妥為履行，而付款期通常為自交付起30天內。

拉麵及烏冬麵的銷售

履約義務於交付拉麵及烏冬麵時妥為履行，而付款期通常為自交付起30至60天內。

金融服務的提供

履約義務於完成服務時妥為履行，而金融服務合約於合約內列示的標誌性目標達成時收費。

(iii) *分配予客戶合約剩餘履約義務的交易價格*

交易價分配至客戶合約之餘下履約責任。

由於所有相關合約的有效期為一年或以下。按香港財務報告準則第15號之規定，並無披露分配之未履約合約之交易價格。

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. REVENUE (continued)

B. For the year ended 31 December 2017

An analysis of the Group's revenue for the year from continuing operations is as follows:

6. 收益 (續)

B. 截至二零一七年十二月三十一日止年度

本集團於年內來自持續經營業務的收益分析如下：

| | | 2017 二零一七年 HK\$'000 千港元 |
|--|-----------|----------------------------------|
| One-stop value chain services | 一站式價值鏈服務 | 16,177 |
| Rental income (Note) | 租金收入(附註) | 3,919 |
| Trading of consumables and agricultural products | 消耗品及農產品貿易 | 5,870 |
| Trading of grocery food products | 糧油食品貿易 | 29,902 |
| | | <u>55,868</u> |
| Provision of money lending services | 提供放債服務 | 5,750 |
| Provision of financial services | 提供金融服務 | 1,410 |
| | | <u>7,160</u> |
| | | <u>63,028</u> |

Note:

附註：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|--------------------------|----------------------------------|----------------------------------|
| Gross rental income from investment properties | 投資物業租金收入總額 | 5,153 | 3,919 |
| Less: | 減： | | |
| Direct operating expenses incurred for investment properties that generated rental income during the year | 於年內產生租金收益的投資物業所發生的直接經營開支 | (863) | (687) |
| Net rental income | 租金收入淨額 | <u>4,290</u> | <u>3,232</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

7. OTHER GAINS OR LOSSES

7. 其他收益及虧損

| | | 2018 | 2017 |
|---|--------------------|-----------------|----------|
| | | 二零一八年 | 二零一七年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Bank interest income | 銀行利息收入 | 3 | 8 |
| Loan interest income on loans to associates | 向聯營公司作出貸款的貸款利息收入 | 4,478 | 1,552 |
| Dividend income from financial assets at FVTPL | 按公平值計入損益的金融資產的股息收入 | 1,369 | 288 |
| Sundry income | 雜項收入 | 520 | 243 |
| Gain on disposal of a subsidiary (Note 45) | 出售附屬公司的收益 (附註45) | 1,065 | - |
| Loss on disposal of financial assets at FVTPL | 出售按公平值計入損益的金融資產的虧損 | - | (7,168) |
| Gain on fair value change of contingent consideration payable | 應付或然代價公平值變動收益 | 152 | 1,942 |
| Exchange gain, net | 匯兌收益淨額 | - | 1,305 |
| | | 7,587 | (1,830) |

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

8. OPERATING SEGMENTS

Information reported to the board of Directors (the "Board"), being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- | | | |
|--|---|---|
| a. One-stop value chain services 一站式價值鏈服務 | — | provision of total solution services including trading, packaging and logistics solutions 提供全套解決方案服務（包括貿易、包裝及物流解決方案） |
| b. Property investment 物業投資 | — | generated rental income from operating leases of Group's investment properties 本集團投資物業經營租賃產生的租金收入 |
| c. Trading of consumables and agricultural products 消耗品及農產品貿易 | — | trading of consumables and agricultural products 消耗品及農產品貿易 |
| d. Trading of grocery food products 糧油食品貿易 | — | trading of grocery food products 糧油食品貿易 |
| e. Provision of money lending services 提供放債服務 | — | provision of money lending services 提供放債服務 |
| f. Provision of financial services 提供金融服務 | — | Provision of financial and investment advisory and corporate financial services 提供財務及投資諮詢以及企業融資服務 |

The provision of financial and investment advisory and corporate financial services were formally commenced during the year ended 31 December 2017 as a result of the acquisition of a subsidiary (Note 44). As a result, a new segment of provision of financial services was added under operating segments for the year ended 31 December 2017.

8. 經營分類

為進行資源分配及分類表現評估向董事會（「董事會」，即主要營運決策者（「主要營運決策者」））報告的資料著重於所交付或提供的貨品或服務的類別。於達致本集團的可呈報分類時，主要營運決策者並無將所識別的經營分類匯總。

尤其是，本集團根據香港財務報告準則第8號劃分的可呈報分類如下：

因收購附屬公司，提供金融及投資諮詢及企業融資服務已於截至二零一七年十二月三十一日止年度正式開始（附註44）。因此，提供金融服務的新分類已於截至二零一七年十二月三十一日止年度加入營運分類。

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

8. OPERATING SEGMENTS (continued)

Segment revenues and results

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

For the year ended 31 December

| | | One-stop value chain services | | Property investment | | Trading of consumables and agricultural products | | Trading of grocery food products | | Provision of money lending services | | Provision of financial services | | Total | | | |
|---|--------------------|-------------------------------|----------|---------------------|----------|--|----------|----------------------------------|----------|-------------------------------------|----------|---------------------------------|----------|----------|----------|----------|----------|
| | | 一站式價值鏈服務 | | 物業投資 | | 消耗品及農產品貿易 | | 糧油食品貿易 | | 提供放債服務 | | 提供金融服務 | | 總計 | | | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| REVENUE | 收益 | | | | | | | | | | | | | | | | |
| External sales | 對外銷售 | 28,880 | 16,177 | 5,153 | 3,919 | 6,045 | 5,870 | 5,769 | 29,902 | 1,568 | 5,750 | 4,002 | 1,410 | 51,417 | 63,028 | | |
| Segment profit (loss) | 分類溢利(虧損) | 241 | (529) | 16,957 | 34 | (3,675) | (2,045) | (394) | (482) | (1,371) | 6,848 | (4,179) | (52) | 7,579 | 3,774 | | |
| Unallocated corporate other gain (loss), net | 未分配公司其他收益(虧損)淨額 | | | | | | | | | | | | | 7,587 | (1,830) | | |
| Unallocated corporate expenses | 未分配公司開支 | | | | | | | | | | | | | (29,735) | (46,466) | | |
| Decrease in fair value of financial assets at FVTPL | 按公平值計入損益的金融資產公平值減少 | | | | | | | | | | | | | | | (20,486) | (20,621) |
| Share of results of associates | 分佔聯營公司業績 | | | | | | | | | | | | | (2,382) | 2,637 | | |
| Gain on disposal of subsidiaries | 出售附屬公司收益 | | | | | | | | | | | | | 1,065 | - | | |
| Impairment loss recognised on goodwill | 按商譽確認減值虧損 | | | | | | | | | | | | | - | (3,968) | | |
| Impairment loss on loans to associates | 向聯營公司貸款減值虧損 | | | | | | | | | | | | | (721) | - | | |
| Impairment loss on trade and other receivables | 應收賬及其他應收賬減值虧損 | | | | | | | | | | | | | 112 | - | | |
| Written-off of other receivables | 撥銷其他應收款項 | | | | | | | | | | | | | (13,290) | - | | |
| Finance costs | 融資成本 | | | | | | | | | | | | | (9,251) | (10,873) | | |
| Loss before taxation | 除稅前虧損 | | | | | | | | | | | | | (59,522) | (77,347) | | |

8. 經營分類(續)

分類收益及業績

以下為本集團按可呈報及經營分類劃分之收益及業績分析：

截至十二月三十一日止年度

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, other gains or losses net, decrease in fair value of financial assets at FVTPL, share of results of associates and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

經營分類的會計政策與附註4所述的本集團會計政策相同。分類溢利(虧損)指各分類的溢利(虧損)，不包括分配中央行政成本、董事酬金、其他收益或虧損淨額、按公平值計入損益之金融資產公平值減少、分佔聯營公司業績及融資成本。此乃向主要營運決策者呈報之方法，以進行資源分配及表現評估。

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

8. OPERATING SEGMENTS (continued)

Segment assets and liabilities

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

8. 經營分類 (續)

分類資產及負債

以下為本集團按可呈報及經營分類劃分之資產與負債分析：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| Segment assets | | | |
| | 分類資產 | | |
| One-stop value chain services | 一站式價值鏈服務 | – | 21 |
| Property investment | 物業投資 | 182,718 | 193,917 |
| Trading of consumables and agricultural products | 消耗品及農產品貿易 | 6,039 | 5,991 |
| Trading of grocery food products | 糧油食品貿易 | 1,961 | 5,361 |
| Provision of money lending services | 提供放債服務 | 34,215 | 49,734 |
| Provision of financial services | 提供金融服務 | 883 | 867 |
| Total segment assets | 分類資產總值 | 225,816 | 255,891 |
| Unallocated corporate assets | 未分配公司資產 | 223,603 | 234,990 |
| Consolidated assets | 綜合資產 | 449,419 | 490,881 |
| Segment liabilities | | | |
| | 分類負債 | | |
| One-stop value chain services | 一站式價值鏈服務 | 5 | 29 |
| Property investment | 物業投資 | 5,172 | 6,206 |
| Trading of consumables and agricultural products | 消耗品及農產品貿易 | 1,174 | 1,157 |
| Trading of grocery food products | 糧油食品貿易 | 732 | 351 |
| Provision of money lending services | 提供放債服務 | 403 | 232 |
| Provision of financial services | 提供金融服務 | 2,047 | 357 |
| Total segment liabilities | 分類負債總額 | 9,533 | 8,332 |
| Unallocated corporate liabilities | 未分配公司負債 | 102,913 | 162,316 |
| Consolidated liabilities | 綜合負債 | 112,446 | 170,648 |

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

8. OPERATING SEGMENTS (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment, interests in associates, AFS investments, certain other receivables, loans to associates, financial assets at FVTPL and bank balances and cash; and
- all liabilities are allocated to operating segments other than other payables, amounts due to non-controlling interests, borrowings, certain income tax payable, contingent consideration payable, liability component of convertible bonds, certain deferred tax liabilities and margin loans payables.

8. 經營分類 (續)

分類資產及負債 (續)

就監控各分類表現及向各分類分配資源而言：

- 所有資產均分配至經營分類於若干廠房及設備、於聯營公司之權益、可供出售投資、若干其他應收款項、向聯營公司作出的貸款、按公平值計入損益之金融資產、以及銀行結餘及現金除外；及
- 所有負債已分配至經營分類其他應付款項、應付非控股股東權益款項、借款、若干應付所得稅、應付或然代價、可換股債券之負債部分、若干遞延稅項負債及應付保證金貸款除外。

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

8. OPERATING SEGMENTS (continued)

Other segment information

For the year ended 31 December

8. 經營分類 (續)

其他分類資料

截至十二月三十一日止年度

| | One-stop value chain services 一站式價值鏈服務 | | Property investment 物業投資 | | Trading of consumables and agricultural products 消耗品及農產品貿易 | | Trading of grocery food products 糧油產品貿易 | | Provision of money lending services 提供放債服務 | | Provision of financial services 提供金融服務 | | Unallocated 未分配 | | Total 總計 | |
|---|---|---------|-----------------------------|---------|---|---------|--|---------|---|---------|---|---------|--------------------|----------|-------------|----------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 | HKS'000 |
| Amounts included in the measure of segment profit or loss or segment assets | | | | | | | | | | | | | | | | |
| Additions to non-current assets (Note) | - | - | 41 | 522 | - | - | - | - | - | - | - | 3 | 519 | 3,578 | 560 | 4,103 |
| Increase in fair value of investment properties, net | - | - | 16,249 | 2,124 | - | - | - | - | - | - | - | - | - | - | 16,249 | 2,124 |
| Depreciation for plant and equipment | - | (52) | (1,052) | (1,026) | (423) | (423) | - | - | - | - | (3) | (2) | (878) | (1,181) | (2,356) | (2,684) |
| Loss on written off on intangible assets | - | - | - | - | - | - | - | (3,075) | - | - | - | - | - | - | - | 3,075 |
| Loss on written off on property, plant and equipment | - | - | - | - | - | - | - | (382) | - | - | - | - | - | - | - | (382) |
| Amortisation of an intangible asset | - | - | - | - | - | - | - | (1,604) | - | - | - | - | - | - | - | (1,604) |
| Impairment loss on trade and other receivables | - | - | (128) | - | - | - | 64 | (302) | (10) | - | (12) | - | 112 | - | 26 | (302) |
| Impairment loss on loan and interest receivable | - | - | - | - | - | - | - | - | (620) | - | - | - | - | - | (620) | - |
| Impairment loss on inventory | (18) | - | - | - | (65) | - | - | - | - | - | - | - | - | - | (83) | - |
| Taxation | - | - | (663) | - | (162) | (17) | (78) | (107) | - | (5) | (81) | (610) | - | 374 | (984) | (365) |
| Amounts regularly provided to COMD but not included in the measure of segment profit or loss or segment assets: | | | | | | | | | | | | | | | | |
| Gain on disposal of interest in a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | 1,065 | - | 1,065 | - |
| Loss on disposal of financial assets at FVTPL | - | - | - | - | - | - | - | - | - | - | - | - | - | (7,168) | - | (7,168) |
| Loss on written-off of other receivables | - | - | - | - | - | - | - | - | - | - | - | - | (13,290) | - | (13,290) | - |
| Impairment loss recognised on goodwill | - | - | - | - | - | - | - | - | - | - | - | - | - | (3,968) | - | (3,968) |
| Impairment loss on loans to associates | - | - | - | - | - | - | - | - | - | - | - | - | (721) | - | (721) | - |
| Interest income | - | - | - | - | - | - | - | - | - | - | - | - | 4,481 | 1,560 | 4,481 | 1,560 |
| Dividend income from financial assets at FVTPL | - | - | - | - | - | - | - | - | - | - | - | - | 1,369 | 288 | 1,369 | 288 |
| Decrease in fair value of financial assets at FVTPL | - | - | - | - | - | - | - | - | - | - | - | - | (20,486) | (20,621) | (20,486) | (20,621) |
| Gain on fair value change of contingent consideration payable | - | - | - | - | - | - | - | - | - | - | - | - | 152 | 1,942 | 152 | 1,942 |
| Share of results of associates | - | - | - | - | - | - | - | - | - | - | - | - | (2,382) | 2,637 | (2,382) | 2,637 |
| Interests in associates | - | - | - | - | - | - | - | - | - | - | - | - | 73,431 | 75,813 | 73,431 | 75,813 |
| Finance costs | - | - | - | - | - | - | - | - | - | - | - | - | (9,251) | (10,873) | (9,251) | (10,873) |

Note: Non-current assets excluded those financial instruments.

附註：非流動資產不包括該等金融工具。

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

8. OPERATING SEGMENTS (continued)

Geographical information

The Group's operations are located in Hong Kong, the PRC and Taiwan.

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

8. 經營分類 (續)

地區資料

本集團的業務位於香港、中國及台灣。

本集團來自外部客戶的所得收益的資料乃按客戶地區呈列。本集團非流動資產乃按資產所在地區呈列。

| | | Revenue from external customers 來自外部客戶之收益 | | Non-current assets 非流動資產 | |
|-----------|----|--|----------------------------------|----------------------------------|----------------------------------|
| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
| Hong Kong | 香港 | 46,264 | 58,946 | 55,857 | 42,114 |
| The PRC | 中國 | 5,153 | 3,919 | 213,072 | 212,942 |
| Taiwan | 台灣 | - | 163 | 19,982 | 22,186 |
| | | 51,417 | 63,028 | 288,911 | 257,242 |

Note:

Non-current assets excluded financial instruments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

附註：

非流動資產不包括金融工具。

有關主要客戶的資料

相應年度來自客戶之收入佔本集團總收入超過10%之情況如下：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|-------------------------|------------------|----------------------------------|----------------------------------|
| Customer A ¹ | 客戶A ¹ | 24,025 | 10,378 |
| Customer B ² | 客戶B ² | N/A 不適用 ³ | 10,330 |

¹ Revenue from one-stop value chain services segment.

² Revenue from trading of grocery food products segment.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

¹ 來自一站式價值鏈服務分類之收益。

² 來自糧油食品貿易分類之收益。

³ 相應收益佔本集團總收益不超過10%。

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

9. FINANCE COSTS

9. 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 |
|---|--------------------|----------------------------------|----------------------------------|
| Interest on borrowings | 借款利息 | 3,770 | 4,108 |
| Interest on other payables (Note 29) | 其他應付款項利息(附註29) | 277 | - |
| Interest on margin loans payables | 應付保證金貸款利息 | 3,391 | 2,197 |
| Effective interest expense on convertible bonds (Note 35) | 可換股債券之實際利息費用(附註35) | 1,813 | 4,568 |
| | | 9,251 | 10,873 |

10. IMPAIRMENT LOSSES, NET OF REVERSAL

10. 減值虧損，扣除撥回

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|------------------------|----------------------------------|----------------------------------|
| Impairment losses (reversed) recognised on: | 減值虧損(撥回) 就以下各項進行確認: | | |
| - Trade receivables | - 貿易應收款項 | (53) | 302 |
| - Other receivables | - 其他應收款項 | 27 | - |
| - Loan and interest receivables | - 應收貸款及利息 | 620 | - |
| - Loans to associates | - 向聯營公司作出貸款 | 721 | - |
| | | 1,315 | 302 |

Details of impairment assessment for the year ended 31 December 2018 are set out in Note 39.

於截至二零一八年十二月三十一日止年度的減值評估詳情，載於附註39。

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

11. INCOME TAX EXPENSE

11. 所得稅開支

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|-------------------------|-------------|----------------------------------|----------------------------------|
| Current tax: | 即期稅項： | | |
| Hong Kong Profits Tax | 香港利得稅 | 321 | 812 |
| Deferred tax (Note 36): | 遞延稅項（附註36）： | | |
| Current year | 本年度 | 663 | (447) |
| | | 984 | 365 |

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

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2018. No EIT is provided for the years ended 31 December 2018 and 2017 as the Group did not derive any assessable profit subject to EIT.

於二零一八年三月二十一日，香港立法會通過《二零一七年稅務（修訂）（第7號）條例草案》（「該條例草案」），引入利得稅兩級制。該條例草案於二零一八年三月二十八日經簽署生效，並於翌日在憲報刊登。根據利得稅兩級制，合資格集團實體將按8.25%的稅率就溢利首2百萬港元繳納稅項，並將按16.5%的稅率繳納2百萬港元以上溢利的稅項。不符合利得稅兩級制資格的集團實體的溢利將繼續按16.5%的統一稅率繳納稅項。

因此，自本年度起，首2百萬港元之估計應課稅溢利按8.25%計算香港利得稅，而2百萬港元以上之估計應課稅溢利則按16.5%計算香港利得稅。

根據中華人民共和國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，中國附屬公司自二零一八年一月一日起的稅率均為25%。由於本集團並無取得應繳納企業所得稅的任何應課稅溢利，故並無就截至二零一八年及二零一七年十二月三十一日止年度計提企業所得稅撥備。

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

11. INCOME TAX EXPENSE (continued)

The Taiwan Profit-Seeking Enterprise Income Tax is calculated at 17% of the estimated assessable profits for both years. No Profit-Seeking Enterprise Income Tax is provided for the years ended 31 December 2018 and 2017 as the Group did not derive any assessable profit subject to Profit-Seeking Enterprise Income Tax.

The tax charge for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

11. 所得稅開支(續)

台灣營利事業所得稅已根據該兩個年度的估計應課稅溢利按17%之稅率計算。由於本集團並無產生任何須繳納營利事業所得稅的應課稅溢利，故概無就截至二零一八年及二零一七年十二月三十一日止年度作出營利事業所得稅撥備。

該等年度內稅項可依據綜合損益及其他全面收益表與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 taxation | 除稅前虧損 | 59,522 | (77,347) |
| Tax at the domestic income tax rate of 16.5% (2017: 16.5%) | 按國內所得稅率16.5% (二零一七年: 16.5%) 計算的稅項 | (9,821) | (12,762) |
| Tax effect of expenses not deductible for tax purpose | 不可扣稅開支的稅務影響 | 6,297 | 6,652 |
| Tax effect of income not taxable for tax purpose | 毋須課稅的收入的稅務影響 | (970) | (415) |
| Tax effect of share of results of associates | 分佔聯營公司業績的稅務影響 | 393 | (435) |
| Tax effect of deductible temporary differences not recognised | 未確認可扣除暫時差額之稅務影響 | 870 | 176 |
| Tax reduction | 稅項扣減 | (40) | - |
| Underprovision of income tax expense in prior years | 過往年度所得稅開支撥備不足 | 178 | - |
| Tax effect of tax losses not recognised | 未確認稅項虧損的稅務影響 | 3,444 | 7,017 |
| Utilisation of tax losses previously not recognised | 動用先前未確認之稅項虧損 | - | (345) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 於其他司法權區經營的 附屬公司的不同稅率影響 | 633 | 477 |
| Income tax expense | 所得稅支出 | 984 | 365 |

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

12. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

12. 本年度虧損

本年度虧損於扣除下列各項後得出：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--|-----------------------|----------------------------------|----------------------------------|
| Directors' emoluments (Note 13(A)) | 董事之酬金 (附註13(A)) | 4,444 | 9,155 |
| Other staff costs (excluding directors' emoluments) | 其他員工成本 (不包括董事之酬金) | 13,423 | 9,447 |
| Share-based payments (excluding directors) | 以股份為基礎之付款 (不包括董事) | 1,059 | 3,792 |
| Retirement benefits scheme contributions (excluding directors) | 退休福利計劃供款 (不包括董事) | 696 | 589 |
| | | 19,622 | 22,983 |
| Auditors' remuneration | 核數師酬金 | | |
| – Audit services | – 核數服務 | 800 | 830 |
| – Non-audit services | – 非核數服務 | 125 | 70 |
| Amount of inventories recognised as an expense | 確認為開支之存貨款項 | 35,245 | 47,029 |
| Amortisation of an intangible asset | 無形資產攤銷 | – | 1,604 |
| Depreciation for plant and equipment | 廠房及設備折舊 | 2,356 | 2,684 |
| Loss on written-off of intangible assets | 撇銷無形資產的虧損 | – | 3,075 |
| Loss on written-off of plant and equipment | 撇銷廠房及設備的虧損 | – | 382 |
| Loss on written-off of other receivables | 撇銷其他應收款項的虧損 | 13,290 | – |
| Write-down of inventories | 存貨減記 | 83 | – |
| Share-based payments to consultants | 支付予顧問的以股份為基礎之付款 | 631 | 1,040 |
| Minimum lease payments paid under operating leases in respect of office premises | 有關辦公室物業的經營租賃的已付最低租賃款項 | 4,215 | 4,297 |

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

13(A). DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the six (2017: seven) directors and the chief executive of the Company for the years ended 31 December 2018 and 2017 were as follows:

For the year ended 31 December 2018

| | | Executive directors 執行董事 | | Independent non-executive directors 獨立非執行董事 | | | | |
|--|-----------|---|----------------------------|--|---------------------|-------------------------------|-----------------|--|
| | | Lai Yick Fung (resigned on 30 March 2018) 賴益豐 (於二零一八年 三月三十日 辭任) | Ng Cheuk Fan, Keith 吳卓凡 | Zhang Min 張民 | Yuen Wai Man 袁慧敏 | Yick Ting Fai, Jeffery 易庭輝 | Total 總計 | |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | |
| Fees | 袍金 | - | - | - | 180 | 180 | 540 | |
| Other emoluments | 其他酬金 | 1,300 | 427 | 1,300 | - | - | 3,027 | |
| Retirement benefits scheme contributions | 退休福利計劃供款 | 18 | 5 | 18 | - | - | 41 | |
| Share-based payments | 以股份為基礎之付款 | 348 | 121 | 268 | 33 | 33 | 836 | |
| Total emoluments | 酬金總額 | 1,666 | 553 | 1,586 | 213 | 213 | 4,444 | |

13(A). 董事之酬金

截至二零一八年及二零一七年十二月三十一日止年度向本公司六位董事(二零一七年:七位)及行政總裁各自已付或應付酬金如下:

截至二零一八年十二月三十一日止年度

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

13(A). DIRECTORS' EMOLUMENTS (continued)

For the year ended 31 December 2017

13(A). 董事之酬金 (續)

截至二零一七年十二月三十一日止年度

| | Executive directors 執行董事 | | | | Independent non-executive directors 獨立非執行董事 | | | Total 總計 |
|--|---|--|--|---|--|--|---|--------------|
| | So David Tat Man 蘇達文 HK\$'000 千港元 | Lai Yick Fung (resigned on 30 March 2018) 賴益豐 (於二零一八年 三月三十日 辭任) HK\$'000 千港元 | Ng Cheuk Fan, Keith 吳卓凡 HK\$'000 千港元 | Au Yeung Po Leung (resigned on 30 September 2017) 歐陽貴傑 (於二零一七年 九月三十日 辭任) HK\$'000 千港元 | Zhang Min 張民 HK\$'000 千港元 | Yuen Wai Man 袁慧敬 HK\$'000 千港元 | Yick Ting Fai, Jeffery 易庭輝 HK\$'000 千港元 | |
| Fees 袍金 | - | - | - | - | 180 | 180 | 180 | 540 |
| Other emoluments 其他酬金 | 1,200 | 1,200 | 1,184 | 540 | - | - | - | 4,124 |
| Retirement benefits scheme contributions 退休福利計劃供款 | 18 | 18 | 18 | 14 | - | - | - | 68 |
| Share-based payments 以股份為基礎之付款 | 1,667 | 928 | 835 | 580 | 158 | 97 | 158 | 4,423 |
| Total emoluments 酬金總額 | 2,885 | 2,146 | 2,037 | 1,134 | 338 | 277 | 338 | 9,155 |

- (a) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.
- (a) 上文所示執行董事之酬金就彼等為本公司及本集團事務管理所提供之服務支付。
- (b) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- (b) 上文所示獨立非執行董事之酬金就彼等擔任本公司之董事所提供之服務支付。
- (c) No chief executive of the Company was appointed for the years ended 31 December 2018 and 2017.
- (c) 截至二零一八年及二零一七年十二月三十一日止年度，本公司概無委任行政總裁。
- (d) No Directors waived or agreed to waive any emoluments during the years ended 31 December 2018 and 2017.
- (d) 截至二零一八年及二零一七年十二月三十一日止兩個年度，概無董事放棄或同意放棄任何酬金。
- (e) During the years ended 31 December 2018 and 2017, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.
- (e) 於截至二零一八年及二零一七年十二月三十一日止年度，本集團並無向董事支付任何酬金，作為加入本集團或於加入時之獎勵，或作為離職賠償。

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

13(B). FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2017: four) were Directors whose emoluments are included in the Note 13(A) above. The emoluments of the remaining three (2017: one) individuals 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 |
|---|-----------|----------------------------------|----------------------------------|
| Basic salaries and allowances | 基本薪金及津貼 | 3,724 | 780 |
| Share-based payments | 以股份為基礎之付款 | – | 95 |
| Retirement benefits scheme contributions | 退休福利計劃供款 | 49 | 18 |
| | | 3,773 | 893 |

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--------------------------------|-------------------------|----------------------------------|----------------------------------|
| Nil to HK\$1,000,000 | 零至1,000,000港元 | 1 | 1 |
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 1 | – |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001港元至2,000,000港元 | 1 | – |
| | | 3 | 1 |

During the two years ended 31 December 2018 and 2017, no emoluments were paid by the Group to the highest paid individuals (including the Directors) as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: Nil).

13(B). 五位最高薪酬僱員

本集團五位最高薪酬人士中，兩位（二零一七年：四位）為董事，彼等酬金已於上文附註13(A)。其餘三位（二零一七年：一位）個別人士之酬金如下：

薪酬處於以下範圍內的並非董事的最高薪酬僱員的數目如下：

於截至二零一八年及二零一七年十二月三十一日止兩個年度內，本集團並無向最高薪酬人士（包括董事）支付任何酬金，作為加入本集團或於加入時之獎勵，或作為離職賠償。

14. 股息

截至二零一八年十二月三十一日止年度，概無向本公司普通股股東派付或建議支付任何股息，且自報告期末起亦無建議支付任何股息（二零一七年：無）。

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

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss

| | | 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 owners of the Company | 本公司擁有人應佔本年度虧損 | (68,428) | (71,648) |
| Number of shares | 股份數目 | | (Restated) (經重述) |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | 普通股加權平均數 (就每股基本及攤薄虧損而言) | 710,647,717 | 605,392,545 |

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation on 16 November 2018.

The denominator for the purpose of calculating basic and diluted loss per share in 2017 has been restated to reflect the effect of the share consolidation during the year ended 31 December 2018.

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the exercise of the Company's options since their exercise would result in an antidilutive effect on the basic loss per share for the year ended 31 December 2018.

For the year ended 31 December 2017, the computation of diluted loss per share does not assume the conversion/exercise of the Company's convertible bonds and options since their conversion/exercise would result in an antidilutive effect on the basic loss per share for the year ended 31 December 2017.

15. 每股虧損

本公司擁有人應佔每股基本及攤薄虧損乃基於以下數據計算：

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 for the year attributable to owners of the Company | 本公司擁有人應佔本年度虧損 | (68,428) | (71,648) |
| Number of shares | 股份數目 | | (Restated) (經重述) |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share | 普通股加權平均數 (就每股基本及攤薄虧損而言) | 710,647,717 | 605,392,545 |

於二零一八年十一月十六日，已就股份合併調整每股基本及攤薄虧損的加權平均普通股數目。

計算二零一七年每股基本及攤薄虧損的分母已重列，以反映截至二零一八年十二月三十一日止年度的股份合併影響。

於截至二零一八年十二月三十一日止年度，每股攤薄虧損的計算並未假設本公司的購股權獲行使，此乃由於該等行使會對截至二零一八年十二月三十一日止年度的每股基本虧損構成反攤薄影響。

於截至二零一七年十二月三十一日止年度，每股攤薄虧損的計算並未假設本公司可換股債券及購股權獲兌換／行使，此乃由於該等兌換／行使會對截至二零一七年十二月三十一日止年度的每股基本虧損構成反攤薄影響。

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

16. PLANT AND EQUIPMENT

16. 廠房及設備

| | | Leasehold improvement 租賃物業裝修 HK\$'000 千港元 | Plant and machinery 廠房及機器 HK\$'000 千港元 | Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$'000 千港元 | Computer, network and related equipment 電腦、網絡及相關設備 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
|---|-------------------|--|---|--|--|---|--------------------------------|
| COST | | 成本 | | | | | |
| At 1 January 2017 | 於二零一七年一月一日 | 3,946 | 598 | 2,213 | 338 | 3,897 | 10,992 |
| Additions | 添置 | 2,804 | - | 323 | 15 | 957 | 4,099 |
| Written-off | 撇銷 | - | - | - | - | (1,685) | (1,685) |
| Acquired on acquisition of a subsidiary (Note 44) | 於收購附屬公司時收購 (附註44) | - | - | 4 | - | - | 4 |
| Exchange adjustment | 匯兌調整 | 83 | - | 95 | 11 | 121 | 310 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 6,833 | 598 | 2,635 | 364 | 3,290 | 13,720 |
| Additions | 添置 | 23 | - | 34 | 3 | 500 | 560 |
| Written-off | 撇銷 | (133) | - | - | - | - | (133) |
| Exchange adjustment | 匯兌調整 | (47) | - | (58) | (6) | (71) | (182) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 6,676 | 598 | 2,611 | 361 | 3,719 | 13,965 |
| ACCUMULATED DEPRECIATION | | 累計折舊 | | | | | |
| At 1 January 2017 | 於二零一七年一月一日 | 1,176 | 598 | 363 | 199 | 1,865 | 4,201 |
| Provided for the year | 年內撥備 | 1,411 | - | 469 | 48 | 756 | 2,684 |
| Eliminated on written-off | 於撇銷時對銷 | - | - | - | - | (1,303) | (1,303) |
| Exchange adjustment | 匯兌調整 | 32 | - | 43 | 3 | 76 | 154 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,619 | 598 | 875 | 250 | 1,394 | 5,736 |
| Provided for the year | 年內撥備 | 1,156 | - | 494 | 50 | 656 | 2,356 |
| Eliminated on written-off | 於撇銷時對銷 | (133) | - | - | - | - | (133) |
| Exchange adjustment | 匯兌調整 | (44) | - | (43) | (3) | (62) | (152) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 3,598 | 598 | 1,326 | 297 | 1,988 | 7,807 |
| CARRYING VALUES | | 賬面值 | | | | | |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 3,078 | - | 1,285 | 64 | 1,731 | 6,158 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 4,214 | - | 1,760 | 114 | 1,896 | 7,984 |

The above items of plant and equipment are depreciated over their estimated useful lives using the straight-line basis at the following rates per annum:

上文所述之廠房及設備項目於其估計可使用年期採用直線法按以下年率折舊：

| | | | |
|---|--|------------|--------------------|
| Leasehold improvement | Over the shorter of the term of the leases, or 20% | 租賃物業裝修 | 於租賃期內或20% (以較短者為準) |
| Plant and machinery | 20% | 廠房及機器 | 20% |
| Furniture, fixtures and equipment | 20% | 傢俬、裝置及設備 | 20% |
| Computer, network and related equipment | 20% | 電腦、網絡及相關設備 | 20% |
| Motor vehicles | 20% | 汽車 | 20% |

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

17. INVESTMENT PROPERTIES

17. 投資物業

| | | 2018 | 2017 |
|---|------------------------|-----------------|----------|
| | | 二零一八年 | 二零一七年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| FAIR VALUE | 公平值 | | |
| At 1 January | 於一月一日 | 169,173 | 155,457 |
| Disposals | 出售事項 | (7,591) | – |
| Net increase in fair value recognised in profit or loss | 於損益中確認的公平值 增加淨額 | 16,249 | 2,124 |
| Exchange adjustment | 匯兌調整 | (8,031) | 11,592 |
| At 31 December | 於十二月三十一日 | 169,800 | 169,173 |
| Net unrealised gain on property revaluation included in profit or loss | 計入損益之物業重估之 已未變現收益淨額 | 16,249 | 2,124 |

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

17. INVESTMENT PROPERTIES (continued)

All of the Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes and are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of all of the Group's investment properties as at 31 December 2018 and 31 December 2017 has been arrived at on the basis of a valuation carried out on the respective dates by AVISTA Valuation Advisory Limited and Ravia Global Appraisal Advisory Limited (2017: AVISTA Valuation Advisory Limited and Asset Appraisal Limited), independent qualified professional valuers not connected to the Group.

In determining the fair value of the relevant properties, the Group engages third part qualified valuers to perform the valuation. The Directors work closely with the qualified valuers to establish the appropriate valuation techniques and inputs to the model.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. 投資物業 (續)

本集團之全部物業權益按經營租約持有以賺取租金或作資本升值之用，並按公平值模式計量，並分類為投資物業入賬。

本集團於二零一八年十二月三十一日及二零一七年十二月三十一日之所有投資物業公平值乃根據艾華迪評估諮詢有限公司及Ravia Global Appraisal Advisory Limited (與本集團並無關連的獨立合資格專業估值師) (二零一七年: 艾華迪評估諮詢有限公司及中誠達資產評估顧問公司)於有關日期所進行之估值達致。

於釐定相關物業的公平值時，本集團委聘第三方合資格估值師進行估值。董事與合資格估值師密切合作以確定合適的估值方法及模型的輸入數據。

往年所用的估值方法現時並無改變。估計該等物業之公平值時，該等物業最高及最佳用途乃其現時用途。

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

17. INVESTMENT PROPERTIES (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2018 and 2017 are as follows:

17. 投資物業(續)

有關本集團於二零一八年及二零一七年十二月三十一日之投資物業以及有關公平值等級資料之詳情如下：

| | | Fair value as at 31 December 於十二月三十一日的公平值 | |
|---|------------------------|---|---------------------------------|
| | | 2018 二零一八 HK\$'000 千港元 | 2017 二零一七 HK\$'000 千港元 |
| Investment properties located in Hong Kong (categorised as Level 2) | 位於香港的投資物業 (分類為第二級別) | 13,000 | 9,100 |
| Investment properties located in the PRC (categorised as Level 2) | 位於中國的投資物業 (分類為第二級別) | 137,691 | 138,714 |
| Investment properties located in Taiwan (categorised as Level 2) | 位於台灣的投資物業 (分類為第二級別) | 19,109 | 21,359 |
| | | 169,800 | 169,173 |

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

17. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of the investment properties as at 31 December 2018 and 2017 are determined (in particular, the valuation techniques and inputs used):

17. 投資物業(續)

下表提供投資物業於二零一八年及二零一七年十二月三十一日的公平值之釐定方法的資料(尤其是估值方法及所用輸入數據):

| | Fair value hierarchy | Fair value as at 31 December 2018 | Valuation technique and key inputs | Significant unobservable inputs | Relationship of key inputs and significant unobservable inputs to fair value |
|---|----------------------|---|--|---------------------------------|--|
| | 公平值等級 | 於二零一八年十二月三十一日的公平值 | 估值方法及主要輸入數據 | 未能觀察的重大輸入數據 | 公平值的主要輸入數據與未能觀察的重大輸入數據之間的關係 |
| Investment properties located in Hong Kong | Level 2 | HK\$13,000,000 (2017: HK\$9,100,000) | Direct comparison approach – Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property | N/A | N/A |
| 位於香港的投資物業 | 第二級別 | 13,000,000港元 (二零一七年: 9,100,000港元) | 直接比較法 – 市場單位價格, 經考慮物業的性質、位置及狀況作出調整的類似物業的近期交易價格 | 不適用 | 不適用 |
| Investment properties located in PRC (Note) | Level 2 | RMB120,930,000 (Equivalent to approximately HK\$137,691,000) (2017: RMB115,700,000 (Equivalent to approximately HK\$138,714,000)) | Direct comparison approach – Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property | N/A | N/A |
| 位於中國的投資物業(附註) | 第二級別 | 人民幣120,930,000元 (相當於約137,691,000港元) (二零一七年: 人民幣115,700,000元 (相當於約138,714,000港元)) | 直接比較法 – 市場單位價格, 經考慮物業的性質、位置及狀況作出調整的類似物業的近期交易價格 | 不適用 | 不適用 |
| Investment properties located in Taiwan | Level 2 | NTD74,500,000 (Equivalent to approximately HK\$19,109,000) (2017: NTD80,000,000 (Equivalent to approximately HK\$21,359,000)) | Direct comparison approach – Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property | N/A | N/A |
| 位於台灣的投資物業 | 第二級別 | 新台幣74,500,000元(相當於約19,109,000港元)(二零一七年: 新台幣80,000,000元(相當於約21,359,000港元)) | 直接比較法 – 市場單位價格, 經考慮物業的性質、位置及狀況作出調整的類似物業的近期交易價格 | 不適用 | 不適用 |

There was no transfer into and out of Level during the year.

於年內並無級別內及級別間的轉撥。

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

17. INVESTMENT PROPERTIES (continued)

The investment properties located in Taiwan with the fair value of approximately TWD74,500,000 (equivalent to approximately HK\$19,109,000) as at 31 December 2018 (2017: TWD80,000,000 (equivalent to approximately HK\$21,359,000)) have been pledged to a bank to secure the bank borrowing granted to the Group. Details of bank borrowing are set out in Note 32(a).

The investment properties located in PRC with the fair value of approximately RMB26,121,000 (equivalent to approximately HK\$29,742,000) as at 31 December 2018 (2017: RMB80,300,000 (equivalent to approximately HK\$96,272,000)) have been pledged to a bank to secure the bank borrowing granted to the Group. Details of bank borrowing are set out in Note 32(c).

As at 31 December 2018, the investment property located in Hong Kong with the fair value of approximately HK\$13,000,000 (2017: Nil) has been pledged to a bank to secure the bank borrowing granted to the Group. Details of bank borrowing are set out in Note 32(c).

17. 投資物業(續)

於二零一八年十二月三十一日，公平值約為新台幣74,500,000元(相當於約19,109,000港元)(二零一七年：新台幣80,000,000元(相當於約21,359,000港元))的位於台灣的投資物業已抵押予一家銀行以擔保向本集團授出的銀行借款。銀行借款的詳情載列於附註32(a)。

於二零一八年十二月三十一日，公平值約為人民幣26,121,000元(相當於約29,742,000港元)(二零一七年：人民幣80,300,000元(相當於約96,272,000港元))的位於中國的投資物業已抵押予一家銀行以擔保向本集團授出的銀行借款。銀行借款的詳情載列於附註32(c)。

於二零一八年十二月三十一日，公平值約為13,000,000港元(二零一七年：零)的位於香港的投資物業已抵押予一家銀行以擔保向本集團授出的銀行借款。銀行借款的詳情載列於附註32(c)。

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

18. GOODWILL

18. 商譽

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| COST | | 成本 | |
| At 1 January | 於一月一日 | 23,594 | 22,819 |
| Arising on acquisition of a subsidiary (Note 44) | 自收購附屬公司產生(附註44) | – | 775 |
| At 31 December | 於十二月三十一日 | 23,594 | 23,594 |
| IMPAIRMENT | | 減值 | |
| At 1 January | 於一月一日 | (19,322) | (15,354) |
| Impairment loss recognised during the year | 年內確認的減值虧損 | – | (3,968) |
| At 31 December | 於十二月三十一日 | (19,322) | (19,322) |
| CARRYING VALUES | | 賬面值 | |
| At 31 December | 於十二月三十一日 | 4,272 | 4,272 |

Impairment loss is recognised after the assessment of the recoverable amount, being the value in use, made by the Directors.

減值虧損於董事評估可收回金額(即使用價值)後確認。

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

18. GOODWILL (continued)

For the purposes of impairment testing, goodwill with indefinite useful lives set out above have been allocated to three individual CGUs, comprising one subsidiary group in the trading of grocery food products segment, one subsidiary group in the trading of consumables and agricultural products and one company in provision of financial services. The carrying amounts of goodwill as at 31 December 2018 and 2017 allocated to these units are as follows:

18. 商譽 (續)

為進行減值測試，上文所載具有無限使用期的商譽已獲分配至三個不同的現金產生單位，包括糧油食品貿易分類的一組附屬公司、消耗品及農產品貿易分類的一組附屬公司及提供金融服務的一間公司。於二零一八年及二零一七年十二月三十一日，獲分配至該等單位的商譽賬面值如下：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|-------------------------------|----------------------------------|----------------------------------|
| Trading of grocery food products | 糧油食品貿易 | | |
| – YIHE Group (Note a) | – 宜合集團 (附註a) | – | – |
| Trading of consumables and agricultural products | 消耗品及農產品貿易 | | |
| – Inno-Bag Limited (Note b) | – 成豐環保袋企業有限公司 (附註b) | 3,497 | 3,497 |
| Provision of financial services | 提供金融服務 | | |
| – China AF Corporate Finance Limited (“CAFCE”) (Note c) | – 中國農信財務顧問有限公司 (「中國農信」) (附註c) | 775 | 775 |
| | | 4,272 | 4,272 |

Notes:

- (a) During the year ended 31 December 2017, the Group recognised an impairment loss of approximately HK\$3,968,000 in relation to goodwill arising on the acquisition of YIHE Enterprise Holding Limited and its subsidiary (collectively referred as “YIHE Group”), which is engaged in trading of grocery food products. The management assessed the recoverable amount to be Nil which was due to cessation of the business during the year ended 31 December 2017. Accordingly approximately HK\$3,968,000 was fully impaired.

附註：

- (a) 截至二零一七年十二月三十一日止年度，本集團就收購宜合企業控股有限公司及其附屬公司（統稱「宜合集團」）（其從事糧油食品貿易）確認商譽減值虧損約3,968,000港元。管理層評估可收回金額為零，此乃由於於截至二零一七年十二月三十一日止年度內終止有關業務。因此，約3,968,000港元已悉數減值。

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

18. GOODWILL (continued)

Notes: (continued)

- (b) For the year ended 31 December 2018, the recoverable amount of Inno-Bag Limited has been determined on the basis of a value in use calculation. The recoverable amount is based on certain similar key assumptions. The value in use calculations uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a pre-tax discount rate of 17.88% (2017: 17.52%). The cash flows beyond the 5-year period are extrapolated using a steady 3% (2017: 3%) growth rate. The growth rate is based on the general inflation rate for the year 2018. Cash flow projections during the budget period for Inno-Bag Limited is also based on the budgeted sales and expected gross margins of Inno-Bag Limited. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Inno-Bag Limited to exceed the aggregate recoverable amount of Inno-Bag Limited.
- (c) The recoverable amount of CAFCF has been determined on the basis of a value in use calculation. The recoverable amount is based on certain similar key assumptions. The value in use calculations uses cash flow projections based on financial budgets approved by management covering a 5-year period, and a pre-tax discount rate of 15.29% (2017: 14.66%). The cash flows beyond the 5-year period are extrapolated using a steady 3% (2017: 3%) growth rate. The growth rate is based on the general inflation rate for the year 2018. Cash flow projections during the budget period for CAFCF are also based on the budgeted sales and expected gross margins of CAFCF. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CAFCF to exceed the aggregate recoverable amount of CAFCF.

18. 商譽 (續)

附註：(續)

- (b) 截至二零一八年十二月三十一日止年度，成豐環保袋企業有限公司的可收回金額按使用價值計算而釐定。可收回金額按照若干類似關鍵假設。使用價值的計算乃使用基於管理層所批准之五年期財政預算的現金流量預測，及除稅前折現率17.88%（二零一七年：17.52%），而超過五年期的現金流量採用穩定增長率3%（二零一七年：3%）作出推算。現金增長率乃基於二零一八年的一般通脹率。成豐環保袋企業有限公司於預算期內的現金流量預測亦按照成豐環保袋企業有限公司的預算銷售及預期毛利率。管理層相信，任何該等假設的任何合理可能變動不會導致成豐環保袋企業有限公司總賬面值超過可收回總金額。
- (c) 中國農信的可收回金額按使用價值計算而釐定。可收回金額按照若干類似關鍵假設。使用價值的計算乃使用基於管理層所批准之五年期財政預算的現金流量預測，及除稅前折現率15.29%（二零一七年：14.66%），而超過五年期的現金流量採用穩定增長率3%（二零一七年：3%）作出推算。現金增長率乃基於二零一八年的一般通脹率。中國農信於預算期內的現金流量預測亦按照中國農信的預算銷售及預期毛利率。管理層相信，任何該等假設的任何合理可能變動不會導致中國農信總賬面值超過中國農信可收回總金額。

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

19. INTANGIBLE ASSET

19. 無形資產

| | | HK\$'000 千港元 |
|--|--------------------------------|-----------------|
| COST | 成本 | |
| At 1 January 2017 | 於二零一七年一月一日 | 6,416 |
| Written-off | 撇銷 | (6,416) |
| | | <hr/> |
| At 31 December 2017 and 31 December 2018 | 於二零一七年十二月三十一日及 二零一八年十二月三十一日 | - |
| | | <hr/> |
| AMORTISATION | 攤銷 | |
| At 1 January 2017 | 於二零一七年一月一日 | 1,737 |
| Charge for the year | 本年度支出 | 1,604 |
| Eliminated on written-off | 於撇銷時對銷 | (3,341) |
| | | <hr/> |
| At 31 December 2017 and 31 December 2018 | 於二零一七年十二月三十一日及 二零一八年十二月三十一日 | - |
| | | <hr/> |
| CARRYING VALUES | 賬面值 | |
| At 31 December 2018 | 於二零一八年十二月三十一日 | - |
| | | <hr/> |
| At 31 December 2017 | 於二零一七年十二月三十一日 | - |
| | | <hr/> |

In the opinion of the Directors, the franchise has finite useful life and is amortised on a straight-line basis over 4 years. During the year ended 31 December 2017, the asset was fully written-off due to the expiry of the franchise rights and the Directors do not elect to renew with the counterparties.

董事認為，專營權具有有限使用期，其於四年內按直線法攤銷。於截至二零一七年十二月三十一日止年度內，由於特許經營權到期且董事並未選擇與交易對手續約，資產已全部撇銷。

20. INTERESTS IN ASSOCIATES

20. 於聯營公司之權益

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|----------------|----------------------------------|----------------------------------|
| Cost of unlisted investments in associates | 於聯營公司之非上市投資成本 | 69,212 | 69,212 |
| Share of post-acquisition profit and other comprehensive income | 分佔收購後溢利及其他全面收益 | 4,219 | 6,601 |
| | | <hr/> 73,431 <hr/> | <hr/> 75,813 <hr/> |

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. INTERESTS IN ASSOCIATES (continued)

As at 31 December 2018 and 2017, the Group had interests in the following associates:

| Name of entity 實體名稱 | Form of entity 實體形式 | Place of incorporation/ establishment/ operation 註冊成立/成立/ 經營地點 | Class of shares held 所持股份之類別 | Proportion of ownership interests or participating shares held by the Group 本集團所持有所有權益或參與股份之比例 | | Proportion of voting power held | | Principal activity 主要業務 |
|--|---------------------------|--|---------------------------------|---|-------|---------------------------------|-------|--------------------------------|
| | | | | 2018 | 2017 | 2018 | 2017 | |
| | | | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | |
| Direct associates | | | | | | | | |
| 直接聯營公司 | | | | | | | | |
| FDC Limited (Note a) FDC Limited (附註a) | Limited liability 有限公司 | Samoa 薩摩亞 | Ordinary shares 普通股 | 49% | 49% | 49% | 49% | Inactive 無業務 |
| 中合華夏(北京)投資諮詢有限公司 Zhonghe Huaxia (Beijing) Investment Consulting Co., Ltd.* ("Beijing HX") (Note b) | Limited liability 有限公司 | PRC 中國 | Paid up capital 繳足資本 | 40% | 40% | 40% | 40% | Investment holding 投資控股 |
| Gold Wide Holdings Limited ("Gold Wide") 金弘集團有限公司(「金弘」) | Limited liability 有限公司 | HK 香港 | Ordinary shares 普通股 | 25% | 25% | 25% | 25% | Investment holding 投資控股 |
| Indirect associates | | | | | | | | |
| 間接聯營公司 | | | | | | | | |
| 中合新農(北京)投資有限公司 Zhonghe Xinnong (Beijing) Investment Co., Ltd.* ("Beijing XN") (Note b) | Limited liability 有限公司 | PRC 中國 | Paid up capital 繳足資本 | 22% | 22% | 22% | 22% | Investment holding 投資控股 |
| 扶余中合新農市場置業有限公司 Fuyu Zhonghe Xinnong Market Real Estate Co., Ltd.* ("Fuyu") (Note b) | Limited liability 有限公司 | PRC 中國 | Paid up capital 繳足資本 | 22% | 22% | 22% | 22% | Properties development 物業發展 |

* English name for identification only

* 英文名稱僅供識別

Notes:

附註:

- (a) FDC Limited was inactive since its incorporation, the carrying amount attributable to the Group is not significant.
- (b) The English translation of the company name is for identification purpose only. The official names of these companies are in Chinese.

- (a) FDC Limited自註冊成立以來並無業務，而本集團應佔賬面值並不重大。
- (b) 公司名稱的英文翻譯乃僅供識別。該等公司的官方名稱均以中文列示。

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. INTERESTS IN ASSOCIATES (continued) Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

20. 於聯營公司之權益 (續) 主要聯營公司之財務資料概要

本集團各主要聯營公司之財務資料概要載於下文。下文所述財務資料概要指按香港財務報告準則編製的聯營公司財務報表所示金額。

於該等綜合財務報表，所有該等聯營公司均使用權益法列賬。

| Beijing HX and its subsidiaries (the "Beijing HX Group") | 北京華夏及其附屬公司 (「北京華夏集團」) | 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 | 319,190 | 332,517 |
| Non-current assets | 非流動資產 | 156 | 227 |
| Current liabilities | 流動負債 | (153,210) | (153,127) |
| Non-current liabilities | 非流動負債 | (11,462) | (11,625) |
| Net assets | 資產淨值 | 154,674 | 167,992 |
| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
| Revenue | 收益 | - | - |
| Loss and total comprehensive expenses for the year | 本年度虧損及全面開支總額 | (6,846) | (877) |

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. INTERESTS IN ASSOCIATES (continued)

The reconciliation of the above summarised financial information to the carrying amount of the interests in associates are set out below:

20. 於聯營公司之權益 (續)

上文呈列財務資料概要與於聯營公司之權益賬面值之對賬確認如下:

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|---------------------------|--|--|
| Net assets of the Beijing HX Group | 北京華夏集團的資產淨值 | 154,674 | 167,992 |
| Non-controlling interests of Beijing HX's subsidiaries | 北京華夏附屬公司的非控股股東權益 | (56,266) | (62,738) |
| | | 98,408 | 105,254 |
| Proportion of the Group's 40% ownership interest in Beijing HX and its subsidiaries | 本集團於北京華夏及其附屬公司之40%所有權權益比例 | 39,363 | 42,102 |
| Goodwill | 商譽 | 855 | 855 |
| Carrying amount of the Group's interest in Beijing HX Group | 本集團於北京華夏集團之權益賬面值 | 40,218 | 42,957 |
| Gold Wide | 金弘 | 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 | 122,649 | 121,198 |
| Current assets | 流動資產 | 19 | 23 |
| Current liabilities | 流動負債 | (294) | (275) |
| Net assets | 資產淨值 | 122,374 | 120,946 |

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. INTERESTS IN ASSOCIATES (continued)

20. 於聯營公司之權益 (續)

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| Revenue | 收益 | - | - |
| Profit for the year and total comprehensive income for the year | 本年度溢利及本年度全面收益總額 | 1,428 | 11,950 |

The reconciliation of the above summarised financial information of the carrying amount of the interests in associates are set out below:

上述於聯營公司之權益的賬面值的財務資料概要對賬如下：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|---|-------------------|----------------------------------|----------------------------------|
| Net assets of the Gold wide | 本集團應佔金弘的資產淨值 | 122,374 | 120,946 |
| Proportion of the Group's 25% ownership interest in Gold Wide | 本集團於金弘之25%所有權權益比例 | 30,594 | 30,237 |
| Goodwill | 商譽 | 2,619 | 2,619 |
| Carrying amount of the Group's interest in Gold Wide | 本集團於金弘之權益賬面值 | 33,213 | 32,856 |

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

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

21. 按公平值計入其他全面收益的權益工具

| | | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------------|----------------------------------|
| Listed investments: | 上市投資： | |
| Equity securities listed in Hong Kong (Note a) | 於香港上市的股本證券（附註a） | 10,142 |
| Unlisted investments: | 非上市投資： | |
| Equity securities (Note b and c) | 股本證券（附註b及c） | 21,842 |
| | | 31,984 |

Notes:

- (a) The listed equity investments represent ordinary shares of an entity listed in Hong Kong. The equity investments listed in Hong Kong with the fair value of approximately HK\$10,142,000 as at 31 December 2018 have been pledged to a financial institution for margin loans granted to the Group. Details of margin loans payables are set out in Note 34.
- (b) The unlisted equity investments of approximately RMB19,184,000 (equivalent to approximately HK\$21,842,000) represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

附註：

- (a) 上市股本投資是指於香港上市的實體的普通股。於二零一八年十二月三十一日公平值約10,142,000港元之於香港上市之股本投資就授予本集團之保證金貸款而抵押予金融機構。應付保證金貸款詳情載於附註34。
- (b) 約為人民幣19,184,000元（相當於約21,842,000港元）的非上市股本投資是指對於中國註冊成立的私人企業發行的非上市股本證券的投資。

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

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The above investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these instruments at FVTOCI as they believe that recognised short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the year ended 31 December 2018, in order to strengthen the cash position of the Group, the Group disposed of certain listed equity investments at a consideration of HK\$5,370,000, which represent the fair value as at the date of disposal. A cumulative gain on disposal of HK\$792,000 has been transferred to retained profits.

22. AVAILABLE-FOR-SALE INVESTMENTS

21. 按公平值計入其他全面收益的權益工具 (續)

以上投資並非為買賣而持有，而是為長期戰略目的而持有。董事已選擇將該等工具指定為按公平值計入其他全面收益，因為彼等認為該等投資的公平值於損益中確認的短期波動不符合本集團為長期目的持有該等投資的策略並變現其於長期內的績效潛力。

於截至二零一八年十二月三十一日止年度內，為加強本集團的現金狀況，本集團按5,370,000港元的代價（亦為於出售日期的公平值）出售若干上市股本投資。出售的累計收益792,000港元已轉撥至保留溢利。

22. 可供出售投資

| | | 2017 二零一七年 HK\$'000 千港元 |
|---|------------------|----------------------------------|
| <hr/> | | |
| At cost: | 按成本： | |
| Unlisted equity investments (Notes a and b) | 非上市股本投資（附註a及附註b） | 41,616 |
| Less: Accumulated impairment losses (Notes b) | 減：累計減值虧損（附註b） | (500) |
| | | <hr/> 41,116 |
| At fair value: | 按公平值： | |
| Listed equity investments (Notes c and d) | 上市股本投資（附註c及附註d） | 18,064 |
| | | <hr/> 59,180 |

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

22. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

- (a) The unlisted equity investments of approximately RMB37,000,000 (equivalent to approximately HK\$41,616,000) represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less accumulated impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.
- (b) The unlisted equity investments of approximately HK\$500,000 represent investments in unlisted equity securities issued by a private entity incorporated in Hong Kong. They are measured at cost less accumulated impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that its fair value cannot be measured reliably. As at 31 December 2015, it had been fully impaired.
- (c) The listed equity investments listed in Hong Kong with the fair value of approximately HK\$18,064,000 as at 31 December 2017 have been pledged to a financial institution for margin loans granted to the Group. Details of margin loans payables are set out in Note 34.
- (d) During the year ended 31 December 2017, the Group recognised a fair value gain of approximately HK\$402,000 in the investment revaluation reserve.

22. 可供出售投資(續)

附註:

- (a) 非上市股本投資約人民幣37,000,000元(相當於約41,616,000港元)指於一間於中國註冊成立的私營實體發行的非上市股本證券之投資,其按成本值減報告期末的累計減值虧損計量,此乃由於合理公平值估計的範圍非常大,故董事認為其公平值未能可靠計量。
- (b) 非上市股本投資約500,000港元指於香港註冊成立的私營實體發行的非上市股本證券之投資,其按成本值減報告期末的累計減值虧損計量,此乃由於合理公平值估計的範圍非常大,故董事認為其公平值未能可靠計量。於二零一五年十二月三十一日,其已全數減值。
- (c) 於二零一七年十二月三十一日,於香港上市之公平值約18,064,000港元之上市股本投資已抵押予一間金融機構,以使本集團獲授應付保證金貸款。應付保證金貸款之詳情載於附註34。
- (d) 於截至二零一七年十二月三十一日止年度,本集團於投資重估儲備確認公平值收益約402,000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

23. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

On 17 July 2017, Skyline Top Limited (“Skyline Top”), a wholly-owned subsidiary of the Company, and Yardley Wealth Management Limited (“Yardley”), the non-controlling shareholder of Delightful Hope Limited (“Delightful Hope”), a subsidiary of the Company, entered into a sales and purchase agreement pursuant to which Yardley had agreed to sell and Skyline Top had agreed to purchase 50 ordinary shares in Delightful Hope, representing 50% of the entire issued share capital of Delightful Hope, at a consideration of HK\$55,000,000 (the “DHL Acquisition”). Up on the completion of the DHL Acquisition, Delightful Hope will be wholly-owned by Skyline Top and will become an indirect wholly owned subsidiary of the Company.

As at 31 December 2017, deposit of HK\$20,000,000 has been paid.

During the year ended 31 December 2018, Skyline Top and Yardley entered a supplementary agreement that the balance payment will accrued interest at 8% per annum. As at 31 December 2018, deposit of approximately HK\$35,250,000 has been paid.

On 19 March 2019, Skyline Top and Yardley entered into a the supplemental agreement, pursuant to which the deadline of the completion of DHL Acquisition has been extended from 17 January 2019 to 31 March 2020 and Skyline Top shall pay interest to Yardley at 8% per annum on the remaining balance payment during the period from 18 January 2018 to the date of completion.

The details of DHL Acquisition were disclosed in the announcement of the Company dated 17 July 2017, 31 July 2017, 17 January 2018 and 14 January 2019.

23. 就收購附屬公司支付之按金

於二零一七年七月十七日，天際高有限公司（「天際高」）（本公司之全資附屬公司）與溢利財富管理有限公司（「溢利」，本公司附屬公司希愉有限公司（「希愉」）之非控股股東）訂立一項買賣協議，據此，溢利已同意出售且天際高已同意購買50股希愉之普通股，佔希愉全部已發行股本之50%，代價為55,000,000港元（「希愉收購事項」）。於完成希愉收購事項後，希愉將由天際高全資擁有且將成為本公司之間接全資附屬公司。

於二零一七年十二月三十一日，已支付按金20,000,000港元。

截至二零一八年十二月三十一日止年度，天際高與溢利訂立補充協議，訂明餘下付款將按年利率8%計息。於二零一八年十二月三十一日，已支付按金約35,250,000港元。

於二零一九年三月十九日，天際高與溢利訂立補充協議，據此，完成希愉收購事項之期限已自二零一九年一月十七日延至二零二零年三月三十一日，及天際高須於二零一八年一月十八日起至完成日期止期間就餘下餘額支付向溢利支付利息，年利率為8%。

希愉收購事項之詳情披露於本公司日期為二零一七年七月十七日、二零一八年七月三十一日、二零一八年一月十七日及二零一九年一月十四日之公佈。

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

24. TRADE AND OTHER RECEIVABLES

24. 貿易及其他應收款項

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| Trade receivables: | 貿易應收款項： | | |
| – Trading of consumables and agricultural products | – 消耗品及農產品貿易 | 451 | 310 |
| – Trading of grocery food products | – 糧油食品貿易 | 1,863 | 4,459 |
| – Provision of corporate financial services | – 提供企業融資服務 | 731 | 801 |
| | | 3,045 | 5,570 |
| Less: Allowance for credit losses | 減：信貸虧損撥備 | (355) | (302) |
| | | 2,690 | 5,268 |
| Prepayments to suppliers | 向供應商的預付款項 | 2,354 | 4,333 |
| Deposits | 按金 | 11,242 | 21,283 |
| Other receivables (Note a) | 其他應收款項（附註a） | 11,067 | 3,550 |
| Less: Allowance for credit losses | 減：信貸虧損撥備 | (61) | (1,006) |
| | | 22,248 | 23,827 |
| | | 27,292 | 33,428 |

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK\$2,690,000 and HK\$5,268,000 respectively.

於二零一八年十二月三十一日及二零一八年一月一日，客戶合約的貿易應收款項分別為2,690,000港元及5,268,000港元。

The Group does not hold any collateral over the trade and other receivables.

本集團並無就貿易及其他應收款項持有任何抵押品。

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

24. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (a) As at 31 December 2018, included in the other receivables of RMB7,000,000 (equivalent to approximately HK\$7,970,000 (2017: Nil) was consideration receivable in relation to the disposal of the entire issued shares of Shenzhen City Jintaiyuan Investment Development Company Limited. Details of the disposal are disclosed in Note 45.
- (b) The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days (2017: 0 days to 90 days). The ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice dates, which approximates the respective revenues recognition dates, at the end of the reporting period, which is as follows:

| | | 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 | 1,514 | 2,082 |
| 31 to 90 days | 31至90日 | 70 | 1,146 |
| Over 90 days | 超過90日 | 1,106 | 2,040 |
| | | 2,690 | 5,268 |

As at 31 December 2018, included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately HK\$1,221,000 (2017: HK\$2,150,000) which were past due at the end of the reporting period for which the Group had not provided for impairment loss.

24. 貿易及其他應收款項 (續)

附註: (續)

- (a) 於二零一八年十二月三十一日，就出售深圳市金泰源投資發展有限公司全部已發行股份而應收代價計入其他應收款項人民幣7,000,000元(相當於約7,970,000港元)(二零一七年:零)。出售事項的詳情披露於附註45。
- (b) 本集團授予貿易客戶之信貸期一般介乎0日至90日(二零一七年:0日至90日)。應收賬款(扣除信貸虧損撥備)於報告期末根據發票日期(與相關收入確認日期相若)所呈報之賬齡分析如下:

於二零一八年十二月三十一日，賬面總值約1,221,000港元(二零一七年:2,150,000港元)之應收賬款計入本集團之貿易應收款項結餘，該應收賬款將於報告期末逾期，本集團尚未就該等應收賬款作出減值虧損撥備。

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

24. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (c) The movement in the allowance for doubtful debts of trade receivables is set out below:

| | | 2017 二零一七年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|
| At the beginning of the year | 於年初 | — |
| Impairment losses recognised on trade receivables | 貿易應收款項已確認減值虧損 | 302 |
| Reversal of impairment losses recognised on trade receivables | 貿易應收款項已確認減值虧損撥回 | — |
| At the end of the year | 於年末 | <u>302</u> |

Included in the allowance for impairment of trade receivables are individually impaired trade receivables which is considered uncollectible with an aggregate balance of approximately HK\$302,000 which are due to long outstanding.

As at 31 December 2018 and 2017, trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience and the financial standings of these customers, the Directors believe that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable.

24. 貿易及其他應收款項 (續)

附註：(續)

- (c) 貿易應收款項呆賬撥備的變動載列如下：

計入貿易應收款項減值撥備的個別已減值貿易應收款項被視為無法收回，總餘額約302,000港元尚未償還。

於二零一八年及二零一七年十二月三十一日，已逾期但未減值之應收賬款與多名在本集團內擁有良好往績記錄之獨立客戶有關。根據過往經驗及該等客戶之財務狀況，董事相信由於該等結餘並無令信貸質素產生重大變動及仍可悉數收回，故毋須就此作出減值虧損撥備。

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

24. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(c) (continued)

As at 31 December 2017, the Group's neither past due nor impaired trade receivables mainly represent sales made to creditworthy customers for whom there was no recent history of default.

The ageing analysis of trade receivables which are past due but not impaired is as follows:

24. 貿易及其他應收款項 (續)

附註: (續)

(c) (續)

於二零一七年十二月三十一日，本集團並無逾期及並無減值之應收賬款主要指向近期並無拖欠記錄、信譽良好之客戶作出之銷售額。

已逾期但未減值之應收賬款賬齡分析如下：

| | | 2017 二零一七年 HK\$'000 千港元 |
|--------------|-------|----------------------------------|
| 0 to 30 days | 0至30日 | 352 |
| Over 90 days | 超過90日 | 1,798 |
| | | <hr/> |
| | | 2,150 |

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

24. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

- (d) The movement in the allowance for doubtful debts of deposit, other receivables and prepayments is set out below:

| | | 2017 二零一七年 HK\$'000 千港元 |
|---|---------------|----------------------------------|
| At the beginning of the year | 於年初 | 1,006 |
| Impairment losses recognised on other receivables | 其他應收款項已確認減值虧損 | - |
| Written-off during the year | 於年內撇銷 | - |
| At the end of the year | 於年末 | 1,006 |

As at 31 December 2017, included in the allowance for impairment of deposit, other receivables and prepayments are individually impaired with an aggregate balance of approximately HK\$1,006,000. The individually impaired other receivables are recognised based on the credit history and the financial condition of its debtors or counterparties, such as financial difficulties or default in payments, and current market conditions.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2018 are set out in Note 39.

24. 貿易及其他應收款項 (續)

附註：(續)

- (d) 按金、其他應收款項及預付款項之呆賬撥備變動載列如下：

於二零一七年十二月三十一日，結餘總額約為1,006,000港元之個別已減值已計入按金、其他應收款項及預付款項之減值撥備。各項已減值其他應收款項已根據債務人或交易對手的信用歷史及財務狀況（例如財務困難或付款違約）及目前市況予以確認。

截至二零一八年十二月三十一日止年度貿易及其他應收款項的減值評估詳情載列於附註39。

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

25. LOAN AND INTEREST RECEIVABLES

25. 應收貸款及利息

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Fixed-rate loan and interest receivables | 固定利率的應收貸款及利息 | | |
| – Secured (Note) | – 有抵押 (附註) | 38,942 | 41,715 |
| – Unsecured | – 無抵押 | 6,311 | 12,168 |
| | | 45,253 | 53,883 |
| Less: allowance for credit losses | 減: 信貸虧損撥備 | (11,038) | (4,149) |
| | | 34,215 | 49,734 |
| Analysed as: | 獲分析為: | | |
| Current asset (within one year) | 流動資產 (一年內) | 34,215 | 48,059 |
| Non-current asset | 非流動資產 | – | 1,675 |

As at 31 December 2018, included in the Group's loan and interest receivables balance are debtors with aggregate carrying amount of HK\$17,596,000 which are past due as at the reporting date and 90 days or more. The Directors consider credit risks have increased significantly and those past due more than 90 days are considered as credit impaired.

Included in the carrying amount of loan and interest receivables as at 31 December 2018 is accumulated impairment losses of HK\$11,038,000 (2017: HK\$4,149,000). As at 31 December 2017, the secured loan and interest receivables were past due nor impaired as of the end of the reporting period, in the opinion of the Directors that the outstanding amount can be fully recoverable by the collaterals. Details of impairment assessment for the year ended 31 December 2018 are set out in Note 39.

於二零一八年十二月三十一日，賬面總值為17,596,000港元的應收賬款計入本集團的應收貸款及利息結餘，該應收賬款於報告日期逾期90日或以上。董事認為，信貸風險大幅增加及該等逾期90天以上之款項被視為信貸減值。

11,038,000港元 (二零一七年: 4,149,000港元) 的累計減值虧損計入於二零一八年十二月三十一日的應收貸款及利息的賬面值。於二零一七年十二月三十一日，有抵押應收貸款及利息截至報告期末已逾期但並無減值，因為董事認為尚未償還的款項可透過抵押品悉數收回。截至二零一八年十二月三十一日止年度的減值評估詳情載列於附註39。

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

25. LOAN AND INTEREST RECEIVABLES (continued)

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|-------------------------------------|---------|----------------------------------|----------------------------------|
| Fixed-rate loan receivables: | 定息應收貸款： | | |
| Within 1 year | 一年內 | 34,215 | 48,059 |
| After one year but within two years | 一年後但兩年內 | – | 1,675 |
| | | 34,215 | 49,734 |

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loan receivables are as follows:

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|-----------------------------|-----------|----------------------------------|----------------------------------|
| Effective interest rate: | 實際利率： | | |
| Fixed-rate loan receivables | 固定利率的應收貸款 | 7% – 18% | 7% – 18% |

25. 應收貸款及利息（續）

本集團定息應收貸款所面臨的利率風險及其合約期限載列如下：

本集團應收貸款的實際利率（其等同於合約利率）之範圍如下：

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

25. LOAN AND INTEREST RECEIVABLES (continued)

The Group's loan and interest receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | | 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 | 7,731 | 28,921 |

Note: The secured loan and interest receivables are secured by the unlisted shares, properties of the borrowers and personal guarantee. As at 31 December 2018, the fair value of collaterals held by the Group is approximately HK\$62,070,000 (2017: HK\$100,753,000).

As at 31 December 2018, included in the unsecured loan of approximately HK\$3,417,000 was a loan to the non-controlling interests of the Group (2017: HK\$5,026,000). The amount is secured by personal guarantee and subject to a fixed interest rate of 7% (2017: 7%) per annum and is repayable within 36 months from the date of loan granted.

25. 應收貸款及利息(續)

以相關集團實體功能貨幣以外貨幣列值的本集團應收貸款及利息載列如下：

附註：於報告期末，有抵押應收貸款及利息由非上市股份、借方的物業及個人擔保提供擔保。於二零一八年十二月三十一日，本集團持有的抵押品當前的公平值約為62,070,000港元（二零一七年：100,753,000港元）。

於二零一八年十二月三十一日，向本集團非控股股東權益作出之約3,417,000港元貸款（二零一七年：5,026,000港元）。該金額由個人擔保作抵押，固定年利率為7%（二零一七年：7%），並須於貸款授出日期起三十六個月內償還。

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

26. LOANS TO ASSOCIATES

As at 31 December 2018, Union World International Group Holdings Limited, an indirectly wholly-owned subsidiary of the Company, had a loan balance of RMB2,400,000 (equivalent to approximately HK\$2,733,000) (2017: RMB2,400,000 (equivalent to approximately HK\$2,877,000)) to Beijing HX and the accrued interest is approximately RMB672,000 (equivalent to approximately HK\$764,000) (2017: RMB384,000 (equivalent to approximately HK\$427,000)). The amount was unsecured, fixed interest bearing at a fixed rate of 12% (2017:12%) per annum and repayable on demand.

As at 31 December 2018, Shenzhen Shengshi Fuqiang Technology Co., Ltd.*, an indirectly wholly-owned subsidiary of the Company, had a loan balance of RMB18,000,000 (equivalent to approximately HK\$20,495,000) (2017: RMB18,000,000 (equivalent to approximately HK\$21,580,000)) to Fuyu and the accrued interest is approximately RMB4,320,000 (equivalent to approximately HK\$5,059,000 (2017: RMB1,080,000 (equivalent to approximately HK\$1,232,000))). The amount was unsecured, interest bearing at a fixed rate of 18% (2017: 18%) per annum and repayable on demand.

Details of impairment assessment of loans to associates for the year ended 31 December 2018 are set out in Note 39.

* English name for identification only

26. 向聯營公司作出貸款

於二零一八年十二月三十一日，本公司間接全資附屬公司聯和國際控股有限公司向北京華夏提供的貸款結餘為人民幣2,400,000元（相當於約2,733,000港元）（二零一七年：人民幣2,400,000元（相當於約2,877,000港元）），應計利息約為人民幣672,000元（相當於約764,000港元）（二零一七年：人民幣384,000元（相當於約427,000港元））。該款項乃屬無抵押，按固定年利率12%（二零一七年：12%）計息，且須應要求償還。

於二零一八年十二月三十一日，本公司間接全資附屬公司深圳盛世富強科技有限公司向扶余提供的貸款結餘為人民幣18,000,000元（相當於約20,495,000港元）（二零一七年：人民幣18,000,000元（相當於約21,580,000港元）），應計利息約為人民幣4,320,000元（相當於約5,059,000港元）（二零一七年：人民幣1,080,000元（相當於約1,232,000港元））。該款項乃屬無抵押，按固定年利率18%（二零一七年：18%）計息，且須應要求償還。

截至二零一八年十二月三十一日止年度向聯營公司作出貸款之減值評估詳情載於附註39。

* 英文名稱僅供識別

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

26. LOANS TO ASSOCIATES (continued)

The Group's loans to associates that are denominated in currency other than the functional currency of the relevant group entities is set out below:

| | | 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 | 3,431 | 3,094 |

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | |
|--|---------------------|
| Listed securities: | 上市證券： |
| – Equity securities listed in Hong Kong, at fair value | – 按公平值列賬之於香港上市之股本證券 |

As at 31 December 2018, the listed equity investments listed in Hong Kong with the fair value of approximately HK\$20,362,000 (2017: HK\$40,328,000), have been pledged to a financial institution to secure the margin loans payable granted to the Group. Details of margin loans payables are set out in Note 34.

For the valuation method of the financial asset at FVTPL, please refer to Note 39.

26. 向聯營公司作出貸款 (續)

以相關集團實體非功能貨幣計值之本集團向聯營公司作出之貸款載列如下：

27. 按公平值計入損益之金融資產

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--|--|----------------------------------|----------------------------------|
| | | 20,362 | 40,328 |

於二零一八年十二月三十一日，於香港上市的上市股本投資（公平值約20,362,000港元（二零一七年：40,328,000港元））已抵押予一間金融機構，以使本集團獲授應付保證金貸款。應付保證金貸款的詳情載列於附註34。

就有關按公平值計入損益之金融資產的估值方法，請參閱附註39。

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

28. BANK BALANCES AND CASH

Bank balances carry interest at floating rates based on daily bank deposit rates.

For the year ended 31 December 2018, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided.

Included in bank balances and cash are the following amounts which are subject to foreign exchange control regulations or not freely transferrable:

28. 銀行結餘及現金

銀行結餘利率根據每日銀行活期存款利率而變動。

截至二零一八年十二月三十一日止年度，本集團對銀行結餘進行減值評估，得出的結論為，交易對手銀行違約的概率並不重大，因此並無計提信貸虧損撥備。

以下款項計入銀行結餘及現金，須受到外匯管制法規的規限或不可自由轉讓：

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|-------------------------|-------------|----------------------------------|----------------------------------|
| Amounts denominated in: | 以下列貨幣計值的款項： | | |
| RMB | 人民幣 | 7,192 | 749 |

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

29. TRADE AND OTHER PAYABLES

29. 貿易及其他應付款項

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|-------------------------|--------------|----------------------------------|----------------------------------|
| Trade payables (Note a) | 應付款項 (附註a) | 30 | 151 |
| Other payables (Note b) | 其他應付款項 (附註b) | 31,021 | 35,595 |
| | | 31,051 | 35,746 |

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

下表為於報告期末根據發票日期呈報之應付賬款之賬齡分析：

| | | 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 | 30 | 151 |

Notes:

附註：

- (a) The average credit period on purchases of goods is 15 days (2017:15 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.
- (b) As at 31 December 2018, included in other payables of approximately HK\$21,500,000 represents the amount payable to the bondholder upon maturity of CB-III (as defined in Note 35). The amount was unsecured and interest-free.

- (a) 購買貨品之平均信貸期為15日(二零一七年:15日)。本集團設有金融風險管理政策,以確保所有應付賬款於信貸期內結清。
- (b) 於二零一八年十二月三十一日,計入其他應付款項約21,500,000港元,是指可換股債券三(定義見附註35)到期時應付債券持有人的款項。該款項乃屬無抵押及免息。

As at 31 December 2017, included in other payables of approximately HK\$23,000,000 represents the amount payable to the bondholder upon maturity of a CB-II (as defined in Note 35). The amount was unsecured, bear interest at the fixed rate of 5% per annum. The amount was fully settled during the year ended 31 December 2018.

於二零一七年十二月三十一日,計入其他應付款項約23,000,000港元,是指可換股債券二(定義見附註35)到期時應付債券持有人的款項。該款項乃屬無抵押,按5%的固定年利率計息。該款項於截至二零一八年十二月三十一日止年度內已悉數結清。

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

30. CONTRACT LIABILITIES

30. 合約負債

| | | 31 December 2018 二零一八年 十二月 三十一日 HK\$'000 千港元 | 1 January 2018* 二零一八年 一月一日* HK\$'000 千港元 |
|---------------------------------|--------|--|---|
| Provision of financial services | 提供金融服務 | 1,940 | 1,335 |
| Current | 即期 | 1,940 | 1,335 |

* The amounts in this column are after the adjustments from the application of HKFRS 15.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

* 本欄中的金額乃自應用香港財務報告準則第15號起計作出調整後的金額。

基於本集團向客戶轉讓商品或服務的最早義務，預期不會於本集團的正常經營週期內結算的合約負債分類為即期及非即期。

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

30. CONTRACT LIABILITIES (continued)

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

30. 合約負債(續)

下表列示於本年度確認的多少收益與結轉合約負債有關及多少收益與過往期間履行的履約義務有關。

| | Provision of financial service 提供金融服務 HK\$'000 千港元 |
|---|--|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | 計入年初合約負債結餘的已確認收益 710 |

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

影響確認的合約負債金額的典型支付條款如下：

Provision of financial services

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a deposit ranged from 33% to 50% of service fee on acceptance of the engagements.

提供金融服務

當本集團於生產活動開始之前收到按金時，此將於合約開始時產生合約負債，直至就相關合約確認的收益超過按金的金額。本集團一般於接受委聘時收取33%至50%的服務費按金。

31. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts are unsecured, non-interest bearing and repayable on demand.

31. 應付非控股股東權益款項

有關款項乃無抵押、免息及須按要求償還。

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

32. BORROWINGS

32. 借款

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--------------------------------------|---------------|----------------------------------|----------------------------------|
| Bank borrowings, secured (Note a) | 銀行借款，有抵押（附註a） | 19,616 | 9,233 |
| Other borrowings, unsecured (Note b) | 其他借款，無抵押（附註b） | 10,000 | – |
| Other borrowings, secured (Note c) | 其他借款，有抵押（附註c） | 6,000 | 47,956 |
| | | 16,000 | 47,956 |
| Total borrowing | 總借款 | 35,616 | 57,189 |

Notes:

附註：

(a) At 31 December 2018, the secured bank borrowing of approximately NTD32,088,000 (equivalent to approximately HK\$8,230,000) (2017: NTD34,577,000 (equivalent to HK\$9,233,000)) is secured by a mortgage over an investment property of the Group located in Taiwan with carrying amount of NTD74,500,000 (equivalent to approximately HK\$19,109,000) (2017: NTD80,000,000 (equivalent to HK\$21,359,000)) as disclosed in Note 17. The bank borrowing carried a saving deposit rate plus a fixed spread rate of 0.62% per annum in the first year, 0.87% per annum in the second year and 0.97% per annum from the third to fifteen year.

(a) 誠如附註17所披露，於二零一八年十二月三十一日，有抵押銀行借款約新台幣32,088,000元（相等於約8,230,000港元）（二零一七年：新台幣34,577,000元（相等於約9,233,000港元））乃以本集團位於台灣的投資物業，而賬面值為新台幣74,500,000元（相等於約19,109,000港元）（二零一七年：新台幣80,000,000元）相當於約21,359,000港元）作按揭抵押。銀行借款乃按儲蓄存款利率加固定息差計息，年利率首年為0.62%，第二年為0.87%及第三至十五年為0.97%。

At 31 December 2018, the secured bank borrowing of RMB10,000,000 (equivalent to approximately HK\$11,386,000) (2017: Nil) is secured by two investment properties of the Group located in the PRC with fair value of approximately RMB26,121,000 (equivalent to approximately HK\$29,742,000) as disclosed in Note 17. The bank borrowing carried a fixed interest rate of 6.525% per annum and repayable within one year.

於二零一八年十二月三十一日，有抵押銀行借款人民幣10,000,000元（相等於約11,386,000港元）（二零一七年：無）以本集團位於香港的兩項投資物業公平值約人民幣26,121,000元（相等於約29,742,000港元）（誠如附註17所披露）作抵押，銀行借款乃按固定年利率6.525%計息及於一年內償還。

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

32. BORROWINGS (continued)

Notes: (continued)

- (b) At 31 December 2018, the Group obtained unsecured loans of HK\$10,000,000 (2017: Nil) from a financial institution in Hong Kong. The loans carried interest at fixed rates of 18% per annum and repayable within one year.
- (c) At 31 December 2017, the Group obtained new loans in the amount of approximately RMB40,000,000 (equivalent to HK\$47,956,000) from a bank in PRC. The loans carried interest at fixed rates of 15.6% per annum and are secured by the Group's seven investment properties located in the PRC with carrying amount of RMB80,300,000, (equivalent to HK\$96,272,000) as disclosed in Note 17. The other borrowings were repaid during the year ended 31 December 2018.

At 31 December 2018, the Group obtained a new loan in the amount of HK\$6,000,000 from a financial institution in Hong Kong. The loan carried interest at fixed rates of 12% per annum, repayable within one year and are secured by an investment property located in Hong Kong with carrying amount of HK\$13,000,000 as disclosed in Note 17.

32. 借款 (續)

附註: (續)

- (b) 於二零一八年十二月三十一日,本集團自香港金融機構獲得無抵押貸款10,000,000港元(二零一七年:無)。貸款乃按固定年利率18%計息且於一年內償還。
- (c) 於二零一七年十二月三十一日,本集團自一間中國的銀行獲得新貸款約人民幣40,000,000元(相當於47,956,000港元)。貸款按固定年利率15.6%計息,並由於附註17披露的位於中國之本集團七項投資物業作抵押,賬面值為人民幣80,300,000元(相當於96,272,000港元)。其他借款已於截至二零一八年十二月三十一日止年度償還。

於二零一八年十二月三十一日,本集團自一間香港的金融機構獲得新貸款6,000,000港元。貸款按固定年利率12%計息,須於一年內償還並由於附註17披露的位於香港之投資物業作抵押,賬面值為13,000,000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

32. BORROWINGS (continued)

Notes: (continued)

Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):

| | | 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 | 一年以內 | 28,025 | 48,600 |
| After one year but within two years | 一至兩年 | 639 | 656 |
| After two years but within five years | 兩至五年 | 1,916 | 2,062 |
| After five years | 五年以上 | 5,036 | 5,871 |
| | | 35,616 | 57,189 |
| Carrying amount of borrowings that is repayable within one year from the end of the reporting period | 自報告期末起須於一年內償還的借款的賬面值 | 27,386 | 47,956 |
| Carrying amount of borrowings that is not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities) | 自報告期末起無須於一年內償還(但載有應要求還款條款)的借款(於流動負債項下列示)的賬面值 | 8,230 | 9,233 |
| Amounts shown under current liabilities | 流動負債項下列示的金額 | 35,616 | 57,189 |

The exposure of the Group's borrowings to interest rate changes is as follows:

32. 借款(續)

附註:(續)

應償還款項賬面值(按照貸款協議所載的預定還款日期):

| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--------------------------|------|----------------------------------|----------------------------------|
| Fixed-rate borrowings | 定息借款 | 27,386 | 47,956 |
| Variable-rate borrowings | 浮息借款 | 8,230 | 9,233 |
| | | 35,616 | 57,189 |

本集團借款受利率變動影響如下:

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

33. LOAN PAYABLE

During the year ended 31 December 2016, the Company obtained a loan in the amount of HK\$20,000,000 from an independent third-party which was fully settled in 2017. The loan was unsecured, interest bearing at a fixed rate of 5% per annum and repayable within two weeks from the date of loan granted.

34. MARGIN LOANS PAYABLES

As at 31 December 2018, the margin loans payables were secured by the listed equity securities placed in financial institutions as disclosed in Note 21 and 27 (2017: Note 22 and 27) under the margin account, with fair value of approximately HK\$30,504,000 (2017: HK\$57,662,000).

The margin loans payables were repayable on demand as they were subjected to margin call from the financial institutions and carried a fixed interest rate at 10% (2017: 10%) per annum.

35. CONVERTIBLE BONDS (“CBS”)

(a) Convertible bonds I

On 13 December 2013, Skyline Top and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited (“Konson”); and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregate consideration of HK\$40,000,000, of which: (i) HK\$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK\$20,000,000 shall be satisfied by the Skyline Top’s procuring of the issue of the convertible bonds (“CB-I”) at the conversion price of HK\$0.17 (Note) per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the CB-I, 117,647,058 new shares of the Company shall be issued.

33. 應付貸款

截至二零一六年十二月三十一日止年度，本公司由獨立第三方獲得20,000,000港元的貸款，有關款項於二零一七年悉數結清。該貸款為無抵押、按固定年利率5%計息及須於授出貸款日期兩星期內償還。

34. 應付保證金貸款

於二零一八年十二月三十一日，應付保證金貸款已由存於附註21及附註27（二零一七年：附註22及附註27）披露的金融機構的保證金賬戶的由本集團持有上市股本證券作抵押，公平值約30,504,000港元（二零一七年：57,662,000港元）。

應付保證金貸款按要求償還，因按該金融機構的要求償還，固定年利率為10%（二零一七年：10%）。

35. 可換股債券（「可換股債券」）

(a) 可換股債券一

於二零一三年十二月十三日，天際高與蘇斌先生訂立買賣協議，據此，(i)蘇斌先生已同意向天際高出售，而天際高已同意自蘇斌先生購買康信環球投資有限公司（「康信」）的銷售股份；及(ii)蘇斌先生已同意向天際高轉讓及天際高已同意接受所轉讓的銷售貸款，總代價為40,000,000港元，其中：(i)20,000,000港元將由天際高於完成後以支票或本票支付；及(ii)20,000,000港元將由天際高於完成後通過促使本公司按換股價每股換股股份0.17港元（附註）向蘇斌先生發行可換股債券（「可換股債券一」）支付。

於可換股債券一隨附的兌換權獲行使後，117,647,058股本公司新股份將予以發行。

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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(a) Convertible bonds I (continued)

The completion of the acquisition involving the issue of CB-I as a consideration took place on 31 March 2014.

Transaction costs directly attributable to issue of the CB-I amounted to approximately HK\$352,000 is allocated to liability and equity components on initial recognition.

As disclosed in the Company’s circular dated 19 February 2014 (the “Circular”), the principal terms of the CB-I are as follows:

| | | |
|--------------------------------|---|---|
| Principal amount of the CB-I | : | HK\$20,000,000 |
| Authorised denomination | : | HK\$100,000 each and integral multiples thereof |
| Conversion price | : | HK\$0.17 |
| Interest | : | 3% per annum |
| Maturity date | : | 31 December 2017 |
| Conversion and transferability | : | Without prejudice to any condition under the bond instrument, there shall not be any transfer, conversion or redemption of any principal amount of the CB-I during the Restricted Period (as defined in the Circular), and further, the bondholder shall not, and shall not seek to, transfer, convert or redeem any principal amount of the CB-I during the Restricted Period. |

Note:

As a result of the placing of 629,000,000 shares completed on 2 July 2015, the conversion price of the CB-I was adjusted from HK\$0.188 to HK\$0.17 per share.

35. 可換股債券（「可換股債券」）（續）

(a) 可換股債券一（續）

涉及發行可換股債券一作為代價的收購事項於二零一四年三月三十一日完成。

發行可換股債券一的直接應佔交易成本約352,000港元乃於初始確認時分配至負債及權益部分。

誠如本公司日期為二零一四年二月十九日之通函（「該通函」）所披露，可換股債券一之主要條款如下：

| | | |
|------------|---|--|
| 可換股債券一之本金額 | : | 20,000,000港元 |
| 法定面額 | : | 每份100,000港元及其整數倍 |
| 換股價 | : | 0.17港元 |
| 利息 | : | 每年3% |
| 到期日 | : | 二零一七年十二月三十一日 |
| 轉換及可轉讓性 | : | 在不影響債券文據任何條件之情況下，不可於受限制期間（定義見該通函）進行可換股債券一任何本金額之任何轉讓、轉換或贖回；再者，債券持有人不可及不可尋求於受限制期間轉讓、轉換或贖回可換股債券一之任何本金額。 |

附註：

由於有關629,000,000股股份之配售於二零一五年七月二日完成，故可換股債券一之換股價由每股0.188港元調整至0.17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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(a) Convertible bonds I (continued)

Conversion

No conversion of the CB-I or of the Valid Principal Amount (as defined in the Circular), whichever shall be appropriate, shall take place prior to the expiration of the Restricted Period or prior to the happening of the Specific Event (as defined in the Circular) (as the Company may determine in its sole and absolute discretion).

Prior to the expiration of the Restricted Period or prior to the happening of the Specific Event (as the Company may determine in its sole and absolute discretion), the Company shall not, and shall not have to, recognise, accept, agree or register any conversion of any principal amount of the CB-II. In any event, the Company shall not, and shall not have to, recognise, accept, agree or register any conversion of any Cancelled Principal Amount (as defined in the Circular), and the bondholder shall not have any recourse whatsoever against the Company. The Company shall, and shall only have to, recognise, accept, agree or register any conversion of any Valid Principal Amount, and the Company shall have sole and absolute discretion in determining any or all issues on, over or concerning conversion of the CB-I.

Subject to conditions under the bond instrument, during the conversion period, bondholder shall have the right to convert the whole or any part (in multiples of HK\$100,000.00) of the Valid Principal amount, whichever shall be appropriate, into such number of conversion shares as will be determined by dividing the principal amount of the CB-I to be converted by the conversion price (subject to adjustment) in effect on the date of conversion.

35. 可換股債券（「可換股債券」） （續）

(a) 可換股債券一（續）

轉換

受限制期間屆滿前或特定事件（定義見該通函）發生前（本公司可全權酌情釐定），概不得進行可換股債券一或其有效本金額（定義見該通函）之轉換。

於受限制期間屆滿前或特定事件發生前（本公司可全權酌情釐定），本公司不得且不會承認、接受、同意或登記可換股債券二任何本金額之任何轉換。在任何情況下，本公司不得且不會承認、接受、同意或登記任何已註銷本金額（定義見該通函）之任何轉換，而債券持有人對本公司並無任何追索權。本公司會且僅會承認、接受、同意或登記任何有效本金額之任何轉換，而本公司須有唯一及絕對酌情權決定有關、關於或涉及可換股債券一轉換之任何或全部事宜。

在債券文據項下各項條件之規限下，於換股期內，債券持有人有權將有效本金額之全部或任何部份（100,000.00港元的倍數）（如適用）轉換為該等數目之換股股份，而有關數目將透過擬進行轉換之可換股債券一之本金額除以轉換日期生效之換股價（可予調整）進行確定。

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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(a) Convertible bonds I (continued)

Redemption

Redemption at maturity shall only be limited and applicable to the Valid Principal Amount. The Cancelled Principal Amount cannot, and shall not, be redeemed whatsoever. Subject to this as well as other conditions in the bond instrument, the Valid Principal Amount which has not been redeemed or converted in accordance with the conditions under the bond instrument by the maturity date, shall, at the sole and absolute discretion of the Company (and regardless of whether or not the bondholder concerned have requested for conversion of any principal amount of the CB-I into conversion shares) but subject to shareholders' approval (if required) as well as compliance with the GEM Listing Rules and/or requirements of regulatory authorities, either be redeemed by the Company on the maturity date at a redemption amount equal to 100% of Valid Principal Amount or such part thereof which is outstanding at that juncture, or be converted into conversion shares. For any avoidance of doubt, the Company shall not, and shall not be required to, redeem the Cancelled Principal Amount (as defined above) or any part thereof, and the bondholder shall not have any recourse or right of action whatsoever against the Company.

Further details of the issue of CB-I as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

35. 可換股債券（「可換股債券」） （續）

(a) 可換股債券一（續）

贖回

於到期日之贖回須僅限於及適用於有效本金額。已註銷本金額不會且不應被贖回。在本條及債券文據之其他條件的規限下，於到期日前尚未根據債券文據之條件贖回或轉換之有效本金額，須經本公司全權酌情（及不論債券持有人是否已要求將可換股債券一之任何本金額轉換為轉換股份）但須經股東批准（如需要）並遵守GEM上市規則及／或監管機構規定，由本公司於到期日按相等於有效本金額之100%或當時尚未償還之部份本金額進行贖回，或將其轉換成換股股份。為免生疑，本公司不會亦毋須贖回已註銷本金額（定義見上文）或其任何部份，而債券持有人對本公司並無任何追索權或起訴權。

有關發行可換股債券一作為收購代價的更多詳情，載於本公司日期為二零一三年十二月十三日、二零一四年三月七日及二零一四年三月三十一日之公佈，以及本公司日期為二零一四年二月十九日之通函。

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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(a) Convertible bonds I (continued)

Redemption (continued)

The CB-I contains the following components that are required to be separately accounted for:

- (i) Liability component for the CB-I represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the CB-I without conversion option, plus allocated transaction costs. The effective interest rate of the liability component is 17.37%.
- (ii) Equity component represents the difference between the fair value of the issue of the CB-I and the fair values assigned to the liability components less allocated transaction costs.

During the year ended 31 December 2017, 68,443,811 ordinary shares of the Company were converted as a result of conversion of CB-I. During the year ended 31 December 2017, the equity and liability component of CB-I were reversed by approximately HK\$10,970,000 and approximately HK\$4,194,000 respectively.

35. 可換股債券（「可換股債券」） （續）

(a) 可換股債券一（續）

贖回（續）

可換股債券一包含以下須獨立入賬之部分：

- (i) 可換股債券一之負債部分指按發行日之利率貼現之合約釐定未來現金流現值，當中經參考信貸狀況可資比較的工具之市場利率，並計及本公司之信貸風險以及並無換股權的可換股債券一數目，再加上獲分配交易成本。負債部分之實際利率為17.37%。
- (ii) 權益部分指發行可換股債券一之公平值與分配予負債部分之公平值之差額減已分攤交易成本。

截至二零一七年十二月三十一日止年度，68,443,811股本公司普通股因轉換可換股債券一而被轉換。截至二零一七年十二月三十一日止年度，可換股債券一的權益及負債部分分別撥回約10,970,000港元及約4,194,000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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(b) Convertible bonds II and Convertible bonds III

On 29 May 2015, Delightful Hope, Yardley and Rich Best Asia Limited, an entity owned by the shareholder of the Company, entered into a sale and purchase agreement pursuant to which Rich Best Asia Limited (“Rich Best Asia”) has agreed to sell and Delightful Hope has agreed to purchase 1 ordinary share in China Smart Asia Limited, which representing 100% equity interest, at a consideration of HK\$93,000,000, which shall be settled and discharged by Delightful Hope in accordance with the time, mode and manner set out under the sale and purchase agreement.

The aggregated consideration of HK\$93,000,000, of which (i) HK\$46,500,000 shall be satisfied by Delightful Hope and Yardley by cash or cashier order upon the completion of acquisition; and (ii) the remaining balance of the consideration in the sum of HK\$46,500,000 shall be settled and discharged by the issuance of the Company’s convertible bonds to the Chinese Strategic Holdings Limited, the ultimate holding company of Rich Best Asia, and as follows, (i) the Convertible bonds A (“CB-II”) in the principal amount of HK\$23,000,000; and (ii) the Convertible bonds B (“CB-III”) in the principal amount of HK\$23,500,000 upon the completion of acquisition.

Upon exercise of conversion rights attaching to the CB-II and CB-III, 92,000,000 and 94,000,000 new shares shall be issued.

The completion of the acquisition involving the issue of CB-II and CB-III as a consideration took place on 20 August 2015.

35. 可換股債券（「可換股債券」） （續）

(b) 可換股債券二及可換股債券三

於二零一五年五月二十九日，希愉、溢利及Rich Best Asia Limited（一間由本集團股東擁有的實體）訂立買賣協議，據此，Rich Best Asia Limited（「Rich Best Asia」）已同意出售，而希愉已同意購買華杰亞洲有限公司的1股普通股（其為100%權益），代價為93,000,000港元，並將由希愉根據買賣協議所載列的時間、模式及方法結付及清償。

總代價為93,000,000港元，其中(i) 46,500,000港元須由希愉及溢利於收購事項完成後以現金或銀行本票支付；及(ii)代價餘額合共為46,500,000港元，須由本公司於收購事項完成時向Rich Best Asia最終控股公司華人策略控股有限公司發行(i)本金額為23,000,000港元的可換股債券A（「可換股債券二」）；及(ii)本金額為23,500,000港元的可換股債券B（「可換股債券三」）作結付及清償。

於可換股債券二及可換股債券三附帶之換股權獲行使後，92,000,000股及94,000,000股新股份將予以發行。

涉及發行可換股債券二及可換股債券三作為代價的收購事項於二零一五年八月二十日完成。

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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(b) Convertible bonds II and Convertible bonds III (continued)

For the year ended 31 December 2016, transaction costs directly attributable to issue of the CB-II and CB-III amounted to approximately HK\$702,000 are allocated to liability and equity components on initial recognition.

As disclosed in the Company’s circular dated 27 July 2015 (the “Circular-II”), the principal terms of the CB-II and CB-III are as follows:

35. 可換股債券（「可換股債券」） （續）

(b) 可換股債券二及可換股債券三 （續）

截至二零一六年十二月三十一日止年度，發行可換股債券二及可換股債券三應佔直接交易成本約702,000港元於初始確認時分配至負債及權益部分。

誠如本公司日期為二零一五年七月二十七日之通函（「通函二」）所披露，可換股債券二及可換股債券三的主要條款如下：

| | CBII 可換股債券二 | CB-III 可換股債券三 |
|-------------------------|--|--|
| Principal amount 本金額 | : HK\$23,000,000 : 23,000,000港元 | HK\$23,500,000 23,500,000港元 |
| Conversion price 換股價 | : HK\$0.25 : 0.25港元 | HK\$0.25 0.25港元 |
| Interest 利息 | : The Convertible Bonds shall not bear any interest. : 可換股債券並無任何利息。 | The Convertible Bonds shall not bear any interest. 可換股債券並無任何利息。 |
| Maturity date 到期日 | : 31 March 2017 : 二零一七年三月三十一日 | 30 September 2018 二零一八年九月三十日 |
| Transferability 可轉讓性 | : Subject to compliance with the GEM Listing Rules and regulatory requirements, the convertible bonds may be transferred to any person provided that where the convertible bonds is intended to be transferred to a connected person (as defined in the GEM Listing Rules) (other than the associates of the holders of the convertible bonds), such transfer shall comply with the requirements under the GEM Listing Rules and/or requirements imposed by the Stock Exchange, if any. Any transfer of the convertible bonds shall be in respect of the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the convertible bonds. : 於遵守GEM上市規則及監管規定的情況下，可換股債券可轉讓予任何人士，惟倘可換股債券擬轉讓予一名關連人士（定義見GEM上市規則）（可換股債券持有人之聯繫人除外），有關轉讓須符合GEM上市規則之規定及／或聯交所施加之規定（如有）。可換股債券之任何轉讓須為可換股債券尚未贖回本金額的全部或任何部分（500,000港元之倍數）。 | |

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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(b) Convertible bonds II and Convertible bonds III (continued)

Conversion

Each holder of the CB-II and CB-III shall have the right, exercisable during the Conversion Period (as defined in the Circular-II) to convert the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the CB-II and CB-III held by such holder of CB-II and CB-III into such number of conversion shares as will be determined by dividing the principal amount of the CB-II and CB-III to be converted by the conversion price in effect on the date of conversion. No fraction of a Share shall be issued on conversion of the CB-II and CB-III. The Company shall pay a cash amount in HK\$ equal to such amount of CB-II and CB-III that are not converted.

Redemption

All CB-II and CB-III which have not been redeemed or converted in accordance with the terms and conditions of the CB-II and CB-III instruments by their maturity dates shall be redeemed by the Company on their maturity dates at a redemption amount equal to 100% of the principal amount of such CB-II and CB-III.

35. 可換股債券（「可換股債券」） （續）

(b) 可換股債券二及可換股債券三 （續）

轉換

每位可換股債券二及可換股債券三持有人有權於換股期（定義見通函二）將該名可換股債券二及可換股債券三持有人持有的可換股債券二及可換股債券三的全部或任何部分（500,000港元之倍數）尚未贖回本金額轉換為一定數目的換股股份，該數目會按將予轉換的可換股債券二及可換股債券三本金額除以轉換當日有效的換股價釐定。概不得就轉換可換股債券二及可換股債券三而發行碎股。本公司須以港元支付相等於未獲轉換之可換股債券二及可換股債券三金額之現金金額。

贖回

所有於到期日前尚未根據該等可換股債券二及可換股債券三文據之條款及條件贖回或轉換之可換股債券二及可換股債券三須由本公司於該等到期日按相等於該等可換股債券二及可換股債券三本金額100%之贖回金額由本公司贖回。

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

35. CONVERTIBLE BONDS (“CBS”) (continued)

(b) Convertible bonds II and Convertible bonds III (continued)

Redemption (continued)

The CB-II & CB-III contains the following components that are required to be separately accounted for:

- (i) Liability component for the CB-II & CB-III represented the present value of the contractually determined stream of future cash flows discounted at the rate of interest at the date of issue with reference to the market rate for instruments of comparable credit status taking into account the credit risk of the Company as well as the amount of the CB-II & CB-III without conversion option, plus allocated transaction costs. The effective interest rate of the liability component for CB-II and CB-III is 8.82% and 9.27%, respectively.
- (ii) Equity component represents the difference between the fair values of the CB-II & CB-III and the fair values assigned to the liability components less allocated transaction costs. The fair values of the entire CB-II & CB-III are HK\$23,000,000 and HK\$23,500,000 respectively, were valued by Asset Appraisal Limited.
- (iii) CB-II was matured on 31 March 2017 and reclassified to other payable with principal amount of HK\$23,000,000 and accrued penalty interest calculated at the fixed rate of 5% per annum as agreed with CB-II bonds holder. Details of which are set out in Note 29.
- (iv) CB-III was matured on 30 September 2018 and reclassified to other payable with principal amount of HK\$23,500,000. Details of which are set out in Note 29.

35. 可換股債券（「可換股債券」） （續）

(b) 可換股債券二及可換股債券三 （續）

贖回（續）

可換股債券二及可換股債券三包含以下須獨立入賬之部分：

- (i) 可換股債券二及可換股債券三之負債部分指按發行日之利率貼現之合約釐定未來現金流現值，當中經參考信貸狀況可資比較的工具之市場利率，並計及本公司之信貸風險以及並無換股權的可換股債券二及可換股債券三數目，再加上獲分配交易成本。可換股債券二及可換股債券三負債部分之實際利率分別為8.82%及9.27%。
- (ii) 權益部分指可換股債券二及可換股債券三之公平值與分配予負債部分之公平值之差額減已分攤交易成本。可換股債券二及可換股債券三的全部公平值分別為23,000,000港元及23,500,000港元乃由中誠達資產評估有限公司所估值。
- (iii) 可換股債券二於二零一七年三月三十一日到期，並重新分類為本金額為23,000,000港元的其他應付款項，應計罰金利息按可換股債券二的債券持有人所協定的固定年利率5%計算。有關詳情載於附註29。
- (iv) 可換股債券三於二零一八年九月三十日到期，並重新分類為本金額為23,500,000港元的其他應付款項。有關詳情載於附註29。

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

35. CONVERTIBLE BONDS ("CBS") (continued)

(c) The movements of the CBs are set out below:

35. 可換股債券（「可換股債券」） （續）

(c) 可換股債券之變動載列如下：

| | | Liability component 負債部分 HK\$'000 千港元 | Equity component 權益部分 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|---------------------------|---|--|----------------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | 51,337 | 12,847 | 64,184 |
| Interest paid | 已付利息 | (248) | - | (248) |
| Conversion of CB-I (Note (a)) | 兌換可換股債券一 (附註(a)) | (10,970) | (4,194) | (15,164) |
| Effective interest expense (Note 8) | 實際利息支出 (附註8) | 4,568 | - | 4,568 |
| Lapse of CB-II | 可換股債券二失效 | - | (2,954) | (2,954) |
| Reclassify to other payable (Note 29) | 重新分類為其他應付款項 (附註29) | (23,000) | - | (23,000) |
| At 31 December 2017 | 於二零一七年十二月 三十一日 | 21,687 | 5,699 | 27,386 |
| Effective interest expense (Note 9) | 實際利息支出(附註9) | 1,813 | - | 1,813 |
| Lapse of CB-III | 可換股債券三失效 | - | (5,699) | (5,699) |
| Reclassify to other payable (Note 29) | 重新分類為其他應付 款項(附註29) | (23,500) | - | (23,500) |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | - | - | - |
| | | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
| Liability component | 負債部分 | | | |
| Classification of convertible bonds: | 可換股債券之分類： | | | |
| Current | 即期 | | - | 21,687 |
| Non-current | 非即期 | | - | - |
| | | | - | 21,687 |

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

36. DEFERRED TAXATION

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

36. 遞延稅項

以下為本報告期間及過往報告期間主要已確認遞延稅項負債及有關變動：

| | | Accelerated tax depreciation | Fair value changes of investment properties | Total |
|--|------------------|------------------------------------|--|-----------------------|
| | | 加速稅項折舊 HK\$'000 千港元 | 投資物業的 公平值變動 HK\$'000 千港元 | 總計 HK\$'000 千港元 |
| At 1 January 2017 | 於二零一七年一月一日 | 772 | 21,005 | 21,777 |
| Credited to consolidated statement of profit or loss and other comprehensive income for the year | 年度綜合損益及其他全面收益表抵免 | (445) | (2) | (447) |
| Exchange differences arising from the balances | 自結餘產生的匯兌差額 | - | 203 | 203 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 327 | 21,206 | 21,533 |
| Credited to consolidated statement of profit or loss and other comprehensive income for the year | 年度綜合損益及其他全面收益表抵免 | (130) | 793 | 663 |
| Exchange differences arising from the balances | 自結餘產生的匯兌差額 | - | (174) | (174) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 197 | 21,825 | 22,022 |

At the end of the reporting period, the Group has unused tax losses of approximately HK\$143,311,000 (2017: HK\$194,297,000) available for offsetting against future profits. No deferred tax has been recognised in respect of such losses (2017: Nil) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

於報告期末，本集團擁有可用作抵銷未來溢利的尚未動用稅項虧損約143,311,000港元（二零一七年：194,297,000港元）。由於未能預測未來溢利流，故概無遞延稅項已就該等虧損（二零一七年：零）予以確認。虧損可無限定期地結轉。

At the end of the reporting period, the Group has deductible temporary differences of approximately HK\$2,775,000 (2017: HK\$3,658,000). No deferred tax asset has been recognised in respect of such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can recognise.

於報告期末，本集團的可扣減暫時差額約為2,775,000港元（二零一七年：3,658,000港元）。由於不大可能有應課稅溢利可確認與可扣減暫時差額抵銷，故並無就可扣減暫時差額確認遞延稅項資產。

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

37. SHARE CAPITAL

37. 股本

| | | Nominal value per share 每股面值 HK\$ 港元 | Number of shares 股份數目 | Amount 金額 HK\$'000 千港元 |
|---|--|---|-----------------------------|---------------------------------|
| Authorised ordinary shares: | 法定普通股： | | | |
| At 1 January 2017, 31 December 2017 and 1 January 2018 | 於二零一七年一月一日、 二零一七年十二月三十一日 及二零一八年一月一日 | 0.02 | 9,130,434,785 | 182,609 |
| Share consolidation (Note f (i)) | 股份合併 (附註f(i)) | N/A 不適用 | (8,217,391,307) | - |
| Share sub-division (Note f (iii)) | 股份分拆 (附註f(iii)) | N/A 不適用 | 17,347,826,092 | - |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 0.01 | 18,260,869,570 | 182,609 |
| Issued and fully paid ordinary shares: | 已發行及已繳足普通股： | | | |
| At 1 January 2017 | 於二零一七年一月一日 | 0.02 | 6,000,341,424 | 120,007 |
| Issue of shares upon conversion of convertible bonds (Note a) | 可換股債券獲兌換而發行股份 (附註a) | 0.02 | 68,443,811 | 1,369 |
| Exercise of share options (Note b) | 行使購股權 (附註b) | 0.02 | 30,750,000 | 615 |
| Issue of shares upon settlement of contingent consideration (Note c) | 於結算或然代價時發行股份 (附註c) | 0.02 | 4,017,253 | 80 |
| 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 | 0.02 | 6,103,552,488 | 122,071 |
| Placing of new shares (Note d) | 配售新股份 (附註d) | 0.02 | 1,200,000,000 | 24,000 |
| Issue of shares upon settlement of contingent consideration (Note c) | 於結算或然代價時發行股份 (附註c) | 0.02 | 2,771,813 | 55 |
| Issue of shares in consideration for the acquisition of subsidiary (Note e) | 發行股份作為收購附屬公司之 代價 (附註e) | 0.02 | 465,000,000 | 9,300 |
| Share consolidation (Note f (i)) | 股份合併 (附註f(i)) | N/A 不適用 | (6,994,191,871) | - |
| Capital reduction (Note f (ii)) | 股本削減 (附註f(ii)) | N/A 不適用 | - | (147,655) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 0.01 | 777,132,430 | 7,771 |
| Authorised convertible preference shares: | 法定可換股優先股： | | | |
| At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018 | 於二零一七年一月一日、 二零一七年十二月三十一日、 二零一八年一月一日及 二零一八年十二月三十一日 | 0.1 | 173,913,043 | 17,391 |
| Issued and fully paid convertible preference shares: | 已發行及已繳足的可換股 優先股： | | | |
| At 1 January 2017, 31 December 2017, at 1 January 2018 and 31 December 2018 | 於二零一七年一月一日、 二零一七年十二月三十一日、 二零一八年一月一日及 二零一八年十二月三十一日 | 0.1 | - | - |

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

37. SHARE CAPITAL (continued)

Notes:

- (a) During the year ended 31 December 2017, the remaining CB-II with principal amount of HK\$20,000,000 was converted into 68,443,811 ordinary shares of the Company at par at the conversion price of HK\$0.17 per ordinary shares. As a result of the conversion, the share capital and share premium have been increased by approximately HK\$1,369,000 and approximately HK\$13,795,000 respectively and the equity component of convertible bonds has been decreased by approximately HK\$4,194,000.
- (b) During the year ended 31 December 2017, 30,750,000 share options had been exercised by the holders at exercise price of HK\$0.11 each for the issuance of ordinary shares at par. As a result of the exercise of share options, cash and cash equivalents, share capital and share premium have been increased by HK\$3,383,000, HK\$615,000 and HK\$4,153,000 respectively and share options reserves has been decreased by approximately HK\$1,385,000.
- (c) On 29 July 2016, a wholly owned subsidiary of the Company, Treasure Max Investment Holdings Limited (the "Purchaser") and Ms. Kwok Shuk Kam (the "Vendor") entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell the Sale Shares (as defined in the Company's announcement dated 29 July 2016) to the Purchaser and the Purchaser has agreed to acquire the Sale Shares from the Vendor. The Consideration in the sum of up to HK\$4,212,000 (subject to adjustment) shall be satisfied by cash of HK\$2,600,000 and up to HK\$1,612,000 by issue of not more than 12,400,000 consideration shares at HK\$0.13 per consideration share under the General Mandate granted to the Directors at the Company's annual general meeting held on 4 May 2016.

37. 股本 (續)

附註:

- (a) 截至二零一七年十二月三十一日止年度，本金額20,000,000港元的剩餘可換股債券已按面值以換股價每股普通股0.17港元轉換為68,443,811股本公司普通股。由於轉換，股本及股份溢價分別增加約1,369,000港元及約13,795,000港元以及可換股債券的權益部分減少約4,194,000港元。
- (b) 截至二零一七年十二月三十一日止年度，30,750,000份購股權已由持有人按行使價每股0.11港元行使以按面值發行普通股。由於行使購股權，現金及現金等值、股本及股份溢價已分別增加3,383,000港元、615,000港元及4,153,000港元，而購股權儲備已減少約1,385,000港元。
- (c) 於二零一六年七月二十九日，本公司全資附屬公司寶美投資控股有限公司（「買方」）與郭淑琴女士（「賣方」）訂立買賣協議，據此，賣方已同意向買方出售銷售股份（定義見本公司日期為二零一六年七月二十九日的公佈）而買方已同意自賣方收購銷售股份。代價合共最多為4,212,000港元（可予調整），並以現金2,600,000港元支付，以及根據一般授權（根據本公司於二零一六年五月四日舉行之股東周年大會上授予董事）按每股代價股份0.13港元發行不超過12,400,000股代價股份以支付最多1,612,000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

37. SHARE CAPITAL (continued)

Notes: (continued)

(c) (continued)

During the year ended 31 December 2017, the Company issued 4,017,253 ordinary shares at par value of HK\$0.02 per share on a pro rata basis to the Vendor since only 65% of the target profit after tax have been met. Details are set out in Note 46. As a result of this transaction, share capital and share premium have been increased by approximately HK\$80,000 and approximately HK\$442,000 respectively.

During the year ended 31 December 2018, the Company issued 2,771,813 ordinary shares at par value of HK\$0.02 per share on a pro rata basis to the Vendor since only 45% of the target profit after tax have been met. Details are set out in Note 46. As a result of this transaction, share capital and share premium have been increased by approximately HK\$55,000 and approximately HK\$305,000 respectively.

(d) On 9 March 2018, the Company and Kingston Securities Limited (the "Placing Agent") entered into the placing agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis a maximum of 1,200,000,000 ordinary shares of the Company at a placing price of HK\$0.083 per placing share (the "2018 Placing").

The gross proceeds from the 2018 Placing were HK\$99,600,000. The net proceeds after deducting the placing commission and other related expenses were approximately HK\$96,900,000. The completion of the 2018 Placing took place on 29 March 2018. Further details of the 2018 Placing are set out in the Company's announcements dated 9 March 2018 and 29 March 2018.

37. 股本 (續)

附註: (續)

(c) (續)

截至二零一七年十二月三十一日止年度，本公司按比例發行4,017,253股每股面值0.02港元的普通股予賣方，因僅達到目標除稅後溢利的65%。詳情請參閱附註46。由於此次交易，股本及股份溢價已分別增加約80,000港元及約442,000港元。

截至二零一八年十二月三十一日止年度，本公司按比例發行2,771,813股每股面值0.02港元的普通股予賣方，因僅達到目標除稅後溢利的45%。詳情請參閱附註46。由於此次交易，股本及股份溢價已分別增加約55,000港元及約305,000港元。

(d) 於二零一八年三月九日，本公司與金利豐證券有限公司（「配售代理」）訂立配售協議，據此，本公司已有條件地同意透過配售代理盡最大努力按配售價每股配售股份0.083港元配售最多1,200,000,000股本公司普通股（「二零一八年配售事項」）。

二零一八年配售事項的所得款項總額為99,600,000港元。經扣除配售佣金及其他相關開支後，所得款項淨額約為96,900,000港元。二零一八年配售事項於二零一八年三月二十九日完成。有關二零一八年配售事項的進一步詳情載於本公司日期為二零一八年三月九日及二零一八年三月二十九日之公佈。

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

37. SHARE CAPITAL (continued)

Notes: (continued)

- (e) On 27 August 2018, King Noble Holdings Limited (“King Noble”), an indirect wholly-owned subsidiary of the Company and an independent third party Mr. Guo Weifu (“Mr. Guo”) entered into a sale and purchase agreement, pursuant to which Mr. Guo has agreed to sell to King Noble 100 ordinary shares of Max Joint Asia Pacific (China) Limited (“Max Joint”), representing 100% of the entire issued share capital in Max Joint at the consideration of HK\$46,500,000, settled by the issuance of 465,000,000 ordinary shares of the Company to Mr. Guo.

The transaction was completed on 25 October 2018. Further details of the acquisition are set out in the Company’s announcements dated 27 August 2018 and 25 October 2018.

- (f) Pursuant to a special resolution passed in the special general meeting held on 15 November 2018, the Company proceed with capital reorganisation (the “Capital Reorganisation”) involving, among others, the following:
- i) share consolidation whereby every ten shares of the Company’s issued and unissued shares with par value of HK\$0.02 per share have been consolidated into one share with par value of HK\$0.2 (the “Consolidation Share”). The Consolidated Shares rank pari passu in all respects with each other;
 - ii) capital reduction whereby the issued share capital of the Company will be reduced by cancelling the paid up capital of the Company to the extent of HK\$0.19 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.2 to HK\$0.01;
 - iii) share sub-division whereby each of the authorised but unissued Consolidated Shares will be divided into twenty adjusted shares of HK\$0.01 each (the “Adjusted Share”);

37. 股本 (續)

附註: (續)

- (e) 於二零一八年八月二十七日，King Noble Holdings Limited (「King Noble」) 本公司一間間接全資附屬公司) 及獨立第三方郭偉夫先生 (「郭先生」) 訂立買賣協議，據此，郭先生已同意向King Noble出售100股盛隆亞太(中國)有限公司 (「盛隆」) 的普通股，相當於盛隆全部已發行股本的100%，代價為46,500,000港元 (以向郭先生發行465,000,000股本公司普通股之方式結付)。

交易已於二零一八年十月二十五日完成。有關收購的進一步詳情載於本公司日期為二零一八年八月二十七日及二零一八年十月二十五日之公佈。

- (f) 根據於二零一八年十一月十五日舉行之股東特別大會上通過之特別決議案，本公司進行涉及 (其中包括) 以下各項之股本重組 (「股本重組」):
- i) 股份合併，據此每10股本公司每股面值0.02港元之已發行及未發行股份已合併為一股每股面值0.2港元之股份 (「合併股份」)。合併股份於彼此間在各方面享有同等地位；
 - ii) 股本削減，據此本公司將透過註銷本公司之已繳足股本削減本公司已發行股本，以當時之每股已發行合併股份註銷0.19港元為限，導致每股已發行合併股份之面值將由0.2港元削減至0.01港元；
 - iii) 股份分拆，據此每股法定但未發行合併股份將分拆為每股面值為0.01港元之20股經調整股份 (「經調整股份」)；

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

37. SHARE CAPITAL (continued)

Notes: (continued)

(f) (continued)

- iv) Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and
- v) transfer of all the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company.

Further details of the acquisition are set out in the Company's Circular dated 23 October 2018.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the shareholders, except for the payment of the related expenses.

On 15 November 2018, all the conditions precedent of the implementation of the Capital Reorganisation had been fulfilled and the Capital Reorganisation had become effective on 16 November 2018.

- (g) All new shares rank pari passu with other shares in issue in all respects.

37. 股本 (續)

附註: (續)

(f) (續)

- iv) 股份溢價削減，據此股份溢價賬進賬總額將削減為零；及
- v) 股本削減及股份溢價削減所產生之所有進賬款項將轉撥至本公司之實繳盈餘賬。

有關收購之進一步詳情載於本公司日期為二零一八年十月二十三日之通函。

實行股本重組本身將不會改變本公司之相關資產、業務經營、管理或財務狀況或股東之比例權益，惟支付相關開支除外。

於二零一八年十一月十五日，施行股本重組之所有先決條件均已達成及股本重組已於二零一八年十一月十六日生效。

- (g) 所有新股份於所有方面均與其他已發行股份享有同等地位。

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

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes amounts due to non-controlling interests, borrowings, margin loans payables and the debt component of convertible bonds as disclosed in Notes 31, 32, 34 and 35 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt or the redemption of existing debts.

38. 資本風險管理

本集團管理其資本乃為確保本集團實體將可持續經營，並透過債務及權益之優化，為股東帶來最大回報。本集團之整體策略與去年相比仍維持不變。

本集團之資本架構分別由債務淨額（包括來自應付非控股股東權益的款項、借款、應付保證金貸款及可換股債券的負債部分分別於附註31、32、34及35所披露、並經扣除現金及現金等值以及本公司擁有人應佔權益，包括已發行股本及儲備。

董事定期檢討其資本架構。是次檢討之其中一部分為董事考慮資金成本及與各項資金類別相關之風險。根據董事之推薦意見，本集團將透過發行新股發行及新增債務，或贖回現有債務而平衡其整體資本結構。

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

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

39. 金融工具

(a) 金融工具之類別

| | | 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 | | |
| Loans and receivables (including cash and cash equivalents) | 貸款及應收款項 (包括現金及現金等值) | 104,887 | 89,413 |
| Financial assets at FVTPL – held-for-trading | 按公平值計入損益之金融資產 – 持作買賣 | 20,362 | 40,328 |
| Available-for-sale investments | 可供出售投資 | – | 59,180 |
| Equity instruments at FVTOCI | 按公平值計入其他全面收益之 股本工具 | 31,984 | – |
| Financial liabilities | 金融負債 | | |
| Financial liabilities at FVTPL – contingent consideration payable | 按公平值計入損益的金融負債 – 應付或然代價 | – | 512 |
| Other financial liabilities (at amortised cost) | 其他金融負債 (按攤銷成本列值) | 87,861 | 147,694 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI available-for-sale investments, loans to associates, trade and other receivables, loan and interest receivables, financial assets at FVTPL, bank balances and cash, trade and other payables, amounts due to non-controlling interests, borrowings, margin loans payables, convertible bonds and contingent consideration payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has certain subsidiaries operate in the PRC and Taiwan, and the functional currency of these subsidiaries established in the PRC and Taiwan are RMB and NTD respectively. The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

39. 金融工具 (續)

(b) 金融風險管理目標及政策

本集團的主要金融工具包括按公平值計入其他全面收益之權益工具、可供出售投資、向聯營公司作出貸款、貿易及其他應收款項、應收貸款及利息、按公平值計入損益的金融資產、銀行結餘及現金、貿易及其他應付款項、應付非控股股東權益款項、借款、應付保證金貸款、可換股債券及應付或然代價。有關金融工具的詳情披露於相關附註。與該等金融工具相關之金融風險包括市場風險（貨幣風險、利率風險及其他價格風險）、信貸風險及流動資金風險。有關如何減輕該等風險之政策載於下文。董事對該等風險進行管理及監控，以確保及時有效地實施適當之措施。

市場風險

(i) 貨幣風險

本集團有若干附屬公司於中國及台灣經營，而該等於中國及台灣成立的附屬公司之功能貨幣分別為人民幣及新台幣。人民幣不能自由兌換成其他貨幣。然而，根據中國內地《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權經營外匯業務之銀行將人民幣兌換成其他貨幣。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | |
|-----|-----|
| RMB | 人民幣 |
| USD | 美元 |

The Group is mainly exposed to RMB and USD.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(i) 貨幣風險 (續)

本集團目前並無外幣對沖政策。然而，本集團管理層會監察外匯風險，並會於有需要時考慮對沖重大外幣風險。

本集團以外幣為單位的貨幣性資產及貨幣性負債於報告期末之賬面值如下：

| | | Assets 資產 | |
|-----|-----|----------------------------------|----------------------------------|
| | | 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 | 41,489 | 53,778 |
| USD | 美元 | 160 | 141 |

本集團主要面臨人民幣及美元的風險。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

The following table details the Group's sensitivity to a 5% (2017: 5%) change in HK\$ against the respective foreign currencies. 5% (2017: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. A positive number below indicates a decrease in post-tax loss where HK\$ weaken against the respective foreign currencies. For a 5% (2017: 5%) strengthening of HK\$ against the relevant currency, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(i) 貨幣風險 (續)

下表詳列本集團對港元兌相關外幣的匯率變動5% (二零一七年: 5%) 的敏感度。該5% (二零一七年: 5%) 波動乃向集團內部的主要管理人員匯報外幣風險時所使用的比率, 並代表管理層對外幣匯率可能出現合理變動的評估。敏感度分析僅包括以外幣計值之尚未支付貨幣項目, 並於報告期末時以外幣匯率變動5% (二零一七年: 5%) 作匯兌調整。下文正數數字反映港元兌有關外幣貶值時, 稅後虧損則會減少。倘港元兌相關貨幣的匯率升值5% (二零一七年: 5%), 則會對除稅後虧損構成同等及相反的影響, 而下列結餘將會負數。

| | RMB impact 人民幣影響 | | USD impact 美元影響 | |
|--------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
| Decrease in post-tax loss 除稅後虧損減少 | 1,732 | 2,245 | 7 | 6 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan and interest receivables, loans to associates, borrowings and the liability component of convertible bonds, as set out in Notes 25, 26, 32 and 35, respectively. The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances and borrowings as detailed in Note 28 and 32. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(ii) *利率風險*

本集團就分別於附註25、26、32及35所載定息應收貸款及利息、向聯營公司作出貸款、借款、及可換股債券的負債部分面臨公平值利率風險。本集團亦就其於附註28及32詳述之浮息銀行結及借款，面臨現金流利率風險。本集團目前並無利率對沖政策。然而，管理層會監察利率風險，並會於有需要時考慮對沖重大利率風險。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2017: 100 basis points) increase or decrease in variable rate borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable rate bank balance is insignificant.

If interest rates had been 100 basis points (2017: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2018 and 2017 would increase/decrease by approximately HK\$69,000 (2017: HK\$77,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險 (續)

敏感度分析

以下敏感度分析乃根據報告期末的利率風險釐定。有關分析乃假設於報告期末未償還金融工具在整個年度均未償還而編製。可變利率借款上升或下降100個基點乃用於向主要管理人員內部匯報利率風險(二零一七年: 100個基點), 並代表管理層對利率合理可能變動作出的評估。敏感度分析不包括銀行結餘, 此乃由於董事認為可變利率銀行結餘產生的現金流利率風險並不重。

倘利率上升/下降100個基點(二零一七年: 100個基點), 而所有其他變數維持不變, 則本集團截至二零一八年及二零一七年十二月三十一日止年度的除稅後虧損將增加/減少約69,000港元(二零一七年: 77,000港元)。此乃主要來自本集團就其浮息銀行借款及應付保證金貸款面臨的利率風險。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI (2017: available-for-sale investments). For equity securities measured at FVTPL (2017: held-for-trading) quoted in the Stock Exchange, the management manages this exposure by maintaining the investments with appropriate level. In addition, price risk was monitored by the management of the Group who will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date, excluding available-for-sale investments measured at cost less impairment for the year ended 31 December 2017. Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in Note 39(c). For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rate is increased to 10% in 2018 as a result of the volatile financial market.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(iii) 其他價格風險

本集團因其投資於按公平值計入損益及按公平值計入其他全面收入(二零一七年:可供出售投資)計量的股本證券而面臨股本價格風險。就於聯交所報價按公平值計入損益的股本證券(二零一七年:持作買賣)而言,管理層通過維持具不同風險的投資組合管理該風險。此外,本集團管理層監控價格風險,並將於有需要時考慮對沖所面臨之風險。

敏感度分析

敏感度分析基於報告日期股本價格風險釐定,剔除截至二零一七年十二月三十一日止年度按成本減減值計量的可供出售投資。公平值計量歸入第三級的無報價股本證券的敏感度分析披露於附註39(c)。就公平值計量歸入第一級的股本證券的敏感度分析而言,由於金融市場波動,敏感度比率於二零一八年上升至10%。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk (continued)

Sensitivity analysis (continued)

If the price of respective equity instruments held had been 10% (2017: 10%) higher/lower

- Post-tax loss for the year would decrease/increase by approximately HK\$1,700,000 (2017: HK\$3,367,000) as a result of the changes in fair value of held for trading investments.
- Investment revaluation reserve would increase/decrease by approximately HK\$1,014,000 (2017: HK\$1,806,000) for the Group as a result of the changes in fair value of equity instruments at FVTOCI (2017: available-for-sale investments).

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(iii) 其他價格風險 (續)

敏感度分析 (續)

倘所持相關股本證券之價格上漲/下跌10% (二零一七年: 10%)

- 由於持作買賣投資之公平值有所變動，故本年度除稅後虧損將減少/增加約1,700,000港元 (二零一七年: 3,367,000港元)。
- 由於按公平值計入其他全面收入之股本工具 (二零一七年: 可供出售投資) 之公平值變動，投資重估儲備將增加/減少約1,014,000港元 (二零一七年: 1,806,000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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

At 31 December 2018, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's credit risk is primarily attributable to trade and other receivables, loan and interest receivables, loans to associates and bank balances. The carrying amounts of financial assets at amortised cost stated in Note 39(a) represented the Group's maximum exposure to credit risk in relation to financial assets which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except that the credit risks associated with loans and interest receivables is mitigated because they are secured over properties/securities.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估

於二零一八年十二月三十一日，除其賬面值最能代表信貸風險最大敞口的金融資產外，本集團之信貸風險主要源於貿易及其他應收款項、應收貸款及利息、向聯營公司作出貸款及銀行結餘。附註39(a)所述按攤銷成本列賬之金融資產之賬面值指本集團有關金融資產之最大信貸風險，其將因交易對手未履行責任而令本集團產生財務虧損。本集團並無就與其金融資產相關的信貸風險持有任何抵押品或其他信貸增強，惟與應收貸款及利息相關的信貸風險可獲舒緩，原因為其以物業／證券作抵押。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables

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 and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts (including trade and other receivables). In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group reassesses lifetime ECL for trade receivables to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring individual assess. The ECL on trade receivables are assessed for debtors with significant balances or collectively using a provision matrix appropriate groupings. As part of the Group's credit risk management, the Group use debtors' aging to assess with the impairment for its customers because these customers consists of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

貿易應收款項

為將信貸風險減至最低，本集團管理層已委派團隊，負責釐定信貸限額及信貸審批。以及其他監控程序，以確保採取後續措施收回逾期債務（包括貿易及其他應收款項）。此外，於採納香港財務報告準則第9號後，本集團根據預期信貸虧損模式（二零一七年：已發生損失模式）單獨就貿易結餘或基於撥備矩陣進行減值評估。就此而言，董事認為本集團的信貸風險已大幅降低。

本集團重新評估貿易應收款項之全期預期信貸虧損，確保就發生個別違約之可能性或風險顯著增加作出充足減值虧損。貿易應收款項的預期信貸虧損乃就具有重大結餘的債務人進行個別評估或使用合適分組的撥備矩陣進行整體評估。作為本集團信貸風險管理的一部分，本集團使用債務人之賬齡評估其客戶的減值，因為該等客戶包括大量具有共同風險特徵的客戶，而該風險特徵代表客戶根據合約條款悉數付款的能力。虧損率乃基於債務人於預期年期之歷史已觀察違約率估計並根據可以合理成本或努力獲得的前瞻性資料進行調整。管理層定期檢討分組以確保更新有關特定債務人之資料。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables (continued)

As at 31 December 2018, the Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 99% (2017: 99%) of the total trade receivables and 49% (2017: 67%) of the total loan and interest receivables.

As at 31 December 2018, the Group has concentration of credit risk as 20% (2017: 16%) and 66% (2017: 50%) of the total trade receivables were due from the Group's largest customer and five largest customers respectively, all within one-stop value chain services and trading of grocery food products (2017: trading of grocery food products).

Other receivables/loan and interest receivables/loan to associates/bank balances and cash

For loan and interest receivables, the Group's management manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. The management assesses the collateral and credit quality of each customer based on customer's background information, financial position, past experience and relevant factors. The Group also reviews from time to time the financial position of the customers.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

貿易應收款項 (續)

於二零一八年十二月三十一日，本集團按地區劃分的信貸風險主要集中於香港，佔貿易應收款項總額的99% (二零一七年：99%) 及應收貸款及利息總額的49% (二零一七年：67%)。

於二零一八年十二月三十一日，由於本集團集中信貸風險為20% (二零一七年：16%)，且66% (二零一七年：50%)的貿易應收款項總額分別來自本集團最大客戶及五大客戶，彼等均屬於一站式價值鏈服務及糧油食品貿易 (二零一七年：糧油食品貿易) 行業。

其他應收款項／應收貸款及利息／貸款予聯營公司／銀行結餘及現金

就應收貸款及利息而言，於提供標準支付條款及條件之前，本集團管理層會管理及分析新增及現有客戶各自的信貸風險。管理層基於客戶的背景資料、財務狀況、過往經驗及相關因素評估各個客戶的抵押及信貸質素。本集團亦會不時檢討客戶的財務狀況。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables/loan and interest receivables/loan to associates/bank balances and cash (continued)

For loan to associates, the Group's management manages and analyses the credit risk of the associates with high credit rating as at 31 December 2018 and 2017. As a result, it was not probable that the associates would default in repayment of the borrowings.

As at 31 December 2018, the Group has concentration of credit risk as 26% (2017: 20%) and 73% (2017: 71%) of the total loan and interest receivables were due from the Group's largest borrower and five largest borrowers respectively.

The credit risk on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

For all other instruments including other receivables, loan and interest receivables, loan to associates, the Group measures the loss allowance equal to 12-month 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 based on significant increases in the likelihood or risk of a default occurring since initial recognition. The Group have assessed and concluded that the risk of default rate for the other instruments are steadily based on the Group assessment of the financial health of the counterparties.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

其他應收款項/應收貸款及利息/貸款予聯營公司/銀行結餘及現金 (續)

就向聯營公司作出的貸款而言，本集團管理層於二零一八年及二零一七年十二月三十一日管理及分析具有較高信用評級的聯營公司的信貸風險。因此，聯營公司不大可能拖欠償還借款。

於二零一八年十二月三十一日，本集團集中信貸風險為26%（二零一七年：20%），且73%（二零一七年：71%）的應收貸款及利息總額分別來自本集團最大借款人及五大借款人。

由於對手方為國際信貸評級機構授予較高信貸評級之銀行/金融機構，故銀行結餘信貸風險有限。

就所有其他工具（包括其他應收款項、應收貸款及利息以及貸款予聯營公司）而言，本集團計量虧損撥備等於12個月預期信貸虧損，除非當信貸風險自初始確認以來顯著上升，則本集團確認全期預期信貸虧損。是否應以全期預期信貸虧損確認乃根據自初始確認以來發生違約的可能性或風險顯著上升而評估。本集團已評估並認為其他工具之違約率風險屬穩定，其乃基於本集團對交易對手財務健康之評估。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

| Internal credit rating 內部信貸評級 | Description 說明 | Trade receivables 應收賬款 | Other financial assets 其他金融資產 |
|----------------------------------|---|--|--|
| Low risk 低風險 | The counterparty has a low risk of default and does not have any past-due amounts 交易對手的違約風險較低且並無任何逾期金額 | Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值 | 12-month ECL 12個月預期信貸虧損 |
| Watch list 觀察名單 | Debtor frequently repays after due dates but usually settle after due date 債務人經常逾期還款，但通常會償付款項 | Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值 | 12-month ECL 12個月預期信貸虧損 |
| Doubtful 呆賬 | There have been significant increases in credit risk since initial recognition through information developed internally or external resources 內部產生或來自外部來源的資料顯示信貸風險自初步確認起顯著增加 | Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值 | Lifetime ECL – not credit-impaired 全期預期信貸虧損 – 無信貸減值 |
| Loss 虧損 | There is evidence indicating the asset is credit-impaired 有證據顯示資產已出現信貸減值 | Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值 | Lifetime ECL – credit-impaired 全期預期信貸虧損 – 信貸減值 |
| Write-off 撇銷 | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery 有證據顯示債務人陷入嚴重財務困難及本集團並不實際可能收回款項 | Amount is written off 金額已撇銷 | Amount is written off 金額已撇銷 |

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

本集團的內部信貸風險評級評估包括下列分類：

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment.

| 2018 二零一八年 | Note 附註 | External credit rating 外部信貸評級 | Internal credit rating 內部信貸評級 | 12-month or lifetime ECL 十二個月或全期預期信貸虧損 | Gross carrying amount 賬面總值 | |
|---|------------|-------------------------------------|-------------------------------------|---|-------------------------------|-----------------|
| | | | | | HK\$'000 千港元 | HK\$'000 千港元 |
| Financial assets at amortised costs 按攤銷成本列賬的金融資產 | | | | | | |
| Bank balances 銀行結餘 | 28 28 | Aa2-Baa3 Aa2-Baa3 | N/A 不適用 | 12-month ECL 12個月預期信貸虧損 | | 17,870 |
| Trade receivables 貿易應收款項 | 24 24 | N/A 不適用 | (Note 1) (附註1) | Lifetime ECL (Provision matrix) 全期預期信貸虧損(撥備矩陣) | 2,723 | |
| | | | Loss 虧損 | Lifetime ECL – credit-impaired 全期預期信貸虧損–信貸減值 | 322 | 3,045 |
| Other receivables 其他應收款項 | 24 24 | N/A 不適用 | (Note 2) (附註2) | 12-month ECL 12個月預期信貸虧損 | | 22,309 |
| Loan and interest receivables 應收貸款及利息 | 25 25 | N/A 不適用 | Low risk 低風險 Doubtful 呆賬 | 12-month ECL 12個月預期信貸虧損 Lifetime ECL (not credit-impaired) 全期預期信貸虧損 (無信貸減值) | 12,072 5,714 | |
| | | | Loss 虧損 | Lifetime ECL – credit-impaired 全期預期信貸虧損–信貸減值 | 27,467 | 45,253 |
| Loans to associates 向聯營公司作出貸款 | 26 26 | N/A 不適用 | (Note 2) (附註2) | Lifetime ECL (not credit-impaired) 全期預期信貸虧損 (無信貸減值) | | 29,020 |

Notes:

1) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the historical observed default rates adjusted by forward looking estimates.

39. 金融工具(續)

(b) 金融風險管理目標及政策(續)

信貸風險及減值評估(續)

下表詳列本集團需進行預期信貸虧損評估之金融資產之信貸風險。

附註：

1) 就貿易應收款項而言，本集團已應用香港財務報告準則第9號之簡化方法計量全期預期信貸虧損之虧損撥備。為計量預期信貸虧損，根據共有信貸風險特征及過往觀察到的違約率，經作出前瞻性估計後，對貿易應收付款項進行分組。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

1) (continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its businesses of trading of consumables and agricultural products, trading of grocery food products and provision of financial services operation. Their customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2018 within lifetime ECL (not credit impaired). Trade receivable of HK\$322,000 was credit-impaired as at 31 December 2018 and have been assessed individually.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註: (續)

1) (續)

作為本集團信貸風險管理之一部分，本集團使用債務人的賬齡評估有關其消耗品及農產品貿易、糧油食品貿易及提供金融服務業務的客戶減值。該等業務之客戶包括大量小型客戶，彼等具有共有的風險特征，代表客戶根據合約條款支付所有到期款項之能力。下表提供有關貿易應收款項的信貸風險資料，其於二零一八年十二月三十一日在全期預期信貸虧損（無信貸減值）內按撥備矩陣進行評估。於二零一八年十二月三十一日，貿易應收款項322,000港元出現信貸減值，其獲個別評估。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

1) (continued)

Gross carrying amount

| | | Estimated loss rate 估計虧損率 | Trade receivables 貿易應收款項 HK\$'000 千港元 |
|--|------------------|---------------------------------|---|
| Trading of consumables and agricultural product | 消耗品及農產品貿易 | | |
| Current to 30 days past due | 目前至30日內到期 | 0.59% | 451 |
| Trading of grocery food products | 糧油食品貿易 | | |
| Current to 30 days past due | 目前至30日內到期 | 0.59% | 971 |
| Over 90 days past due | 90日以上到期 | 5.76% | 570 |
| Provision of financial services operation | 提供金融服務業務 | | |
| Current to 30 days past due | 目前至30日內到期 | 0.15% | 170 |
| Over 90 days past due | 90日以上到期 | 2.13% | 561 |

The estimated loss rates are estimated based on industry credit benchmarking studies on the industry-wide probability of default term structure over the expected life with forward looking adjustment that is available without undue cost or effort and empirical study on loss given default rate.

During the year ended 31 December 2018, the Group provided HK\$53,000 impairment allowance for trade receivables, based on the provision matrix.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註: (續)

1) (續)

總賬面值

| Estimated loss rate 估計虧損率 | Trade receivables 貿易應收款項 HK\$'000 千港元 |
|---------------------------------|---|
| 0.59% | 451 |
| 0.59% | 971 |
| 5.76% | 570 |
| 0.15% | 170 |
| 2.13% | 561 |

估計虧損率的估計乃基於毋須花費過多成本及精力的預期年期內可用的全行業違約期限概率的行業信貸基準研究(作出前瞻性調整)及違約損失率的實證研究。

截至二零一八年十二月三十一日止年度,本集團根據撥備矩陣就貿易應收款項作出53,000港元的減值撥備。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

- 2) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：(續)

- 2) 就內部信貸風險管理而言，本集團使用到期資料評估信貸風險是否自初始確認以來大幅增加。

| | | Past due | Not past due/No fixed repayment terms | Total |
|-------------------------------|-----------|----------|---------------------------------------|----------|
| | | 到期 | 未到期/ 無固定償還期限 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 |
| Other receivables | 其他應收款項 | - | 22,309 | 22,309 |
| Loan and interest receivables | 應收貸款及利息 | 33,181 | 12,072 | 45,253 |
| Loans to associates | 向聯營公司作出貸款 | - | 29,020 | 29,020 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

- a) The following tables show reconciliation of loss allowances that has been recognised for trade receivables:

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：(續)

- a) 下表所示為已就貿易應收款項確認的減值撥備對賬：

| | | Lifetime ECL (not credit- impaired) 全期預期 信貸虧損 (無信貸減值) HK\$'000 千港元 | Lifetime ECL (credit- impaired) 全期預期 信貸虧損 (信貸減值) HK\$'000 千港元 | Total 總計 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號 | – | 302 | 302 |
| Adjustment upon application of HKFRS 9 | 應用香港財務報告準則 第9號時作出調整 | 23 | 83 | 106 |
| As at 1 January 2018 – As restated | 於二零一八年 一月一日一經重述 | 23 | 385 | 408 |
| Changes due to financial instruments recognised as at 1 January: | 於一月一日確認金融 工具而出現變動： | | | |
| – Impairment losses recognised | – 確認減值虧損 | 11 | – | 11 |
| – Impairment losses reversed | – 撥回減值虧損 | (26) | (38) | (64) |
| As at 31 December 2018 | 於二零一八年十二月 三十一日 | 8 | 347 | 355 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

- b) The following tables show reconciliation of loss allowances that has been recognised for other receivables:

| | | 12-month ECL 12個月 預期信貸虧損 HK\$'000 千港元 | Lifetime ECL (credit- impaired) 全期預期信貸虧損 (信貸減值) HK\$'000 千港元 | Total 總計 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號 | - | 1,006 | 1,006 |
| Adjustment upon application of HKFRS 9 | 應用香港財務報告準則 第9號時作出調整 | 34 | - | 34 |
| As at 1 January 2018 – As restated | 於二零一八年一月一日—經重述 | 34 | 1,006 | 1,040 |
| Changes due to financial instruments recognised as at 1 January: | 於一月一日確認金融工具而 出現變動: | | | |
| - Impairment losses recognised | - 確認減值虧損 | 27 | - | 27 |
| - Write-offs | - 撇銷 | - | (1,006) | (1,006) |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | 61 | - | 61 |

Changes in the loss allowance for other receivables are mainly due to:

其他應收款項的虧損撥備變動主要是由於:

| | 2018 Decrease in lifetime ECL (credit- impaired) 二零一八年 全期預期信貸 虧損減少 (信貸減值) HK\$'000 千港元 |
|---|--|
| No realistic prospect of recovery of an other receivable | 收回其他應收款項不切實際 1,006 |

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註: (續)

- b) 下表所示為就其他應收款項確認的虧損撥備對賬:

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

- c) The following tables show reconciliation of loss allowances that has been recognised for loan and interest receivables:

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：(續)

- c) 下表所示為就應收貸款及利息確認的虧損撥備對賬：

| | | 12-month ECL | Lifetime ECL (not credit- impaired) | Lifetime ECL (credit- impaired) | Total |
|--|-----------------------------------|-----------------|---|---------------------------------------|-----------------|
| | | 12個月 預期信貸虧損 | 全期預期 信貸虧損 (無信貸減值) | 全期預期 信貸虧損 (信貸減值) | 總計 |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | 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號 | - | - | 4,149 | 4,149 |
| Adjustment upon application of HKFRS 9 | 應用香港財務報告準則 第9號時作出調整 | 211 | 3,154 | 7,053 | 10,418 |
| As at 1 January 2018 – As restated | 於二零一八年 一月一日一經重述 | 211 | 3,154 | 11,202 | 14,567 |
| Changes due to financial instruments recognised as at 1 January: | 於一月一日確認金融工具 而出現變動： | | | | |
| - Transfer to credit- impaired | - 轉至信貸減值 | - | (3,154) | 3,154 | - |
| - Impairment losses recognised | - 確認減值虧損 | 11 | - | 1,711 | 1,722 |
| - Impairment losses reversed | - 撥回減值虧損 | (39) | - | (1,063) | (1,102) |
| - Write-offs | - 撇銷 | - | - | (4,149) | (4,149) |
| As at 31 December 2018 | 於二零一八年 十二月三十一日 | 183 | - | 10,855 | 11,038 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

c) (continued)

Changes in the loss allowance for loan and interest receivables are mainly due to:

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：(續)

c) (續)

應收貸款及利息減值撥備變動主要是由於：

| | | 2018 | | |
|--|------------------|--|-------------------------|-----------------|
| | | Increase (decrease) in lifetime ECL | | |
| | | 二零一八年 | | |
| | | 全期預期信貸虧損增加(減少) | | |
| | | Increase (decrease) in 12-month ECL | Not credit- impaired | Credit-impaired |
| | | 12個月預期信貸 虧損增加(減少) | 無信貸減值 | 信貸減值 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 |
| Loans defaulted and transferred to credit-impaired loans | 出現違約的貸款及轉至信貸減值貸款 | - | (3,154) | 3,154 |
| Further impairment made for credit-impaired loans | 就信貸減值貸款作出的進一步減值 | - | - | 1,711 |
| Settlement received from loan debtors | 收到貸款債務人的結算 | (22) | - | (1,063) |
| Settlement in full of a loan debtor | 貸款債務人的全額結算 | (17) | - | - |
| No realistic prospect of recovery of a loan receivable | 收回應收貸款不切實際 | - | - | (4,149) |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

- d) The following tables show reconciliation of loss allowances that has been recognised for loans to associates:

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險及減值評估 (續)

附註：(續)

- d) 下表所示為就向聯營公司作出貸款確認之虧損撥備對賬：

| | | 12-month ECL | Increase (decrease) in lifetime ECL (not credit- impaired) | Total |
|--|---------------------------|-----------------|--|-----------------|
| | | 12個月預期 信貸虧損 | 全期預期 信貸虧損 (無信貸減值) 增加(減少) | 總計 |
| | | HK\$'000 千港元 | HK\$'000 千港元 | 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號 | - | - | - |
| Adjustment upon application of HKFRS 9 | 應用香港財務報告準則第9號時作出調整 | 312 | 123 | 435 |
| As at 1 January 2018 – As restated | 於二零一八年一月一日 – 經重述 | 312 | 123 | 435 |
| Changes due to financial instruments recognised as at 1 January: | 於一月一日確認金融工具而出現變動： | | | |
| – Transfer to lifetime ECL (not credit-impaired) | – 轉至全期預期信貸虧損 (無信貸減值) | (312) | 312 | - |
| – Impairment losses recognised | – 確認減值虧損 | 721 | 721 | - |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | - | 1,156 | 1,156 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group is exposed to liquidity risk as the Group had continuously incurring operating losses. The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in Note 2.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings and margin loans payable with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks and the financial institutions choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

流動資金風險

在流動資金風險管理方面，本集團監管及維持董事認為屬適當之現金及現金等值水平，以為本集團營運提供資金，並減輕現金流波動之影響。

由於本集團持續錄得經營虧損，故本集團面臨流動資金風險。本集團的流動資金主要取決於未來可得的資金以及本集團於到期時履行其財務責任的能力。有關詳情載於附註2。

下表詳列本集團金融負債之餘下合約期限。該表乃根據金融負債之非折現現金流基於本集團可能須予以支付之最早日期制訂。具體而言，具有按要求還款條文的銀行借款及應付保證金貸款乃計入最早時間範圍，而不論銀行及金融機構選擇行使其權利的可能性。其他非衍生金融負債的到期日乃基於協定償還日期。

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

流動資金風險 (續)

該表包括利息及現金流量本金額。倘利息流量按浮息計量，則未折現金額按報告期末之利率計算。

| | | Weighted average interest rate | Within 1 year or on demand | More than one year less than two years | More than two years less than five years | Total undiscounted cash flows | Carrying amounts |
|--|--------------|--------------------------------|----------------------------|--|--|-------------------------------|------------------|
| | | 加權平均利率 | 一年內或按 要求償還 | 多於一年 但少於兩年 | 多於兩年 但少於五年 | 現金流總額 | 賬面值 |
| | | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 2018 | 二零一八年 | | | | | | |
| Trade and other payables | 貿易及其他應付款項 | - | 31,051 | - | - | 31,051 | 31,051 |
| Amounts due to non-controlling interests | 應付非控股股東權益款項 | - | 2,995 | - | - | 2,995 | 2,995 |
| Borrowings | 借款 | 5% | 37,315 | - | - | 37,315 | 35,616 |
| Margin loans payables | 應付保證金貸款 | 10% | 18,199 | - | - | 18,199 | 18,199 |
| | | | 89,560 | - | - | 89,560 | 87,861 |

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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

| | | Weighted average interest rate | Within 1 year or on demand | More than one year or less than two years | More than two years or less than five years | Total undiscounted cash flows | Carrying amounts |
|--|-----------------|--------------------------------|----------------------------|---|---|-------------------------------|------------------|
| | | 加權平均利率 | 一年內或按 要求償還 | 多於一年 但少於兩年 | 多於兩年 但少於五年 | 非貼現 現金流總額 | 賬面值 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| 2017 | 二零一七年 | | | | | | |
| Non-derivative financial liabilities: | 非衍生金融負債: | | | | | | |
| Trade and other payables | 貿易及其他應付款項 | - | 35,801 | - | - | 35,801 | 35,746 |
| Amounts due to non-controlling interests | 應付非控股股東權益款項 | - | 2,995 | - | - | 2,995 | 2,995 |
| Borrowings | 借款 | 4% | 59,469 | - | - | 59,469 | 57,189 |
| Margin loans payables | 應付保證金貸款 | 10% | 30,077 | - | - | 30,077 | 30,077 |
| Convertible bonds | 可換股債券 | - | 23,500 | - | - | 23,500 | 21,687 |
| | | | 151,842 | - | - | 151,842 | 147,694 |

Bank borrowings with a repayment on demand clause is included in the "within 1 year or on demand" time band in the above maturity analysis. As at 31 December 2018 and 2017, the aggregate undiscounted principal amounts of the bank borrowings amounted to approximately HK\$8,231,000 and HK\$9,233,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be settled in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$13,598,000 (2017: HK\$20,449,000).

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

流動資金風險 (續)

訂有按要還款條文的銀行借款計入上述到期分析的「一年內或按要還」的時間範圍。於二零一八年及二零一七年十二月三十一日，銀行借款的未貼現本金總額分別約為8,231,000港元及9,233,000港元。經考慮本集團的財務狀況，董事並不相信，銀行將行使其酌情權要求即時還款。董事相信，該等銀行借款可按照貸款協議所載的已訂還款日期清償。屆時，本金總額及利息現金流出將約為13,598,000港元（二零一七年：20,449,000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

39. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial instruments.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Board is responsible to determine the appropriate valuation technique and inputs for fair value measurement.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Board works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

39. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

流動資金風險 (續)

倘浮動利率變動與於報告期末所釐定的估計利率有所不同，則上文所載有關浮動利率工具的金額會予以更改。

(c) 金融工具的公平值計量

本附註提供有關本集團為其金融工具釐定公平值的方法之資料。

本集團的部分金融工具就財務報告目的按公平值計量。董事會負責釐定公平值計量之適當估值技巧及輸入數據。

於估計公平值時，本集團採用可用的市場可觀察數據。倘第一級輸入數據不可用，本集團委聘第三方合資格估值師進行估值。董事會與合資格外聘估值師緊密協作，建立適當估值方法及模式的輸入數據。

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

39. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technical(s) and inputs used).

Fair value hierarchy

39. 金融工具 (續)

(c) 金融工具的公平值計量 (續)

(i) 本集團按經常性基準以公平值計量之金融資產及金融負債公平值

本集團的部分金融資產及金融負債乃於各報告期結束時按公平值計量。下表提供如何釐定有關該等金融資產及金融負債之公平值(特別是所使用之估值技術及輸入數據)之資料。

公平值級別

| | | Level 1 第一級 | | Level 3 第三級 | | Total 總計 | |
|----------------------------------|-------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
| Financial assets | 金融資產 | | | | | | |
| Financial assets at FVTPL | 按公平值計入損益的金融資產 | 20,362 | 40,328 | - | - | 20,362 | 40,328 |
| Equity instruments at FVTOCI | 按公平值計入其他全面收益的權益工具 | 10,142 | - | 21,842 | - | 31,984 | - |
| AFS | 可供出售 | - | 18,064 | - | - | - | 18,064 |
| | | 30,504 | 58,392 | 21,842 | - | 52,346 | 58,392 |
| Financial liabilities | 金融負債 | | | | | | |
| Contingent consideration payable | 應付或然代價 | - | - | - | 512 | - | 512 |
| | | - | - | - | 512 | - | 512 |

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

39. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

| Financial assets | Fair value as at 31 December 2018 於二零一八年十二月三十一日之公平值 | Fair value hierarchy | Valuation technique(s) and key inputs | Significant unobservable inputs |
|--|--|----------------------|---|---|
| 金融資產 | | 公平值級別 | 估值技巧及關鍵輸入數據 | 重大不可觀察輸入數據 |
| Listed equity securities at FVTPL | HK\$20,362,000 (2017: HK\$40,328,000) | Level 1 | Quoted closing prices in an active market | N/A |
| 按公平值計入損益之上市股本證券 | 20,362,000港元 (二零一七年: 40,328,000元) | 第一級 | 採用活躍市場上的報價 | 不適用 |
| Listed equity securities at FVTOCI | HK\$10,142,000 (2017: HK\$Nil) | Level 1 | Quoted closing prices in an active market | N/A |
| 公平值計入其他全面收益之上市股本證券 | 10,142,000元 (二零一七年: 零港元) | 第一級 | 採用活躍市場上的報價 | 不適用 |
| Unlisted equity investments at FVTOCI (Note) | HK\$21,843,000 (2017: HK\$Nil) | Level 3 | Market approach | Price-to-book value multiple Discount of lack of marketability |
| 公平值計入其他全面收益之非上市股本投資 (附註) | 21,843,000元 (二零一七年: 零港元) | 第三級 | 市場法 | 市賬率倍數 缺乏市場流通性折讓 |
| Listed equity securities classified as AFS | HK\$Nil (2017: HK\$18,064,000) | Level 1 | Quoted closing prices in an active market | N/A |
| 分類為可供出售之上市股本證券 | 零港元 (二零一七年: 18,064,000港元) | 第一級 | 採用活躍市場上的報價 | 不適用 |

Note: An increase in price-to-book value multiple used in isolation would result in an increase in fair value measurement of the unlisted equity investments at FVTOCI, and vice versa. For the year ended 31 March 2018, a 10% increase/decrease in price-to-book value multiple and holding all other variables constant would increase/decrease the carrying amount of the unlisted equity investments at FVTOCI HK\$1,919,000/HK\$1,919,000 respectively.

An increase in discount for lack of marketability used in isolation would result in a decrease in fair value measurement of the unlisted equity investments at FVTOCI, and vice versa. For the year ended 31 December 2018, a 1% increase/decrease in discount for lack of marketability and holding all other variables constant would decrease/increase the carrying amount of the unlisted equity investments at FVTOCI by HK\$211,000/HK\$211,000 respectively.

39. 金融工具 (續)

(c) 金融工具的公平值計量 (續)

(i) 本集團按經常性基準以公平值計量之金融資產及金融負債公平值 (續)

附註: 單獨使用的市賬率倍數上升會導致按公平值計入其他全面收益的非上市股本投資的公平值計量增加, 反之亦然。截至二零一八年三月三十一日止年度, 市賬率倍數上升/下降10%, 而所有其他變量維持不變, 則按公平值計入其他全面收益的非上市股本投資的賬面值分別增加/減少1,919,000港元及1,919,000港元。

單獨使用的缺乏市場流通性折讓增加會導致按公平值計入其他全面收益的非上市股本投資的公平值減少, 反之亦然。截至二零一八年十二月三十一日止年度, 缺乏市場流通性折讓上升/下降1%, 而所有其他變量維持不變, 則按公平值計入其他全面收益的非上市股本投資的賬面值分別減少/增加211,000港元及211,000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

39. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

As at 31 December 2017, contingent consideration payable was resulted from the acquisition of Inno-Bag Limited. The fair value of the contingent consideration arrangement of Inno-Bag Limited was approximately HK\$512,000 as at 31 December 2017 which was estimated by applying the income approach. The fair value estimates are based on the volatility of the Company's shares ranged from 45.8% to 46.1% and assumed that Inno-Bag Limited has reached the profit after tax of not less than HK\$1,200,000 for each of the two years ending 31 March 2017 and 2018 respectively. This is a level 3 fair value measurement.

During the year ended 31 December 2018, the Company issued 2,771,813 (2017: 4,017,253) ordinary shares at par value of HK\$0.02 per share at a conversion price of HK\$0.13 per share on a pro rata basis to the Vendor since 45% (2017: 65%) of the target profit after tax have been met. Details are set out in Note 46.

There were no transfers between levels of fair value hierarchy during the year ended 31 December 2018.

39. 金融工具 (續)

(c) 金融工具的公平值計量 (續)

(i) 本集團按經常性基準以公平值計量之金融資產及金融負債公平值 (續)

於二零一七年十二月三十一日，應付或然代價乃因收購成豐環保袋企業有限公司產生。於二零一七年十二月三十一日，成豐環保袋企業有限公司或然代價安排的公平值約為512,000港元，此乃採用收益法估計。公平值估計基於本公司的股份波動介乎45.8%至46.1%，並假設成豐環保袋企業有限公司於截至二零一七年及二零一八年十二月三十一日止兩個年度各年的除稅後溢利均不低於1,200,000港元。此為第三級公平值計量。

截至二零一八年十二月三十一日止年度，本公司按比例以換股價每股股份0.13港元，按面值每股0.02港元，向賣方發行2,771,813股（二零一七年：4,017,253股）普通股，因已達到45%（二零一七年：65%）的除稅後目標溢利。詳情在於附註46。

截至二零一八年十二月三十一日止年度，公平值層級之間並無轉換。

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

39. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial instruments on recurring basis:

39. 金融工具 (續)

(c) 金融工具的公平值計量 (續)

(i) 本集團按經常性基準以公平值計量之金融資產及金融負債公平值 (續)

經常性基準的金融工具第三級公平值計量之對賬：

| | | Assets- Unlisted equity securities at FVTOCI 資產－ 按公平值計入 其他全面收益 之非上市 股本證券 HK\$'000 千港元 | Liabilities- Contingent consideration payable 負債－ 應付或 然代價 HK\$'000 千港元 |
|---|------------------------|--|--|
| At 1 January 2017 | 於二零一七年一月一日 | – | 2,976 |
| Fair value changes | 公平值變動 | – | (1,942) |
| Issue of shares upon settlement (Note 37(c)) | 於結算時發行股份 (附註37(c)) | – | (522) |
| At 31 December 2017 | 於二零一七年十二月 三十一日 | – | 512 |
| Adjustment upon application of HKFRS 9 | 應用香港財務報告準則 第9號時作出調整 | 32,837 | – |
| At 1 January 2018 | 於二零一八年一月一日 | 32,837 | 512 |
| Addition in relation to acquisition of Max Joint | 有關收購盛隆之添置 | 30,138 | – |
| Disposal | 出售 | (30,221) | – |
| Fair value changes | 公平值變動 | (9,736) | (152) |
| Issue of shares upon settlement (Note 37(c)) | 於結算時發行股份 (附註37(c)) | – | (360) |
| Exchange adjustment | 匯兌調整 | (1,176) | – |
| At 31 December 2018 | 於二零一八年十二月 三十一日 | 21,842 | – |

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

39. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

(i) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)*

Of the total gains or losses for the year included in profit or loss, HK\$152,000 (2017: HK\$1,942,000) relates to change in fair value of contingent consideration payable at the end of the year ended 31 December 2018.

Included in other comprehensive income is an amount of approximately HK\$9,736,000 fair value loss relating to the unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of "investment revaluation reserve".

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their values.

39. 金融工具 (續)

(c) 金融工具的公平值計量 (續)

(i) 本集團按經常性基準以公平值計量之金融資產及金融負債公平值 (續)

於計入損益的本年度收益或虧損總額中，152,000港元（二零一七年：1,942,000港元）與截至二零一八年十二月三十一日止年度末應付或然貸款之公平值變動有關。

於本報告期末持有分類為按公平值計入其他全面收益的非上市股本證券之公平值虧損約9,736,000港元計入其他全面收益，並呈報為「投資重估儲備」之變動。

董事認為，於綜合財務報表中按攤銷成本列賬的其他金融資產及金融負債的賬面值與其價值相若。

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

40. OPERATING LEASE COMMITMENTS

Commitments under operating lease

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 fall due as follows:

| | | 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 | 3,847 | 4,491 |
| In the second to fifth years inclusive | 第二至第五年(包括首尾兩年) | – | 4,437 |
| | | 3,847 | 8,928 |

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms of one to three years (2017: one to three years) and rentals are fixed over the terms of the leases.

40. 經營租約承擔

經營租約項下之承擔

本集團作為承租人

於報告期末，本集團根據於以下期間到期之不可撤銷經營租約於未來之最低租金款項承擔如下：

經營租約支付款項指本集團就其若干辦公室物業應付之租金。租約議定期限為一至三年(二零一七年：一至三年)，而租金於租期內固定不變。

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

40. OPERATING LEASE COMMITMENTS (continued) Commitments under operating lease (continued) The Group as lessor

Property rental income earned during the year was approximately HK\$5,153,000 (2017: HK\$3,919,000). The properties generated recognised rental yields of 3.0% (2017: 2.3%) on an on-going basis. The properties leased out have committed tenants for the next two years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

| | |
|--|----------------|
| Within one year | 一年內 |
| In the second to fifth years inclusive | 第二至第五年（包括首尾兩年） |

40. 經營租約承擔（續） 經營租約項下之承擔（續） 本集團作為出租人

年內，所賺得之物業租賃收入約為5,153,000港元（二零一七年：3,919,000港元）。該等物業持續貢獻3.0%（二零一七年：2.3%）之已確認租賃回報率。已出租物業於未來兩年均有租戶。

於報告期末，本集團已就下列日後最低租金款項與租戶訂約：

| | 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 | 4,201 | 6,276 |
| In the second to fifth years inclusive | 3,397 | 11,622 |
| | 7,598 | 17,898 |

41. SHARE OPTIONS

The Company has adopted a share option scheme on 24 January 2002 (the "Scheme 2002"). Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 May 2011, the Scheme 2002 was terminated and a new share option scheme (the "Scheme 2011") was adopted.

Under the Scheme 2002, the Company may only grant share options to the Directors or any person who is an employee of members of the Group or any entity in which the Group holds any equity interests. However, the Scheme 2011 provides a broadened basis of and scope of eligible participation and enables the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Scheme 2002 was expired on 23 January 2012 and the Directors consider that it is appropriate to adopt the new scheme.

41. 購股權

本公司於二零零二年一月二十四日採納購股權計劃（「二零零二年計劃」）。根據於本公司在二零一一年五月六日舉行股東週年大會上通過的普通決議案，二零零二年計劃已終止，而新購股權計劃（「二零一一年計劃」）已獲採納。

根據二零零二年計劃，本公司僅可向本集團成員公司或本集團持有權益的實體之董事或任何僱員授出購股權。然而，二零一一年計劃為合資格參與提供更廣泛的基礎及範圍，使本集團可獎勵僱員、董事及其他經選定參與者，以表揚彼等對本集團的貢獻。二零零二年計劃已於二零一二年一月二十三日屆滿，而董事認為採納新計劃乃屬合適。

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

41. SHARE OPTIONS (continued)

The purpose of the Scheme 2002 and Scheme 2011 is to enable the Company to grant options to selected employees to subscribe for shares of the Company as incentives or rewards for their contributions to the Group. The board of directors of the Company may, at its discretion, invite any full-time or part-time employees of the Company or any member of the Group, including any executive and non-executive directors of the Company, advisors and consultants of the Company or any subsidiary of the Company to take up options to subscribe for shares of the Company. The total number of shares of the Company available for issue under the Scheme 2002 and Scheme 2011 was initially 10% of the issued share capital as at the date of adoption of the Share Option Scheme.

The total number of shares of the Company available for issue under the Scheme 2002 and Scheme 2011 (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue from time to time. An option may be exercised at any time during a period to be determined and notified by the Board to each participant. Upon acceptance of the option, the employee should pay HK\$1.00 to the Company by way of consideration for the grant. The subscription price for the shares of the Company will be a price to be determined by the Board and will be the highest of (i) the closing price of the shares on the GEM as stated on the Stock Exchange's daily quotations sheet on the date of granting of the options; (ii) the average closing price of the shares on the GEM as stated on the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of granting of the options; and (iii) the nominal value of a share.

41. 購股權 (續)

二零零二年計劃及二零一一年計劃旨在讓本公司授出可認購本公司股份之購股權予經甄選僱員，以作為彼等對本集團作出貢獻之獎勵或報酬。本公司董事會可酌情邀請本公司或本集團任何成員公司之任何全職或兼職僱員（包括任何本公司執行董事及非執行董事、本公司或本公司任何附屬公司之顧問及諮詢人）接納購股權，以認購本公司股份。本公司根據二零零二年計劃及二零一一年計劃可予發行之股份總數初步佔於採納購股權計劃當日之已發行股本10%。

根據二零零二年計劃及二零一一年計劃（包括已行使及尚未行使的購股權）而可予發行的本公司股份總數，於任何12個月期間不得超過本公司不時已發行股份1%。購股權可於董事會釐定並知會各參與者之期限內隨時行使。在接納購股權時，僱員須向本公司支付1.00港元作為獲授購股權之代價。本公司股份之認購價將由董事會釐定，並將為：(i)股份於購股權授出當日在聯交所每日報價表上所列於GEM之收市價；(ii)股份於緊接購股權授出當日前五個交易日在聯交所每日報價表上所列於GEM之平均收市價；及(iii)股份面值三者中最高者。

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

41. SHARE OPTIONS (continued)

During the year ended 31 December 2016, 437,000,000 share options had been granted under the Scheme 2011. The Group recognised the total expense of approximately HK\$2,526,000 for the year ended 31 December 2018 (2017: HK\$9,255,000) in relations to share options granted by the Company.

Details of specific categories of options are as follows:

For the year ended 31 December 2018

| | Date of grant 授出日期 | Vesting period 歸屬期間 | Exercise period 行使期間 | Exercise price 行使價格 (Note) (附註) HK\$ 港元 |
|------------------------|-----------------------------|------------------------|--|--|
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | – – | 13/9/2016-12/9/2019 二零一六年九月十三日至 二零一八年九月十二日 | 1.10 1.10 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 1 year 1年 | 13/9/2017-12/9/2019 二零一七年九月十三日至 二零一八年九月十二日 | 1.10 1.10 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 2 years 2年 | 13/9/2018-12/9/2019 二零一八年九月十三日至 二零一八年九月十二日 | 1.10 1.10 |

For the year ended 31 December 2017

| | Date of grant 授出日期 | Vesting period 歸屬期間 | Exercise period 行使期間 | Exercise price 行使價格 HK\$ 港元 |
|------------------------|-----------------------------|------------------------|--|--------------------------------------|
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | – – | 13/9/2016-12/9/2019 二零一六年九月十三日至 二零一八年九月十二日 | 0.110 0.110 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 1 year 1年 | 13/9/2017-12/9/2019 二零一七年九月十三日至 二零一八年九月十二日 | 0.110 0.110 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 2 years 2年 | 13/9/2018-12/9/2019 二零一八年九月十三日至 二零一八年九月十二日 | 0.110 0.110 |

The estimated fair value of the options lapsed during the year ended 31 December 2018 was approximately HK\$6,737,000 which has been transferred from share options reserve to accumulated losses (2017: HK\$2,211,000).

41. 購股權 (續)

截至二零一六年十二月三十一日止年度，本公司根據二零一一年計劃授出購股權437,000,000份。本集團就本公司授出的購股權於截至二零一八年十二月三十一日止年度確認開支總額約2,526,000港元（二零一七年：9,255,000港元）。

購股權的特定類別詳情如下：

截至二零一八年十二月三十一日止年度

| | Date of grant 授出日期 | Vesting period 歸屬期間 | Exercise period 行使期間 | Exercise price 行使價格 (Note) (附註) HK\$ 港元 |
|------------------------|-----------------------------|------------------------|--|--|
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | – – | 13/9/2016-12/9/2019 二零一六年九月十三日至 二零一八年九月十二日 | 1.10 1.10 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 1 year 1年 | 13/9/2017-12/9/2019 二零一七年九月十三日至 二零一八年九月十二日 | 1.10 1.10 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 2 years 2年 | 13/9/2018-12/9/2019 二零一八年九月十三日至 二零一八年九月十二日 | 1.10 1.10 |

截至二零一七年十二月三十一日止年度

| | Date of grant 授出日期 | Vesting period 歸屬期間 | Exercise period 行使期間 | Exercise price 行使價格 HK\$ 港元 |
|------------------------|-----------------------------|------------------------|--|--------------------------------------|
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | – – | 13/9/2016-12/9/2019 二零一六年九月十三日至 二零一八年九月十二日 | 0.110 0.110 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 1 year 1年 | 13/9/2017-12/9/2019 二零一七年九月十三日至 二零一八年九月十二日 | 0.110 0.110 |
| Scheme 2011 二零一一年計劃 | 12/9/2016 二零一六年 九月十二日 | 2 years 2年 | 13/9/2018-12/9/2019 二零一八年九月十三日至 二零一八年九月十二日 | 0.110 0.110 |

於截至二零一八年十二月三十一日止年度已失效購股權估計公平值約為6,737,000港元（二零一七年：2,211,000港元），其已自購股權儲備轉撥至累計虧損。

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

41. SHARE OPTIONS (continued) For the year ended 31 December 2018

The following table discloses the movement of the Company's share options held by the Directors, consultants and employees during the year:

| Grantees | Option grant date | Outstanding at 1 January 2018 於二零一八年 一月一日 尚未行使 | Lapsed during the year 於年內失效 | Exercised during the year 於年內行使 | Adjustment due to share consolidation 因股份合併 作出調整 (Note) (附註) | Outstanding at 31 December 2018 於二零一八年 十二月三十一日 尚未行使 |
|---|---------------------------------|---|------------------------------------|---------------------------------------|--|--|
| 承授人 | 購股權授出日期 | '000 千份 | '000 千份 | '000 千份 | '000 千份 | '000 千份 |
| Directors 董事 | 13 July 2015 二零一五年七月十三日 | 32,375 | (32,375) | - | - | - |
| | 12 September 2016 二零一六年九月十二日 | 141,000 | (34,000) | - | (96,300) | 10,700 |
| Consultants 顧問 | 13 July 2015 二零一五年七月十三日 | - | - | - | - | - |
| | 12 September 2016 二零一六年九月十二日 | 76,250 | - | - | (68,625) | 7,625 |
| Employees 僱員 | 13 July 2015 二零一五年七月十三日 | - | - | - | - | - |
| | 12 September 2016 二零一六年九月十二日 | 154,000 | (34,000) | - | (108,000) | 12,000 |
| Total 總計 | | 403,625 | (100,375) | - | (272,925) | 30,325 |
| Exercisable at the end of the year 於年末可行使 | | | | | | 30,325 |
| Weighted average exercise price (HK\$ per share) 加權平均行使價 (港元每股) | | 0.124 | 0.143 | N/A 不適用 | N/A 不適用 | 1.100 |

Note:

Following the Capital Reorganisation on 16 November 2018, the exercise price of the outstanding share options was adjusted from HK\$0.11 to HK\$1.10. The numbers of outstanding share options were also adjusted from 303,250,000 shares to 30,325,000 as a result of the Capital Reorganisation.

41. 購股權 (續) 截至二零一八年十二月三十一日止年度

下表披露董事、顧問及僱員於年內持有的本公司購股權變動：

附註：

於二零一八年十一月十六日進行股本重組後，尚未行使購股權之行使價格由0.11港元調整至1.10港元。尚未行使的購股權數目亦因股本重組由303,250,000股調整至30,325,000股。

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

41. SHARE OPTIONS (continued)

For the year ended 31 December 2017

| Grantees | Option grant date | Outstanding at 1 January 2017 於二零一七年 一月一日 | Lapsed during the year | Reclassified during the year | Exercised during the year | Outstanding at 31 December 2017 於二零一七年 十二月三十一日 |
|--|---------------------------------|---|---------------------------|---------------------------------|------------------------------|--|
| 承授人 | 購股權授出日期 | 尚未行使 '000 千份 | 於年內失效 '000 千份 | 於年內 重新分類 '000 千份 | 於年內行使 '000 千份 | 尚未行使 '000 千份 |
| Directors 董事 | 13 July 2015 二零一五年七月十三日 | 51,800 | (19,425) | - | - | 32,375 |
| | 12 September 2016 二零一六年九月十二日 | 187,000 | - | (28,000) | (18,000) | 141,000 |
| Consultants 顧問 | 13 July 2015 二零一五年七月十三日 | - | - | - | - | - |
| | 12 September 2016 二零一六年九月十二日 | 55,000 | - | 28,000 | (6,750) | 76,250 |
| Employees 僱員 | 13 July 2015 二零一五年七月十三日 | - | - | - | - | - |
| | 12 September 2016 二零一六年九月十二日 | 195,000 | (35,000) | - | (6,000) | 154,000 |
| Total 總計 | | 488,800 | (54,425) | - | (30,750) | 403,625 |
| Exercisable at the end of the year 於年末可行使 | | | | | | 218,500 |
| Weighted average exercise price (HK\$ per share) 加權平均行使價(港元每股) | | 0.123 | 0.146 | 0.110 | 0.110 | 0.124 |

During the year ended 31 December 2016, 437,000,000 share options were granted on 12 September 2016. The estimated fair value of the options granted on this grant date is approximately HK\$20,146,048.

41. 購股權(續)

截至二零一七年十二月三十一日止年度

截至二零一六年十二月三十一日止年度，437,000,000份購股權於二零一六年九月十二日獲授出。授出當日的購股權之估計公平值約為20,146,048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

41. SHARE OPTIONS (continued)

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Maturity date: 12/9/2019

Weighted average share price
Exercise price
Expected volatility
Expected life
Risk-free rate
Expected dividend yield

到期日：二零一九年九月十二日

加權平均股價 HK\$0.110港元
行使價格 HK\$0.110港元
預期波幅 65.88%
預期使用期 3 years 年
無風險利率 0.608%
預期股息回報率 Nil 零

Maturity date: 12/9/2019

Weighted average share price
Exercise price
Expected volatility
Expected life
Risk-free rate
Expected dividend yield

到期日：二零一九年九月十二日

加權平均股價 HK\$0.110港元
行使價格 HK\$0.110港元
預期波幅 65.88%
預期使用期 2 years 年
無風險利率 0.608%
預期股息回報率 Nil 零

Maturity date: 12/9/2019

Weighted average share price
Exercise price
Expected volatility
Expected life
Risk-free rate
Expected dividend yield

到期日：二零一九年九月十二日

加權平均股價 HK\$0.110港元
行使價格 HK\$0.110港元
預期波幅 65.88%
預期使用期 1 year 年
無風險利率 0.608%
預期股息回報率 Nil 零

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

41. 購股權 (續)

公平值乃按二項式模式計算。該模式的輸入數據如下：

預期波幅乃採用本公司股價於過往四年之歷史波幅予以釐定。該模式採用之預期可使用年期已根據管理層之最佳估計並就不可轉讓性、行使限制及行為代價之影響作出調整。

二項式模式已獲採用作估計購股權之公平值。計算購股權公平值所用的變動及假設乃基於董事的最佳估計。購股權的價值會因若干主觀假設的不同變數而有所不同。

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. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs capped at HK\$1,500 (2017: HK\$1,500) per month to MPF, in which the contribution is matched by employees.

Pursuant to the regulation of the relevant authorities in the PRC, the subsidiaries of the Group in this country participate in respective government retirement benefit schemes (the "Schemes") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contribution made to the Schemes is calculated base on the certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contribution under the Schemes.

Under the Labor Pension Act of Taiwan, Employees may choose a scheme where the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labor Pension Act of Taiwan.

The total expense recognised in consolidated statement of profit or loss and other comprehensive income of approximately HK\$737,000 (2017: HK\$657,000) represents contribution payable to MPF and the Schemes by the Group in respect of the current financial year.

42. 退休福利計劃

本集團為所有於香港的合資格僱員經營強積金。該等計劃的資產乃由受託人控制的資金，與本集團資產分開持有。本公司按相關工資成本的5%供款予強積金，上限為每月1,500港元（二零一七年：1,500港元），而僱員亦會作出相應供款。

根據中國有關當局之規例，本集團於該國家之附屬公司參與各項政府退休福利計劃（「該等計劃」），據此有關附屬公司須向該等計劃支付供款，以撥付合資格僱員之退休福利。向該等計劃作出之供款乃按照中國規例所訂明適用薪酬成本之若干百分比計算。中國有關當局負責向退休僱員支付應付之全數退休福利。本集團就該等計劃之責任僅為根據該等計劃持續支付所需供款。

根據台灣勞工退休金條例，僱員可選擇僱主供款比率不少於僱員月薪6%之計劃，亦可根據台灣勞工退休金條例自願向勞退準備金賬戶供款最高達月薪之6%。

於綜合損益及其他全面收益確認的開支總額約737,000港元（二零一七年：657,000港元）指本集團於本財政年度應付的強積金供款。

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. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

Max Joint Asia Pacific (China) Limited (“Max Joint”)

On 27 August 2018, King Noble Holdings Limited (“King Noble”), an indirect wholly owned subsidiary of the Company, the Company and Mr. Guo Weifu (an independent third party) entered into a sales and purchase agreement pursuant to which Mr. Guo Weifu had agreed to sell and King Noble had agreed to purchase 100 ordinary shares in Max Joint, representing 100% of the entire issued share capital of Max Joint, at a consideration of HK\$46,500,000, which shall be satisfied by issue of 465,000,000 ordinary shares of the Company at HK\$0.10 per share (the “Max Joint Acquisition”). The Max Joint Acquisition was completed on 25 October 2018.

Max Joint is an investment holding company incorporated in Hong Kong with limited liability, which holds 15% equity interest in Bengbu Higreen Agricultural Product Logistics Company Limited* (蚌埠海吉星農產品物流有限公司) (“Higreen Agricultural”). Higreen Agricultural operates a large-scale agricultural products logistics center in Bengbu of Anhui Province, PRC for wholesale of agricultural products, which also handles processing, packaging, storage, direct selling, delivery, auction, e-commerce, food safety testing and central settlement.

43. 透過收購附屬公司收購資產

盛隆亞太(中國)有限公司(「盛隆」)

於二零一八年八月二十七日，King Noble Holdings Limited(「King Noble」，本公司一間間接全資附屬公司)、本公司及郭偉夫先生(獨立第三方)訂立買賣協議，據此，郭先生已同意出售及King Noble已同意購買100股盛隆的普通股，相當於盛隆全部已發行股本的100%，代價為46,500,000港元，其將以發行465,000,000股本公司每股面值0.10港元之普通股之方式結付(「盛隆收購事項」)。盛隆收購事項已於二零一八年十月二十五日完成。

盛隆為一間於香港註冊成立的投資控股有限公司，持有蚌埠海吉星農產品物流有限公司(「海吉星農產品」)的15%股權。海吉星農產品於中國安徽省蚌埠經營一個大型農產品物流中心以進行農產品的批發，其亦處理加工、包裝、倉儲、直接銷售、交付、拍賣、電子商務、食品安全檢測及中央結算。

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. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

Max Joint Asia Pacific (China) Limited ("Max Joint") (continued)

The assets acquired and liabilities assumed did not constitute a business combination as defined in HKFRS 3 *Business Combinations* and therefore, the acquisition was accounted for as assets acquisition.

The assets acquired and liabilities recognised at the date of acquisition as follows:

| | | HK\$'000 千港元 |
|---|-------------------|-----------------|
| Equity instruments at fair value through other comprehensive income | 按公平值計入其他全面收益之權益工具 | 30,138 |
| Other receivables | 其他應收款項 | 3 |
| Bank balances and cash | 銀行結餘及現金 | 4 |
| Trade and other payables | 貿易及其他應付款項 | (7,825) |
| Fair value of net assets acquired | 所收購淨資產之公平值 | <u>22,320</u> |

Total consideration satisfied by:

總代價由以下結清：

| | | HK\$'000 千港元 |
|-----------------------------|----------|-----------------|
| Consideration shares (Note) | 代價股份(附註) | <u>22,320</u> |

Note:

The fair value of the 465,000,000 ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to HK\$22,320,000.

附註：

本公司465,000,000股普通股使用於收購日期可獲得之已刊發價格釐定之公平值為22,320,000港元。

43. 透過收購附屬公司收購資產(續)

盛隆亞太(中國)有限公司(「盛隆」) (續)

所收購資產及所承擔負債並不構成香港財務報告準則第3號業務合併所界定的業務合併，因此，收購事項已作為資產收購入賬。

於收購日期所收購資產及所承擔負債如下：

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

43. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (continued)

Max Joint Asia Pacific (China) Limited (“Max Joint”) (continued)

Net cash inflow on acquisition of Max Joint Acquisition:

43. 透過收購附屬公司收購資產(續)

盛隆亞太(中國)有限公司(「盛隆」) (續)

盛隆收購事項之現金流入淨額:

| | | HK\$'000 千港元 |
|---------------------------------------|---------------|-----------------|
| Cash consideration | 現金代價 | – |
| Less: Bank balances and cash acquired | 減: 銀行結餘及所收購現金 | 4 |
| | | <hr/> 4 |

Details of the transaction are set out in the Company's announcements dated 27 August 2018 and 25 October 2018.

交易詳情載於本公司日期為二零一八年八月二十七日及二零一八年十月二十五日之公告。

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. ACQUISITION OF A SUBSIDIARY

China AF Corporate Finance Limited (“Formerly known as Royal Excalibur Corporate Finance Limited”) (“CAFCF”)

On 5 September 2017, Award Fortune Limited, a wholly owned subsidiary of the Company, the Company and Mr. Chan Ka Leung Kevin (an independent third party) entered into a sales and purchase agreement pursuant to which Mr. Chan Ka Leung Kevin had agreed to sell and Award Fortune Limited had agreed to purchase 700,000 ordinary shares in CAFCF, representing 70% of the entire issued share capital of CAFCF, at a consideration of HK\$1,700,000 which was paid during the year ended 31 December 2016 and included in deposits as at 31 December 2016.

This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was approximately HK\$775,000.

CAFCF is principally engaged in provision of financial services. The Group has acquired CAFCF so as to expand to this new market segment.

44. 收購附屬公司

中國農信財務顧問有限公司（前稱為皇家駿溢財務顧問有限公司）（「中國農信」）

於二零一七年九月五日，本公司全資附屬公司Award Fortune Limited與本公司及陳家良先生（一名獨立第三方）訂立買賣協議，據此陳家良先生已同意出售，而Award Fortune Limited已同意以1,700,000港元代價向中國農信購入700,000股普通股，佔中國農信全部已發行股本70%，其於截至二零一六年十二月三十一日止年度支付且於二零一六年十二月三十一日計入按金。

收購已使用收購法進行會計處理。因收購而產生的商譽金額約為775,000港元。

中國農信主要從事提供金融服務。本集團已收購中國農信，以擴大此新市場分部。

HK\$'000
千港元

Consideration transferred:
Cash

已轉讓代價：
現金

1,700

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. ACQUISITION OF A SUBSIDIARY (continued)
China AF Corporate Finance Limited ("Formerly known as Royal Excalibur Corporate Finance Limited") ("CAFCF") (continued)

The fair values of the identifiable assets and liabilities of CAFCF recognised as at the date of acquisition were as follows:

44. 收購附屬公司 (續)

中國農信財務顧問有限公司(前稱為皇家駿溢財務顧問有限公司)(「中國農信」)(續)

中國農信於收購日期確認的可識別資產及負債的公平值如下:

| | | Fair value recognised on acquisition |
|-----------------------------|-----------|---|
| | | 收購時確認的 公平值 |
| | | HK\$'000 |
| | | 千港元 |
| Plant and equipment | 廠房及設備 | 4 |
| Trade and other receivables | 貿易及其他應收款項 | 1,195 |
| Bank balances and cash | 銀行結餘及現金 | 363 |
| Income tax payable | 應付所得稅 | (140) |
| Trade and other payables | 貿易及其他應付款項 | (100) |
| Net assets | 資產淨額 | <u>1,322</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

44. ACQUISITION OF A SUBSIDIARY (continued) China AF Corporate Finance Limited ("Formerly known as Royal Excalibur Corporate Finance Limited") ("CAFCF") (continued)

The fair value of trade and other receivables at the date of acquisition amounted to approximately HK\$1,195,000. The gross contractual amounts of those trade and other receivables acquired amounted to approximately HK\$1,195,000 at the date of acquisition. No uncollectible contractual cash flows were expected at the acquisition date.

44. 收購附屬公司(續)

中國農信財務顧問有限公司(前稱為皇家駿溢財務顧問有限公司)(「中國農信」)(續)

於收購日期,貿易及其他應收款項之公平值約為1,195,000港元。於收購日期,該等已收購貿易及其他應收款項的總合約金額約為1,195,000港元。於收購日期,概無未收回收合約現金流。

| | | HK\$'000 千港元 |
|---|---------------------------|-----------------|
| Goodwill arising on acquisition: | 收購產生的商譽: | |
| Consideration transferred | 已轉讓代價 | 1,700 |
| Plus: non-controlling interests (30% in CAFCF) | 加:非控股股東權益 (於中國農信擁有30%) | 397 |
| Less: net assets acquired | 減:所收購淨資產 | (1,322) |
| | | <hr/> |
| Goodwill arising on acquisition | 收購產生的商譽 | 775 |

None of the goodwill arising on the acquisition is expected to be taxable for tax purposes.

預計收購產生的商譽不會為稅務目的徵稅。

The non-controlling interest in CAFCF recognised at acquisition date was measured by their proportionate share of net assets acquired.

於收購日確認的中國農信的非控股股東權益乃按所收購淨資產的比例計量。

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. ACQUISITION OF A SUBSIDIARY (continued)
China AF Corporate Finance Limited ("Formerly known as Royal Excalibur Corporate Finance Limited") ("CAFCE") (continued)

Goodwill arose in the acquisition because the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth and future market development of CAFCE. These benefits were not recognised separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

44. 收購附屬公司 (續)

中國農信財務顧問有限公司 (前稱為皇家駿溢財務顧問有限公司) (「中國農信」) (續)

商譽是在收購中產生的，因合併成本包括控制權溢價。此外，為合併支付的代價實際上包括與中國農信預期協同效益、收入增長及未來市場發展相關的金額。該等利益並未與商譽分開確認，因其不符合可識別無形資產的確認標準。

| | | HK\$'000 |
|---|---------------|----------|
| | | 千港元 |
| Net cash inflow on acquisition of CAFCE | 收購中國農信的現金流入淨額 | |
| Cash consideration | 現金代價 | — |
| Less: Bank balances and cash acquired | 減：銀行結餘及所收購現金 | 363 |
| | | 363 |

Included in the loss for the year was profit of approximately HK\$69,000 attributable to the additional business generated by CAFCE. Revenue for the year includes approximately HK\$709,000 generated from CAFCE.

年度虧損包括中國農信就新增業務所產生的約69,000港元溢利。年度收益包括中國農信所產生的約709,000港元。

Had the acquisition been completed on 1 January 2017, total revenue of the Group for the year would have been approximately HK\$66,693,000, and loss for the year would have been approximately HK\$96,527,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

倘收購於二零一七年一月一日完成，則本集團年度總收益約為66,693,000港元，而年度虧損約為96,527,000港元。備考資料乃僅供說明用途，且不一定為若收購事項於二零一七年一月一日完成而本集團實際應能實現之收益及經營業績之指標，亦無意作為未來業績之預測。

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. DISPOSAL OF A SUBSIDIARY

On 29 November 2018, the Group disposed of the entire issued share capital of its indirect wholly-owned subsidiary – Shenzhen City Jintaiyuan Investment Development Company Limited* (“Shenzhen City Jintaiyuan”), at cash consideration of RMB21,000,000 (equivalent to approximately HK\$23,635,000). The disposal was completed on 29 November 2018. Shenzhen City Jintaiyuan is an investment holding company which holds 15% equity interest in Higreen Agricultural.

Analysis of asset and liabilities over which control was lost:

45. 出售附屬公司

於二零一八年十一月二十九日，本集團出售其間接全資附屬公司－深圳市金泰園投資發展有限公司（「深圳市金泰園」）之全部已發行股本，現金代價約為人民幣21,000,000元（相等於約23,635,000港元）。該出售已於二零一八年十一月二十九日完成。深圳市金泰園為一間投資控股公司，其持有海吉星農產品15%股權。

喪失控制權之資產及負債分析：

| | | HK\$'000 千港元 |
|---|-------------------|-----------------|
| Equity instruments at fair value through other comprehensive income | 按公平值計入其他全面收益的權益工具 | 30,221 |
| Other receivables | 其他應收款項 | 2 |
| Bank balances and cash | 銀行結餘及現金 | 2 |
| Other payables | 其他應付款項 | (7,655) |
| Net assets disposed of | 已出售資產淨值 | 22,570 |
| | | HK\$'000 千港元 |
| Cash received | 已收現金 | 23,635 |
| Net assets disposed of | 已出售資產淨值 | (22,570) |
| Gain on disposal | 出售收益 | 1,065 |

* English name for identification only

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. DISPOSAL OF A SUBSIDIARY (continued)

45. 出售附屬公司(續)

| | | HK\$'000 千港元 |
|---|---------------|--------------------|
| Net cash inflow arising on disposal: | 出售產生的現金流入淨額: | |
| Cash consideration received (Note) | 已收現金代價(附註) | 15,757 |
| Less: bank balance and cash disposed of | 減: 銀行結餘及所出售現金 | (2) |
| | | <hr/> 15,755 <hr/> |

Note: RMB14,000,000 (equivalent to approximately HK\$15,757,000) has been received during the year ended 31 December 2018. The final payment of RMB7,000,000 (equivalent to approximately HK\$7,970,000) (Note 24(a)) has been included in other receivables and to be settled by 13 June 2019.

附註: 人民幣14,000,000元(相等於約15,757,000港元)已於截至二零一八年十二月三十一日止年度收取。最終付款人民幣7,000,000元(相等於7,970,000港元)(附註24(a))已計入其他應收款項並於二零一九年六月十三日前結清。

Detail of the transaction are set out in the Company's announcements dated 29 November 2018 and 14 December 2018.

交易的詳情載於本公司日期為二零一八年十一月二十九日及二零一八年十二月十四日之公佈。

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

46. CONTINGENT CONSIDERATION PAYABLE

(a) YIHE Group

The contingent consideration arrangement has the following requirements:

- (i) the Group will allot and issue the 118,320,000 Company's shares to Hexin if the net profit of YIHE Group for the year ended 31 December 2016 is higher than HK\$7,000,000 or if the net profit of the YIHE Group is less than HK\$7,000,000, the shares to be allotted and issued will be reduced on a pro-rata basis. No allotment and issuance will take place if the YIHE Group suffers loss for the year ended 31 December 2016.
- (ii) the Group will allot and issue the 118,320,000 Company's shares to Hexin if the net profit of the YIHE Group for the year ended 31 December 2017 is higher than HK\$7,000,000 or if the net profit of the YIHE Group is less than HK\$7,000,000, the shares to be allotted and issued will be reduced on a pro-rata basis. No allotment and issuance will take place if the YIHE Group suffers loss for the year ended 31 December 2017.
- (iii) the Group will allot and issue the 118,320,000 Company's shares to Hexin if the net profit of the YIHE Group for the year ended 31 December 2016, 31 December 2017 and 31 December 2018 respectively is higher than HK\$7,000,000 or if the net profit of the YIHE Group is less than HK\$7,000,000, the shares to be allotted and issued will be reduced on a pro-rata basis. No allotment and issuance will take place if the YIHE Group suffers loss for the year ended 31 December 2018.

46. 應付或然代價

(a) 宜合集團

或然代價安排具有以下規定：

- (i) 倘宜合集團於截至二零一六年十二月三十一日止年度之純利高於7,000,000港元，本集團將配發及發行118,320,000股本公司股份予合欣。反之倘宜合集團之純利少於7,000,000港元，則將予配發及發行之股份會按比例調減。倘宜合集團於截至二零一六年十二月三十一日止年度蒙受虧損，則配發及發行不會進行。
- (ii) 倘宜合集團於截至二零一七年十二月三十一日止年度之純利高於7,000,000港元，則本集團會配發及發行118,320,000股本公司股份予合欣。反之倘宜合集團之純利少於7,000,000港元，則將予配發及發行之股份會按比例減少。倘宜合集團於截至二零一七年十二月三十一日止年度錄得虧損，則配發及發行不會進行。
- (iii) 倘宜合集團於截至二零一六年十二月三十一日、二零一七年十二月三十一日、二零一八年十二月三十一日止年度之純利均高於7,000,000港元，則本集團會配發及發行118,320,000股本公司股份予合欣。反之倘宜合集團之純利少於7,000,000港元，則將予配發及發行之股份將會比例減少。倘宜合集團於截至二零一八年十二月三十一日止年度錄得虧損，則配發及發行不會進行。

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

46. CONTINGENT CONSIDERATION PAYABLE (continued)

(a) YIHE Group (continued)

As at 31 December 2016, the fair value of contingent consideration arrangement of approximately HK\$1,839,000 which was estimated by the income approach. The fair value estimates are based on the volatility of the Company's shares ranged from 36.8% to 41.3% and assumed that the YIHE Group has reached the net profit of less than HK\$7,000,000 for each of the three years ending 31 December 2016, 2017 and 2018 respectively. This is classified as a level 3 fair value measurement. As at 31 December 2017, due to the cessation of business, the contingent consideration payable was not fulfilled and the respective contingent consideration payable of approximately HK\$1,839,000 was written back and recognised in the consolidated statement of profit and loss and other comprehensive income during the year ended 31 December 2017.

(b) Inno-Bag Limited

The contingent consideration arrangement has the following requirements:

- (i) the Group will allot and issue the 6,200,000 Company's shares to the Vendor if the profit after tax of Inno-Bag Limited for the year ended 31 March 2017 is higher than HK\$1,200,000 or if the profit after tax of Inno-Bag Limited is less than HK\$1,200,000, the shares to be allotted and issued will be reduced on a pro-rata basis. No allotment and issuance will take place if Inno-Bag Limited suffers loss for the year ended 31 March 2017.

46. 應付或然代價 (續)

(a) 宜合集團 (續)

於二零一六年十二月三十一日，或然代價安排的公平值約為1,839,000港元，乃以收入法估計。公平值估計乃基於本公司股份介乎36.8%至41.3%）並假設宜合集團於截至二零一六年、二零一七年及二零一八年十二月三十一日止三個年度各年的純利少於7,000,000港元。此獲分類為第三級別公平值計量。於二零一七年十二月三十一日，由於業務停止，應付或然代價未獲償付，相關應付或然代價約1,839,000港元已於截至二零一七年十二月三十一日止年度撥回並於綜合損益及其他全面收益表中確認。

(b) 成豐環保袋企業有限公司

或然代價安排具有以下規定：

- (i) 倘成豐環保袋企業有限公司於截至二零一七年三月三十一日止年度之除稅後溢利高於1,200,000港元，本集團將配發及發行6,200,000股本公司股份予賣方。反之倘成豐環保袋企業有限公司之除稅後溢利少於1,200,000港元，則將予配發及發行之股份會按比例調減。倘成豐環保袋企業有限公司於截至二零一七年三月三十一日止年度蒙受虧損，則配發及發行不會進行。

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

46. CONTINGENT CONSIDERATION PAYABLE (continued)

(b) Inno-Bag Limited (continued)

- (ii) the Group will allot and issue the 6,200,000 Company's shares to the Vendor if the profit after tax of Inno-Bag Limited for the year ended 31 March 2018 is higher than HK\$1,200,000 or if the profit after tax of Inno-Bag Limited is less than HK\$1,200,000, the shares to be allotted and issued will be reduced on a pro-rata basis. No allotment and issuance will take place if Inno-Bag Limited suffers loss for the year ended 31 March 2018.

As at 31 December 2017, the fair value of the contingent consideration arrangement of approximately HK\$512,000 was estimated by applying the income approach. The fair value estimates are based on the volatility of the Company's shares ranged from 45.8% to 46.1% and assumed that Inno-Bag Limited has reached the profit after tax of less than HK\$1,200,000 for each of the two years ended 31 March 2017 and 2018 respectively. This is classified as a level 3 fair value measurement.

For the contingent consideration of Inno-Bag Limited, as of 31 December 2017, there was no fair value change recognised in profit or loss. As at 31 December 2017, the carrying amount of contingent consideration payable is approximately HK\$512,000.

The contingent consideration payable was not fulfilled and the respective contingent consideration payable of approximately HK\$301,000 (2017: HK\$103,000) was written back and recognised in the consolidated profit and loss and other comprehensive income.

46. 應付或然代價 (續)

(b) 成豐環保袋企業有限公司 (續)

- (ii) 倘成豐環保袋企業有限公司於截至二零一八年三月三十一日止年度之除稅後溢利高於1,200,000港元，本集團將配發及發行6,200,000股本公司股份予賣方。反之倘成豐環保袋企業有限公司之除稅後溢利少於1,200,000港元，則將予配發及發行之股份會按比例調減。倘成豐環保袋企業有限公司於截至二零一八年三月三十一日止年度蒙受虧損，則配發及發行不會進行。

於二零一七年十二月三十一日，或然代價安排的公平值約512,000港元乃採用收入法估計。公平值估計乃基於本公司股份介乎45.8%至46.1%的波幅並假設成豐環保袋企業有限公司於截至二零一七年及二零一八年三月三十一日止兩個年度各年的除稅後溢利少於1,200,000港元。此獲分類為第三級別公平值計量。

就成豐環保袋企業有限公司的或然代價而言，截至二零一七年十二月三十一日，概無於損益確認的公平值變動。於二零一七年十二月三十一日，應付或然代價的賬面值約為512,000港元。

應付或然代價未獲償付，而相關應付或然代價約301,000港元（二零一七年：103,000港元）已撥回並於綜合損益及其他全面收益中確認。

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

46. CONTINGENT CONSIDERATION PAYABLE (continued)

(b) Inno-Bag Limited (continued)

Movement of the contingent consideration payable for 31 December 2018 and 2017 are as below:

46. 應付或然代價 (續)

(b) 成豐環保袋企業有限公司 (續)

於二零一八年及二零一七年十二月三十一日之應付或然代價變動如下：

| | | YIHE Group | Inno-Bag imited | Total |
|---|---------------------------|------------|--------------------|----------|
| | | 宜合集團 | 成豐環保袋 企業有限公司 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 |
| At 1 January 2017 | 於二零一七年一月一日 | 1,839 | 1,137 | 2,976 |
| Fair value changes | 公平值變動 | (1,839) | (103) | (1,942) |
| Issue of shares upon settlement (Note 37(c)) | 結算後發行股份 (附註37(c)) | - | (522) | (522) |
| At 31 December 2017 | 於二零一七年十二月 三十一日 | - | 512 | 512 |
| Fair value changes | 公平值變動 | - | (152) | (152) |
| Issue of shares upon settlement (Note 37(c)) | 結算後發行股份 (附註37(c)) | - | (360) | (360) |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | - | - | - |

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

47. CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY

Disposal of interest in a subsidiary without loss of control

During the year ended 31 December 2017, the Group entered into a sale and purchase agreement regarding to the disposal of 100% equity interest in a subsidiary, Glory Delights Investment Limited (“Glory Delights”) to a non-wholly owned subsidiary, Wider Profit Investment Limited with nil consideration. The transaction was completed on 10 April 2017. This resulted in a decrease in the Group’s equity interest in Glory Delights from 100% to 50%. Approximately HK\$764,000 representing the amounts of the interest disposed of Glory Delights was recognised in other reserve.

A schedule of the effect of disposal of interest in a subsidiary without loss of control is as follow:

47. 附屬公司擁有權變動

出售附屬公司權益不失去控制權

截至二零一七年十二月三十一日止年度，本集團就出售一間附屬公司榮升投資有限公司（「榮升」）100%股權予非全資附屬公司博潤投資有限公司訂立買賣協議，代價為零。該交易於二零一七年四月十日完成，使本集團於榮升的股權由100%下降至50%。約764,000港元，即出售榮升之權益於其他儲備中確認之金額。

出售的利息影響在附屬公司不失去控權的時間表如下：

| | | 2017 二零一七年 HK\$'000 千港元 |
|---|----------------|----------------------------------|
| Carrying amount of the interest disposed | 出售權益的賬面值 | (1,528) |
| Less: disposal interest | 減：出售權益 | 764 |
| Difference recognised in other reserves within equity | 在權益內的其他儲備中確認差額 | (764) |

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. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with related parties during the year:

48. 關連人士交易

- (a) 除綜合財務報表所披露者外，本集團年內與關連人士訂立以下重大交易：

| Name of company 公司名稱 | Nature of transaction 交易性質 | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--|--|----------------------------------|----------------------------------|
| Au Yeung Po Leung (Note a) 歐陽寶樑 (附註a) | Loan interest income received 已收貸款利息收入 | – | (192) |
| Beijing HX (Note b) 北京華夏 (附註b) | Loan interest income received 已收貸款利息收入 | (4,478) | (1,552) |
| Bright Kingdom International Limited (Note c) 皇輝國際有限公司 (附註c) | Consultancy fee paid 已付顧問費用 | 600 | 600 |
| Chan Kee Holdings Limited ("Chan Kee") (Note d) 陳記集團有限公司 (「陳記」) (附註d) | Purchases of grocery food products 購買糧油食品 | 3,769 | 4,816 |
| | Deposit paid 已付按金 | 333 | 688 |
| | Consultancy fee paid 已付顧問費用 | 318 | 318 |
| | Interest income 利息收入 | (282) | (358) |

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. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(a) Au Yeung Po Leung had been a director of the Company until 30 September 2017.

(b) Beijing HX is an associate of the Group.

(c) Bright Kingdom International Limited is connected with a director of the Company.

(d) On 4 February 2016, Maxford Wealth Limited ("Maxford Wealth"), a wholly owned subsidiary of the Company, formed an entity named Right Ocean Asia Limited ("Right Ocean") with an independent third party, Ms. Yoo (the spouse of Mr. Chan), and which Mr. Chan is the substantial shareholder of Chan Kee. Pursuant to the agreement entered into by Right Ocean and Mr. Chan, Ms. Yoo and Mr. Chan shall procure Chan Kee to enter into the trademark licence agreement and the sole distributorship agreement with Right Ocean, for the sole and exclusive sale and distribution of the grocery food products and right to use the trademark granted by Chan Kee at nil consideration within Hong Kong, Macau and Taiwan.

Upon the formation of Right Ocean, the equity of Right Ocean is held as to 51% by Maxford Wealth and 49% by Ms. Yoo. Therefore, Right Ocean became a non-wholly owned subsidiary of the Company.

During the year ended 31 December 2016, a shareholder loan agreement was entered into between Maxford Wealth and Right Ocean, pursuant to which Maxford Wealth has agreed to lend a loan of HK\$11,000,000 to Right Ocean, with a fixed interest rate of 5% per annum and repayable on demand.

48. 關連人士交易 (續)

(a) (續)

附註:

(a) 歐陽寶樑直至二零一七年九月三十日曾經為本公司董事。

(b) 北京華夏為本集團之聯繫人士。

(c) 皇輝國際有限公司與本公司董事有關連。

(d) 於二零一六年二月四日，Maxford Wealth Limited (「Maxford Wealth」) (本公司全資附屬公司) 與獨立第三方俞女士 (陳先生之配偶) (陳先生為陳記的主要股東) 成立名為威海亞洲有限公司 (「威海」) 的實體，根據威海與陳先生訂立的協議，俞女士及陳先生須促使陳記與威海訂立商標特許權協議及單一分銷權協議以按零代價於香港、澳門及台灣單一及獨家銷售及分銷糧油食品及有權使用陳記所授出的商標。

待組成威海後，威海之權益由Maxford Wealth持有51%及由俞女士持有49%。因此，威海成為本公司非全資附屬公司。

截至二零一六年十二月三十一日止年度，Maxford Wealth與威海訂立股東貸款協議，據此Maxford Wealth已同意向威海提供貸款11,000,000港元，固定年利率為5%，且須按要求償還。

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. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes: (continued)

(d) (continued)

Another loan agreement was entered into between Right Ocean and Chan Kee, pursuant to which Right Ocean has agreed to lend a loan of HK\$6,000,000 to Chan Kee, with Mr. Chan's personal guarantee, a fixed interest rate of 7% per annum, repayable within 36 months after the date of drawdown for business operation. Details are disclosed in Note 25.

Details are set out in the announcement of the Company's announcement dated 4 February 2016.

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

| | |
|--------------------------|----------|
| Short-term benefits | 短期福利 |
| Share-based payments | 以股份為基礎付款 |
| Post-employment benefits | 僱用期後福利 |

The remuneration of the Directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

48. 關連人士交易 (續)

(a) (續)

附註: (續)

(d) (續)

威海與陳記訂立另一份貸款協議，據此威海已同意向陳記（以陳先生的個人擔保）借出一筆貸款6,000,000港元，固定年利率為7%，且須於提取作業務經營之日期後36個月內償還。有關詳情披露於附註25。

更多詳情載於本公司日期為二零一六年二月四日之公佈。

(b) 主要管理人員薪酬

年內本公司董事及主要管理層其他成員之薪酬如下：

| | 2018 二零一八年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 |
|--------------------------|----------------------------------|----------------------------------|
| Short-term benefits | 6,324 | 6,433 |
| Share-based payments | 614 | 4,653 |
| Post-employment benefits | 85 | 340 |
| | 7,023 | 11,426 |

董事及主要管理層之其他成員之薪酬乃由薪酬委員會根據個別人士的表現及市場趨勢而釐定。

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

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

49. 本公司財務狀況表

| | Note 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 asset | 非流動資產 | | |
| Investments in subsidiaries | 於附屬公司之投資 | 135 | 135 |
| Current assets | 流動資產 | | |
| Other receivables | 其他應收款項 | 302 | 331 |
| Amounts due from subsidiaries | 應收附屬公司款項 | 355,992 | 270,638 |
| Bank balances and cash | 銀行結餘及現金 | 54 | 374 |
| | | 356,348 | 271,343 |
| Current liabilities | 流動負債 | | |
| Other payables | 其他應付款項 | 24,090 | 27,409 |
| Amounts due to subsidiaries | 應付附屬公司款項 | 41,344 | 43,978 |
| Convertible bonds | 可換股債券 | – | 21,687 |
| | | 65,434 | 93,074 |
| Net current assets | 流動資產淨額 | 290,914 | 178,269 |
| Net assets | 資產淨值 | 291,049 | 178,404 |
| Capital and reserves | 資本及儲備 | | |
| Share capital | 股本 | 7,771 | 122,071 |
| Reserves | 儲備 | (a) 283,278 | 56,333 |
| Total equity | 總權益 | 291,049 | 178,404 |

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

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Reserves

49. 本公司財務狀況表 (續)

(a) 儲備

| | | Share premium | Equity component of convertible bonds | Share options reserve | Special reserve | Other reserve | Accumulated losses | Total |
|--|-----------------------------|-------------------------|---|--------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | | 股份溢價 HK\$'000 千港元 | 可換股債券 權益部分 HK\$'000 千港元 (Note 35) (附註35) | 購股權儲備 HK\$'000 千港元 | 特別儲備 HK\$'000 千港元 | 其他儲備 HK\$'000 千港元 | 累計虧損 HK\$'000 千港元 | 合計 HK\$'000 千港元 |
| At 1 January 2017 | 於二零一七年一月一日 | 398,019 | 12,847 | 13,168 | 28,769 | - | (389,362) | 63,441 |
| Loss for the year, representing total comprehensive expense for the year | 本年度虧損，即為本年度全面開支總額 | - | - | - | - | - | (25,456) | (25,456) |
| Issue of shares upon conversion of convertible bonds (Note 37(a)) | 兌換可換股債券後發行股份 (附註37(a)) | 13,795 | (4,194) | - | - | - | - | 9,601 |
| Expiration of conversion option of convertible bonds | 兌換可換股債券失效 | - | (2,954) | - | - | - | - | (2,954) |
| Issue of shares upon settlement of contingent consideration (Note 37(c)) | 結算或然代價後發行股份 (附註37(c)) | 442 | - | - | - | - | - | 442 |
| Exercise of share options (Note 37(b)) | 行使購股權 (附註37(b)) | 4,153 | - | (1,385) | - | - | - | 2,768 |
| Recognition of equity-settled share based payments (Note 41) | 確認以權益結算及以股份為基礎的付款 (附註41) | - | - | 9,255 | - | - | - | 9,255 |
| Change in ownership interest in a subsidiary that do not result in loss of control (Note 47) | 於附屬公司的擁有權變動其不導致失去控制權 (附註47) | - | - | - | - | (764) | - | (764) |
| Share option lapsed during the year (Note 41) | 於年內購股權失效 (附註41) | - | - | (2,211) | - | - | 2,211 | - |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 416,409 | 5,699 | 18,827 | 28,769 | (764) | (412,607) | 56,333 |
| At 1 January 2018 | 於二零一八年一月一日 | 416,409 | 5,699 | 18,827 | 28,769 | (764) | (412,607) | 56,333 |
| Loss for the year, representing total comprehensive expense for the year | 本年度虧損，即本年全面開支總額 | - | - | - | - | - | (9,470) | (9,470) |
| Placing of new shares (Note 37(d)) | 配售新股 (附註37(d)) | 75,600 | - | - | - | - | - | 75,600 |
| Placing expenses in relation to the issuance of shares | 有關發行股份的配售開支 | (2,691) | - | - | - | - | - | (2,691) |
| Issue of shares upon settlement of contingent consideration (Note 37(c)) | 結算或然代價後發行股份 (附註37(c)) | 305 | - | - | - | - | - | 305 |
| Expiration of conversion option of convertible bonds | 可換股債券換股權到期 | - | (5,699) | - | - | - | 5,699 | - |
| Acquisition of a subsidiary (Note 44) | 收購附屬公司 (附註44) | 13,020 | - | - | - | - | - | 13,020 |
| Recognition of equity-settled share based payments (Note 41) | 確認以權益結算的股份付款 (附註41) | - | - | 2,526 | - | - | - | 2,526 |
| Share option lapsed during the year (Note 41) | 年內已失效購股權 (附註41) | - | - | (6,737) | - | - | 6,737 | - |
| Capital reorganisation (Note 37(f)) | 資本重組 (附註37(f)) | (502,643) | - | - | - | - | 650,298 | 147,655 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | - | - | 14,616 | 28,769 | (764) | 240,657 | 283,278 |

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

50. PARTICULARS OF SUBSIDIARIES

50. 附屬公司詳情

| Name of subsidiary 附屬公司名稱 | Legal form of entity 實體法定形式 | Place of incorporation/ operations 註冊成立/營業地點 | Paid-up/issued registered capital 繳足/已發行註冊股本 | Proportion of ownership interest held by the Company 本公司持有所有權益比例 | | | | Principal Activities 主要業務 |
|--|-----------------------------------|---|--|--|---------------|------------------|---------------|--|
| | | | | Directly 直接 | | Indirectly 間接 | | |
| | | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| Kama Business Holdings Limited Kama Business Holdings Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Anson Development Limited 英順發展有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$100 100港元之普通股 | 100% | 100% | - | - | Inactive 無業務 |
| Hoi Fan Investment Limited 凱帆投資有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Goodlink Corporation Limited 緯佳有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 100% | 100% | One-stop value chain services 一站式價值鏈服務 |
| Grand Protection Holdings Limited 宏保控股有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary share of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Kaley Development Limited 嘉禮發展有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary share of US\$1 1美元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Cyberpress Limited 丰柏有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$100 100港元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Wide Graceful Holdings Limited Wide Graceful Holdings Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Securities holding 證券投資 |
| Joy Gold Trading Enterprises Limited Joy Gold Trading Enterprises Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Ever Chance Management Limited 恒運管理有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$10,000 10,000港元之普通股 | - | - | 100% | 100% | Group administration 集團管理 |
| King Health Trading Limited 健盈貿易有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 100% | 100% | Trading of consumables 消耗品貿易 |
| Ease Chance Investment Limited 連宜投資有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$10,000 10,000港元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| Sky Success International Investments Limited 天昇國際投資有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$100 100港元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| Skyline Best Limited 天際佳有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary share of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |

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

50. PARTICULARS OF SUBSIDIARIES (continued)

50. 附屬公司詳情 (續)

| Name of subsidiary 附屬公司名稱 | Legal form of entity 實體法定形式 | Place of incorporation/ operations 註冊成立/營業地點 | Paid-up/issued registered capital 繳足/已發行註冊股本 | Proportion of ownership interest held by the Company 本公司持有所有權益比例 | | | | Principal Activities 主要業務 |
|--|-----------------------------------|---|--|--|---------------|------------------|---------------|------------------------------|
| | | | | Directly 直接 | | Indirectly 間接 | | |
| | | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| Wise Success Holdings Limited | Limited liability | BVI | Ordinary share of US\$50,000 | - | - | 100% | 100% | Investment holding |
| Wise Success Holdings Limited | 有限責任公司 | 英屬處女群島 | 50,000美元之普通股 | | | | | 投資控股 |
| King Noble Holdings Limited | Limited liability | BVI | Ordinary share of US\$50,000 | - | - | 100% | 100% | Investment holding |
| King Noble Holdings Limited | 有限責任公司 | 英屬處女群島 | 50,000美元之普通股 | | | | | 投資控股 |
| Max Joint (Note e) | Limited liability | HK | Ordinary share of HK\$100 | - | - | 100% | - | Investment holding |
| 盛隆亞太(中國)有限公司(附註e) | 有限責任公司 | 香港 | 100港元之普通股 | | | | | 投資控股 |
| Shenzhen City Chengqi Enterprise Consultancy Management Company Limited (note e and h) | Limited liability | PRC | - | - | - | 100% | - | Investment holding |
| 深圳市承啟企業諮詢管理有限公司(附註e及h) | 有限責任公司 | 中國 | - | | | | | 投資控股 |
| Shenzhen City Jintaiyuan Investment Development Company Limited* (Notes e and f) | Limited liability | PRC | Paid up capital of RMB10,000,000 | - | - | - | - | Investment holding |
| 深圳市金泰園投資發展有限公司(附註e及f) | 有限責任公司 | 中國 | 人民幣10,000,000元之繳足股本 | | | | | 投資控股 |
| Fine Champion Holdings Limited | Limited liability | BVI | Ordinary share of US\$50,000 | - | - | 100% | 100% | Investment holding |
| Fine Champion Holdings Limited | 有限責任公司 | 英屬處女群島 | 50,000美元之普通股 | | | | | 投資控股 |
| On Good Investment Limited | Limited liability | HK | Ordinary share of HK\$10,000 | - | - | 100% | 100% | Investment holding |
| 健安投資有限公司 | 有限責任公司 | 香港 | 10,000港元之普通股 | | | | | 投資控股 |
| Glory Delights Investment Limited | Limited liability | HK | Ordinary share of HK\$10,000 | - | - | 100% | 100% | Investment holding |
| 榮升投資有限公司 | 有限責任公司 | 香港 | 10,000港元之普通股 | | | | | 投資控股 |
| Total Famous Investment Limited | Limited liability | HK | Ordinary share of HK\$10,000 | - | - | 100% | 100% | Investment holding |
| 全榮投資有限公司 | 有限責任公司 | 香港 | 10,000港元之普通股 | | | | | 投資控股 |
| All Ready Holdings Limited | Limited liability | BVI | Ordinary shares of US\$1 | 100% | 100% | - | - | Investment holding |
| All Ready Holdings Limited | 有限責任公司 | 英屬處女群島 | 1美元之普通股 | | | | | 投資控股 |
| Luster Shine Limited | Limited liability | BVI | Ordinary shares of US\$1 | 100% | 100% | - | - | Investment holding |
| Luster Shine Limited | 有限責任公司 | 英屬處女群島 | 1美元之普通股 | | | | | 投資控股 |

* English name for identification only

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

50. PARTICULARS OF SUBSIDIARIES (continued)

50. 附屬公司詳情 (續)

| Name of subsidiary 附屬公司名稱 | Legal form of entity 實體法定形式 | Place of incorporation/ operations 註冊成立/營業地點 | Paid-up/issued registered capital 繳足/已發行註冊股本 | Proportion of ownership interest held by the Company 本公司持有所有權益比例 | | | | Principal Activities 主要業務 |
|---|--------------------------------|--|--|--|---------------|------------------|---------------|--|
| | | | | Directly 直接 | | Indirectly 間接 | | |
| | | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| Skyline Top Limited 天際高有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Great Hero Global Limited 偉雄環球有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Global Brands Management Limited 環球品牌管理有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$500,000 500,000港元之普通股 | - | - | 51% | 51% | Inactive 無業務 |
| Splendor Health Holdings Limited 彩健控股有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Konson Global Investment Limited 康信環球投資有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$50,000 50,000美元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| Union World International Group Holdings Limited 聯和國際控股有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$10,000 10,000港元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| Top Yield Properties Limited 利高置業有限公司 | Limited liability 有限責任公司 | Hong Kong 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| 香港高利高置業有限公司台北分公司 | Limited liability 有限責任公司 | Taiwan 台灣 | Ordinary shares of NTD1,000,000 新台幣1,000,000元之 普通股 | - | - | 100% | 100% | Property holding 持有物業 |
| 福建尚同投資有限公司 | Limited liability 有限責任公司 | PRC 中國 | Paid up capital of RMB50,000,000 人民幣50,000,000元之 繳足資本 | - | - | 100% | 100% | Property holding 持有物業 |
| 燊磊投資諮詢(深圳)有限公司 | Limited liability 有限責任公司 | PRC 中國 | Paid up capital of RMB3,283,453 人民幣3,283,453元之 繳足資本 | - | - | 100% | 100% | Investment holding 投資控股 |
| 深圳市旭堯企業諮詢管理有限公司 (Formerly known as 旭堯投資諮詢 (深圳)有限公司) | Limited liability 有限責任公司 | PRC 中國 | Paid up capital of RMB100,000 人民幣100,000元之 繳足資本 | - | - | 50% | 50% | Property holding (Note b) 持有物業(附註b) |

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

50. PARTICULARS OF SUBSIDIARIES (continued)

50. 附屬公司詳情 (續)

| Name of subsidiary 附屬公司名稱 | Legal form of entity 實體法定形式 | Place of incorporation/ operations 註冊成立/營業地點 | Paid-up/issued registered capital 繳足/已發行註冊股本 | Proportion of ownership interest held by the Company 本公司持有所有權益比例 | | | | Principal Activities 主要業務 |
|--|-----------------------------------|---|--|--|---------------|------------------|---------------|----------------------------------|
| | | | | Directly 直接 | | Indirectly 間接 | | |
| | | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| 承望投資諮詢(深圳)有限公司 | Limited liability | PRC | Paid up capital of RMB100,000 | - | - | 100% | 100% | Inactive |
| 承望投資諮詢(深圳)有限公司 | 有限責任公司 | 中國 | 人民幣100,000元之繳足資本 | | | | | 無業務 |
| 台灣農業生態科技開發股份有限公司 | Limited liability | Taiwan | Ordinary shares of NTD7,230,000 | - | - | 100% | 100% | Trading of agricultural products |
| 台灣農業生態科技開發股份有限公司 | 有限責任公司 | 台灣 | 新台幣7,230,000元之普通股 | | | | | 農產品交易 |
| Delightful Hope Limited | Limited liability | BVI | Ordinary share of US\$100 | - | - | 50% | 50% | Investment holding (Note c) |
| 希倫有限公司 | 有限責任公司 | 英屬處女群島 | 100美元之普通股 | | | | | 投資控股(附註c) |
| China Smart Asia Limited | Limited liability | HK | Ordinary shares of HK\$1 | - | - | 50% | 50% | Investment holding (Note c) |
| 華杰亞洲有限公司 | 有限責任公司 | 香港 | 1港元之普通股 | | | | | 投資控股(附註c) |
| Shenzhen Shengshi Fuqiang Technology Co., Ltd* | Limited liability | PRC | Ordinary share of US\$5,000,000 | - | - | 50% | 50% | Property holding (Note c) |
| 深圳市盛世富強科技有限公司 | 有限責任公司 | 中國 | 5,000,000美元之普通股 | | | | | 持有物業(附註c) |
| Main Supreme Limited | Limited liability | BVI | Ordinary shares of US\$1 | - | - | 100% | 100% | Investment holding |
| 銘優有限公司 | 有限責任公司 | 英屬處女群島 | 1美元之普通股 | | | | | 投資控股 |
| China AF Financial Limited | Limited liability | HK | Ordinary shares of HK\$10,000 | - | - | 100% | 100% | Money lending services |
| 中國農信財務有限公司 | 有限責任公司 | 香港 | 10,000港元之普通股 | | | | | 放債服務 |
| Harmony Alliance Holdings Limited | Limited liability | BVI | Ordinary shares of US\$1 | 100% | 100% | - | - | Investment holding |
| Harmony Alliance Holdings Limited | 有限責任公司 | 英屬處女群島 | 1美元之普通股 | | | | | 投資控股 |
| Kingtop Asia Investment Limited | Limited liability | HK | Ordinary shares of HK\$1 | - | - | 100% | 100% | Inactive |
| 港亞投資有限公司 | 有限責任公司 | 香港 | 1港元之普通股 | | | | | 無業務 |
| Glory Luck Holdings Limited | Limited liability | HK | Ordinary shares of HK\$10,000 | - | - | 51% | 51% | Trading of agricultural products |
| 朗運集團有限公司 | 有限責任公司 | 香港 | 10,000港元之普通股 | | | | | 農產品交易 |
| Gold Goal International Limited | Limited liability | BVI | Ordinary shares of US\$1 | 100% | 100% | - | - | Investment holding |
| Gold Goal International Limited | 有限責任公司 | 英屬處女群島 | 1美元之普通股 | | | | | 投資控股 |
| Success Royal Investment Limited | Limited liability | HK | Ordinary shares of HK\$1 | - | - | 100% | 100% | Property holding |
| 皇家投資有限公司 | 有限責任公司 | 香港 | 1港元之普通股 | | | | | 持有物業 |

* English name for identification only

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

50. PARTICULARS OF SUBSIDIARIES (continued)

50. 附屬公司詳情 (續)

| Name of subsidiary 附屬公司名稱 | Legal form of entity 實體法定形式 | Place of incorporation/ operations 註冊成立/營業地點 | Paid-up/issued registered capital 繳足/已發行註冊股本 | Proportion of ownership interest held by the Company 本公司持有所有權益比例 | | | | Principal Activities 主要業務 |
|--|-----------------------------------|---|--|--|---------------|------------------|---------------|---|
| | | | | Directly 直接 | | Indirectly 間接 | | |
| | | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| Fantastic Alliance Investments Limited Fantastic Alliance Investments Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Sino Eco Green Limited 中綠環保有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| YHE Enterprise Holding Limited 宜合企業控股有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$50,000 50,000美元之普通股 | - | - | 70% | 70% | Investment holding 投資控股 |
| Huge Famous Corporation Limited 銘聯有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$10,000 10,000港元之普通股 | - | - | 70% | 70% | Trading of grocery food products 糧油食品貿易 |
| Maxford Wealth Limited Maxford Wealth Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Kingview Master Limited Kingview Master Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Udog Petechology Company Limited 優狗網絡科技有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Treasure Yield Investment Limited 寶豐投資有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Right Ocean Asia Limited 威海亞洲有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$10,000 10,000港元之普通股 | - | - | 51% | 51% | Trading of grocery food products 糧油食品貿易 |
| Wider Profit Investment Limited 博潤投資有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 50% | 50% | Investment holding (Note d) 投資控股(附註d) |
| Excelso Limited Excelso Limited | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 50% | 50% | Inactive (Note d) 無業務(附註d) |
| Balini Limited Balini Limited | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | - | - | 50% | 50% | Inactive (Note d) 無業務(附註d) |
| Supreme Faith Investment Limited 信日投資有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1 1港元之普通股 | 100% | 100% | - | - | Securities holding 持有證券 |
| Treasure Max Investment Holdings Limited 寶美投資控股有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |

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

50. PARTICULARS OF SUBSIDIARIES (continued)

50. 附屬公司詳情 (續)

| Name of subsidiary 附屬公司名稱 | Legal form of entity 實體法定形式 | Place of incorporation/ operations 註冊成立/營業地點 | Paid-up/issued registered capital 繳足/已發行註冊股本 | Proportion of ownership interest held by the Company 本公司持有所有權益比例 | | | | Principal Activities 主要業務 |
|--|--------------------------------|--|---|---|---------------|------------------|---------------|---|
| | | | | Directly 直接 | | Indirectly 間接 | | |
| | | | | 2018 二零一八年 | 2017 二零一七年 | 2018 二零一八年 | 2017 二零一七年 | |
| Inno-Bag Limited 成豐環保袋企業有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$2,000 2,000港元之普通股 | - | - | 60% | 60% | Trading of recycle bag 環保袋貿易 |
| Allied Realty Limited Allied Realty Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Champion Front Limited Champion Front Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Inactive 無業務 |
| China Agricultural Finance Group Limited 中國農信金融集團有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | 100% | 100% | - | - | Investment holding 投資控股 |
| Powerline Gain Limited Powerline Gain Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| China AF Securities Limited 中國農信証券有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$5,000,000 5,000,000港元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Luxury Regal Limited Luxury Regal Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| China AF Asset Management Limited (Note g) 中國農信資產管理有限公司(附註g) | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$2,800,000 (2017: HK\$1,900,000) 2,800,000港元(二零一七年: 1,900,000港元)之普通股 | - | - | 100% | 100% | Asset management 資產管理 |
| CAFCF (Note a) 中國農信(附註a) | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1,400,000 1,400,000港元之普通股 | - | - | 78.57% | 78.57% | Advising on corporate finance 企業融資顧問 |
| Award Fortune Limited Award Fortune Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| Success Future Holdings Limited Success Future Holdings Limited | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | - | - | 100% | 100% | Investment holding 投資控股 |
| China AF Capital Limited 中國農信資本有限公司 | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$1,000,000 1,000,000港元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| Allied Wisdom Investment Holdings Limited 明智投資控股有限公司 | Limited liability 有限責任公司 | BVI 英屬處女群島 | Ordinary shares of US\$1 1美元之普通股 | - | - | 100% | 100% | Inactive 無業務 |
| SL Financial Technology Company Limited (Note e) 超光速金融科技有限公司(附註e) | Limited liability 有限責任公司 | HK 香港 | Ordinary shares of HK\$10,000 10,000港元之普通股 | - | - | 100% | - | Inactive 無業務 |

None of the subsidiaries has issued any debt securities at the end of both years.

於該兩個年度末，概無附屬公司已發行任何債務證券。

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

50. PARTICULARS OF SUBSIDIARIES (continued)

Notes:

- (a) Being the subsidiaries acquired or incorporated during the year ended 31 December 2017. For acquisition of a subsidiary, details are disclosed in Note 44.
- (b) During the year ended 31 December 2017, the Group has disposed of its equity interest in Glory Delights Investment Limited and its subsidiary 深圳市旭堯企業諮詢管理有限公司 without loss of control. Details are set out in Note 47.
- (c) The Group owns 50% equity shares in Delightful Hope, Smart Asia and Shenzhen Shengshi Fuqiang Technology Co., Limited (the “Delightful Hope Group”) respectively. However, based on the shareholder’s agreement between the Group and other investors, the Group has the power to appoint 2 out of 3 directors of the board of directors of the Delightful Hope Group. The relevant activities of the Group are determined by the board of directors of the Delightful Hope Group based on simple majority votes. Therefore, the Director’s concluded that the Group has control over the Delightful Hope Group and accordingly, they are classified as subsidiaries.
- (d) The Group owns 50% equity shares in Wider Profit Investment, Excelso and Balini Limited (the “Wider Profit Group”) respectively. However, based on the shareholder’s agreement between the Group and other investors, the Group has the power to appoint 3 out of 5 directors of the board of directors of the Wider Profit Group. The relevant activities of the Group are determined by the board of directors of the Wider Profit Group based on simple majority votes. Therefore, the directors of the Company concluded that the Group has control over the Wider Profit Group and accordingly, they are classified as subsidiaries.

50. 附屬公司詳情 (續)

附註：

- (a) 截至二零一七年十二月三十一日止年度收購或註冊成立的附屬公司。有關收購附屬公司的詳情披露於附註44。
- (b) 截至二零一七年十二月三十一日止年度，本集團已出售其於Glory Delights Investment Limited及其附屬公司深圳市旭堯企業諮詢管理有限公司的股權，並無喪失控制權。詳情載於附註47。
- (c) 本集團於希愉、華杰及深圳市盛世富強科技有限公司（「希愉集團」）分別擁有50%股權。然而基於本集團與其他投資者之間的股東協議，本集團有權委任希愉集團董事會中三名董事中的兩名董事。本集團相關活動由希愉集團董事會基於簡單大多數票方式釐定。因此，董事結論本集團已控制希愉集團，而其相應獲分類為附屬公司。
- (d) 本集團於博潤投資、Excelso及Balini Limited（「博潤集團」）分別擁有50%股權。然而基於本集團與其他投資者之股東協議，本集團有權委任博潤集團之董事會的五名董事中的三名董事。本集團相關活動由博潤集團之董事會按簡單大多數票釐定。因此，本公司董事得出結論，本集團對博潤集團擁有控制權，而其相應獲分類為附屬公司。

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

50. PARTICULARS OF SUBSIDIARIES (continued)

Notes: (continued)

- (e) Those subsidiaries are acquired or incorporated during the year ended 31 December 2018. For acquisition of subsidiaries, details are set out in Note 44.
- (f) It was subsequently disposed of during the year ended 31 December 2018. Details are set out in Note 45.
- (g) On 3 September 2018, it has passed a resolution to allot 900,000 ordinary shares to its immediate holding Company Luxury Regal Limited, and the share capital increased from HK\$1,900,000 to HK\$2,800,000.
- (h) The registered capital of HK\$100,000 has not been paid up at 31 December 2018.

51. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 2018, convertible bonds incurred an imputed interest of approximately HK\$1,813,000 (2017: HK\$4,568,000).
- (b) During the year 31 December 2018, convertible bonds of HK\$23,500,000 (2017: HK\$23,000,000) was reclassified to other payables. Details are disclosed in Note 29.
- (c) During the year ended 31 December 2018, 2,771,813 shares (2017: 4,017,253 shares) of the Company with par value of HK\$0.02 each were issued as the consideration shares for the settlement of the contingent consideration. Details are disclosed in Note 37(c).
- (d) During the year ended 31 December 2017, convertible bonds with liability component and equity component of approximately HK\$10,970,000 and HK\$4,194,000 respectively were converted into approximately 68,443,811 ordinary shares of the Company of HK\$0.17 each. Details are disclosed in Note 37(a).
- (e) During the year ended 31 December 2017, 30,750,000 share options of the Company with par value of HK\$0.02 each were exercised. Details are disclosed in Note 37(b).

50. 附屬公司詳情 (續)

附註: (續)

- (e) 該等附屬公司於截至二零一八年十二月三十一日止年度期間經收購或併入。有關該等附屬公司的收購詳情載於附註44。
- (f) 該等附屬公司隨後於截至二零一八年十二月三十一日止年度期間出售。詳情載列於附註45。
- (g) 於二零一八年九月三日，其已通過一項決議案，向其直接控股公司 Luxury Regal Limited發行900,000股普通股，而股本由1,900,000港元增至2,800,000港元。
- (h) 於二零一八年十二月三十一日，註冊資本100,000港元尚未繳付。

51. 主要非現金交易

- (a) 截至二零一八年十二月三十一日止年度，可換股債券產生應計利息約1,813,000港元(二零一七年：4,568,000港元)。
- (b) 於二零一八年十二月三十一日，可換股債券23,500,000港元(二零一七年：23,000,000港元)已重新分類為其他應付款項。詳情於附註29披露。
- (c) 截至二零一八年十二月三十一日止年度，本公司已發行2,771,813股(二零一七年：4,017,253股)每股面值0.02港元之本公司股份作為代價股份以結算或然代價。詳情於附註37(c)披露。
- (d) 截至二零一七年十二月三十一日止年度，負債部分及權益部分分別約為10,970,000港元及4,194,000港元的可換股債券已轉換為本公司每股0.17港元之約68,443,811股普通股。詳情於附註37(a)披露。
- (e) 截至二零一七年十二月三十一日止年度，本公司每股面值0.02港元的30,750,000份購股權已獲行使。詳情於附註37(b)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

52. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, both cash and non-cash changes. Liabilities arising from financing activities are those which cash flows were, of future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flow from financing activities.

52. 融資活動產生的負債對賬

下表列示本集團融資活動產生的負債變動，包括現金及非現金變動。融資活動產生的負債為現金流量中未來現金流量所產生的負債，其將於本集團綜合現金流量表中獲分類為融資活動的現金流量。

| | | Borrowings | Loan payable | Margin loans payables | Liability component of convertible bonds | Total |
|---------------------------------|---------------|-----------------|-----------------|-----------------------|--|-----------------|
| | | 借款 | 應付貸款 | 應付保證金貸款 | 可換股債券的負債部分 | 總計 |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| At 1 January 2017 | 於二零一七年一月一日 | 19,181 | 20,000 | 16,768 | 51,337 | 107,286 |
| Financing cash flows | 融資現金流量 | 37,229 | (20,000) | 13,309 | – | 30,538 |
| <i>Non-cash changes</i> | <i>非現金變動</i> | | | | | |
| Foreign exchange movement | 外匯變動 | 779 | – | – | – | 779 |
| Reclassify to other payables | 重新分類為其他應付款項 | – | – | – | (23,000) | (23,000) |
| Conversion of convertible bonds | 轉換可換股債券 | – | – | – | (10,970) | (10,970) |
| Imputed interest | 應計利息 | – | – | – | 4,320 | 4,320 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 57,189 | – | 30,077 | 21,687 | 108,953 |
| Financing cash flows | 融資現金流量 | (21,235) | – | (11,878) | – | (33,113) |
| <i>Non-cash changes</i> | <i>非現金變動</i> | | | | | |
| Foreign exchange movement | 外匯變動 | (338) | – | – | – | (338) |
| Reclassify to other payables | 重新分類為其他應付款項 | – | – | – | (23,500) | (23,500) |
| Imputed interest | 應計利息 | – | – | – | 1,813 | 1,813 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 35,616 | – | 18,199 | – | 53,815 |

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

53. COMPARATIVE FIGURES

During the year ended 31 December 2018, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current year's presentations:

53. 比較數據

截至二零一八年十二月三十一日止年度，為提高綜合財務報表所呈列資料的相關性，已對去年綜合財務報表所呈列的若干比較數字重新分類，使其可與本年度所呈列的資料互相比較。因此，以下有關比較數據的項目，連同相關附註乃經修訂及調整，以符合當前年度的呈報：

| | | Previous reported 先前呈報 HK\$'000 千港元 | Reclassification 重新分類 HK\$'000 千港元 | As restated (經重列) HK\$'000 千港元 |
|--|---------------|---|---|--|
| Consolidated financial statement of position | 綜合財務狀況表 | | | |
| Deposit paid for acquisition of a subsidiary | 已付收購一間附屬公司之按金 | - | 20,000 | 20,000 |
| Trade and other receivables | 貿易及其他應收款項 | 53,428 | (20,000) | 33,428 |
| Trade and other payables | 貿易及其他應付款項 | 35,801 | (55) | 35,746 |
| Borrowings | 借款 | 67,189 | (10,000) | 57,189 |
| Margin loans payables | 應付保證金貸款 | 20,022 | 10,055 | 30,077 |

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

54. TRANSACTION WITH NON-CONTROLLING INTERESTS

As disclosed in Note 23, the DHL Acquisition is a transaction with non-controlling interests. The details of DHL Acquisition were disclosed in the announcement of the Company dated 17 July 2017, 31 July 2017, 17 January 2018 and 14 January 2019.

54. 與非控股股東權益進行的交易

誠如附註23所披露，希愉收購事項屬非控股股東權益交易。希愉收購事項之詳情披露於本公司日期為二零一七年七月十七日、二零一七年七月三十一日、二零一八年一月十七日及二零一九年一月十四日之公佈。

55. CAPITAL COMMITMENT

55. 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 |
|--|------------------------------------|----------------------------------|----------------------------------|
| Capital expenditure in respect of the acquisition of a subsidiary contracted for but not provided in the consolidated financial statements | 有關收購一家已訂約但尚未於綜合財務報表中計提撥備的附屬公司之資本開支 | 20,000 | 35,000 |

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

56. EVENTS AFTER THE REPORTING PERIOD

(a) Strategic cooperation agreement with Jinan Rongchao Financial Services Limited (“Jinan Rongchao”) and Gulfstream Capital Limited (“Gulfstream Capital”)

On 13 January 2019, China Agricultural Finance Group Limited, a wholly-owned subsidiary of the Company, entered into a strategic cooperation agreement with Jinan Rongchao and Gulfstream Capital Limited (collectively, the “Parties”). To promote the comprehensive cooperation among the Parties in the financial sector, the Parties propose to cooperate strategically to establish a nationwide integrated financial services system platform for micro and small-sized enterprises in the PRC by fully utilising their respective advantages in various aspects such as resources and teams of experts.

(b) Variation to terms of DHL Acquisition

As disclosed in Note 23, on 19 March 2019, Skyline Top and Yardley entered into a the supplemental agreement, pursuant to which the deadline of the completion of DHL Acquisition has been extended from 17 January 2019 to 31 March 2020 and Skyline Top shall pay interest to Yardley at 8% per annum on the remaining balance payment during the period from 18 January 2018 to the date of completion. The detail of the variation to terms was disclosed in the announcement of the Company dated 14 January 2019.

(c) Renewal of trademark licence agreement and sole distributorship agreement

On 25 March 2019, Right Ocean and Chan Kee renewed the trademark licence agreement and the sole distributorship agreement (see Note 48(a)) for a period of 3 years. Details of the renewal was disclosed in the announcement of the Company dated 25 March 2019.

56. 報告期後事項

(a) 與濟南融超金融服務有限公司（「濟南融超」）及灣流資本有限公司（「灣流資本」）之戰略合作協議

於二零一九年一月十三日，本公司之全資附屬公司中國農信金融集團有限公司與濟南融超及灣流資本有限公司（統稱為「各訂約方」）訂立戰略合作協議。為促進各訂約方於金融領域的全面合作，各訂約方擬進行戰略合作，充分利用各自領域的資源及專業團隊，發揮各方的優勢，在中國打造全國性的小微企業綜合金融服務系統平台。

(b) 希愉收購事項條款變更

誠如附註23所披露，於二零一九年三月十九日，天際高與溢利訂立一份補充協議，據此，希愉收購事項的完成截止日期自二零一九年一月十七日延至二零二零年三月三十一日，而天際高須於二零一八年一月十八日起至完成日期止期間就餘下餘額支付向溢利支付利息，年利率為8%。有關條款變更之詳情披露於本公司日期為二零一九年一月十四日之公佈。

(c) 重續商標特許協議及單一分銷權協議

於二零一九年三月二十五日，威海與陳記重續商標特許協議及單一分銷權協議（見附註48(a)），重續期限為3年。有關重續之詳情披露於本公司日期為二零一九年三月二十五日之公佈。

FINANCIAL SUMMARY 財務概要

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

以下為按下列附註所載基準編製的本集團過往五個財政年度之已刊發業績及資產與負債的概要。

| | | Year ended 31 December 截至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 | 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 |
| Continuing operations | 持續經營業務 | | | | | |
| Turnover | 營業額 | 51,417 | 63,028 | 72,470 | 59,748 | 45,541 |
| Loss before taxation | 除稅前虧損 | (59,522) | (77,347) | (34,357) | (55,837) | (28,799) |
| Taxation | 稅項 | (984) | (365) | 308 | (2,863) | (48) |
| Loss after tax from continuing operations | 來自持續經營業務的除稅後虧損 | (60,506) | (77,712) | (34,049) | (58,700) | (28,847) |
| Discontinued operations | 已終止經營業務 | | | | | |
| Loss after tax from discontinued operations | 來自已終止經營業務的除稅後虧損 | - | - | - | (1,051) | - |
| Loss for the year | 年內虧損 | (60,506) | (77,712) | (34,049) | (59,751) | (28,847) |
| Non-controlling interests | 非控股股東權益 | 7,922 | 6,064 | 4,094 | 537 | 1,454 |
| Loss attributable to equity shareholders of the Company | 本公司權益持有人應佔虧損 | (68,428) | (71,648) | (29,955) | (59,214) | (27,393) |

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股股東權益

| | | Year ended 31 December 截至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 | 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 asset | 總資產 | 449,419 | 490,881 | 517,906 | 387,399 | 164,701 |
| Total liabilities | 總負債 | (112,446) | (170,648) | (155,779) | (113,534) | (29,655) |
| Non-controlling interest | 非控股股東權益 | (36,616) | (35,582) | (43,998) | (46,235) | 1,448 |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | 300,357 | 284,651 | 318,129 | 227,630 | 136,494 |

The summary above does not form part of the audited financial statements.

以上概要並不構成已審核財務報表的一部分。

INVESTMENT PROPERTY

投資物業

At 31 December 2018

於二零一八年十二月三十一日

| Location 地點 | Type 種類 | Lease Term 租賃期 | Effective held 實際持有 |
|--|-------------------------------------|-------------------------|------------------------|
| Hong Kong | | | |
| 香港 | | | |
| Unit 8D, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong 香港新界荃灣海盛路3號TML廣場8D室 | Industrial 工業 | medium-term lease 中期 | 100% |
| PRC | | | |
| 中國 | | | |
| Fulong Garden, Houhai Village, Baiqi Country, Quanzhou Taiwanese Impediment Zone, Fujian Province comprising flats 3005 to 3012 of commercial and residential building No.1 and flat 2905 of commercial and residential building No.3 中國福建省泉州台商投資區 百崎鄉後海村福隆花園1號商住樓 3005至3012號單位及 3號商住樓2905號單位 | Commercial and Residential 商住 | long-term lease 長期 | 100% |
| Unit 104, Block 4, Shijimingzhu, No.245 Hualin Road, Chayuan Sub-district, Jin'an District, Fuzhou City, Fujian Province, PRC. 中國福建省福州市晉安區 茶園街道華林路245號 世紀明珠4樓104單元 | Residential 住宅 | long-term 長期 | 100% |

INVESTMENT PROPERTY

投資物業

At 31 December 2018

於二零一八年十二月三十一日

| Location 地點 | Type 種類 | Lease Term 租賃期 | Effective held 實際持有 |
|--|-------------------|-------------------------|------------------------|
| Suites A to H on the 33rd Floor of Shidai-Caifu Building, Futian District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市福田區時代財富大廈33樓A至H室 | Commercial 商業 | medium-term lease 中期 | 50% 50% |
| House on Land Lot No. G17102-16 Shuitousha Village, Nanao Town, Longgang District, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市龍崗區南澳鎮水頭沙村G17102-16宗地號之別墅 | Residential 住宅 | medium-term lease 中期 | 50% 50% |
| Taiwan 台灣 | | | |
| Flat A3, 12th Floor, Block A with two car parking spaces in the building numbered 166 and 167 at Zenith City, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan 台北市南港區經貿段235巷日升月恆大樓A棟A3戶12樓連地下2個166、167車位 | Residential 住宅 | free hold 永久 | 100% 100% |



中國農業生態有限公司
China Eco-Farming Limited