

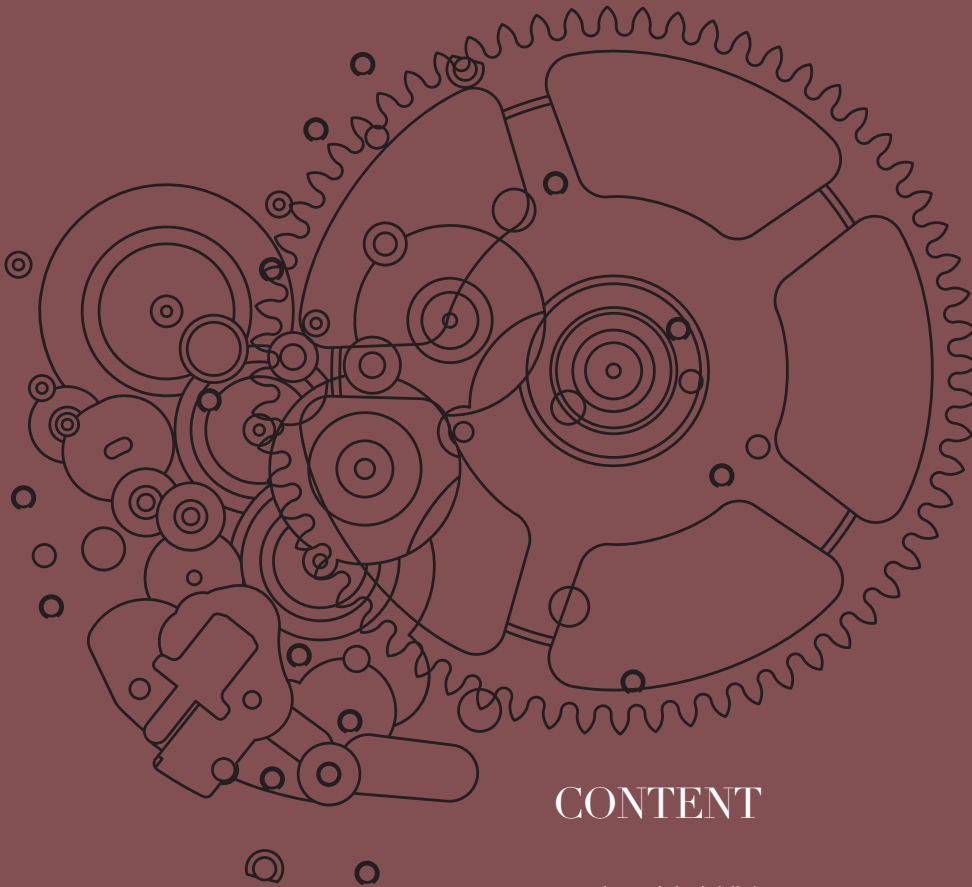
(Incorporated in the Cayman Islands with limited liability 冠城鐘錶珠寶集團有限公司) | Stock Code 股份代號: 256



CITYCHAMP

WATCH & JEWELLERY GROUP LIMITED
冠城鐘錶珠寶集團有限公司

ANNUAL REPORT 2016 年報



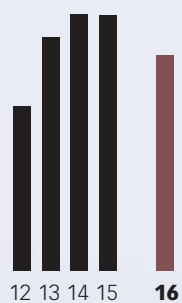
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FINANCIAL HIGHLIGHTS

Revenue

HK\$'000



2016: 2,939,955

2015: 3,476,354
2014: 3,488,553
2013: 3,176,423
2012: 2,240,304

Profit After Tax

HK\$'000

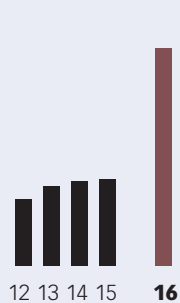


2016: 63,840

2015: 340,159
2014: 163,032
2013: 600,610
2012: 310,287

Total Assets

HK\$'000

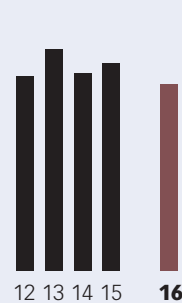


2016: 17,255,820

2015: 6,838,556
2014: 6,732,878
2013: 6,273,631
2012: 5,261,137

Owners' Equity

HK\$'000



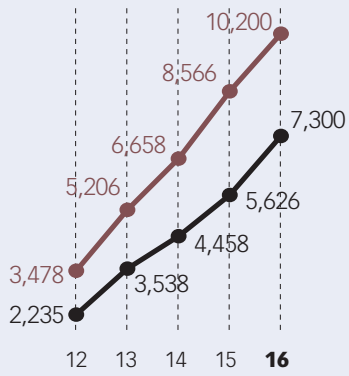
2016: 3,632,881

2015: 4,043,253
2014: 3,846,524
2013: 4,315,079
2012: 3,789,021



Brand Value

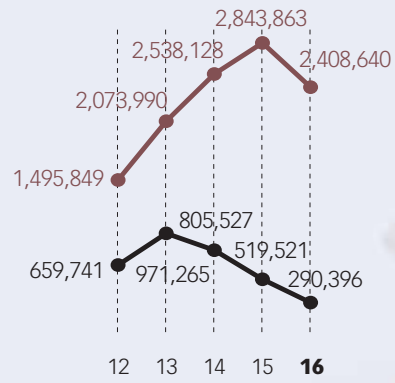
RMB million



● Rossini ● EBOHR

Revenue by Proprietary and Non-proprietary Brands

HK\$'000



● Proprietary Brands
● Non-proprietary Brands



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

HON Kwok Lung (Chairman)
SHANG Jianguang (Chief Executive Officer)
SHI Tao
LAM Toi Man
BI Bo
SIT Lai Hei
HON Hau Wong
TAO Li

Independent Non-Executive Directors

FUNG Tze Wa
KWONG Chun Wai, Michael
LI Qiang (resigned with effect from 20 January 2017)
ZHANG Bin
Rudolf Heinrich ESCHER
(appointed with effect from 20 January 2017)

AUDIT COMMITTEE

FUNG Tze Wa (Chairman)
KWONG Chun Wai, Michael
LI Qiang (resigned with effect from 20 January 2017)
ZHANG Bin
Rudolf Heinrich ESCHER
(appointed with effect from 20 January 2017)

REMUNERATION COMMITTEE

FUNG Tze Wa (Chairman)
KWONG Chun Wai, Michael
LI Qiang (resigned with effect from 20 January 2017)
ZHANG Bin
HON Kwok Lung
SHANG Jianguang
Rudolf Heinrich ESCHER
(appointed with effect from 20 January 2017)

NOMINATION COMMITTEE

HON Kwok Lung (Chairman)
SHANG Jianguang
FUNG Tze Wa
KWONG Chun Wai, Michael
LI Qiang (resigned with effect from 20 January 2017)
ZHANG Bin
Rudolf Heinrich ESCHER
(appointed with effect from 20 January 2017)

RISK MANAGEMENT COMMITTEE

SIT Lai Hei (Chairman)
SHI Tao
LAM Toi Man
BI Bo

QUALIFIED ACCOUNTANT & COMPANY SECRETARY

FONG Chi Wah

AUDITOR

BDO Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd.
Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
UBS AG
China CITIC Bank International Limited

HONG KONG BRANCH SHARE REGISTRAR

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

REGISTERED OFFICE

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
Cayman Islands

PRINCIPAL OFFICE

Units 1902 – 04, Level 19
International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

WEBSITES

www.irasia.com/listco/hk/citychamp
www.citychampwatchjewellery.com

CORPORATE HIGHLIGHTS 2016

FEBRUARY On 19 February 2016, Global Wealthy Link Limited (“Global Wealthy Link”), a subsidiary of the Company, entered into an agreement to acquire 100% interest in Shun Heng Securities Limited, a company licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the “SFO”), at a consideration of HK\$24,800,000. The acquisition will provide an opportunity for the Group to participate in the securities trading industry in Hong Kong and allow the Group to broaden the revenue and income streams.

MARCH Founded in 1856, Eterna celebrated its 160th anniversary in 2016. New releases on models were unveiled at Baselworld 2016. 2016 was the year of brand renewal for Eterna, rejuvenating and repositioning the brand on the watch market, as well as revitalising and modernising it.

Rossini was ranked as the 1st in overall market share in the domestic watch category for the year 2015 by China General Chamber of Commerce and China National Commercial Information Centre. It was also ranked as the 1st in sales volume in the domestic watch category for 14 consecutive years since 2002.

The Risk Management Committee of the Company was established on 30 March 2016 comprising 4 Executive Directors members: Ms. Sit Lai Hei (Chairman), Mr. Shi Tao, Mr. Lam Toi Man & Mr. Bi Bo. The Committee was formed to evaluate and determine the risk appetite of the Group, to oversee and conduct periodic review on the Group’s risk management system, as well as to identify and mitigate any significant risks.

MAY Shenzhen Permanence Commerce Company Limited, a wholly-owned subsidiary of the Company, disposed 46.05% equity interest it held in Henan Jinjue Enterprise Company Limited (“Henan Jinjue”) at a consideration of RMB48,353,000. Subsequent to the disposal, the Group still holds 4.95% equity interest in Henan Jinjue.

JUNE Rossini and EBOHR were both awarded “China’s 500 Most Valuable Brands of the Year 2016” (二零一六年中國500最具價值品牌) by the World Brand Laboratory. Rossini was ranked 1st in PRC’s domestic watch category with brand value of approximately RMB10.2 billion while EBOHR with brand value of approximately RMB7.3 billion.

JULY Rossini was awarded the Global Performance Excellence Award (World Class) by the 22nd Asia Pacific Quality Conference in Chicago, the United States.

AUGUST On 15 August 2016, Global Wealthy Link entered into an agreement to acquire 100% interest in Hong Kong Metasequoia Capital Management Limited, a licensed company to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

SEPTEMBER The Group successfully completed the acquisition of 83.22% equity interests in Valartis Bank (Liechtenstein) AG, currently named as Bendura Bank AG (“Bendura Bank”). Bendura Bank, founded in 1998, is a fully licensed bank with headquarters in the principality of Liechtenstein and focuses on provision of services related to private banking, asset management and investment advisory. Based on the volumes managed and profit after tax, Bendura Bank ranks the 6th out of a total of 15 banks in the financial centre of Liechtenstein.

Rossini and EBOHR were both awarded the “Asia’s 500 Most Influential Brands in 2016” (二零一六年亞洲品牌500強) by the World Brand Laboratory. Rossini was awarded for this award for 9 consecutive years and it was EBOHR’s second time to be awarded.



Pioneering

a new platform



CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I am pleased to present the annual results of Citychamp Watch & Jewellery Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016.

In 2016, we continued our efforts to create new businesses, consolidated our strategic strengths, sharpened our competitive edge, created synergies, and ensured all our businesses are sustainable.

While our Mainland China and overseas business remained challenging, we achieved development against a difficult backdrop in 2016.

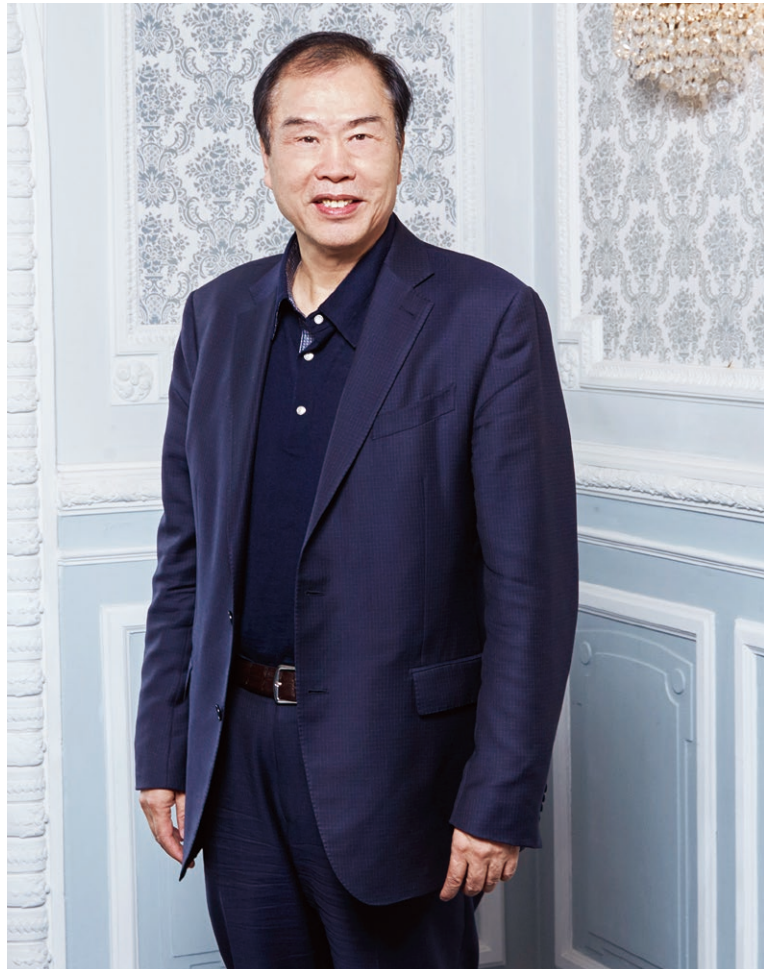
RESULTS OVERVIEW

Revenue decreased by 15% to HK\$2.94 billion in 2016, versus HK\$3.48 billion generated in 2015. Profit attributable to the owners of the Company in 2016 decreased to HK\$36.7 million, which was HK\$271 million or 88% lower than HK\$307.7 million earned in 2015. Basic earnings per share were HK0.84 cent in 2016. While the strong local and global challenges adversely affected the performance, appreciation of Hong Kong dollars, and depreciation of Renminbi and Swiss Franc were also reasons contributing to the reduction of both revenue and net profit.

The Board has resolved not to recommend a final dividend for the year ended 31 December 2016. However, in view of an agreement was executed on 23 March 2017 to dispose the 100% equity interest of Seti Timber Industry (Shenzhen) Co., Ltd. at the consideration of RMB1.4 billion (approximately HK\$1.568 billion), the Board has recommended to distribute a special dividend of HK5 cents per share.

STRATEGIC DEVELOPMENT

Considering the unique position of Hong Kong as an international financial centre, especially after the implementation of the Belt Road Strategy of the PRC Central Government, the Group intends to diversify into securities and banking businesses. To this end, we have acquired Bendura Bank AG (formerly Valartis Bank (Liechtenstein) AG) ("Bendura Bank") in



September 2016 and subsequently in February 2017 acquired Shun Heng Securities Limited ("Shun Heng"), a company licensed to conduct Type 1 (Dealing in securities) activity regulated by the Securities and Futures Commission (the "SFC") and Hong Kong Metasequoia Capital Management Limited ("Metasequoia Capital"), a licensed company that is capable of conducting Type 4 (Advising on Securities) and Type 9 (Asset management) activities regulated by the SFC.

Following the acquisition, Bendura Bank continues to serve high net worth individuals and their families in growing, managing and preserving their wealth. It produced satisfactory results from the date of acquisition to 31 December 2016.

CHAIRMAN'S STATEMENT

While our Mainland China and overseas business remained challenging, we achieved development against a difficult backdrop in 2016.



BUSINESS AND MARKET DEVELOPMENT

Despite the strong challenges facing our Mainland China business, we remain deeply rooted as one of the leading players in the watch industry in Mainland China with the most appropriate products, the wide-reaching distribution network and the most extensive local connections. The watch segment in Mainland China remains the backbone of our business.

We recognize that the rapid growth of digital economy is changing consumer behavior, and we are aggressively implementing strategies to enhance e-commerce, especially for Rossini, EBOHR and Rotary.

Following the acquisition of Bendura Bank, with the retained strong management team, Bendura Bank has regained its strength to gradually develop business, as reflected in the asset under management and the fees and commissions income generated.

Generally, we continue to invest in human resources and create adequate systems to ensure we have the right level of capacity to deliver our growth plan; and we are keeping track of market movements and circumstances

to ensure to stay competitive locally and internationally.

Details of the progress we made in 2016 for individual companies and segments are set out in the Management Discussion and Analysis of this Annual Report.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PERFORMANCE

Good Environmental, Social and Governance, or ESG, practices have always been an integral part of the Group's business strategy and management approach. As a good corporate citizen, the Group contributes to the communities in which we operate our businesses, especially in Mainland China.

RISK MANAGEMENT

Risk management is one of the important pillars in the establishment of good corporate governance, thus the Group always implements prudent principles and maintains high awareness in the operations. It is also an integral part in decision making process.

The Board oversees the Group's risk management system, and conducts periodic reviews of such system to manage risks that may occur and ultimately ensure good

CHAIRMAN'S STATEMENT



corporate governance practice. Pursuant to the relevant rules and requirements in relation to risk management of listed companies, the Board continues to optimize the internal governance structure and system formulation in order to enhance the standardized operation level. As such, the Group has newly established a risk management committee. Led by the Board, the risk management committee will commence risk prevention and monitoring duties and conduct risk controls on subsidiaries and associates regularly. We will monitor our risk management system and formulate and adopt appropriate risk management measures against each principal risk.

Risk management will continue to be of great importance for the Group.

OUTLOOK

Looking at the year ahead, we do not expect a material improvement in the business environment in the near future. While the challenging business environment is likely to continue for some time, with our sound capital position, unique network across Mainland China and overseas and pioneering e-commerce platform, we are in a strong position to adapt to difficult market conditions and capture the growth opportunities ahead.

Upon integration of Bendura Bank, Shun Heng and Metasequoia Capital into the Group, the Group will have the adequate platform to develop securities and banking businesses. By combining growth, synergy and risk management, and drawing on the professionalism of its securities and banking employees, a powerful securities and banking business segment with operations in Hong Kong and Europe can be developed. Coupled with the watch business, the Group has two important revenue and profit drivers that generate returns to shareholders in the years to come. Additionally, we will keep identifying and evaluating business opportunities that may arise in the future and seizing those that help us achieve sustainable growth and bring long-term value to our shareholders.

As a publicly listed company, we conduct our business by following sound business principles – delivering value to our shareholders, observing strict business discipline, and balancing risks with opportunities. Most importantly, we consider ourselves a member of the communities which we serve. It is what has guided us in the past, and we shall apply the same commitment in the future.

ACKNOWLEDGEMENTS

I would like to thank our Board of Directors and the Directors of our subsidiaries and associated companies for their wise counsel and the care with which they have performed their duties during the past year. I also extend our grateful thanks and appreciation to our business partners, with whom we look forward to further extending our cooperation in the coming year. I would also like to thank our management team and staff for their commitment and outstanding performance. Lastly, on behalf of my entire team, I thank our shareholders and customers for their long-standing loyalty and confidence in the Group.

Hon Kwok Lung

Chairman

Hong Kong, 31 March 2017



ROSSINI

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ENGELVÖLKER
München - Kitzbühel

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year ended 31 December 2016, the Group recorded revenue of approximately HK\$2,939,955,000 (31 December 2015: HK\$3,476,354,000), a decrease of HK\$536,399,000 or 15.4% over 2015.

Gross profit from non-banking business for the year was approximately HK\$1,533,957,000 (31 December 2015: HK\$1,781,858,000), a decrease of HK\$247,901,000 or 13.9% over 2015.

Operating expenses (including selling and distribution expenses and administrative expenses) for the year was approximately HK\$1,489,921,000 (31 December 2015: HK\$1,499,303,000), a decrease of HK\$9,382,000 or 0.6% over 2015.

Net profit after tax for the year was approximately HK\$63,840,000 (31 December 2015: HK\$340,159,000), a decrease of HK\$276,319,000 or 81.2% over 2015. Impairment loss of approximately HK\$70,566,000 on goodwill contributed to the decrease in net profit after tax.

BUSINESS DEVELOPMENT STRATEGIES IN 2016

Continuous development of Chinese proprietary brands

Against the adverse market conditions in Mainland China in 2016, both Rossini and EBOHR are well positioned to meet the evolving needs of consumers and to benefit from the scale and resilience of these growth opportunities in Mainland China. Rossini brand has been established more than 33 years and EBOHR more than 25 years. With the unique and strong platform which is based on the unrivaled access to consumers through over 6,500 distribution outlets coupled with the rapid development of e-commerce and products that are tailored to local market conditions and needs, both companies would continue to lead the watch industry in Mainland China.



Continuous development of foreign proprietary brands

Despite very challenging market conditions for the Swiss brands generally, Corum managed to increase the revenue and almost achieve break-even in 2016 while Eterna and the Dreyfuss Group suffered from the global decrease in demand for luxury products. The management team has implemented detailed solution plans based on market forecast and improving the internal resource allocation.

MANAGEMENT DISCUSSION AND ANALYSIS

Restructuring of distribution companies

Having conducted an on-going and in-depth evaluation of the existing portfolio of distribution companies in Mainland China, we have disposed of 46.05% equity in Henan Jinjue Enterprise Company Limited (“Henan Jinjue”) in May 2016, at a consideration of RMB48,353,000 (equivalent to approximately HK\$57,563,000). The disposal led to a loss of approximately HK\$28,699,000. Following the disposal, we still own 4.95% equity interest in Henan Jinjue.

Embarking on the securities and banking business

Considering the unique position of Hong Kong as the financial centre, especially after the implementation of the Belt Road Strategy of the PRC Central Government, the Group diversifies into securities and banking businesses. To this end, we have acquired Shun Heng Securities Limited (“Shun Heng”), Bendura Bank AG (“Bendura Bank”, formerly Valartis Bank (Liechtenstein) AG) and Hong Kong Metasequoia Capital Management Limited (“Metasequoia Capital”).

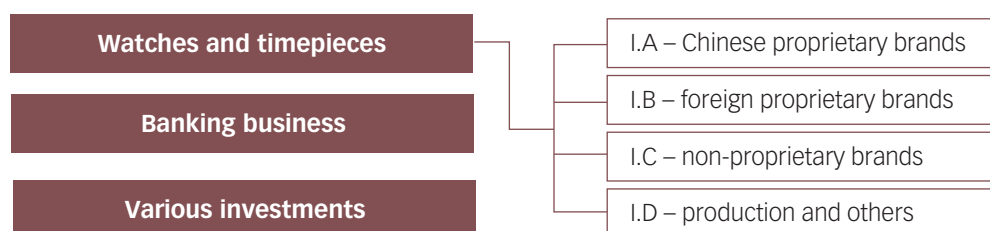
On 19 February 2016, we entered into an agreement to acquire 100% interest in Shun Heng, a company licensed to conduct Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the “SFO”), at a consideration of HK\$24,800,000. We believe the acquisition will provide an opportunity for the Group to participate in the securities trading industry in Hong Kong and allow the Group to broaden the revenue and income stream. The approval from the Securities and Futures Commission (the “SFC”) was obtained in January 2017 and the acquisition was duly completed in February 2017.

On 24 March 2016, we entered into an agreement to acquire no less than 68.85% equity interest of Bendura Bank located in Liechtenstein. Bendura Bank offers traditional investment advisory and asset management services for clients not only in traditional European markets but also acquiring emerging markets through multilingual coverage desk catering to clients from different markets. Further, with the outlook and confidence in the future prospects of the banking industry, we believe that the acquisition provides an opportunity for the Group to diversify its business and broaden its revenue and income streams. The acquisition was duly completed on 20 September 2016 and eventually 83.22% of the total equity of Bendura Bank was acquired by the Group at the final consideration of HK\$788,401,000.

On 15 August 2016, the Group entered into an agreement to acquire 100% interest in Metasequoia Capital, a licensed company to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, at a consideration of HK\$6,000,000. The approval from SFC was obtained in January 2017 and the acquisition of Metasequoia Capital was duly completed in February 2017.

Through the acquisitions of Shun Heng, Bendura Bank and Metasequoia Capital, the Group is in a position to embark on the securities and banking businesses.

We present our discussion and analysis by the following segments.



MANAGEMENT DISCUSSION AND ANALYSIS

I.A. Watches and timepieces – Chinese proprietary brands

Zhuhai Rossini Watch Industry Ltd.

Revenue in 2016 was HK\$992,552,000 (approximately RMB849,396,000), a decrease of HK\$159,885,000 (approximately RMB72,554,000), or 13.9% (7.9% in RMB), from HK\$1,152,437,000 (approximately RMB921,950,000) in 2015. After share of 91% by the Company, the net profit after tax attributable to owners of the Company in 2016 was HK\$291,662,000 (approximately RMB249,596,000), a decrease of HK\$51,032,000 (approximately RMB24,559,000) or 14.9% (9.0% in RMB) compared with HK\$342,694,000 (approximately RMB274,155,000) in 2015.

Year	2014	2015	2016
No. of distribution outlets	2,681	3,190	3,400

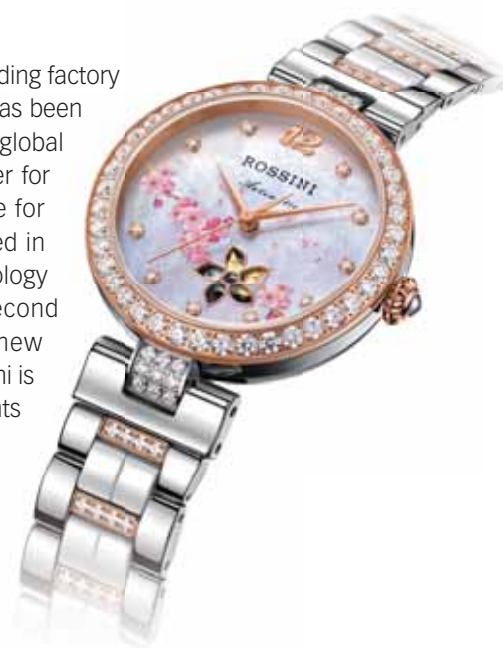
Rossini has expanded sales to overseas markets. In 2016, Rossini opened more distribution outlets in Macau and Hong Kong, and established new sales locations in Singapore, Malaysia and Cambodia. Given attractive products, competitive pricing and reliable quality, the potential is considered tremendous.

Understanding that the younger generation may prefer shiny, prestigious and high-tech watches, Rossini has entered the smartwatch fray. Rossini's experiment with smartwatch has been successful and the first model was launched into the market in January 2016. Like e-commerce, developing the smartwatch line caters to the strategic development needs of Rossini.

E-commerce sales increased to HK\$219,175,000 in 2016 from HK\$202,381,000 in 2015 and its respective proportion of total revenue to 22.1% from 17.6%. Rossini will continue to explore more suitable e-commerce platforms to complement its existing platforms and the brand. It is expected that e-commerce will be able to maintain a solid growth rate in the forthcoming years given the trend of e-commerce in Mainland China.

The watch museum in the headquarters attracted a tremendous number of tourists amounting to more than 260,000 in 2016 and generated revenue of over HK\$30,236,000 (2015: HK\$37,688,000). The slight decrease was due to the renovation and expansion of the watch museum. Rossini is putting stronger efforts into expanding the watch museum and developing industrial tourism, and hence boosting brand awareness.

The second phase of Rossini's watch cultural and industrial park, including factory facilities of 24,000 sqm erected on an industrial site of 25,000 sqm, has been fully operational since January 2017. The second phase includes a global e-commerce centre, a scientific technology R&D centre, a R&D center for mechanical movements and smartwatch, and the production base for high-end clocks. Rossini's technology center, which was established in 2007 and recently ranked as a National Certified Enterprise Technology Centre (國家認定企業技術中心), have also been moved into the second phase. The brand will be further enhanced by new technology, new products and new channels of distribution through e-commerce. Rossini is now well-positioned to move into higher value-added product segments and further develop the international markets.



MANAGEMENT DISCUSSION AND ANALYSIS

Rossini was awarded numerous awards in 2016 for its dedication and excellence in maintaining product quality, including the Global Performance Excellence Award (World Class) award by the 22nd Asia Pacific Quality Conference and the 16th National Quality Award (Finalists Award) (全國質量獎(入圍獎)). Additionally, Rossini has been selected as one of China's 500 Most Valuable Brands of the Year 2016 (with a brand value of approximately RMB10.2 billion) and as one of Asia's 500 Most Influential Brands in 2016 both by the World Brand Laboratory.

EBOHR Group

EBOHR Group is composed of EB Brand Limited, EBOHR Luxuries International Limited ("EBOHR"), Shenzhen EBOHR Luxuries E-commerce Co., Ltd. and Swiss Chronometric AG.

Revenue in 2016 was HK\$751,135,000 (approximately RMB642,799,000), a decrease of HK\$205,424,000 (approximately RMB122,448,000), or 21.5% (16.0% in RMB), from HK\$956,559,000 (approximately RMB765,247,000) in 2015. Net profit after tax in 2016 was HK\$137,992,000 (approximately RMB118,089,000), compared with HK\$231,683,000 (approximately RMB185,346,000) in 2015, a decrease of HK\$93,691,000 (approximately RMB67,257,000), or 40.4% (36.3% in RMB).

Year	2014	2015	2016
No. of distribution Outlets	2,493	2,910	3,174

The performance of EBOHR was affected by two conflicting factors. On one hand, it was adversely affected by the general decline in the retailing market in Mainland China in 2016. On the other hand, the increasingly strong penetration of e-commerce in Mainland China contributed favorably to EBOHR.

In view of the decline in retailing market, EBOHR took various measures in 2016 to boost sales.

First, EBOHR has imposed tighter management and control on distribution outlets. Greater effort has been put on data analysis with the objective to formulate various strategies targeted to distribution outlets.

Secondly, EBOHR has improved the system of after-sales services. Following the recruitment and training of technical staff and acquisition of hardware, EBOHR is now in a position to provide satisfactory maintenance services so as to improve the brand reputation.

Thirdly, EBOHR has invested more resources on e-commerce. E-commerce sales through the online stores at the major e-commerce platforms in Mainland China increased to HK\$163,515,000 in 2016 from HK\$148,348,000 in 2015; its respective proportion of total revenue to 21.8% from 15.5%. EBOHR works closely with the e-commerce platforms, to conduct in-depth data analyses, improve the consumers' experience, and in the process gradually expand the e-commerce sales. EBOHR focuses on the further penetration of the existing e-commerce platforms and at the same time develops new e-commerce platforms for certain market segments that are not currently reached. Substantial efforts were put on improvement of the official website periodically and of presentation of the products so as to increase the possibility of actual orders.



MANAGEMENT DISCUSSION AND ANALYSIS

The construction work of EBOHR's new facilities was mostly completed in 2016 and is expected to be fully operational in the second half of 2017.

EBOHR has been acknowledged by the World Brand Laboratory as one of China's 500 Most Valuable Brands of the Year 2016 (with a brand value of approximately RMB7.3 billion) and one of Asia's 500 Most Influential Brands in 2016.

Rossini and EBOHR continued to be the major sources of revenue and accounted for more than 61.6% of the total revenue from non-banking business of the Group in 2016 (2015: 60.7%). They were also the major contributors of net profits for the Group, financing the development of new ventures of the Group.



I.B. Watches and timepieces – Foreign proprietary brands

Collectively, foreign proprietary brands contributed revenue and net loss after tax for the year of HK\$664,953,000 and HK\$255,702,000 respectively (31 December 2015: HK\$734,867,000 and HK\$132,950,000 respectively).

Corum

Despite various adversities facing the Swiss watch industry (-9.9% according to the Federation of the Swiss Watch Industry), Corum in 2016 has successfully managed to increase the overall turnover of the company to HKD 397,113,000 (approximately CHF 50,399,000) as compared to 2015's HKD 281,746,000 (approximately CHF 34,956,000), representing a remarkable growth of 40.9% (44.2% in CHF). Corum was able to also achieve a state of positive cash flow due to well-acceptance of the new products and the reductions of aged inventory.

With the continued expansion of the distribution network to more than 580 global retail locations and 6 partner-owned boutiques as at 31 December 2016, as well as specialised marketing efforts, the renewed confidence shown by all partners has allowed Corum to surpass all facets of expectations.

Eterna

Due to the increasing competitions as a result of many of the Swiss watch brands entering into the mid-priced timepieces market, Eterna has met with reduced demand for its general collections. Notwithstanding the challenges, there was an almost 10% growth in the domestic market of Switzerland, as well as growth in the USA market, which is in the midst of a recovery from a shallow economy. Expanding into countries such as Malaysia, Thailand and Vietnam has helped kick-starting our effort to increase brand awareness in those countries.

Eterna continues to focus on the sales and marketing oriented operation with the primary objective of rebuilding the Eterna brand. The rejuvenation of the product, the repositioning of the brand and rebalancing of the collection so as to provide a 50/50 men's and lady's split have been implemented and achieved.

MANAGEMENT DISCUSSION AND ANALYSIS

The Dreyfuss Group

Dreyfuss continued its growth within the EMEA region with new openings in countries such as Belgium, Finland, South Africa and the Middle East, while the UK market has continued to develop with increase in the number of retail locations in addition to the existing 3,000-plus retail locations. Nonetheless, the issue of BREXIT and the subsequent depreciation of the Sterling against the United States Dollar has caused a decline in sales figures for the timepieces below the £500 range.

Despite the political and economic uncertainties experienced in the UK market before & after the BREXIT debates, which consequently resulted in consumer's lack of confidence and soft spending, the general outlook within the UK market for 2017 appears positive with recovery signs being noted on the various indicators of economic prosperity. To weather the storm and encourage sales in the UK market, attractive promotions and trade incentives for Dreyfuss were provided. Dreyfuss will continue to be safeguarded by its solid market position characterized by its affordable price level and classic product designs. Dreyfuss continued to expand its international portfolio, as a strategy to build up international brand image and to diversify the risk of over-reliance on the UK market in the long run. Sales through in-flight catalog is also an increasingly strong source of revenue.

2017 will continue to be a critical year for Dreyfuss with the internal implementation of overall business streamlining as well as reduction in cost of goods sold. Together with the synergies with sister companies within the Group, Dreyfuss is expected to be able to significantly improve its performances in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

I.C. Watches and timepieces – non-proprietary brands

Collectively, distribution companies contributed revenue and net loss after tax for the period of HK\$290,396,000 and HK\$3,987,000 respectively (31 December 2015: HK\$519,884,000 and HK\$1,783,000 respectively).

Owing to the relatively slow economic growth in Mainland China and the strong anti-extravagance policies adopted by the PRC Central Government, the demand for the imported mid-range and high-end watches was weakened in the Mainland China market, which adversely affected the revenue and performance of the distribution companies.

I.D. Watches and timepieces – production

The Group has the capability to produce mechanical movement ranging from basic mechanical movement to tourbillon and fashion watches on OEM basis for leading global brands at competitive cost.

Guangzhou Five Goat Watch Company Limited expanded its customer base.

Fair Future Industrial Limited (“Fair Future”), a 25% owned associate of the Group, is engaged in the manufacturing of watches and accessories of watches for a well-known Japanese brand on an OEM basis. The performance of Fair Future improved despite challenging market conditions.

II. Banking business

Bendura Bank, a subsidiary that the Group holds 83.22% equity interest, aims to accompany its clients from one generation to the next and to provide them with long-term benefit. That our highly qualified employees are multilingual (German, English, Italian, Turkish, Russian, Polish, Czech, Slovak, Serbian, Croatian, Slovenian, Hungarian and Mandarin) with the necessary cultural understanding enables efficient market access internationally.

The range of private banking is comprehensive, focusing on, among others, following areas:

- (1) asset management;
- (2) investment advice; and
- (3) transaction banking.

Considering the acquisition by the Group completed on 20 September 2016 and holding 83.22% equity interest, Bendura Bank contributed revenue and net profit after tax attributable to owners of the Company of HK\$109,480,000 and HK\$39,913,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2016, Bendura Bank sponsored the Snow Polo World Cup in Kitzbuhel, which was the world's largest snow polo tournament. It was well attended by clients and intermediates (including lawyers, tax consultant, trustees and asset managers) and has contributed immensely to new business development.

Bendura Bank continues to invest in the Mandarin team so as to work on opportunities for Mandarin speaking clients.

Bendura Bank and Bendura Fund Management Alpha AG (formerly named Valartis Fund Management (Liechtenstein) AG) will continue to operate independently in separate premises in the future.

III. Various investments

As at 31 December 2016, the Group held 30,389,058 shares of Citychamp Dartong Company Limited with a market value of approximately HK\$243,058,000.

The factory complex in Dongguan, the property on Yan He South Road, Luohu District, Shenzhen, three shop units on Xianghua Road, Zhuhai (all in the Guangdong Province of Mainland China) and one apartment in Hong Kong owned by the Group have been leased out, with stable rental returns to the Group for the year under review. During the year, the Group has generated rental income of HK\$19,123,000 (31 December 2015: HK\$18,109,000).

FINANCIAL POSITION

(1) Liquidity, financial resources and capital structure

As at 31 December 2016, the Group had non-pledged cash and deposits of approximately HK\$5,066,901,000 (31 December 2015: HK\$836,065,000). Based on the bank borrowings of HK\$1,190,340,000 (31 December 2015: HK\$938,532,000), the corporate bonds of approximately HK\$692,127,000 (31 December 2015: HK\$708,834,000) and shareholders' equity of HK\$3,632,881,000 (31 December 2015: HK\$4,043,253,000), the Group's gearing ratio (being borrowings plus corporate bonds divided by Shareholders' equity) was 52% (31 December 2015: 41%). The increase in bank borrowings was due to additional working capital required to finance the continuous growth of the Group.

As at 31 December 2016, the Group's borrowings amounting to HK\$1,174,367,000 (31 December 2015: HK\$766,654,000) were repayable within one year or on demand, representing 99% (31 December 2015: 82%) of the total borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group intends to apply a conservative approach to borrowings in view of the challenging global economic environment.

List of bank borrowings by currencies and by nature of interest rate and by duration

Currency	Nature of interest rate	Duration within 1 year or on demand HK\$'000	Duration more than 1 year HK\$'000
CHF	Fixed/Floating	105,178	15,973
EUR	Floating	93,758	–
GBP	Floating	48,983	–
HKD	Fixed/Floating	542,240	–
RMB	Fixed	22,341	–
USD	Floating	361,867	–
		1,174,367	15,973

(2) Charge on assets

As at 31 December 2016, banking facilities of the Company were secured by the Group's trade receivables of HK\$33,647,000, investment properties in Hong Kong of HK\$24,100,000 and land and buildings in Switzerland with net book values of HK\$127,516,000, totaling HK\$185,263,000 (31 December 2015: HK\$227,769,000).

(3) Capital commitments

Capital commitments as at 31 December 2016 were approximately HK\$381,684,000 in total (31 December 2015: HK\$109,974,000):

1. Purchase of property, plant and equipment;
2. Acquisition of a subsidiary – Shun Heng;
3. Acquisition of a subsidiary – Metasequoia Capital; and
4. Investment in an associate – Citychamp Allied International Limited.

Except for the above, the Group had no other material capital commitments as at 31 December 2016.

FINANCIAL REVIEW

(1) Gross profit from non-banking business

Gross profit was HK\$1,533,957,000, a decrease of 13.9% from HK\$1,781,858,000 in 2015. Before making adjustments for intra-group transactions, Rossini contributed a gross profit of HK\$707,437,000 and a gross margin of 71% while EBOHR Group contributed a gross profit of HK\$480,172,000 and a gross margin of 64%.

(2) Selling and distribution expenses

Total selling and distribution expenses was HK\$841,444,000, a decrease of 4.7% from HK\$883,152,000 in 2015. Rossini, EBOHR Group, Eterna Group, Corum Group and Dreyfuss Group contributed selling and distribution expenses of HK\$305,363,000, HK\$261,431,000, HK\$30,283,000, HK\$92,349,000 and HK\$97,379,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

(3) Administrative expenses

Total administrative expenses was HK\$648,477,000, an increase of 5.2% from HK\$616,151,000 in 2015. Rossini, EBOHR Group, Eterna Group, Corum Group and Dreyfuss Group contributed administrative expenses of HK\$73,623,000, HK\$71,600,000, HK\$75,024,000, HK\$111,665,000 and HK\$47,977,000, respectively.

(4) Financial costs

Total financial costs were HK\$79,447,000, an increase of 3% from HK\$77,075,000 in 2015. While interests charged on corporate bonds remained at a similar level at approximately HK\$30,222,000 (2015: HK\$29,218,000), interests charged on bank borrowings and bank overdrafts increased to approximately HK\$49,225,000 for year 2016 from approximately HK\$47,782,000 for year 2015.

(5) Impairment losses

The Group recorded an asset impairment of approximately HK\$70,566,000 related to the Dreyfuss Group. The impairment loss was provided as the future performance of Dreyfuss Group does not meet its previously expected performance.

(6) Net profit attributable to owners of the Company

Net profit attributable to owners of the Company was HK\$36,703,000, a decrease of 88.1% from HK\$307,675,000 in 2015. Before making adjustments for intra-group transactions, Rossini contributed net profit attributable to owners of the Company of HK\$291,662,000 while EBOHR Group contributed HK\$137,992,000.

(7) Inventory

Inventory was HK\$1,996,187,000 as at 31 December 2016, a decrease of 2.3% from HK\$2,042,892,000 as at 31 December 2015. Rossini, EBOHR Group, Eterna Group, Corum Group and Dreyfuss Group contributed inventory of HK\$405,569,000, HK\$500,271,000, HK\$284,320,000, HK\$377,822,000 and HK\$102,812,000 respectively.

OUTLOOK

The outlook of the Group is currently constrained by the stagnating global economic growth and the volatile political scenario in the US, Europe as well as Asia, leading to increased uncertainty surrounding macroeconomic forecasts. Although the PRC Central Government has done its best to maintain its short term economic growth, in the medium term, the slow down of economic growth of Mainland China is expected to continue.

Despite the challenges facing our Mainland China business, our watch businesses remain in a leading position with the most comprehensive network of distribution outlets, well-known brands and profitable operations in Mainland China. We anticipate that our overseas watch business will improve as a result of improved management, planning and execution of the appropriate strategy.

Our private banking business is mainly relies on clients in the Euro zone and remains on a relatively promising position as there are no signs whatsoever currently at macro level of any overheating. There is no fear of any deterioration in financing conditions thanks to a clear policy at the European Central Bank.

MANAGEMENT DISCUSSION AND ANALYSIS

Upon the full integration of Shun Heng, Bendura Bank and Metasequoia Capital, the Group will have the adequate platform to develop securities and banking businesses. By combining growth, synergies and risk management, and by drawing on the professionalism of its securities and banking employees, a powerful securities and banking business segment with operations in Hong Kong and Europe would be developed. Coupled with the well developed watch business locally and globally, the Group has two important revenue and profit drivers that generate returns to shareholders in the years to come.

We remain positive and hold an optimistic long-term view about the future of the Group. We will keep investing in building the brand and the channels of distribution for the watch business and investing in the growth of securities and banking business to brace for the challenges in the years ahead.

EMPLOYEES AND REMUNERATION POLICY

Our sustained success would not be possible without the high levels of expertise, professionalism and commitment shown by our employees.

As at 31 December 2016, the Group employed approximately 5,000 full-time staff in Hong Kong and Mainland China and approximately 330 staff in Europe. The remuneration packages offered to the employees were determined and reviewed on an arm's length basis with reference to market conditions and individual performance. The Group also provides other benefits to its employees, including year-end double pay, medical insurance and retirement benefits. Incentive bonuses are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes. Employees of Group's Subsidiaries in Mainland China also participate in social insurance scheme administrated and operated by local authorities and contributions are made according to the local laws and regulations.

APPRECIATION

Our financial performance and strategic moves reflected the joint efforts of the Board and management in successfully pursuing our mission to be one of the leaders in the watch industry of Mainland China. Our development could not have been achieved without the leadership of the Board and our management team. I would like to express my deep gratitude to our employees, customers, suppliers, bankers, professional consultants, business partners, and shareholders for their support.

Shang Jianguang

Executive Director & Chief Executive Officer

Hong Kong, 31 March 2017



DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

HON Kwok Lung

Chairman

Mr. Hon Kwok Lung, aged 62, joined the Board in April 2004. He is the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Hon was also the Chairman of the Board of Directors of Citychamp Dartong Company Limited ("Citychamp Dartong"), the shares of which are listed on the Shanghai Stock Exchange in the Mainland China, and retired after his term of office expired in January 2017. Citychamp Dartong and its subsidiaries are principally engaged in property development and manufacturing and sale of enamelled copper wires in Mainland China. Mr. Hon has extensive business experience in the Mainland China. Mr. Hon is a Member of the National Committee of the Chinese People's Political Consultative Conference, an Executive Member of All-China Federation of Returned Overseas Chinese Committee and the Executive Vice President of China Federation of Overseas Chinese Entrepreneurs. Mr. Hon is also appointed as director of various subsidiaries of the Company, including the Bendura Bank AG.



SHANG Jianguang

Chief Executive Officer

Mr. Shang Jianguang, aged 65, joined the Board in November 2004 and is a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Shang is also the General Manager of Zhuhai Rossini Watch Industry Limited, a subsidiary of the Company. Mr. Shang is also appointed as director of various subsidiaries of the Company, including the Bendura Bank AG. Mr. Shang graduated in Fuzhou University majoring in Chemistry, is a qualified senior engineer in the Mainland China. Prior to joining the Group, he assumed senior posts in various large companies, and was General Manager and Director of Min Xin Holdings Limited, a company listed on the main board of the Stock Exchange. He also serves as a director of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, and has extensive knowledge and experience in corporate and investment management.



SHI Tao

Mr. Shi Tao, aged 53, joined the Board in April 2004. Mr. Shi holds a Bachelor degree in Engineering from Tsinghua University and a Master degree in Engineering from Wuhan University of Technology (formerly known as Wuhan Industrial University). Mr. Shi has years of business experience in the Mainland China. He was an Executive Director of New Capital International Investment Limited ("New Capital"), a company listed on the main board of the Stock Exchange.



DIRECTORS AND SENIOR MANAGEMENT

LAM Toi Man

Mr. Lam Toi Man, aged 59, joined the Board in April 2004. Mr. Lam has various years of experience in property development in the Mainland China. Mr. Lam was the General Manager of Zhejiang Huashun Real Estate Investment Co., Ltd. and an Executive Director and the General Manager of Hangzhou Yuanhua Mart Construction Co., Ltd.. Mr. Lam is the brother-in-law of Mr. Hon Kwok Lung and uncle of Mr. Hon Hau Wong.



BI Bo

Mr. Bi Bo, aged 37, joined the Board in August 2010. Mr. Bi received a degree of Master of Science (Finance) from The Johns Hopkins University in May 2006. Prior to joining the Group, he was a senior actuarial assistant (supervisor) in Carefirst Bluecross Blueshield, working on actuarial valuation and risk management of insurance company. He qualifies as an associate of the Society of Actuaries (ASA) in 2009. He also has experience in M&A activities.

SIT Lai Hei

Ms. Sit Lai Hei, aged 39, joined the Board in November 2004. She was appointed as a Non-executive Director of the Company in November 2004 and re-designated as an Executive Director of the Company on 26 March 2012. Ms. Sit graduated in Fuzhou University taking Marketing as her major and is a qualified assistant engineer in Mainland China. Ms. Sit is also a Director of Citychamp Dartong, the shares of which are listed on the Shanghai Stock Exchange, and Fujian Fengrong Investment Co., Ltd. Ms. Sit is the daughter-in-law of Mr. Hon Kwok Lung. In addition, Ms. Sit's husband is a nephew of Mr. Lam Toi Man and brother of Mr. Hon Hau Wong.



DIRECTORS AND SENIOR MANAGEMENT

**HON Hau Wong**

Mr. Hon Hau Wong, aged 39, joined the Board in August 2014. Mr. Hon graduated from Tongji University and holds a bachelor degree in Engineering Management. He had also served as the Deputy Chairman of Citychamp Dartong since August 2006, a company listed on the Shanghai Stock Exchange, and have been elected to be the Chairman of Citychamp Dartong since January 2017. He has extensive experience in the real estate industry in Mainland China. He is currently a member of Fujian Province Committee of the Chinese People's Political Consultative Conference. Mr. Hon Hau Wong is a son of Mr. Hon Kwok Lung, and also a nephew of Mr. Lam Toi Man and brother-in-law of Ms. Sit Lai Hei.

TAO Li

Mr. Tao Li, aged 64, joined the Board in November 2014 and currently serves on the European Executive Committee of the Group. Mr. Tao graduated from Beijing Foreign Trade College (currently known as China Foreign Economy and Trade University) majoring in Foreign Trade English. He is also a senior economist in Mainland China. He has over 30 years of experience in respect of business administration, international trading, brands building and marketing. Before he joined the Board, he had been appointed as the Vice President of the Company in charge of the watch manufacturing and distribution businesses in certain subsidiaries of the Company.



DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

FUNG Tze Wa

Mr. Fung Tze Wa, aged 60, joined the Board in April 2004. He is the chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Company. Mr. Fung is a Certified Public Accountant and a director of an accounting firm in Hong Kong. Mr. Fung has many years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Master degree in professional accounting from the Hong Kong Polytechnic University in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. He was an independent non-executive director of New Capital International Investment Limited (Stock code: 1062) ("New Capital") from April 2004 to March 2012 and Jiwa Bio-Pharm Holdings Limited (Stock code: 2327) from September 2004 to September 2013. He has been appointed as an independent non-executive director of Imperium Group Global Holdings Limited (Stock code: 776), formerly known as JF Household Furnishings Limited, since October 2012 and Freeman Fintech Corporation Limited (Stock code: 279) since January 2017. The shares of the above companies are listed on the Stock Exchange.



KWONG Chun Wai, Michael

Dr. Kwong Chun Wai, Michael, aged 52, joined the Board in April 2004 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Kwong is a fellow of the International Institute of Management, a member of the Hong Kong Institute of Marketing, a business strategist specialising in the area of marketing and business administration. Dr. Kwong obtained a Bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a Doctorate degree in business administration from Newport University (US) in 2001. From November 2006 to 21 March 2012, Dr. Kwong was an independent non-executive director of New Capital, a company whose shares are listed on the Stock Exchange.



Rudolf Heinrich ESCHER

Mr. Rudolf Heinrich Escher, aged 60, joined the Board in January 2017 and is also appointed as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Escher graduated from Zurich University of Applied Sciences with a Business Administration Degree in 1982. He also attended the International Executive Program at the Institute of European Political Studies, INSEAD, Fontainebleau, France in 2001. Before joining the Company, he had been working for Credit Suisse for almost 37 years until retirement on 31 December 2016. His latest position in Credit Suisse was Vice Chairman, Private Banking Asia Pacific in the Asia Pacific division with focus on Ultra High Net Worth Individuals. Mr. Escher held various roles in Credit Suisse in different countries and has accumulated tremendous experience in the banking and financial industry.



DIRECTORS AND SENIOR MANAGEMENT

**ZHANG Bin**

Mr. Zhang Bin, aged 52, joined the Board in November 2014 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Zhang is currently a partner of Beijing Hylands Law Firm (“Hylands”). He obtained a degree of Bachelor of Laws from Fudan University in Shanghai in 1986 and was qualified as a lawyer in China in 1988 and had served as a legal advisor in a large scale state-owned enterprise for years upon his graduation. Before joining Hylands in 2008, he worked in law firms in Beijing, London and Hong Kong. Mr. Zhang is involved in a wide range of areas of practice and has accumulated tremendous experiences in legal affairs in respect of financial investments, real estates and intellectual property rights.

SENIOR MANAGEMENT

FONG Chi Wah

Mr. Fong Chi Wah, aged 54, is the Chief Financial Officer and Secretary of the Company. Mr. Fong is also a director of various subsidiaries of the Company, including Bendura Bank. Mr. Fong is an associate member of HKICPA, a fellow member of CPA Australia, a Chartered Financial Analyst and a member of the Hong Kong Institute of Directors. Mr. Fong has over 20 years of extensive experience in various sectors of the financial industry, including direct investment, project and structured finance, and capital markets with focus on Mainland China and Hong Kong. Mr. Fong was a director of Baring Capital (China) Management Limited and held various management positions in ING Bank. He joined the Company in September 2004.

**YIN Weirong**

Mr. Yin Weirong, aged 60, is a qualified senior economist and the Vice President of the Company. Mr. Yin was the Chief Representative of a reputable multinational company in Mainland China and the General Manager of a large PRC international trust and investment corporation responsible for investment in industrial and financial projects. Having acquired over 30 years of experience in corporate management and developing markets in Mainland China and overseas, he joined the Company in April 2007.

DIRECTORS AND SENIOR MANAGEMENT

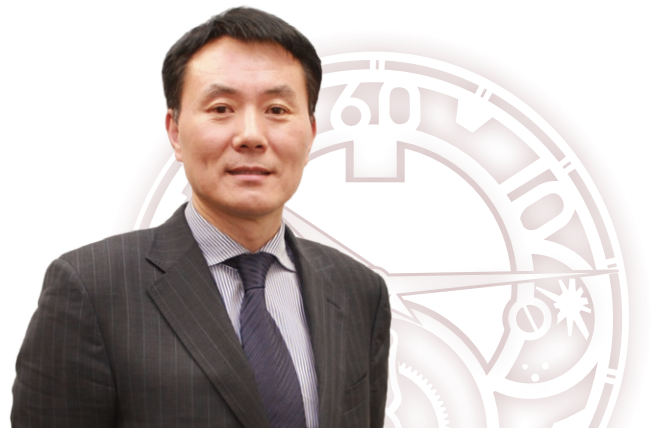


Teguh HALIM

Mr. Teguh Halim, aged 35, joined the Group in October 2008. He is the Vice President of the Company and currently serves on the European Executive Committee of the Group. He is also a director of several subsidiaries of the Group engaged in the watch manufacturing and distribution. Mr. Halim graduated from Ohio State University majoring in accounting. Mr. Halim is the son-in-law of Mr. Hon Kwok Lung.

LU Jun

Mr. Lu Jun, aged 53, has been appointed as the Vice President of the Company since October 2014 and currently serves as the General Manager and director of Guangzhou Five Goat Watch Company Limited, a subsidiary of the Company. Mr. Lu holds a master degree in Executive Master of Business Administration from Tianjin University of Finance & Economics. He had been working for Tianjin Watch Factory (currently known as Tianjin Seagull Watch Co., Ltd, "Tianjin Seagull") since 1983 and acting as the General Manager of Tianjin Seagull for almost four years before joining the Company. Mr. Lu has engaged in the domestic and overseas watch industry for more than 30 years and possesses tremendous experiences in business administration and international trading.



CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a standard of corporate governance that is consistent with market practices.

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the year ended 31 December 2016 except with the details disclosed below:

(i) CG Code E.1.2

CG Code E.1.2 stipulates that the Chairman of the board of Directors (the "Board") should attend the annual general meeting of the Company. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 25 May 2016 (the "AGM 2016") and the extraordinary general meeting (the "EGM") held on 13 September 2016 due to other business engagement.

(ii) CG Code A.6.7

CG Code A.6.7 stipulates that Independent Non-executive Directors should attend general meetings. Two Independent Non-executive Directors did not attend the AGM 2016 and three Independent Non-executive Directors did not attend the EGM held on 13 September 2016 due to other business engagements outside Hong Kong.

The Chairman of the Board of Directors and Independent Non-executive Directors will endeavor to attend all future general meetings of the Company unless unexpected or special circumstances preventing them from doing so. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are properly regulated.

The followings summarize the Company's key corporate governance practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conducts for securities transactions by Directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2016.

BOARD OF DIRECTORS

The principal focus of the Board is on the overall strategic development and direction of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations. Moreover, the Board is responsible for performing the corporate governance duties. The Board has established a clear segregation of duties and responsibilities between the Board and the management as to which types of decisions are to be taken by the Board and which are to be delegated to management. This segregation of duties and responsibilities will be regularly reviewed by the Board. With the Chairman as a facilitator in the establishment that promotes discussion among directors, all the Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the board functions.

CORPORATE GOVERNANCE REPORT

Size, Composition and Diversity of the Board

The Board currently comprises of eight Executive Directors and four Independent Non-executive Directors, as detailed below:

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
HON Kwok Lung	Chairman/Executive Director	08/04/2004	25/05/2016
SHANG Jianguang	Chief Executive Officer/Executive Director	18/11/2004	21/05/2014
SHI Tao	Executive Director	08/04/2004	25/05/2016
LAM Toi Man	Executive Director	08/04/2004	25/05/2016
BI Bo	Executive Director	24/08/2010	21/05/2014
SIT Lai Hei	Executive Director	18/11/2004	25/05/2016
HON Hau Wong	Executive Director	29/08/2014	25/06/2015
TAO Li	Executive Director	26/11/2014	25/06/2015
FUNG Tze Wa	Independent Non-executive Director	08/04/2004	25/06/2015
KWONG Chun Wai, Michael	Independent Non-executive Director	08/04/2004	25/06/2015
LI Qiang (resigned with effect from 20 January 2017)	Independent Non-executive Director	18/11/2004	25/06/2015
ZHANG Bin	Independent Non-executive Director	26/11/2014	25/06/2015
Rudolf Heinrich ESCHER (appointed with effect from 20 January 2017)	Independent Non-executive Director	20/01/2017	N/A

Save as mentioned below, there is no relationship among members of the Board:

- (i) Mr. Lam Toi Man (Executive Director) is the brother-in-law of Mr. Hon Kwok Lung (Chairman of the Board).
- (ii) Ms. Sit Lai Hei (Executive Director) is the daughter-in-law of Mr. Hon Kwok Lung (Chairman of the Board) and Ms. Sit's husband is nephew of Mr. Lam Toi Man and brother of Mr. Hon Hau Wong.
- (iii) Mr. Hon Hau Wong (Executive Director) is the son of Mr. Hon Kwok Lung (Chairman of the Board) and a nephew of Mr. Lam Toi Man (Executive Director). He is also the brother-in-law of Ms. Sit Lai Hei (Executive Director).

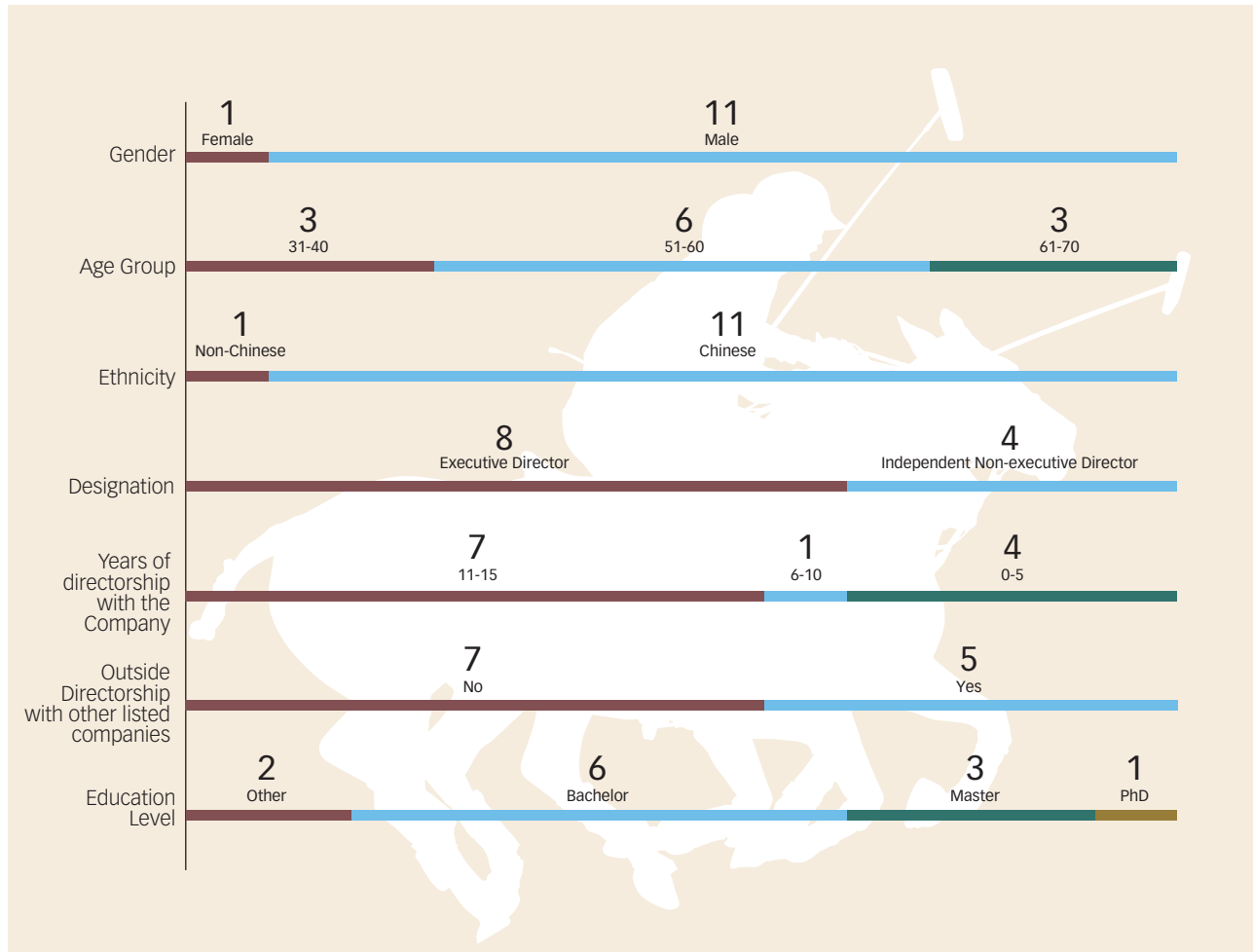
Profiles of Directors are set out in the pages 22 to 26 of this Annual Report.

The Company considers diversity at the board level important to the achievement of strategic objectives and sustainable development of the Company. A number of aspects, including but not limited to gender, age, educational background, professional experience, skills, knowledge and length of service are taken into account. The Board reviews its size and composition on a regular basis to ensure its effectiveness. Directors are selected with regard to their respective skills, knowledge, experience and abilities, which the Company believes will help build a more balanced and experienced team aligned to the long-term strategy and goals of the Company.

CORPORATE GOVERNANCE REPORT

A diversity analysis of the existing board composition is set out at the chart below:

Board Diversity
(no. of members)



Independent Non-executive Directors

One of the Independent Non-executive Directors possesses appropriate professional accounting qualifications and financial management expertise.

With a wide range of expertise and a balance of skills, the Independent Non-executive Directors bring independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct through their participating in board meetings and committee work. On 20 January 2017, the Company appointed Mr. Rudolf Heinrich Escher, who has more than 30 years of experience in the banking industry especially in the private banking business, as an Independent Non-executive Director of the Company. The Board of Directors believes that Mr. Escher's background, experience and expertise in the banking industry will be complementary to the existing Board and bring significant benefits to the development of Group's banking business in Europe.

The views of the Independent Non-executive Directors carry significant weight in the Board's decision-making process. The Board considers that each Independent Non-executive Director is independent in character and judgment and that they all meet the specific independent criteria as required by the Listing Rules. The assessments of the independence of Independent Non-executive Directors are carried out upon appointment and annually pursuant to Rule 3.13 of the Listing Rules and at any other time where the circumstances require special consideration.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The posts of Chairman and CEO are segregated and each of them plays a distinct role. The segregation of such two roles ensures a clear division between the respective responsibilities of the Chairman and the CEO. The Chairman, Mr. Hon Kwok Lung, is mainly responsible for setting direction and strategies of the business development, and leading and managing the Board. The CEO, Mr. Shang Jianguang, undertakes a supervisory role to manage the day-to-day operation and business of the Group.

AGM, Board Meetings and Board Practices

The Board meets regularly throughout the year to review the overall strategy, discuss business opportunities and to monitor the operation as well as the financial performance of the Group. With the assistance of the Company Secretary, the Chairman and the CEO are primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all Directors within reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by the Company Secretary. All Directors have access to board papers and related materials and are promptly provided with adequate information, which enable the Board to make an informed decision on matters placed before it.

During the year ended 31 December 2016, four board meetings and two general meetings were held and the individual attendance of each Director is set out below:

Name of Members	Attendance/Number of Meetings Held		
	Board Meetings	AGM on 25 May 2016	EGM on 13 September 2016
Executive Directors:			
HON Kwok Lung	4/4	0/1	0/1
SHANG Jianguang	4/4	1/1	0/1
SHI Tao	4/4	0/1	0/1
LAM Toi Man	4/4	1/1	0/1
BI Bo	4/4	1/1	1/1
SIT Lai Hei	4/4	0/1	1/1
HON Hau Wong	3/4	1/1	0/1
TAO Li	3/4	0/1	0/1
Independent Non-executive Directors:			
FUNG Tze Wa	4/4	1/1	1/1
KWONG Chun Wai, Michael	4/4	1/1	1/1
LI Qiang (resigned with effect from 20 January 2017)	3/4	0/1	0/1
ZHANG Bin	4/4	0/1	0/1
Rudolf Heinrich ESCHER (appointed with effect from 20 January 2017)	N/A	N/A	N/A

CORPORATE GOVERNANCE REPORT

Re-election of Directors

Each of the Directors is appointed for a specific term. All Independent Non-executive Directors of the Company were appointed for a specific term of two years and are subject to the relevant provisions of the Articles of Association of the Company whereby the Directors shall vacate and retire.

According to the Clause 99 of the Articles of Association of the Company, any Director appointed as an addition to the Board shall hold office only until the following general meeting of the Company and shall be eligible for re-election at that meeting. Further, according to the Clause 116 of the Articles of Association one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation. Every Director should be subject to retirement by rotation at least once every three years.

Continuing Professional Development

All Directors participate in continuous professional development to develop and refresh their knowledge and skills, to ensure that their contribution to the Board remains informed and relevant.

To facilitate the Directors to discharge their responsibilities, monthly updates and reference materials are provided to Directors for their readings including the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime, the business and market changes, the strategic development of the Group and the information on directors' training courses. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge and skills in discharging their duties.

Directors' participation of continuous professional development

Directors	Attending trainings organised by the Group	Attending outside trainings/seminars	Reading monthly updates and reference materials
Executive Directors			
Hon Kwok Lung			✓
Shang Jianguang	✓	✓	✓
Shi Tao			✓
Lam Toi Man	✓		✓
Bi Bo	✓	✓	✓
Sit Lai Hei	✓		✓
Hon Hau Wong		✓	✓
Tao Li			✓
Independent Non-executive Directors			
Fung Tze Wa		✓	✓
Kwong Chun Wai, Michael		✓	✓
Li Qiang (resigned with effect from 20 January 2017)			✓
Zhang Bin		✓	✓
Rudolf Heinrich Escher ¹		✓	✓

¹ Rudolf Heinrich Escher was appointed with effect from 20 January 2017, and attended training on director's responsibilities given by an external legal advisor upon his appointment.

CORPORATE GOVERNANCE REPORT

Any Director may request the Company to provide independent professional advice at the expense of the Company to perform the director's duties and responsibilities.

Tailored introduction kit will be given to newly appointed Director to his individual needs. This includes meetings with other directors and senior management of the Company and the external auditors, to enable them to have better understanding of the Group's business and strategy and the key risks and issues. With such information, the Directors can carry out their duties in an informed manner. One Independent Non-executive Director was appointed in January 2017, and a training on directors' responsibilities were given by external legal advisor.

All Directors are requested to provide the Company with their respective training records pursuant to the CG Code.

Communication with Directors

The Company acknowledges the importance of providing sufficient and accurate information to all member of the Board on a timely basis so as to enable them to discharge their duties and responsibilities effectively. All Directors are entitled to have access to board papers and relevant materials. Agenda, board papers and those relevant materials are sent to all Directors in a timely manner before the date of a board or board committee meeting, to enable the Board to make informed decisions on matters placed before it at the meetings. All Directors are provided with monthly consolidated accounts of the Group and financial information updates giving a balanced and understandable assessment of the performance, financial position and prospects of the Group. Board briefings are issued and circulated to all members of the board when necessary and appropriate, covering financial and operating highlights of the Group. All Directors are also provided from time to time the latest changes and development of the Listing Rules, corporate governance practice and other regulatory regime. The management is prepared to provide additional information and explanations if there are areas the Directors need to elaborate.

Independent Non-executive Directors are given the opportunity to discuss issues of the Group with the Chairman in the absence of Executive Directors. Besides, they are also given the opportunity to discuss issues of the Group with the management in the absence of Executive Directors. The Independent Non-executive Directors, also being the members of Audit Committee, regularly pay visit to major subsidiaries of the Company and meet the management of those subsidiaries. During the visits, Independent Non-executive Directors receive presentations from the management of subsidiaries in relation to the updated developments of those subsidiaries and review and comment on the issues concerning the internal control and risk management systems.

Insurance for Directors and Officers

The Company has arranged Directors' and Officers' Liability Insurance ("D&O Insurance") for Directors and officers of the Company. The Company undertakes an annual review of the Company's D&O Insurance policy in terms of the amount of cover, the reputation and financial strength of the potential insurer and the provisions of the insurance policy to ensure that sufficient cover and protection are provided to the Directors and officers of the Company.

CORPORATE GOVERNANCE REPORT

DELEGATION BY THE BOARD OF DIRECTORS

The Board has delegated certain authority to four board committees which are established and perform their functions under specific terms of reference. The committees are provided with sufficient resources and opportunities to seek independent professional advice, at the Company's expense, to perform their responsibilities.

Audit Committee

The members of the Audit Committee are:

Independent Non-Executive Directors

Fung Tze Wa (Chairman)

Kwong Chun Wai, Michael

Li Qiang (resigned with effect from 20 January 2017)

Zhang Bin

Rudolf Heinrich Escher (appointed with effect from 20 January 2017)

The composition and members of the Audit Committee comply with the requirements under Rule 3.21 of the Listing Rules. Terms of reference of the Audit Committee are available on the Exchange's website and the Company's website.

During the year under review, the Audit Committee met with the Company's external auditor, the Board and senior management. During 2016, the Committee held two meetings to review the financial reporting (including half-yearly and annual results) and other information to shareholders, the accounting system, the system of internal controls, independency of the external auditor, effectiveness and objectivity of the audit process and perform other duties set out in the terms of reference. During the year, members of the Audit Committee visited some subsidiaries of the Group in Europe, including Bendura Bank AG that was recently acquired by the Group, and discussed with their management on the matters related to system of accounting, internal controls and risk management of those subsidiaries. In relation to Bendura Bank, member of the Audit Committee visited the Financial Market Authority (Liechtenstein) and understood how Bendura Bank is regulated. They also reviewed and commented internal audit reports of subsidiaries and adequacy of resources, qualifications, experience and training of staff engaged in the accounting and financial reporting function. The Audit Committee also heard reports on the internal audits of selected subsidiaries of the Company conducted during the year under review.

The Audit Committee reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the six months ended 30 June 2016 and the year ended 31 December 2016.

During the year, two meetings were held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
FUNG Tze Wa	2/2
KWONG Chun Wai, Michael	2/2
LI Qiang (resigned with effect from 20 January 2017)	1/2
ZHANG Bin	2/2
Rudolf Heinrich Escher (appointed with effect from 20 January 2017)	N/A

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee currently comprises following members:

Independent Non-executive Directors

Fung Tze Wa (Chairman)
Kwong Chun Wai, Michael
Li Qiang (resigned with effect from 20 January 2017)
Zhang Bin
Rudolf Heinrich Escher (appointed with effect from 20 January 2017)

Executive Directors

Hon Kwok Lung
Shang Jianguang

The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee also makes recommendations to the Board on the remuneration packages of individual Executive Director and senior management. The Remuneration Committee ensures that no Director or any of his/her associates is involved in deciding his/her own remuneration. Terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website.

The Remuneration Committee reviews the main elements of the Company's remuneration policy for Directors and senior management, and reviews and approves the specific remuneration packages of all Directors and senior management.

During the year, one meeting was held. The individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
FUNG Tze Wa	1/1
KWONG Chun Wai, Michael	1/1
LI Qiang (resigned with effect from 20 January 2017)	1/1
HON Kwok Lung	0/1
SHANG Jianguang	1/1
ZHANG Bin	1/1
Rudolf Heinrich Escher (appointed with effect from 20 January 2017)	N/A

Nomination Committee

Currently the Nomination Committee comprises following members:

Independent Non-executive Directors

Fung Tze Wa
Kwong Chun Wai, Michael
Li Qiang (resigned with effect from 20 January 2017)
Zhang Bin
Rudolf Heinrich Escher (appointed with effect from 20 January 2017)

Executive Directors

Hon Kwok Lung (Chairman)
Shang Jianguang

CORPORATE GOVERNANCE REPORT

The principal duties of the Nomination Committee are to review the structure, size and composition of the Board, identify and nominate individuals suitable qualified to become board members and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. The Nomination Committee is also responsible for assessing the independence of Independent Non-executive Directors. Terms of reference of the Nomination Committee are available on the Exchange's website and the Company's website.

During the year, Nomination Committee held one meeting and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Hon Kwok Lung (Chairman)	0/1
Shang Jianguang	1/1
Fung Tze Wa	1/1
Kwong Chun Wai, Michael	1/1
Li Qiang (resigned with effect from 20 January 2017)	1/1
Zhang Bin	1/1
Rudolf Heinrich Escher (appointed with effect from 20 January 2017)	N/A

Risk Management Committee

The Risk Management Committee was established on 30 March 2016 and currently comprises following members:

Executive Directors

Sit Lai Hei (Chairman)
Shi Tao
Lam Toi Man
Bi Bo

The principal duties of the Risk Management Committee are to evaluate and determine the risk appetite that the Group is willing to take in achieving the strategic objectives, to oversee the Group's risk management system on an ongoing basis and conduct a review on the effectiveness of the system at least once annually, and to identify significant risks to which the Group is exposed and develop plans and measures to manage or mitigate such significant risks. Terms of reference of the Risk Management Committee are available on the Exchange's website and the Company's website.

During the period from the date of its formation to 31 December 2016, one meeting was held and the individual attendance of each member is set out below:

Members	Attendance/ Number of Meetings Held
Sit Lai Hei (Chairman)	1/1
Shi Tao	0/1
Lam Toi Man	1/1
Bi Bo	1/1

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Fong Chi Wah is the Chief Financial Officer and Company Secretary of the Company. The Company Secretary supports the Chairman in promoting the highest standards of corporate governance and facilitates the effective functioning of the Board and its committees. All Directors have direct access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that board procedures are followed and for facilitating timely and appropriate information flows among Directors. The Company Secretary also plays an essential role in the relationship between the Company and investors. The Company Secretary and the assistant company secretary participate in a variety of trainings organized by the professional accounting and company secretarial associations. During 2016, each of the Company Secretary and the assistant company secretary undertook over 15 hours of relevant professional training to update their skills and knowledge.

The biography of the Company Secretary is set out in the Senior Management section in the page 26 of this Annual Report.

EXTERNAL AUDITOR

The Group's external auditor for the year ended 31 December 2016 was BDO Limited ("BDO"). The Audit Committee reviews and monitors the independence of the external auditor to ensure the effectiveness of the audit process in accordance with applicable standards and the objectivity of the financial statements. BDO has made a written declaration to the Audit Committee that they are independent with respect to the Company and that they are not aware of any matters which may reasonably be thought to bear on their independence. The following table illustrates the fees paid/payable by the Group to BDO in the past two years for audit and non-audit services:

	2016	2015
Audit services	HK\$3,900,000	HK\$2,480,000
Non-audit services	HK\$780,000	HK\$300,000
Total	HK\$4,680,000	HK\$2,780,000

The non-audit services for the year ended 31 December 2016 mainly included professional services in respect of interim financial information and a very substantial acquisition.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility for preparing the financial statements for the year ended 31 December 2016, which give a true and fair view of the Group's state of affairs, results and cash flow for that period. In preparing the financial statements for the year ended 31 December 2016, the Board:

- (a) selected suitable accounting policies and applied them consistently;
- (b) adopted appropriate Hong Kong Financial Reporting Standards;
- (c) made adjustments and estimates that are prudent and reasonable; and
- (d) ensured that the financial statements were prepared on the going concern basis.

The Board is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company.

The Board is committed to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT

Pursuant to Article 72 of the Articles of Association of the Company, an extraordinary general meeting shall be convened on the written requisition of any two members of the Company or any one of more members together holding shares carrying not less than one tenth of the voting rights at general meetings of the Company deposited at the registered office specifying the objects of the meeting and signed by the requisitionists.

If the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as result of the failure of the Directors shall be reimbursed to them by the Company.

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary. The Company Secretary will forward the enquiries or concerns to the CEO or the Chairman of the board committees or senior management as appropriate within their area of responsibilities for handling.

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the Articles of Association of the Company, shareholders who wish to put forward a proposal shall convene an extraordinary general meeting by following the procedures set out above.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company endeavors to maintain a high level of transparency in communicating with shareholders and the investment community at large. In order to ensure effective, clear and accurate communications with the shareholders and investors, all corporate communications are arranged and handled by the executive directors and designated senior executives according to established practices and procedures of the Company. The Company provides up-to-date and extensive information in its annual reports, interim reports, circulars and announcements in a timely manner and within the time limits set out in the Listing Rules to ensure that all shareholders are able to form an accurate understanding of the business performance and financial position of the Group and make informed investment decisions.

Analysis of the Company's shareholders' profile was conducted during the year under review to help the Board better understand the shareholders' background and shareholding movements.

The Company treats AGM as the principal forum for the Board of directors to meet and communicate with the shareholders face to face. The Chairman of the Board, all executive directors, chairmen of the board committees and the external auditors endeavor to attend the AGM to report the business and operation of the Group to the shareholders, to answer questions and develop a balanced understanding of the view of the shareholders.

An annual general meeting will be held on 26 May 2017. Separate resolutions will be proposed at the general meetings on each substantially separate issue, including the re-election of individual directors. In addition, procedures for demanding a poll will be included in the circular to shareholders dispatched together with the annual report.

The Company continues to enhance communications and relationships with investment community at large. Executive directors and designated senior management will maintain open and active dialogues with shareholders, institutional investors, fund managers, analysts and the media. The management is pleased to help them better understand the Company and respond to enquiries raised by them during meetings, interviews and road shows, within the constraints of information already provided to the public.

CORPORATE GOVERNANCE REPORT

Key shareholders' events in 2016 are set out below.

Events	Date
Announcement in respect of a connected transaction in relation to acquisition of the entire equity interest in Shun Heng Securities Limited	19 February 2016
Announcement in relation to trading halt	29 March 2016
Announcement in relation to the publication of 2015 annual results	30 March 2016
Establishment of Risk Management Committee	30 March 2016
Announcement in relation to (1) very substantial acquisition of not less than 68.85% interest in Valartis Bank (Liechtenstein) AG (the "Valartis Bank"); and (2) Resumption of Trading	6 April 2016
Annual general meeting	25 May 2016
Circular in relation to a very substantial acquisition of Valartis Bank	26 August 2016
Announcement in relation to the publication of 2016 interim results	30 August 2016
Extraordinary general meeting	13 September 2016
Announcement in relation to the completion of a very substantial acquisition of Valartis Bank	20 September 2016
Announcement in relation to connected transaction – formation of a joint venture	28 September 2016
Announcement in relation to trading halt	28 November 2016
Clarification announcement and resumption of trading	29 November 2016

There was no change to the Memorandum and Articles of Association of the Company during the year ended 31 December 2016.

The Company website (www.irasia.com/listco/hk/citychamp) enables shareholders, investors and the general public to have access to the information of the Company on a timely basis. Financial information and all corporate communications of the Company are made available on the Company's website and updated regularly.

Shareholders who wish to raise any queries with the Board may write to the Company Secretary at Units 1902–04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

CHANGES AFTER CLOSURE OF FINANCIAL YEAR

On 23 March 2017, Bright Merit Investments Limited ("Bright Merit"), Pacific Timber Holding Limited ("Pacific Timber") and EB Investments Holdings Limited ("EB Investments"), all of which are wholly-owned subsidiaries of the Company, entered into a disposal agreement with Shenzhen Kangtian Urban Development Investment Co., Ltd ("Shenzhen Kangtian"). Pursuant to the disposal agreement, Bright Merit, Pacific Timber and EB Investments agreed to sell the 18.27%, 26.93% and 54.80% share equity interests they held respectively in Seti Timber to Shenzhen Kangtian, at the consideration of RMB1.4 billion (equivalent to approximately HK\$1.568 billion). The disposal constituted a discloseable transaction of the Company pursuant to the Listing Rules, details of which were contained in the announcements of the Company dated 23 March 2017 and 28 March 2017.

Save as disclosed, there are no material events undertaken by the Company or by the Group after the reporting period.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness on an annual basis. The Board is committed to implementing effective and sound internal control systems to safeguard shareholders' investment and the Group's assets. The Board has delegated to the relevant board committees and senior management the implementation of the internal control system and the review of all relevant financial, operational, compliance controls and risk management functions. Relevant board committees and senior management will report to the Board on its material findings.

RISK MANAGEMENT

Risk management is one of the important pillars in the establishment of good corporate governance, thus the Group always implements prudent principle and maintain high awareness in the operations. It is also an integral part in the decision making process.

The Board, as assisted by the Risk Management Committee, oversees the Group's risk management system, and conducts periodic reviews of such system to minimize potential risks that may occur and ultimately ensure good corporate governance practice.

In accordance with the Group's development strategy, we have established a risk management system covering all business segments to assess and manage various risks in the Group's business activities.

Risk Assessment

Risk assessment is the process of identifying and evaluating risks and determining how to manage these risks. At every level within the Group are both internal and external risks that could prevent the accomplishment of established objectives. Ideally, management should seek to prevent these risks. However, sometimes we cannot prevent the risk from occurring. In such cases, we decide whether to accept the risk, reduce the risk to acceptable levels, or avoid the risk. To have reasonable assurance that the Group will achieve its objectives, we ensure each risk is assessed and handled properly.

Risk Management

We provide guidelines to managers throughout the Group to help determine the level of the kinds of risk that are acceptable and not acceptable. Using these guidelines and the risk assessment information, managers should determine whether to accept the risk in a given situation, prevent or reduce the risk or avoid the risk entirely.

Control Activities

Control activities are tools that help prevent or reduce the risk which may affect accomplishment of the Group's objectives and mission. We establish control activities to effectively and efficiently accomplish the organization's objective and mission. We closely monitor and evaluate control activities to ensure that they function properly and that their effectiveness is not being compromised by such things as managerial override, collusion or careless judgments. The distribution of resources among the control activities should be based on the significance and likelihood of the risk they are preventing or reducing.

Once the risk is identified and evaluated, the Group will put together a mitigation plan that is aimed to assist in monitoring and reporting the status of action to control each risk. Risk with the highest ratings will be handled with urgency and the highest extent of efforts. In addition, risk mitigation plan can also assist the Group in directing available resources to manage the major risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The following risks are the principal risks and uncertainties facing the Group and the Board will monitor the situation closely and adopt any necessary risk mitigation measures.

Economy risk

In respect of the segment of watches and timepieces, the continued growth in revenue is dependent on the growth of consumer spending on watches. Any continued economic slowdown domestically or globally may result in a decrease in consumer spending in watches and may lead to a material adverse effect upon the Group's business and results of operations. Currently, there are numerous challenges for both macro-economic outlook and market conditions, domestically or globally. Our Group will redefine the strategic mix to deal with the ever-changing economy and closely monitor the impact of the recent economic trend.

Industry risk

The watch industry is subject to rapidly changing market trends and competition amongst different players domestically or globally. The watch industry is a highly competitive market, and the pricing of and demand for our watches are greatly affected by the intensity of competition we face. Our competitors may have strong competitive edge in terms of financial positions, technology, design, customer relationship etc. In order to maintain our competitiveness, we have to continuously strengthen our products, distributions and our marketing as a whole.

RISK MANAGEMENT AND INTERNAL CONTROLS

E-commerce risk

In respect of the segment of watches and timepieces, e-commerce is increasingly popular and adversely affects the traditional distribution channels for watch and timepiece business. In the last few years, as both offensive and defensive strategy, the Group has been building up our e-commerce segment. The Group recruited quality staff for e-commerce so that they can work closely with the e-commerce platforms, conduct data analysis, improve customers' experience, and ultimately expand the sales generated through e-commerce. We are yet to develop strong social media and mobile marketing. The Group, through its subsidiaries in Mainland China and overseas, will continue to invest in e-commerce and new marketing approaches, such as social media and mobile marketing in the foreseeable future as a way of continuous development of our business. In 2015 and 2016, e-commerce accounted for approximately 10.1% and 13.6% of the Group's revenue, respectively, deriving from watch & timepiece business.

Interest rate risk

Interest rate risk stems from the fluctuation of the fair value or cash flows of a financial instrument due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's due from clients balance, debt obligations and bank deposits with a floating interest rate. As at 31 December 2015 and 2016, the interest-bearing loans amount to HK\$938,532,000 and HK\$1,190,340,000 respectively, and all of the interest rates of the loans were of floating nature, the spread of which was ranging from 2.1% to 6.1% and from 1.96% to 4.35% respectively. According to the sensitivity analysis, as at 31 December 2016, our Group's profit after income tax and retained profits would increase/decrease by approximately HK\$7,735,000 (2015: decrease/increase HK\$369,000) if a general increase/decrease of 50 basis points in interest rate, with all other variables held constant. The Group will keep monitoring the trend of interest rate of the global capital markets and readjust the mix of fixed-rate and floating-rate interest-bearing loans accordingly.

Exchange rate risk

In respect of the segment of watches and timepieces, most of our sales are dominated in Renminbi and some of our purchases are made in other currencies such as Swiss Francs. As a result, we are subject to foreign exchange rate risks and our profits may be adversely affected should other foreign currencies such as Swiss Francs appreciate against Renminbi. On other hand, around 63% and 57% our total cost were dominated in Renminbi, and around 28% and 33% were made in Swiss Francs for the year ended 31 December 2015 and 2016.

Our reporting currency is Hong Kong Dollar. When we prepare our consolidated financial statements, the sales and purchases made in foreign currency are translated into Hong Kong Dollar at the average exchange rates of the relevant financial years whereas foreign currency balance sheets are translated in Hong Kong Dollar at the rates at the balance sheet date. Accordingly, the profits we derived in foreign currencies would be lower should there be any appreciation in the exchanges of Hong Kong Dollar against the respective currencies.

Fluctuations in exchange rates of foreign currencies may also affect our customers' purchasing power and their willingness to purchase watches. Our business and financial position could be adversely affected by fluctuations in exchange rates especially when fluctuations persist.

Exchange rate also affects the fair value of future cash flows of a financial instrument. The Group's exposure to exchange rate risk also primarily arise from certain financial instruments including various balance sheet items, which are dominated in United States Dollar, Euro, Swiss Francs, British Pound and Renminbi. The Group currently does not have a foreign currency hedging policy but the management continuously monitors the foreign exchange exposure.

Legal risk

Operating internationally, we have to comply with various laws and regulations in the jurisdictions in which we operate our business. Failure to comply with these laws and regulations may result in imposition of conditions on or the suspension of sale or seizure of products, or significant penalties or claims. In the event that the countries in which we operate increase the stringency of such laws and regulations, our operating costs may increase and we may not be able to pass these additional costs onto our customer. Further, in the event that any jurisdiction in which we operate impose any new laws, regulations, restrictions on opening new POS or other barriers of entry, our ability to expand our business may be limited and our growth and development may be adversely affected.

Legal risk is managed by means of internal rules and directives. External legal advisors are engaged to lower the legal risks.

RISK MANAGEMENT AND INTERNAL CONTROLS

Brand risk

Our brands are an integral part of our competitive advantage. In 2016, the total brand value of Rossini and EBOHR amounts to higher than RMB17.5 billion. The Group continues to provide quality product, distribute products through quality channels and maintain good sale and marketing activities in order to maintain the good standing of the brands.

Intellectual property rights risk

Intellectual property rights, embodied in our watch-making technologies, designs and brand names, are also an integral part of our competitive advantage. Our operations are dependent upon the adequate protection of our intellectual property rights including trademarks, patents, and technological know-how. Intellectual property rights can be protected by means of proper registrations with various government authorities of the different jurisdictions in which we conduct business. However, there are jurisdictions that may not be able to offer sufficient protection. We are dedicated to work with professionals to protect our intellectual property rights all over the world.

Operational risk

We define operational risk as the potential of loss resulting from impact of external events and/or inadequacies or failure in the areas of internal processes, manpower and systems. As operational risk arises from all activities carried out within the Group, the potential for operational risk events occurring across a large and complex international organization is a constant challenge. To address this challenge, we aim to achieve "industrial strength" process and standards for all activities, and benchmark practices against peers, other industries and regulatory requirements. Operation risk is managed by means of internal control procedures and directives.

Credit risk

In respect of non-banking business, the Group's trading terms with a large proportion of customers are mainly on credit. The credit period is generally for a period of one to six months for major customers. The Group trades only with recognised and creditworthy parties in order to minimise the credit risk. The account receivable is affected by the general economic conditions in the geographies in which the Group operates. As at 31 December 2015 and 2016, our aggregate trade receivables after allowance for bad and doubtful debts were around HK\$694 million and HK\$462 million, respectively, of which approximately HK\$64 million and HK\$42 million or approximately 8.4% and 8.3% respectively, were considered delinquent. The Group sets limits on the exposure to any counterparty, and credit risk is spread over a variety of customers across different markets. As such, there is no significant concentration of credit risk. The Group also follows up the delinquent account receivable based on an established internal system.

In respect of banking business, Bendura Bank's interbank placements are secured or placed with banks that have an external rating of A or higher. Exceptions are individually assessed on a monthly basis and approved subject to a detailed evaluation if necessary.

In line with the Group's lending policy, Bendura Bank only grants collateralized loans generally. Loans are approved and monitored by the relevant managers, the credit committee and ultimately the board of the directors of Bendura Bank. Bendura Bank implements a framework to provide a holistic view of the credit risks, which assess credit risks against key criteria. Credit risk is also monitored using the concept of economic risk capital. Standardized processes are employed to oversee compliance with the risk requirements.

Liquidity risk

Liquidity risk is the risk that we either do not have sufficient financial resources available to meet our obligation as they fall due, or we only access these financial resources at excessive cost. It is our policy to maintain adequate liquidity at all times in all geographical locations and for all currencies, and hence to be in a position to meet obligations as they fall due. We manage liquidity risk both on a short term and structural basis. In the short term, our focus is on ensuring that the cash flow demands can be met when required for periods up to 30 days. In the medium term, the focus is on ensuring that the balance sheet remains structurally sound and is aligned to our strategy. Liquid assets and liquidity coverage ratio against the regulatory requirements are analysed and presented to the Board and senior management on a monthly basis.

Loans granted by Bendura Bank to its clients are usually granted as part of the securities business. Loans are granted prudently and almost exclusively against collateral. Most of the loans are provided to borrowers in Europe and thus the related country risk is limited. In case of interbank transactions, only first-rated counterparties are involved and limits are set.

RISK MANAGEMENT AND INTERNAL CONTROLS

Liquidity risk of Bendura Bank are monitored and controlled under statutory banking regulatory provisions. The Bank always holds an amount of liquid funds that is above the minimum required by the banking regulatory legislation.

Risk in trading and in the use of derivatives

Derivative financial instruments by Bendura Bank are used exclusively in client transactions or as hedging transactions. First-rated banks serve as counterparties, as is generally the case in trading business.

Equity price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of change in its market price, other than those unlisted equity investments held for strategic purposes and those valued at quoted market prices at the end of the reporting period.

Inventory risk

The demand for our watches is highly dependent on the customers' preferences and market trends, which are beyond our control. If the products of our Group fail to meet the changing consumer preferences and market trends, slow-moving inventory will increase. If we can't manage inventory to source or manufacture appropriate products to suit the consumer preference and market trends in the future, the volume of obsolete and slow-moving inventory may increase and we need to either sell off such inventory at a lower price or write off such inventory, in the event of which our performance may be materially and adversely affected. The Group has initiated measures to enhance sales efficiency at distribution outlet level, improve overall inventory management with more rapid information exchange between the distribution outlet, the regional sale office and the headquarters, and our increasingly strong efforts to clear inventory.

Impairment risk

Impairment risk is defined as the risk of written-off in respect of the amount by which the asset's carrying amount exceeds its recoverable amount on our individual business cash generation unit. As stated in the accounts as at 31 December 2015 and 2016, the total amount of goodwill and intangibles were HK\$913,906,000 and HK\$987,738,000 respectively. They are subject to impairment if the future performance of the related subsidiaries does not meet their expected performance. The Group will keep monitoring the business performance of the related subsidiaries and minimize the extent of impairment, if any.

Concentration risk

The bond portfolio of Bendura Bank is composed of bonds with different maturity, geography, segment and currency and hence, diversification is ensured. Risk concentration on assets and liabilities sides are analysed and presented to the Board and senior management on a monthly basis.

Risk related to potential breach of capital adequacy ratios

Bendura Bank seeks to maintain a strong capital base to support the development of its business and to meet regulatory capital and leverage requirements.

The fundamental goal is to generate an operative and suitable risk-adjusted return on invested capital for shareholders. To achieve this goal, we seek to identify advantageous risk-return ratios when managing capital. In doing so, the Group avoids extreme risks that could endanger its risk capacity and thus its health and existence, and manage all risks within the risk budget. When managing capital, the group assesses both the required capital (minimum capital amount to cover risks on the basis of supervisory requirements) as well as the available eligible capital (available capital calculated according to the supervisory authorities' criteria) and evaluates the development of both as part of its capital planning.

Capital requirements as well as tier 1 and tier 2 capital are set on the basis of the IFRS consolidated financial statements, but with a stricter definition of core capital. The calculations on the total capital ratio, cash reserve ratio and leverage ratio are presented to the senior management and the board of directors on a monthly basis.

REPORT OF THE DIRECTORS

The directors of the Company are pleased to present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 53 to the financial statements. There were no other significant changes to the Group's principal activities during the year.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Group for the year ended 31 December 2016 and the financial positions of the Group at that date are set out in the financial statements on pages 139 to 293.

The Board has resolved not to recommend to distribute a final dividend for the year ended 31 December 2016 (year ended 31 December 2015: HK2.5 cents per share). In view of the agreement to dispose the 100% equity interest of Seti Timber Industry (Shenzhen) Co., Ltd. at the consideration of RMB1.4 billion (approximately HK\$1.568 billion) executed on 23 March 2017 and the relevant deposit of HK\$200,000,000 received on 24 March 2017, the Board recommended a special dividend of HK5 cents per share.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on pages 294 and 295. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and of the Group during the year are set out in notes 28 and 29 to the financial statements, respectively. Further details of the Group's principal investment properties are set out on page 296 of the annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 42 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

During 2016, the permitted indemnity provision was in force for the benefits of directors. The Company has arranged appropriate directors' and officers' liability insurance for the directors and officers of the Group in respect of potential losses or liabilities which the Directors and officers may incur in the performance of their duties.

SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 December 2016 are set out in note 53 to the financial statement.

REPORT OF THE DIRECTORS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, the Company made the following on-market repurchase of the Company's listed shares:

Date of share repurchase	Date of Cancellation	Number of shares repurchased	Consideration per share HK\$	Total consideration (excluding transaction cost) HK\$
20 April 2016	5 May 2016	65,442,000	1.15	75,258,300

Save as disclosed above, the Company has not repurchased any Company's listed shares (whether on the Stock Exchange or otherwise) during the year under review.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 44 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

In addition to the retained profits of the Company, the share premium account of the Company is also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

As at 31 December 2016, the Company had reserves of HK\$848,040,000 being the aggregate of retained profits and share premium account, available for cash distribution and/or distribution in specie.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales and purchases attributable to the major customers and suppliers respectively is set out as follows.

	Percentage of the total sales/purchases	
	Sales	Purchases
Top five customers	4%	–
Top five suppliers	–	17%
The largest customer	2%	–
The largest supplier	–	7%

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors:

Mr. Hon Kwok Lung, *Chairman*

Mr. Shang Jianguang, *Chief Executive Officer*

Mr. Shi Tao

Mr. Lam Toi Man

Mr. Bi Bo

Ms. Sit Lai Hei

Mr. Hon Hau Wong

Mr. Tao Li

Independent Non-executive Directors:

Mr. Fung Tze Wa

Dr. Kwong Chun Wai, Michael

Mr. Li Qiang (resigned with effect from 20 January 2017)

Mr. Zhang Bin

Mr. Rudolf Heinrich Escher (appointed with effect from 20 January 2017)

In accordance with Article 116 of the Articles of Association of the Company, one-third of the directors for the time being shall retire from office, provided that every director shall be subject to retirement by rotation at least once every three years as prescribed by the Listing Rules. Accordingly, Mr. Shang Jianguang, Mr. Bi Bo, Mr. Hon Hau Wong and Mr. Tao Li will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Additionally, in accordance with Article 99 of the Company, any director appointed either to fill a casual vacancy or as an additional director, shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. Therefore, Mr. Rudolf Heinrich Escher, who was appointed with effect from 20 January 2017, will retire at the forthcoming annual general meeting and, being eligible, for re-election as well.

The Company has received annual confirmation of independence from each of the four existing Independent Non-executive Directors that they have met all the factors concerning their independence as set out in Rule 3.13 of the Listing Rules and that there are no other factors which may affect their independence. The Company's board of directors considers all the Independent Non-executive Directors to be independent.

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 22 to 27 of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS

On 19 February 2016, Mr. Hon Kwok Lung, the Chairman of the Company, and Global Wealthy Link Limited, a wholly-owned subsidiary of the Company for the time being, entered into an agreement, pursuant to which the Global Wealthy Link Limited had agreed to acquire the entire issued share capital of Shun Heng Securities Limited from Mr. Hon at a cash consideration of HK\$24,800,000. Further details of the transaction are set out in the Company's announcement dated 19 February 2016.

REPORT OF THE DIRECTORS

On 28 September 2016, Union United Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Fengrong Investment (Hong Kong) Company Limited (the "FI(HK)") and Citychamp Dartong (Hong Kong) Limited (the "CD(HK)"), pursuant to which the joint venture parties will form a joint venture company named Citychamp Allied International Limited and the joint venture parties will collectively invest an amount of up to HK\$900,000,000 into the joint venture company. FI(HK) is a wholly-owned subsidiary of Fujian Fengrong Investment Company Limited (the "Fujian Fengrong") and CD(HK) is indirectly owned as to approximately 31.7% by Fujian Fengrong. Fujian Fengrong is owned as to 68.5% by Ms. Sit Lai Hei, an executive director of the Company, and 31.5% by Ms. Lu Xiaojun, the spouse of Mr. Hon Hau Wong who is also an executive director of the Company. Further details of the transaction are set out in the Company's announcement dated 28 September 2016.

Save as disclosed above, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS SERVICE CONTRACTS

Mr. Shang Jianguang, an Executive Director and the Chief Executive Officer of the Company, has a service contract with the Company for a term of three years commencing from 18 November 2011 and is subject to termination by either party by giving not less than three month's written notice. The contract can be renewed upon both parties' consent.

Mr. Hon Kwok Lung, the Chairman of the Company, Mr. Shi Tao, and Mr. Lam Toi Man, Executive Directors of the Company, have service contracts with the Company for an initial term of two years commencing from 1 July 2004 and is subject to termination by either party by giving not less than two months written notice. These service contracts will each continue for successive terms of one year unless terminated by not less than two months written notice served by either party to the other.

Mr. Bi Bo has entered into a service agreement with the Company for an initial term of two years commencing from 24 August 2010 and is subject to termination by either party by giving not less than two months' written notice. The service agreement will continue for successive terms of one year unless terminated by not less than two months' written notice served by either party to the other.

Ms. Sit Lai Hei has entered into a service agreement with the Company for an initial term of two years commencing from 26 March 2012 and is subject to termination by either party by giving not less than two months' written notice. The service agreement will continue for successive terms of one year unless terminated by not less than two months' written notice served by either party to the other.

Mr. Hon Hau Wong has entered into a service agreement with the Company for an initial term of two years commencing from 29 August 2014 and is subject to termination by either party by giving not less than two months' written notice. The service agreement will continue for successive terms of one year unless terminated by no less than two months' written notice served by either party to the other.

Mr. Tao Li has entered into a service agreement with the Company for an initial term of two years commencing from 26 November 2014 and is subject to termination by either party by giving not less than two months' written notice. The service agreement will continue for successive terms of one year unless terminated by no less than two months' written notice served by either party to the other.

Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael, Independent Non-executive Directors of the Company, have service contracts with the Company for an initial term of two years commencing from 3 May 2004. These service contracts will each continue for successive terms of one year unless terminated by not less than one month's written notice served by either party to the other.

REPORT OF THE DIRECTORS

Mr. Zhang Bin, Independent Non-executive Director of the Company, has service contract with the Company for an initial term of two years commencing from 26 November 2014. The service contract will continue for successive terms of one year unless terminated by not less than one month's written notice served by either party to the other.

Mr. Rudolf Heinrich Escher, Independent Non-executive Director of the Company, has service contract with the Company for an initial term of two years commencing from 20 January 2017. The service contract will continue for successive terms of one year unless terminated by not less than one month's written notice served by either party of the other.

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

DIRECTORS' REMUNERATION

The directors' fees can be fixed by the directors of the Company and are subject to shareholders' authorisation at general meetings. Other emoluments are determined by the Board with reference to the duties, responsibilities and performance of the directors and the results of the Group.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2016, the interests or short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Listing Rules, were as follows:

Long positions in Shares

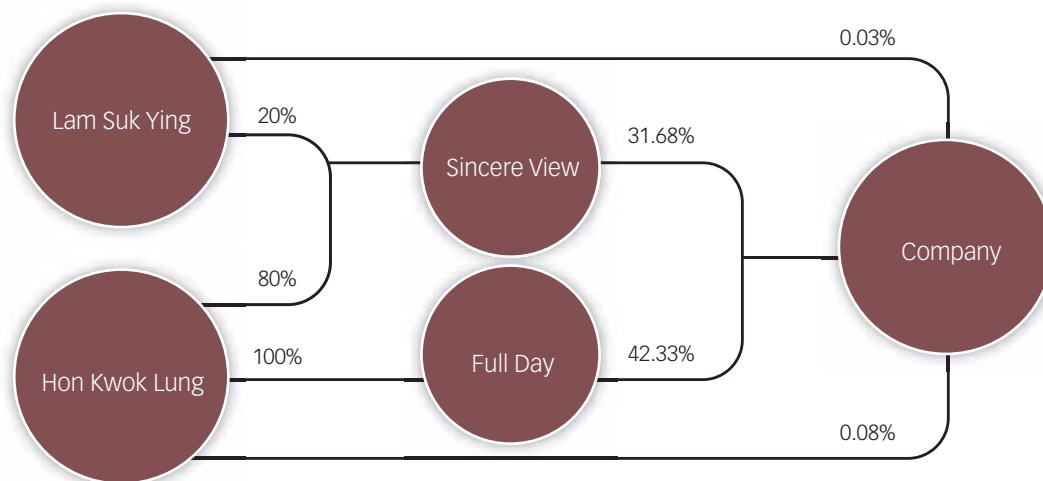
Name of Director	Nature of interest	Number of Shares held	Percentage of shareholding
Hon Kwok Lung	Corporate (Note 1)	3,217,389,515	74.02%
	Beneficial owner	3,500,000	0.08%
	Family Interest (Note 2)	1,374,000	0.03%
Shang Jianguang	Beneficial owner	5,300,000	0.12%
Shi Tao	Beneficial owner	5,000,000	0.11%
Lam Toi Man	Beneficial owner	2,400,000	0.06%
Fung Tze Wa	Beneficial owner	1,600,000	0.04%
Hon Hau Wong	Beneficial owner	1,750,000	0.04%
Tao Li	Beneficial owner	5,000,000	0.12%

Notes:

- The 3,217,389,515 shares comprise of 1,840,128,000 shares held by Full Day Limited ("Full Day") and 1,377,261,515 shares held by Sincere View International Limited ("Sincere View").
- 1,374,000 shares were held by Mr. Hon Kwok Lung's wife, Ms. Lam Suk Ying.

REPORT OF THE DIRECTORS

The deemed interest held by Mr. Hon Kwok Lung was summarised in the following chart.



Long positions in share options of the Company

Name of Director	Date of grant	Number of share options outstanding	Exercisable period	Exercise price per share HK\$
Hon Kwok Lung	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Shang Jianguang	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Shi Tao	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Lam Toi Man	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Hon Hau Wong	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Tao Li	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Fung Tze Wa	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Kwong Chun Wai, Michael	9/12/2008	–	9/12/2009 – 7/1/2019	0.325
Li Qiang (Note)	9/12/2008	3,500,000	9/12/2009 – 7/1/2019	0.325

Note: Mr. Li Qiang exercised 3,500,000 share options at the exercise price per share at HK\$0.325 in January 2017.

REPORT OF THE DIRECTORS

Long position in Zhuhai Rossini Watch Industry Limited (“Rossini”) (Note 1)

Name of Director	Nature of interest	Percentage of shareholding
Sit Lai Hei	Corporate (Note 2)	9%
Hon Hau Wong	Corporate (Note 2)	9%

Notes:

- Rossini is owned as to 91% indirectly by the Company and 9% by Fujian Fengrong. Rossini is an associated corporation of the Company within the meaning of Part XV of the SFO.
- The interest in Rossini was held by Fujian Fengrong, which is owned as to approximately 68.5% by Ms. Sit Lai Hei, Executive Director, and 31.5% by Ms. Lu Xiaojun. Both Ms. Sit Lai Hei and Ms. Lu Xiaojun are daughters-in-law of Mr. Hon Kwok Lung, an Executive Director of the Company. Mr. Hon Hau Wong, the Executive Director of the Company, being the husband of Ms. Lu Xiaojun, is also deemed to be interested in the 31.5% interest in Fujian Fengrong.

Save as disclosed above, as at 31 December 2016, no person had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SHARES AND UNDERLYING SHARES

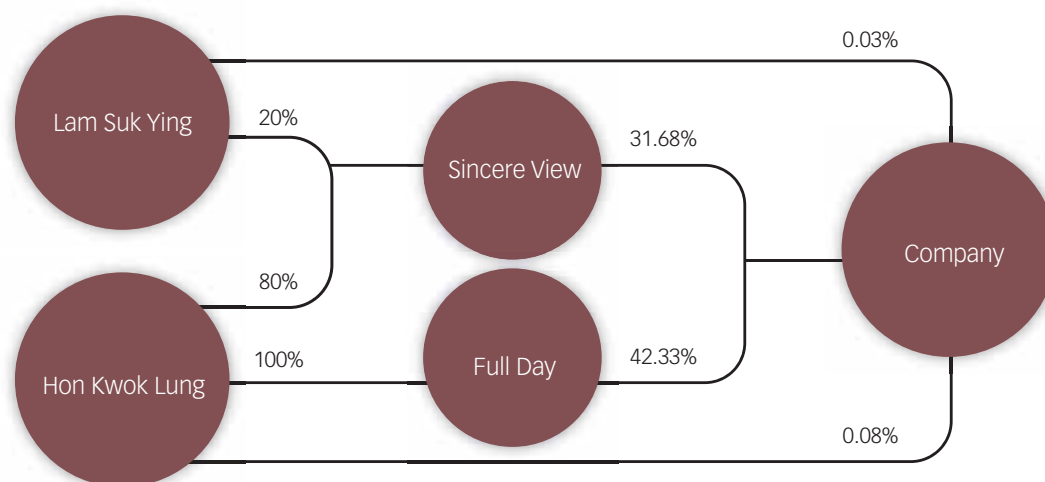
At 31 December 2016, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

	No. of Shares	Percentage of existing issued capital
Sincere View International Limited	1,377,261,515	31.68%
Full Day Limited	1,840,128,000	42.33%
Hon Kwok Lung (Note)	3,222,263,515	74.13%
Lam Suk Ying (Note)	3,222,263,515	74.13%

Note:

Mr. Hon Kwok Lung and Ms. Lam Suk Ying are deemed to have an interest in the same parcel of 3,222,263,515 shares (1,377,261,515 shares held by Sincere View, 1,840,128,000 shares held by Full Day, 3,500,000 shares held by Mr. Hon Kwok Lung and 1,374,000 shares are held by Ms. Lam Suk Ying). The shareholding structure was summarised in the following chart:

REPORT OF THE DIRECTORS



Save as disclosed above, as at 31 December 2016, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTION

On 19 February 2016, Mr. Hon Kwok Lung, the Chairman of the Company, and Global Wealthy Link Limited, a wholly-owned subsidiary of the Company for the time being, entered into an agreement, pursuant to which the Global Wealthy Link Limited had agreed to acquire the entire issued share capital of Shun Heng Securities Limited from Mr. Hon at a cash consideration of HK\$24,800,000. Further details of the transaction are set out in the Company's announcement dated 19 February 2016.

On 28 September 2016, Union United Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Fengrong Investment (Hong Kong) Company Limited (the "FI(HK)") and Citychamp Dartong (Hong Kong) Limited (the "CD(HK)"), pursuant to which the joint venture parties will form a joint venture company named Citychamp Allied International Limited and the joint venture parties will collectively invest an amount of up to HK\$900,000,000 into the joint venture company. FI(HK) is a wholly-owned subsidiary of Fujian Fengrong Investment Company Limited (the "Fujian Fengrong") and CD(HK) is indirectly owned as to approximately 31.7% by Fujian Fengrong. Fujian Fengrong is owned as to 68.5% by Ms. Sit Lai Hei, an executive director of the Company, and 31.5% by Ms. Lu Xiaojun, the spouse of Mr. Hon Hau Wong who is also an executive director of the Company. Further details of the transaction are set out in the Company's announcement dated 28 September 2016.

Save as disclosed above, there was no material transaction of the Group under the Listing Rules during the year.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 43 to the financial statements.

The following table discloses movements in the Company's share options for the year ended 31 December 2016:

Name or category of participants	Number of share options		
	At 1 January 2016	Exercised during the year	At 31 December 2016
Independent Non-executive Director			
Mr. Li Qiang (Note)	3,500,000	–	3,500,000
Sub-total	3,500,000	–	3,500,000
Other eligible employees			
In aggregate	4,225,000	(2,650,000)	1,575,000
Other eligible persons			
In aggregate	5,710,000	(230,000)	5,480,000
Total	13,435,000	(2,880,000)	10,555,000

Note: Mr. Li Qiang exercised 3,500,000 share options at the exercise price per share at HK\$0.325 in January 2017.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year, no director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, other than those businesses to which the directors were appointed as directors to represent the interest of the Company and/or the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company's shares which are in the hands of the public exceeded 25% of the Company's total issued share capital as at the date of this report.

CORPORATE GOVERNANCE

A report on the corporate governance practices of the Company is set out on pages 28 to 39 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Having made specific enquiry with all the Company's directors, the Company has ascertained that all of its directors have complied with the required standards set out in the Model Code throughout the accounting year covered by this annual report.

REPORT OF THE DIRECTORS

AUDITOR

The financial statements for the year ended 31 December 2016 have been audited by BDO Limited.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Hon Kwok Lung

Chairman

Hong Kong
31 March 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a responsible and caring corporate citizen, the Group is not only focused on achieving business goals and financial targets, but also committed to contributing to its different stakeholders by way of supporting the well-beings of our employees and their families, the community and society at large, and advocating environment protection and efficient use of resources. The Group upholds the principle that good business practices and corporate social responsibility are vital for its sustainable success.

REPORTING PERIOD AND REPORTING SCOPE

This Report, pursuant to the Environmental, Social and Governance (ESG) Reporting Guide issued by the Stock Exchange, illustrates the policies implemented, duties and performances regarding environmental, social and governance aspects of the Group during the period from 1 January 2016 to 31 December 2016. This Report focuses on the main operating enterprises engaged in watches and timepieces business, namely Rossini in Zhuhai and EBOHR in Shenzhen (hereinafter known as "Reporting Companies").

	Rossini	EBOHR	Total
Area of Reporting Companies	42,525 sq.m.	9,636 sq.m.	52,162 sq.m.

Looking forward, the Group will expand the disclosure to cover other businesses and more operating companies and disclose more key performance indicators, to continuously increase the coverage and transparency of information.

PARTICIPATION AND SIGNIFICANCE OF STAKEHOLDERS

The Group highly values the communication with stakeholders, including Shareholders and investors, business partners, staff, customers, administrative authorities and local communities. We deeply understand that maintaining a good communication with stakeholders is highly important to business operation and corporate development.



For the past years, we have actively strived to carry out various activities to seize opportunities for communications with stakeholders. In the future, we will continue to develop a good relationship and maintain a close connection and communication with stakeholders. We will make a full understanding on their various concerns and take instant response with endeavors to develop a prosperous and communication-oriented society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<p style="text-align: center;">Shareholders and Investors</p> <ul style="list-style-type: none"> • General meetings • Annual Reports and interim reports, and results announcements • Announcements and circulars • Publication through Company's website 	<p style="text-align: center;">Business Partners</p> <ul style="list-style-type: none"> • Periodic assessment on suppliers • On-site inspection • Safety questionnaire • Corporation meetings • Supplier management system 	<p style="text-align: center;">Staff</p> <ul style="list-style-type: none"> • Staff gatherings • Recreational associations • Feedback sessions • Internal memos • Training courses • Voluntary activities
<p style="text-align: center;">Customers</p> <ul style="list-style-type: none"> • Regular operating interactions • Watch exhibitions • Customer hotline • Service/product feedback mechanism 	<p style="text-align: center;">Administrative Authorities</p> <ul style="list-style-type: none"> • Conferences relating to compliance operation and environmental protection • Document correspondence • On-site inspection • Selection and certification 	<p style="text-align: center;">Communities</p> <ul style="list-style-type: none"> • Social activities • Co-host of donation and charity events • Sponsorship and donation • Sponsorship on academic development

A. ENVIRONMENTAL

We adhere faithfully to the environmental principles and stringently comply with relevant laws and regulations, including Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law of the People's Republic of China on Appraising Environment Impacts (《中華人民共和國環境影響評價法》), Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and Measures of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Wastes (《廣東省固體廢物污染環境防治條例》).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1. Emissions

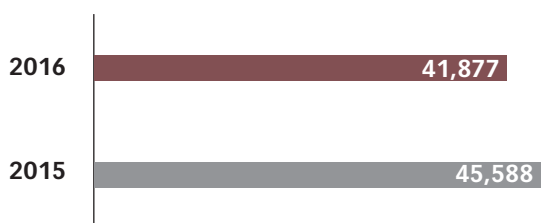
The Reporting Companies are mainly engaged in the manufacturing and distribution of watches and timepieces. There is no massive air pollutant, such as nitrogen oxide (NO_x) and sulphur dioxide (SO₂), and greenhouse gases generated during the operation. Major types of emissions generated as follows:

Type(s) of emissions	Pollutant(s)	Treatment(s)
Industrial sewage	CODcr, SS, ammonia nitrogen, petrol and ultrasonic cleaning sewage	In addition to ultrasonic cleaning sewage centrally handled by industrial sewage treatment plants certified by environmental department, other sewage is discharged into sewage treatment plant after cooling and chemical sedimentation in sewage treatment tanks.
Domestic sewage	CODcr, BOD ₅ , ammonia nitrogen, animal and vegetable oils and phosphate	Discharged into sewage treatment plant after sedimentation in sedimentation tanks.
Industrial exhaust	Particles	Emitted upward after water bath and water-mist dust removal devices.
Canteen cooking fumes	Cooking fumes	Emitted upward after water mist disposal and high-pressure electrostatic dust removal.
Noise	Noises from machinery and factories	Treated by water bath and water-mist sound insulation panels and sound elimination devices.
Solid wastes	Wasted mineral oils, wasted emulsion, wasted towels/filters, wasted light bulbs and wasted cartridge/ink cartridge	Stored separately and recycled regularly by certified recycle operators.

A2. Usage of Resources

Total Water Consumption and Intensity

Total water consumption (tonnes)



Water consumption per yield (ton per unit)

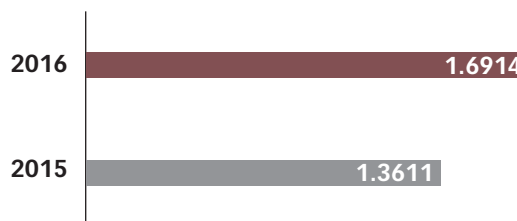


Total Electricity Consumption and Intensity

Total electricity consumption (kWh)

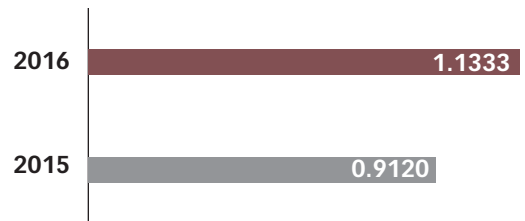


Electricity consumption per yield (kWh per unit)



We aim to maximize the energy conservation for the manufacturing process by promoting efficient use of resources and adopting green technologies. Variable frequency drive air-conditioners and reactive power compensation systems have been installed in the factories which would help save electricity consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Total Emission Of Co₂ and Emission IntensityTotal CO₂ emission (tonnes)CO₂ emission (kg per unit)

We focus on improving our carbon reduction targets and proactively monitor and minimize environmental impact through an array of energy saving and carbon reduction measures. Our main goal in environmental protection is to use energy and resources more efficiently across operation. With the continuous tightening of environment regulations, both in scope and stringency, we strive not just to comply but where possible exceed our obligatory responsibilities. To achieve this, we use environmental management oversight measures to set and review our goals, as well as track our performance for persistent improvement.

Total Packaging Materials and Per Unit Produced

Packaging materials mainly include watch boxes, handbags, paper boxes, foamed bags and electrostatic membranes, etc. In 2016, the total volume of used packaging materials was 630 tonnes and the volume per unit of production was 0.2686 kg.

We systematically reduce the wastes and resources consumption from the sources, by recycling and re-usage of different categories of wastes, to achieve compound utilization of various resources.

We have established a safety production management committee and implemented Energy Management System (《能源管理制度》), Identification and Evaluation Procedures on Safe Environmental Elements (《安全環境因素識別與評價流程》) and Occupational Health and Safety/Daily Environmental Control and Supervision Procedures (《職業健康安全/環境日常監控流程》). We have complied List of Important Environmental Factors (《重要環境因素清單》) and hold meetings to conduct evaluation according to the List. Environmental and Occupational Health and Safety Objectives, Indicators and Management Solution (《環境·職業健康安全目標與管理方案》) has been launched in order to achieve the goals of energy-saving and pollution reduction.

Pursuant to relevant laws regarding to the environment, we have formulated corresponding procedures and systems, including Procedures on Hazardous Chemicals Control (《化學危險品控制程序》), Procedures on Hazardous Wastes Management (《危險廢棄物管理流程》) and Standard for Classification of Waste (《廢棄物分類基準表》). Activities for energy-saving, consumption reduction, pollution reduction and efficiency enhancement are launched throughout the organization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A3. The Environment and Natural Resources

Reporting Companies always place great emphasis on the sustainable development of environment and incorporate it in every aspects of their business. The manufacturing facilities of Rossini have obtained ISO14001 Environmental Management System certification, demonstrating the effectiveness and efficiency of its environmentally-friendly manufacturing process. In addition to those stated otherwise in this Report, selected activities for mitigating impacts on the environment and natural resources include, but not limited to:

- Using environmental-friendly materials and incorporating energy-saving concepts in the design and construction of the facilities;
- Appropriately disposing of waste emissions and industrial waste in compliance with the relevant environmental laws and regulations;
- Building dust-proof clean manufacturing facilities which meets standards as strict as those required by the food and catering industry;
- Controlling and minimizing the density of smoke emitted by the dynamotors through Ringelman Smoke Chart;
- Outsourcing the electroplating process which helps reduce the creation of heavy metals;
- Monitoring and reducing volume of the noise generated the dynamotors; and
- Conducting environmental protection checks and reviewing the results for the entire facilities annually.

Environmental friendliness and energy conversation will continue to be one of the Group's sustainability principles throughout the manufacturing process. We will continue to enhance the awareness of environmental friendliness and the efficient use of resources by providing efficient trainings and education to our employees.

In addition, we have recommended the Shareholders of the Company to receive corporate communications by electronic means in 2016, instead of receiving printed copies for the purpose of reducing printing volume and consumption of paper.

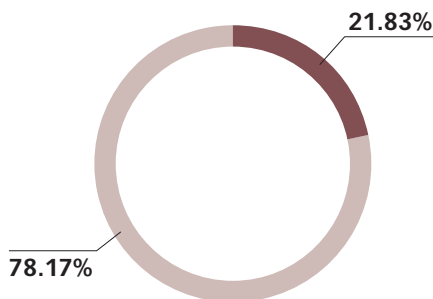
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B. SOCIAL

B1. Employment

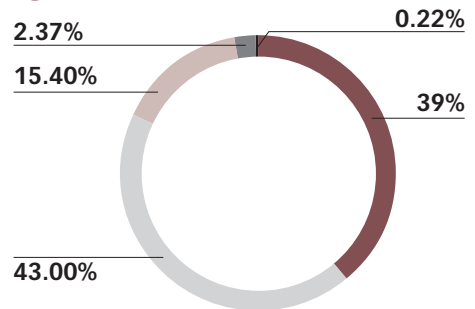
We believe that a motivated and balanced workforce is crucial for developing a sustainable business model and delivering long-term returns. As at 31 December 2016, the Reporting Companies have 3,720 full-time employees working in Mainland China. The Group has a diverse workforce in terms of gender and age, generating creative opinions and different level of capabilities.

Gender Proportion



● Male staff **812**
● Female staff **2,908**

Age Distribution



● 18-29 **1,451** ● 40-49 **573**
● 30-39 **1,600** ● 50-59 **88**
● Over 60 **8**

During the Reporting Period, staff turnover rate of the Reporting Companies was approximately 12%.

Fair and equitable work environment

We are committed to complying with relevant standards and regulations to provide a fair and equitable work environment. Equal opportunity is integrated in all aspects of employment and discrimination or harassment of any kind is not tolerated. We behave with courtesy and respect towards everyone we encounter in the course of our business. All relevant parties are expected to apply the same standards throughout all interactions with colleagues, contractors, suppliers, customers and any other stakeholders. Derogatory actions based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are strictly prohibited.

Work-Life-Balance Philosophy

We value our employees and encourage them to grow with the Group.

We promote the work-life balance philosophy by encouraging our employees to participate in a wide variety of sport and recreational activities.

Rossini encourages its employees to maintain work-life-balance, including building a multi-purpose recreation center and a multi-purpose sports field adjacent to the manufacturing facilities, as well as setting up a company orchestra and sponsoring various instruments. Recreational associations have been established to organize and host regular recreational activities for employees at the expense of the Group, such as parties, anniversary



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ceremonies, annual dinner gatherings and group travelling. Various recreational associations, including basketball, volleyball, yoga, cycling, swimming, bowling, photography, calligraphy, Chinese chess, culinary and fishing, have been set up, to offer platforms for staff to maintain good physical health and fitness and relieve pressure after work. The periodic art performances, sport competitions and other recreational activities arranged by those associations have certainly improved the communication among employees, strengthened their cohesiveness, and enhanced team spirit and work motivation. To extend the care to employees' families, the Group has also organized activities which employees' families are welcome to join.

Employee benefits and welfares

The compensation package for all our employees are designed to reward them for their work and contribution to our success. Compensation packages include various fringe benefits, depending on the particular situation of the individual subsidiary, such as medical insurance, travels, lunch allowance, free body check-ups, maternity leave, marriage leave, bereavement leave and other subsidies.

"Helping Each Other" has been the corporate culture emphasized by the Group. In order to further promote the culture among the employees, Rossini has set up an emergency fund with the initial set-up amount of RMB3 million, which aims at helping the employee in need of help. Committee members who manage the emergency fund ensure that the emergency fund is managed with fairness and high transparency. The emergency fund targets not only the employee but also their families as well.

B2. Health and Safety

We are committed to ensure the health and safety of our staff by, among other things, providing and maintaining healthy and safe workplaces to them, especially in our manufacturing facilities. Strict management systems and policies have been in place to maintain an environment qualified under occupational health and safety standards. The systems and policies are reviewed on an ongoing basis to ensure that standards are maintained under a diverse variety of circumstances. In general, our objective is to establish a sense of vigilance on safety, to continuously identify hazards, to assess risks, and to implement necessary control measures.

Rossini is certified to the Occupational Health and Safety Management System (OHSAS) 18001 standard. Various measures have been implemented including conducting periodical occupational health and safety assessments, providing free body check-ups to employees annually and upon employment, setting up alarming devices and CCTV systems to monitor and minimize the hazardous elements in office and manufacturing plants, as well as engaging third parties to conduct inspections and reviews on the occupational health and safety system on a regular basis.

In 2016, there was no work-related fatality occurred, and the number of lost days due to work injury was 30.

B3. Development and Training

We regard employees' personal developments and well-being as of the highest importance. As such, we aim at creating a quality community and an environment that motivate our employees, in order to enhance staff development and staff retention.

We strive to motivate our employees with a clear career path, which provides them with opportunities for advancement and upgrading their professional knowledge, qualifications and skills. In this regard, we provide a wide range of tailor-made training programs to enhance their professionalism. We identify and determine what skill sets are crucial to achieving our business goals and maintaining sustainability and then designate individual staff to the appropriate training programs. These programs play a strategic role and will be sustainably executed to generate superior, competent and professional human resources in line with the current requirements and business development.

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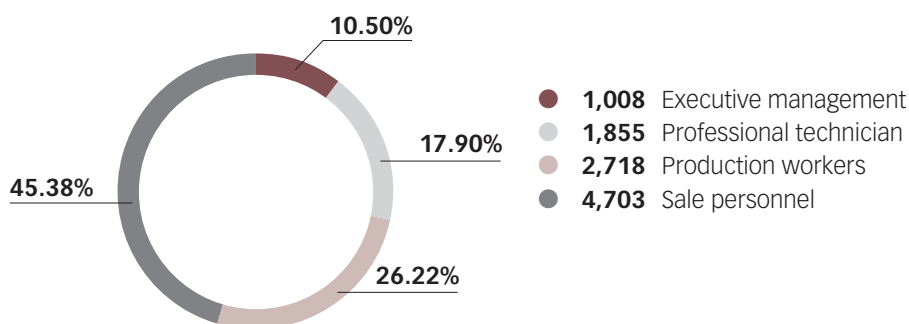
Training programs conducted internally or through external organisations are addressed to all levels and types of job positions without differentiating the employees' background, race, gender, religion, age or class. The Reporting Companies organized different training courses with different curriculums in 2016, the scope of which ranged from professional and technical training to individual skill development. The training types included lectures and workshops hosted by in-house trainers, and seminars delivered by outside experts.

The highlights of employee training are as follows:

- New employees are provided with corporate orientation and induction programs upon appointment to help them adjust to the new working environment and familiarize them with their job duties, as well as the business, operations and corporate culture of the Group as soon as possible;
- Trainings on corporate culture and ethical training are provided for the existing employees;
- Sales staff is provided with intensive training programs on customer services and product knowledge;
- Watch craftsmen and technicians participate in on-going, structured and formalized technical trainings to ensure excellence in the product innovation and quality, which include sending watch craftsmen and technicians of our Chinese brands to Switzerland to learn the most exquisite craftsmanship and cutting-edge technologies and designs; and
- Management personnel are invited to attend management courses to update and refresh their business management expertise and the most updated developments and trends regarding the market and industry the individual company operates in; intensive leadership development programs and rotational assignment program motivate and help middle-level managers transit into new or more advanced leadership roles.

In 2016, the number of training hours was 7,074 hours and number of staff who attended trainings was up to 10,364.

Number of Employees Trained by Different Employee Categories:



We also encourage our staff on self-enhancement. Employees are provided with examination leave and benefits if they join relevant courses and trainings approved by the Group. The Group continuously arranges and offers intensive trainings to equip its staff with the qualifications and skills and to encourage them to work as a cohesive team in order to provide consistently high-quality products and services.

B4. Labour Standards

The Reporting Companies strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and formulate control procedures on labour employment, which prohibits child and forced labour.

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B5. Supply Chain Management

We have established Safety Program on Suppliers and Supply Chain Management (《供應商供應鏈管理安全程式》), to make sure of suppliers' safety status during the selection of suppliers through on-site investigation and suppliers safety questionnaire. During the engagement, we request suppliers to enter into the Agreement on Supply Chain Safety (《供應鏈安全協定》) and Statement of Safety Agreement (《安全協定聲明》). Safety assessment on suppliers will be conducted annually after engagement.

Number of Suppliers by Regions

Region	Number
Guangdong	104
Shanghai	2
Hong Kong	4
Japan	2
Switzerland	1
Others	7

B6. Product Responsibility

We established Market Management Department, responsible for product sales and service and, Corporate Planning Department, responsible for advertising and brand promotion. There are no quality issues with sold or delivered products which would lead to personal injuries and product recall due to safety and health issues. After-Sales Service Department is responsible for provision of after-sales service and follow-up of defective products to customers.

Control Processes and Indicators of Quality Safety and Public Hygiene

Type	Affected item(s)	Corresponding risk(s)	Internal control indicator(s)	Methodology(ies) of evaluation	Control process(es) and methodology(ies)
Safety production	hit by objects, hurt by machinery, electric shock, fire and poisoning, etc.	casualties, loss of properties and social instability	no casualty, no occurrence of fire, no casualty caused by electric shock and no occurrence of food poisoning	safety assessment and regular check	1. managed by occupational health and safety mechanism; 2. Implementation of safety assessment.
Quality safety	hazardous substances and radioactive elements	health impacts	personal injury caused by product quality	regular monitoring	control on product quality and supplier management
Public hygiene	dust and noise, etc.	occupational diseases	rate of occupational illness and rate of body-checked	regular monitoring	managed by occupational health and safety mechanism

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B7. Anti-corruption

The management takes initiatives to set an example of establishing a value of “Harmonious Development”, actively promotes the principles of “Integrity Orientation” and “Corporate Prosperity with Integrity” and is committed to performing business ethics. Based on our robust credibility mechanism as well as concrete segregation between responsibilities and supervision, we develop win-win cooperations with our key suppliers by strengthening existing trust and integrity, building credit assessment mechanism and establishing credit record.

The management requires our staff that all should take high concerns on honouring the spirit of contracts, trustworthiness, morality and rules based on the corporate principle of honesty and trustworthiness, and has formulated relevant requirements to restrain staff’s behaviours:

- Formulating a series of management systems, such as staff guidelines, to standardize all staff’s moral behaviours based on our corporate missions, prospects and values.
- Audit is conducted by external auditor annually with supervision in key aspects, such as marketing, procurement, undergoing projects and finance under the oversight of the finance department. Various types of contracts are reviewed to ensure that we run the business in compliance with law.
- Establishing stringent financial management system and marketing staff management system to select business partners on openness and arm’s length basis by open bidding, centralized purchases and qualification certification.
- New staff will have intense training on business ethics and education on corporate culture and business ethics are included in the induction trainings for all new staff.
- By internal/external audit, staff monitoring and whistle-blowing, supervisions by security guards and society, information is collected and issues are addressed in a timely manner.

B8. Community Investment

We actively perform social responsibilities by building up and protecting our social infrastructures in various aspects.

Mr. Hon Kwok Lung, the Chairman of the Board of the Company, as a businessman with high social responsibility and a sense of commitment, has set a good model to make generous contribution and dedication to the charity affairs for more than a decade, including donation for the construction of social public facilities and sufferers from natural hazards in China. In 2016, Mr. Hon, in order to support Hong Kong youths’ participation in the visits for learning and exchange in Mainland China, has made a donation of HK\$1 million to “Four Seas as One Family, Hong Kong Youth Exchange Group” for funding more than 2,000 Hong Kong youths to visit the intangible cultural heritage in Beijing, Fujian and Shenzhen, further learn about the concept of “One Belt and One Road”, and enhance the understanding of their homeland and Chinese culture and history. At the end of same year, Mr. Hon individually donated RMB200 million to Fujian Shi Zhu Charitable Foundation (福建石竹慈善基金會), which aims to promote the charitable activities, as well as the spirit, culture and concepts of charity engagement, to help more disadvantaged groups and individuals.

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The Group has been actively engaged in various types of social charity activities, academic sponsorship, civil education and cultural advocacy, as well as promoting social advancement and development.



Charity and Caring for Hardships

"An 18-year Promise" (一諾十八年)

One of EBOHR's long-term philanthropic programs "An 18-year Promise", held in cooperation with the China Women's Development Foundation of the All-China Women's Federation, has continued for the ninth successive year since the Wenchuan earthquake happened in 2008. EBOHR continues its commitment to finance the cost of raising 100 children, who became orphans after the earthquake until they are 18 years old. In addition to making donations, volunteers from EBOHR visit the children in Sichuan with lots of materials every year. They have made visits to Sichuan for over 10 times for consecutive 8 years as of 2016. Up to the end of 2016, EBOHR had contributed donations of approximately RMB2 million under the "An 18-year Promise" program.



We encourage our staff to make personal donations to people suffering from the natural disasters of the Wenchuan earthquake, the Ya'an earthquake and the Southwestern drought or participate in volunteering activities in any way that would help those afflicted by disaster through the difficult times. We are glad to hear our staff sharing their feelings that they can realise their true value as a member of society and build a deeper relationship with society through the charity activities and volunteer programs in which they participate.

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“Ear Care Day Charitable Activity” (愛耳日公益活動)

In 2016, EBOHR, together with Shenzhen QingQingBaby Language Rehabilitation Center, held a charitable activity called “EBOHR Charity Times – Ear Care Day Charitable Activity”.



Teaching Assistance

- “Zhuhai Rossini Hope Primary School” was built in 1997. “2014-2018 5-year Plan of Teaching Assistance for Zhuhai Rossini Hope Primary School” was established in 2013 with RMB500,000 of donation used for improvement in school facilities, student scholarships and trainings for teachers.



- Shiyen Primary School was jointly established with the Government in 1995 and was ranked as the first level of privately-owned school in Guangdong Province in 2003.

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Promotion of Scientific Education

- We have launched watch repair courses jointly with Zhuhai Technician College.
- We have launched industry university research collaboration projects with Zhuhai College of Beijing Institute of Technology, Zhuhai College of Beijing Normal University, Zhuhai College of Jilin University and Guangdong Polytechnic of Science and Technology.
- We have been named as “National Science Education Base” by China Association for Science and Technology.



Promotion of Watch Culture

We have built a watch museum and developed watch industrial and cultural tourism on an industrial site of 11,280.60m², with approximately 1,600 exhibits in the museum. The museum has attracted tourists amounted to 520,000. The watch museum has been approved by the China National Tourism Administration as a AAAA National Tourist Attraction and named as the Outstanding Contribution Organisation for Preservation of Cultural Heritage in Guangdong Province.



INDEPENDENT
AUDITOR'S REPORT

獨立核數師報告

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永安中心25樓**TO THE MEMBERS OF CITYCHAMP WATCH & JEWELLERY GROUP LIMITED**
(incorporated in Cayman Islands with limited liability)**致冠城鐘錶珠寶集團有限公司股東**
(於開曼群島註冊成立之有限公司)

OPINION

意見

We have audited the consolidated financial statements of Citychamp Watch & Jewellery Group Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 139 to 293, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of 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.

本核數師(以下簡稱「我們」)已審計載於第139至293頁冠城鐘錶珠寶集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，此等綜合財務報表包括於二零一六年十二月三十一日之綜合財務狀況表，以及截至該日止年度之綜合全面收入表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註(包括主要會計政策概要)。

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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.

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則真實而公平地反映 貴集團於二零一六年十二月三十一日之綜合財務狀況以及 貴集團截至該日止年度之綜合財務表現及綜合現金流量，並已遵守香港公司條例之披露規定妥為編製。

BASIS FOR OPINION

意見基礎

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

我們已根據香港會計師公會頒佈之香港核數準則(「香港核數準則」)進行審計。我們就該等準則承擔之責任在本報告「核數師就審計綜合財務報表須承擔之責任」部分進一步闡述。根據香港會計師公會之專業會計師道德守則(「守則」)，我們獨立於 貴集團，並已根據該守則履行其他道德責任。我們相信，我們所獲審計憑證能充足及適當地為我們的意見提供基礎。

KEY AUDIT MATTERS

關鍵審計事項

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.

關鍵審計事項乃根據我們專業判斷，認為對我們審計本期綜合財務報表最為重要之事項。我們於審計整體綜合財務報表及就其作出意見時處理該等事項，但不會就該等事項提供單獨意見。

Impairment assessment on goodwill and intangible assets with indefinite useful lives

Refer to notes 32 and 31 to the consolidated financial statements and the accounting policies in notes 5.5 and 5.11 to the consolidated financial statements

As at 31 December 2016, the Group had goodwill with gross carrying amount of HK\$980,561,000 and intangible assets with indefinite useful lives with gross carrying amount of HK\$117,440,000 as the result of the acquisition of banking and watch and timepieces businesses in recent years.

Management is required to test the amount of goodwill and intangible assets with indefinite useful lives for impairment annually. For the purpose of assessing impairment, management assessed the recoverable amount of these assets based on higher of its fair value less costs of disposal and value-in-use. These assets were allocated to cash generating units (“CGU”), and the recoverable amount of each CGU was determined by management based on value-in-use calculations using cash flow projections.

The impairment assessment involves significant judgements and assumptions by the management underlying the value-in-use calculation.

Management concluded that, based on the impairment assessment result, an impairment loss on goodwill of HK\$70,566,000 has been recognised for the year.

How the matter was addressed in our audit

Our procedures on the management’s impairment assessment on goodwill and intangible assets with indefinite useful lives included:

- (i) Assessing the reasonableness of discount rates and growth rates applied in determining the recoverable amount;
- (ii) Evaluating the reasonableness of other key assumptions based on our knowledge of the business and industry; and
- (iii) Checking input data to supporting evidences, such as approved budgets and assessing the reasonableness of these budgets.

Business combination

Refer to note 49 to the consolidated financial statements and the accounting policies in note 5.1 to the consolidated financial statements

The Group has completed the acquisition of Bendura Bank AG (formerly known as Valartis Bank (Liechtenstein) AG) (the “Bank”) on 20 September 2016. The Bank is now the subsidiary of the Group and consolidated into the Group’s consolidated financial statements, with the assets and liabilities purchased being accounted for at fair values at the date of the acquisition. The acquisition of the Bank is significant to the Group’s financial position and financial performance.

Purchase accounting for the acquisition of the Bank involves significant judgements in assessing the fair values of assets and liabilities acquired, which directly affects the amount of goodwill recognised on acquisition.

商譽及無限可使用年期之無形資產減值評估

參照綜合財務報表附註32及31以及綜合財務報表附註5.5及5.11之會計政策

於二零一六年十二月三十一日，由於近年收購銀行以及鐘錶及時計產品業務，本集團擁有賬面總值980,561,000港元之商譽以及賬面總值117,440,000港元無限可使用年期之無形資產。

管理層須就每年減值測試商譽及無限可使用年期之無形資產之金額。就評估減值而言，管理層按其較高公平值減少出售成本及使用價值評估該等資產之可收回金額。該等資產獲分配至現金產生單位（「現金產生單位」），而各個現金產生單位之可收回金額由管理層根據現金流量預測以可使用價值方式計算。

減值評估涉及管理層利用可使用價值方式計算之重大判斷及假設。

管理層總結，根據減值評估結果，於本年度已確認商譽減值虧損70,566,000港元。

在審計中之處理方法

我們關於管理層就商譽及無形資產之減值評估程序如包括以下方面：

- (i) 評估應用於釐定可收回金額之貼現率及增長率之合理性；
- (ii) 根據我們對業務及行業之認知評估其他重要假設之合理性；及
- (iii) 檢查附加證據之輸入數據，如核准預算及評估該等預算之合理性。

業務合併

參照綜合財務報表附註49以及綜合財務報表附註5.1之會計政策

貴集團於二零一六年九月二十日完成收購Bendura Bank AG（富地銀行，前稱富帝銀行（列支敦士登）股份有限公司）（「該銀行」）。該銀行現時為貴集團附屬公司以及於貴集團綜合財務報表綜合列賬，並按收購日期之公平值計入已購入之資產及負債。收購銀行對本集團之財務狀況及業績屬重大。

計入收購該銀行之購置涉及評估所收購資產及負債之公平值重大判斷，其直接影響於收購事項確認之商譽金額。

How the matter was addressed in our audit

Our procedures on the business combination included:

- (i) Reviewing of the sales and purchase agreements to determine that no unusual terms, which that have not been accounted for, exist;
- (ii) Assessing the identification and fair value assessment of the identifiable assets and liabilities acquired made by the management including any fair value adjustments; and
- (iii) Evaluating the competency, capabilities and objectivity of the management's expert.

Revenue recognition relating to sales of goods

Refer to note 8 to the consolidated financial statements and the accounting policies in note 5.20 to the consolidated financial statements

A substantial portion of the Group's revenue was derived from sales of watches and timepieces.

For sales of watches and timepieces, the amount of revenue recognised during the year is dependent on the point in time the ownership transfers from the Group to the customers.

We identified the recognition of revenue relating to sales of goods as key audit matter because revenue is one of the key performance indicators of the Group and there is an inherent risk over the recognition of revenue by the management to meet specific targets or expectations.

How the matter was addressed in our audit

Our procedures on the revenue recognition relating to sales of goods included:

- (i) Assessing, on a sample basis, whether sales transactions recorded during the financial year had been recognised properly by inspecting the transactions selected with relevant underlying documentations;
- (ii) assessing, on a sample basis, whether sales transactions before and after the financial year end had been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentations; and
- (iii) reviewing if there are any significant adjustments to revenue during the reporting period, understanding the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentations.

在審計中之處理方法

我們關於業務合併之審計程序包括：

- (i) 審閱買賣協議以判斷是否不存在尚未計入之不尋常條款；
- (ii) 評估管理層作出之可識別資產及負債識別方法及公平估值，包括任何公平值調整；及
- (iii) 評核管理層之專業資格、能力及客觀性。

有關銷售貨品之收益確認

參照綜合財務報表附註8及綜合財務報表附註5.20之會計政策

本集團大部分收入來自銷售鐘錶及時計產品。

就銷售鐘錶及時計產品而言，倘年內確認之收益金額視乎本集團向客戶轉讓擁有權之時間而定。

我們已識別有關銷售貨品之收益確認作為主要審計事項，此乃由於收益為貴集團其中一項主要業績表現指標，管理層就達到特定目標或預期確認收益時存在固有風險。

在審計中之處理方法

我們關於銷售貨品之收益確認之審計程序包括：

- (i) 透過檢查附有相關支持文件之所選交易以抽樣方式評估於財務年度記錄之銷售交易是否已妥善確認；
- (ii) 透過比較附有相關支持文件之所選交易，抽樣評估財政年結日前後之銷售交易是否於適當期間獲確認；及
- (iii) 審閱於報告期間收益是否有任何重大調整、瞭解有關調整之原因及比較附有相關支持文件之調整詳情。

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

年報之其他資料

董事須對其他資料負責。其他資料包括已納入 貴公司年報之資料，但並不包括綜合財務報表及我們之核數師報告。

我們對綜合財務報表之意見並不涵蓋其他資料，我們亦不對其他資料發表任何形式之鑒證結論。

於我們審計綜合財務報表而言，我們的責任是閱覽其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審計過程中所瞭解之情況有重大抵觸，或者似有重大錯誤陳述。基於已執行的工作，倘我們認為此其他資料有重大錯誤陳述，則須報告該事實。我們概無有關此方面之任何報告。

董事就綜合財務報表須承擔之責任

董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製真實公平的綜合財務報表，以及落實董事認為必要之內部控制，以確保編製綜合財務報表時不存在由於欺詐或錯誤而導致之重大錯誤陳述。

於編製綜合財務報表時， 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之事項，以及使用持續經營會計基礎，除非董事有意將 貴集團清盤或停業，或別無其他現實之替代方案。

董事負責監督 貴集團財務報告過程，並在審核委員會協助下履行彼等之責任。

AUDITOR'S RESPONSIBILITY 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. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, 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.
- 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須承擔之責任

我們的目標為就綜合財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並發出包括我們意見之核數師報告。我們僅根據委聘條款向全體股東作出報告，除此之外，本報告並無其他用途。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

合理保證屬高度保證，但並非關於根據香港核數準則進行之審計總能發現某一存在的重大錯誤陳述之擔保。錯誤陳述可由欺詐或錯誤引起，倘個別或整體合理預期情況下可影響使用者根據該等綜合財務報表作出之經濟決定，則有關錯誤陳述可被視作重大。

作為根據香港核數準則進行之審計工作的一部分，我們於整個審計過程中行使專業判斷並抱持專業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致之重大錯誤陳述風險，設計及執行審計程序以應對該等風險，以及獲取充分及適當審計憑證為我們的意見提供基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或僭越內部控制，故因未能發現欺詐而導致之重大錯誤陳述風險高於因未能發現錯誤而導致之重大錯誤陳述風險。
- 瞭解有關審計之內部控制，以設計在各類情況下適當之審計程序，但並非旨在對貴集團內部控制之成效發表意見。
- 評估董事所用會計政策之恰當性及作出會計估計及相關披露之合理性。
- 總結董事採用持續經營會計基礎是否恰當，並根據已獲得的審計憑證，總結是否存在重大不明朗因素及可能令貴集團之持續經營能力嚴重成疑之事件或情況。倘我們得出結論認為存在重大不明朗因素，我們須於核數師報告中提請使用者注意綜合財務報表內之相關披露，或倘相關披露不足，則修訂我們的意見。我們的結論以截至核數師報告日期所獲得的審計憑證為基礎。然而，未來事件或情況可能導致貴集團不再持續經營。

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

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

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

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Lui Chi Kin

Practising Certificate Number P06162
Hong Kong, 31 March 2017

- 評估綜合財務報表(包括披露)之整體列報、架構及內容，以及綜合財務報表是否已中肯反映相關交易及事件。
- 就 貴集團內實體或業務活動之財務資料獲得充足及適當之審計憑證，以就綜合財務報表發表意見。我們負責指導、監督及執行集團審計。我們為我們的審計意見承擔全部責任。

我們與審核委員會溝通(其中包括)審計工作之計劃範圍、時間及重大審計發現，該等發現包括我們於審計期間識別出內部控制之任何重大缺陷。

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性之相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性之所有關係及其他事宜以及(倘適用)相關保障措施。

從與董事溝通之事項中，我們決定該等事項對本期綜合財務報表之審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該事項，或於極端罕見情況下，倘合理預期在報告中溝通某事項造成之負面後果超過其產生之公眾利益，則我們決定不應在報告中溝通該事項。

香港立信德豪會計師事務所有限公司
執業會計師

呂智健

執業證書號碼P06162
香港，2017年3月31日

CONSOLIDATED STATEMENT OF 綜合全面收入表 COMPREHENSIVE INCOME

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

		Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Re-presented) (經重列)
Interest income from banking business	銀行業務之利息收入		26,934	–
Interest expenses from banking business	銀行業務之利息開支		(8,951)	–
Net interest income from banking business	銀行業務之利息收入淨額	8a	17,983	–
Service fees and commission income from banking business	銀行業務之服務費及佣金收入		95,896	–
Service fees and commission expenses from banking business	銀行業務之服務費及佣金開支		(23,301)	–
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	8b	72,595	–
Trading income from banking business	銀行業務之交易收入	8c	18,902	–
Sales of goods from non-banking business	非銀行業務之貨品銷售收入	8d	2,811,352	3,458,245
Rental income from non-banking business	非銀行業務之租金收入	8d	19,123	18,109
Total revenue	總收入		2,939,955	3,476,354
Cost of sales from non-banking business	非銀行業務之銷售成本		(1,296,518)	(1,694,496)
Other ordinary income and other net gains or losses	其他經常性收入及其他收益或虧損淨額	9	63,165	257,545
Selling and distribution expenses	銷售及分銷費用		(841,444)	(883,152)
Administrative expenses	行政費用		(648,477)	(616,151)
Share of profit of associates	應佔聯營公司溢利	27	23,134	9,685
Finance costs	財務費用	10	(79,447)	(77,075)
Profit before income tax	除所得稅前溢利	11	160,368	472,710
Income tax expense	所得稅開支	12	(96,528)	(132,551)
Profit for the year	本年度溢利		63,840	340,159
Other comprehensive income	其他全面收入			
Item that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目			
– Remeasurement of net defined benefit obligations	– 重新計量定額福利責任淨額	16.2	14,368	9,485
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類至溢利或虧損之項目			
– Exchange differences on translation to presentation currency	– 換算呈列貨幣之匯兌差額		(226,038)	(142,928)
– Release of exchange reserve to profit or loss upon disposal of subsidiaries	– 於出售附屬公司後解除外匯儲備至溢利或虧損	13	4,701	256
– Share of exchange differences on translation of associates	– 應佔聯營公司匯兌差異	27	(112)	133
– Changes in fair value of available-for-sale financial assets	– 可供出售金融資產公平值變動	24	(75,210)	9,051
			(296,659)	(133,488)
Other comprehensive income for the year	本年度其他全面收入		(282,291)	(124,003)
Total comprehensive income for the year	本年度全面收入總額		(218,451)	216,156

		Note 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Re-presented) (經重列)
Profit for the year attributable to:	以下人士應佔本年度溢利：			
Owners of the Company	本公司擁有人		36,703	307,675
Non-controlling interests	非控股權益		27,137	32,484
			63,840	340,159
Total comprehensive income for the year attributable to:	以下人士應佔本年度全面收入總額：			
Owners of the Company	本公司擁有人		(227,203)	196,583
Non-controlling interests	非控股權益		8,752	19,573
			(218,451)	216,156
Earnings per share attributable to owners of the Company	本公司擁有人應佔每股盈利			
		15		
– Basic	– 基本		HK0.84 cent 港仙	HK6.98 cents 港仙
– Diluted	– 攤薄		HK0.84 cent 港仙	HK6.96 cents 港仙

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

As at 31 December 2016 於二零一六年十二月三十一日

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Re-presented) (經重列)
	Notes 附註			
Assets		資產		
Cash and deposits	18	現金及存款	5,066,901	836,065
Due from clients	19	應收客戶款項	627,809	–
Due from banks	19	應收銀行款項	5,295,369	–
Trading portfolio investments	20	交易組合投資	197,089	367,471
Income tax recoverable		可收回所得稅	9,693	9,248
Derivative financial assets	21	衍生金融資產	2,338	2,244
Trade receivables	22	應收賬款	461,585	693,868
Inventories	23	存貨	1,996,187	2,042,892
Available-for-sale financial assets	24	可供出售金融資產	351,352	317,250
Held-to-maturity investments	25	持至到期投資	338,709	–
Short-term investments	26	短期投資	112,969	143,362
Interests in associates	27	所佔聯營公司權益	88,841	65,828
Property, plant and equipment	28	物業、廠房及設備	948,022	730,799
Investment properties	29	投資物業	107,779	111,676
Prepaid land lease payments	30	預付土地租賃款項	59,042	46,208
Intangible assets	31	無形資產	124,904	172,270
Goodwill	32	商譽	862,834	741,636
Deferred tax assets	41	遞延稅項資產	10,741	7,641
Other assets	33	其他資產	593,656	550,098
Total assets		總資產	17,255,820	6,838,556
Liabilities		負債		
Due to banks		應付銀行款項	3,007	–
Due to clients	34	應付客戶款項	10,393,047	–
Derivative financial liabilities	21	衍生金融負債	2,050	7,260
Trade payables	35	應付賬款	349,837	359,533
Corporate bonds	36	公司債券	692,127	708,834
Income tax payables		應付所得稅	87,654	69,323
Borrowings	37	借貸	1,190,340	938,532
Provisions	38	撥備	532	–
Subordinated debt	39	次級債務	83,345	–
Deferred tax liabilities	41	遞延稅項負債	33,196	27,486
Other liabilities	40	其他負債	567,995	493,101
Total liabilities		總負債	13,403,130	2,604,069

		Notes	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Re-presented) (經重列)
		附註		
Equity	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	42	434,682	440,938
Reserves	儲備	44	3,198,199	3,602,315
			3,632,881	4,043,253
Non-controlling interests	非控股權益		219,809	191,234
Total equity	權益總額		3,852,690	4,234,487
Total liabilities and equity	負債及權益總額		17,255,820	6,838,556

The consolidated financial statements on pages 139 to 293 were approved and authorised for issue by the board of directors on 31 March 2017 and are signed on its behalf by:

載於第139至293頁之綜合財務報表於二零一七年三月三十一日獲董事會批准及授權刊發，並由以下董事代表簽署：

Hon Kwok Lung

韓國龍
Director
董事

Shang Jianguang

商建光
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

	Equity attributable to owners of the Company												
	本公司擁有人應佔權益												
	Share capital	Share premium account*	Share option reserve*	Other reserve*	Goodwill arising on consolidation*	Statutory reserve*	Exchange reserve*	Investment revaluation reserve*	Retained profits*	Total	Non-controlling interests	Total equity	
股本	股份溢價賬*	認購股份權儲備*	其他儲備*	綜合賬目產生之商譽*	法定儲備基金*	外匯儲備*	投資重估儲備*	保留溢利*	總計	非控股權益	權益總額		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
(note 42)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	(note 44)	
Balance at 1 January 2015	於二零一五年一月一日之結餘	440,893	841,402	2,106	22,692	(15,300)	26,268	85,040	188,705	2,254,718	3,846,524	228,406	4,074,930
Transactions with owners	與擁有人交易	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份所得款項	45	101	-	-	-	-	-	-	146	-	-	146
Exercise of share options	行使認購股份權	-	68	(68)	-	-	-	-	-	-	-	-	-
Disposal of a subsidiary	出售一間附屬公司	-	-	-	-	-	-	-	-	-	(28,996)	-	(28,996)
Dividends paid to non-controlling interests	向非控股權益派付股息	-	-	-	-	-	-	-	-	-	-	(27,749)	(27,749)
Total transactions with owners	與擁有人交易總額	45	169	(68)	-	-	-	-	-	146	(56,745)	-	(56,599)
Comprehensive income	全面收入	-	-	-	-	-	-	-	-	307,675	307,675	32,484	340,159
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	307,675	307,675	32,484	340,159
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	-	9,485	9,485	-	9,485
Remeasurement of net defined benefit obligations	重新計量定額福利責任淨額	-	-	-	-	-	-	-	-	9,485	9,485	-	9,485
Exchange differences on translation to presentation currency	換算呈列貨幣產生之匯兌差額	-	-	-	-	-	(130,017)	-	-	(130,017)	(12,911)	-	(142,928)
Release of exchange reserve to profit or loss upon disposal of subsidiaries	於出售附屬公司後解除外匯儲備至溢利或虧損	-	-	-	-	-	256	-	-	256	-	-	256
Share of exchange differences on translation of associates	應佔聯營公司匯兌差異	-	-	-	-	-	133	-	-	133	-	-	133
Change in fair value of available-for-sale financial assets	可供出售金融資產公平值變動	-	-	-	-	-	-	9,051	-	9,051	-	-	9,051
Total comprehensive income for the year	本年度全面收入總額	-	-	-	-	-	(129,628)	9,051	317,160	196,583	19,573	-	216,156
Appropriation to statutory reserve	轉撥至法定儲備基金	-	-	-	-	-	4,313	-	(4,313)	-	-	-	-
Balance at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日之結餘	440,938	841,571	2,038	22,692	(15,300)	30,581	(44,588)	197,756	2,567,565	4,043,253	191,234	4,234,487
Transactions with owners	與擁有人交易	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of ordinary shares	購回普通股	(6,544)	(68,907)	-	-	-	-	-	-	(75,451)	-	-	(75,451)
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份所得款項	288	648	-	-	-	-	-	-	936	-	-	936
Exercise of share options	行使認購股份權	-	437	(437)	-	-	-	-	-	-	-	-	-
Disposal of a subsidiary	出售一間附屬公司	-	-	-	-	-	-	-	-	-	(61,212)	-	(61,212)
Arising from the acquisition of subsidiaries	產生自收購附屬公司	-	-	-	-	-	-	-	-	-	98,851	-	98,851
2015 final dividend (note 14)	二零一五年末期股息(附註14)	-	-	-	-	-	-	-	-	(108,654)	-	-	(108,654)
Dividends paid to non-controlling interests	向非控股權益派付股息	-	-	-	-	-	-	-	-	-	-	(17,816)	(17,816)
Total transactions with owners	與擁有人交易總額	(6,256)	(67,822)	(437)	-	-	-	-	-	(108,654)	(183,169)	19,823	(163,346)
Comprehensive income	全面收入	-	-	-	-	-	-	-	-	36,703	36,703	27,137	63,840
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	36,703	36,703	27,137	63,840
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	-	13,876	13,876	492	14,368
Remeasurement of net defined benefit obligations	重新計量定額福利責任淨額	-	-	-	-	-	-	-	-	13,876	13,876	492	14,368
Exchange differences on translation to presentation currency	換算呈列貨幣產生之匯兌差額	-	-	-	-	-	(207,188)	-	-	(207,188)	(18,850)	-	(226,038)
Release of exchange reserve to profit or loss upon disposal of subsidiaries	於出售附屬公司後解除外匯儲備至溢利或虧損	-	-	-	-	-	4,701	-	-	4,701	-	-	4,701
Share of exchange differences on translation of associates	應佔聯營公司匯兌差異	-	-	-	-	-	(112)	-	-	(112)	-	-	(112)
Change in fair value of available-for-sale financial assets	可供出售金融資產公平值變動	-	-	-	-	-	-	(75,183)	-	(75,183)	(27)	-	(75,210)
Total comprehensive income for the year	本年度全面收入總額	-	-	-	-	-	(202,599)	(75,183)	50,579	(227,203)	8,752	-	(218,451)
Appropriation to statutory reserve	轉撥至法定儲備基金	-	-	-	-	-	29,567	-	(29,567)	-	-	-	-
Balance at 31 December 2016	於二零一六年十二月三十一日之結餘	434,682	773,749	1,601	22,692	(15,300)	60,148	(247,187)	122,573	2,479,923	3,632,881	219,809	3,852,690

* These reserve accounts comprise the consolidated reserves of HK\$3,198,199,000 (2015: HK\$3,602,315,000) in the consolidated statement of financial position.

* 該等儲備賬目組成綜合財務狀況表內之綜合儲備3,198,199,000港元(二零一五年: 3,602,315,000港元)。

CONSOLIDATED STATEMENT OF CASH FLOWS 綜合現金流量表

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

	Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Re-presented) (經重列)
Cash flows from operating activities			
經營業務產生之現金流量			
Profit before income tax		160,368	472,710
除所得稅前溢利			
Adjustments for:	經調整：		
Depreciation and amortisation	11	115,642	116,816
折舊及攤銷			
Provision and impairment losses		86,057	21,898
撥備及減值虧損			
Net deficit on revaluation of investment properties	29	3,897	499
重估投資物業之虧絀淨額			
Share of profits of associates	27	(23,134)	(9,685)
應佔聯營公司溢利			
Interest income from non-banking business	9	(22,453)	(35,511)
非銀行業務之利息收入			
Finance costs	10	79,447	77,075
財務費用			
Loss/(Gain) on disposal property, plant and equipment, intangible assets and brand name		328	(34,435)
出售物業、廠房及設備、無形資產及品牌名稱之虧損/(收益)			
Gain on repurchase of corporate bonds	9	(312)	(6,872)
贖回公司債券之收益			
Loss/(Gain) on disposal of subsidiaries	13	28,699	(9,517)
出售附屬公司之虧損/(收益)			
Dividend income		(6,916)	(9,234)
股息收入			
Operating profit before working capital changes		421,623	583,744
營運資金變動前之經營溢利			
Decrease in due to clients		(1,195,865)	–
應付客戶款項減少			
Decrease in due from clients		119,201	–
應收客戶款項減少			
Decrease in due to banks		(16,557)	–
應付銀行款項減少			
Increase in due from banks		(177,308)	–
應收銀行款項增加			
Decrease in trade receivables		118,394	57,103
應收賬款減少			
Increase in inventories		(169,263)	(131,314)
存貨增加			
Decrease/(Increase) in other assets		15,048	(49,299)
其他資產減少/(增加)			
Decrease in derivative financial assets		9,516	3,409
衍生金融資產減少			
Decrease in derivative financial liabilities		(14,616)	(18,250)
衍生金融負債減少			
Increase in trade payables		33,573	18,350
應付賬款增加			
Decrease/(Increase) in trading portfolio investments		179,365	(95,919)
交易組合投資減少/(增加)			
Increase/(Decrease) in other liabilities		66,426	(51,869)
其他負債增加/(減少)			
Cash (used in)/generated from operations		(610,463)	315,955
經營業務(動用)/產生之現金			
Income tax paid		(94,269)	(131,718)
已付所得稅			
Net cash (used in)/generated from operating activities		(704,732)	184,237
經營業務(動用)/產生之現金淨額			

	Notes 附註	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元 (Re-presented) (經重列)
Cash flows from investing activities	投資活動產生之現金流量		
Proceeds from disposal of property, plant and equipment, intangible assets and brand name	出售物業、廠房及設備、無形資產及品牌名稱所得款項	730	11,475
Net cash inflow from disposal of subsidiaries	出售附屬公司現金流入淨額	47,161	90,192
Dividends received	已收股息	6,916	9,234
Decrease in held-to-maturity Investments	持至到期投資減少	9,596	–
Purchase of property, plant and equipment intangible assets, prepaid land lease payments and convertible bond investment	購買物業、廠房及設備、無形資產、預付土地租賃款項及可轉換債券投資	(167,043)	(311,337)
Deposits paid for acquisition of subsidiaries	已付收購附屬公司之按金	(13,000)	–
Consideration (paid)/payable for acquisition of subsidiaries	收購附屬公司(已付)/應付代價	(11,638)	11,638
Interest received from non-banking business	非銀行業務之已收利息	22,453	35,369
Proceeds received/(receivable) from disposal of brand name	出售品牌名稱已收/(應收)所得款項	5,000	(25,000)
Decrease/(Increase) in short-term investments	短期投資減少/(增加)	22,422	(3,155)
Net cash inflow from acquisition of subsidiaries	收購附屬公司現金流入淨額	4,620,984	–
Proceeds from disposal of treasury notes and bills	出售國庫債券及票據所得款項	617,285	–
Decrease in available-for-sales financial assets	可供出售金融資產減少	2,477	–
Net cash generated from/(used in) investing activities	投資活動產生/(動用)之現金淨額	5,163,343	(181,584)
Cash flows from financing activities	融資活動產生之現金流量		
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	936	146
Repurchase of ordinary shares	購回普通股	(75,451)	–
Interest paid	已付利息	(73,080)	(76,966)
Proceeds from borrowings	借貸所得款項	709,489	612,139
Repayment of borrowings	償還借貸	(563,092)	(491,953)
Dividends paid to owners of the Company	已付本公司擁有人之股息	(108,654)	–
Dividends paid to non-controlling interests	已付非控股權益之股息	(17,816)	(27,749)
Repurchase of corporate bonds	購回公司債券	(1,697)	(51,262)
Decrease in other liabilities	其他負債減少	(812)	(13,284)
Net cash used in financing activities	融資活動動用之現金淨額	(130,177)	(48,929)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	4,328,434	(46,276)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	836,065	878,253
Effect of foreign exchange rate changes, net	匯率變動影響淨額	(215,311)	4,088
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物	4,949,188	836,065
Analysis of balances of cash and cash equivalents	現金及現金等價物結餘分析		
Cash and deposits	現金及按金	5,066,901	836,065
Bank overdraft	銀行透支	(117,713)	–
		4,949,188	836,065

NOTES TO THE FINANCIAL
STATEMENTS

財務報表附註

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

1. GENERAL INFORMATION

Citychamp Watch & Jewellery Group Limited (the “Company”) is a limited liability company incorporated in Cayman Islands. Its registered office address is P.O. Box 309, Uglad House, South Church Street, Grand Cayman, Cayman Islands and its principal place of business is Units 1902-04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the year, the principal activities of the Company and its subsidiaries (together referred to as the “Group”) include:

- Manufacture and distribution of watches and timepieces;
- Property investments; and
- Banking business.

The Group completed the disposal of its 46.05% equity interest in Henan Jinjue Enterprise Company Limited (“Henan Jinjue”) in May 2016. Upon the completion of the disposal, Henan Jinjue ceased to be a subsidiary of the Group.

The Group completed the acquisition of 83.22% equity interest in Bendura Bank AG (formerly known as Valartis Bank (Liechtenstein) AG) and its subsidiaries (collectively referred to as “Bendura Group”) in September 2016.

Other than the aforementioned transactions, there was no other significant change in the Group’s operations during the year.

The Group’s principal places of the business are in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the People’s Republic of China (the “PRC”).

1. 一般資料

冠城鐘錶珠寶集團有限公司(「本公司」)為於開曼群島註冊成立之有限公司，其註冊辦事處地址為P.O. Box 309, Uglad House, South Church Street, Grand Cayman, Cayman Islands。主要辦事處位於香港九龍柯士甸道西1號環球貿易廣場19樓1902-04室。本公司股份於香港聯合交易所有限公司(「聯交所」)上市。

年內，本公司及其附屬公司(統稱「本集團」)之主要業務包括：

- 鐘錶及時計產品製造及分銷；
- 物業投資；及
- 銀行業務。

本集團於二零一六年五月完成出售河南金爵實業有限公司(「河南金爵」)46.05%之股本權益。完成出售後，河南金爵不再為本集團之附屬公司。

本集團於二零一六年九月完成收購Bendura Bank AG前稱富帝銀行(列支敦士登)股份有限公司)及其附屬公司(統稱「富地集團」)83.22%之股權。

除上述交易外，本集團經營業務於本年度並無其他重大變動。

本集團之主要營業地點位於香港、瑞士、英國、列支敦士登及中華人民共和國(「中國」)。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2. 採納香港財務報告準則(「香港財務報告準則」)

(a) Adoption of new or revised HKFRSs – effective 1 January 2016

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the “new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity’s share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these consolidated financial statements.

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

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these consolidated financial statements as the Group has not previously used revenue-based depreciation method.

(a) 採納新訂或經修訂香港財務報告準則 – 於二零一六年一月一日生效

於本年度，本集團首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之新訂或經修訂之準則、修訂及詮釋(「新訂或經修訂香港財務報告準則」)，該等準則與本集團於二零一六年一月一日開始之年度期間綜合財務報表相關及有效：

香港財務報告準則(修訂本)	二零一二年至二零一四年週期之年度改進
香港會計準則第1號之修訂	披露計劃
香港會計準則第16號及香港會計準則第38號之修訂	釐清折舊及攤銷可接納之方法
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號之修訂	投資實體：應用綜合入賬之例外情況

香港會計準則第1號之修訂 – 披露計劃

該等修訂旨在鼓勵實體在考慮其財務報表之框架及內容時應用香港會計準則第1號之判斷。

納入釐清之事項為，實體於聯營公司及合營企業之股本權益中呈列之應佔其他全面收入將區分為將會及將不會重新分類至虧損或溢利之項目，並於該兩個組別內共同作為單一項目呈列。

採納修訂對該等綜合財務報表並無任何影響。

香港會計準則第16號及香港會計準則第38號之修訂 – 釐清折舊及攤銷可接納之方法

香港會計準則第16號之修訂禁止對物業、廠房及設備項目使用以收入為基礎之折舊方法。香港會計準則第38號之修訂引入可駁回推定，以收入為基礎之攤銷不適用於無形資產。倘無形資產以收入計量且收入與無形資產經濟利益之耗用高度相關，則此推定可被推翻。該修訂採用未來適用法實行。

由於本集團並無使用以收入為基礎之折舊方法，採納修訂對本集團之該等綜合財務報表並無影響。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2016 (continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these consolidated financial statements as the Company is neither an intermediate parent entity nor an investment entity.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

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

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(a) 採納新訂或經修訂香港財務報告準則 – 於二零一六年一月一日生效 (續)

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號之修訂 – 投資實體：應用綜合入賬之例外情況該等修訂釐清投資實體(包括按公平值入賬為附屬公司而非綜合入賬之投資實體)之附屬公司可獲豁免編製中介母公司實體之綜合財務報表。投資實體母公司僅於附屬公司本身並非投資實體且附屬公司之主要目的為提供與投資實體投資活動相關之服務時將該附屬公司綜合入賬。非投資實體對屬投資實體之聯營公司或合營企業採用權益法處理時，可保留該聯營公司或合營企業就其附屬公司所用之公平值計量。編製財務報表之投資實體(其全部附屬公司按公平值計入損益計量)須按照香港財務報告準則第12號之規定披露投資實體。該修訂採用未來適用法實行。

由於本公司並非中介母公司實體或投資實體，採納修訂對該等綜合財務報表並無影響。

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則

下列可能與本集團綜合財務報表有關之新訂或經修訂香港財務報告準則已頒佈但尚未生效，亦未獲本集團提早採納。

香港會計準則第7號之修訂	披露計劃 ¹
香港會計準則第12號之修訂	就未變現虧損確認遞延稅項資產 ¹
香港財務報告準則第2號之修訂	股份付款交易之分類及計量 ²
香港財務報告準則第9號	金融工具 ²
香港財務報告準則第15號	與客戶訂立合約之收入 ²
香港財務報告準則第15號之修訂	與客戶訂立合約之收入(對香港財務報告準則第15號之澄清) ²
香港財務報告準則第16號	租賃 ³
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間之資產出售或注資 ⁴

¹ 於二零一七年一月一日或之後開始之年度期間生效

² 於二零一八年一月一日或之後開始之年度期間生效

³ 於二零一九年一月一日或之後開始之年度期間生效

⁴ 該等修訂本原訂於二零一六年一月一日或之後開始之期間生效。生效日期現已延遲/刪除。有關修訂繼續獲允許提前應用。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (continued)

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 (2014) – Financial Instruments

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income ("FVTOCI") and those to be measured subsequently at fair value through profit or loss ("FVTPL"). Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVTOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVTPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition. Only embedded derivatives in host contracts that are financial assets are no longer separated from the financial assets. The accounting for embedded derivatives in non-financial host contracts remains unchanged from HKAS 39.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則(續)

香港會計準則第7號之修訂－披露計劃

該等修訂作出額外披露，讓財務報表之使用者能夠評估融資活動所產生之負債變動。

香港會計準則第12號之修訂－就未變現虧損確認遞延稅項資產

該等修訂與確認遞延稅項資產有關並澄清若干必要考量，包括如何將與按公平值計量之債務工具相關之遞延稅項資產入賬。

香港財務報告準則第2號之修訂－股份付款交易之分類及計量

該等修訂就歸屬及非歸屬條件對計量以下各項時之影響所作會計處理作出規定：以現金結算股份付款；就預扣稅責任具有淨額結算特徵之股份付款交易；及交易類別由現金結算變更為權益結算之股份付款條款及條件之修訂。

香港財務報告準則第9號(二零一四年)－金融工具

金融資產須分類為三種計量類別：其後按攤銷成本計量、其後按公平值計入其他全面收入(「按公平值計入其他全面收入」)計量及其後按公平值計入損益(「按公平值計入損益」)計量。債務工具之分類乃由實體管理金融資產之業務模式及合約現金流量是否代表僅為支付本金及利息(「僅為支付本金及利息」)所主導。倘債務工具持作收取且亦符合僅為支付本金及利息規定，則其可按攤銷成本列賬。倘債務工具符合僅為支付本金及利息規定並於由實體持有以收取資產現金流量及出售資產之投資組合中持有，則可被分類為按公平值計入其他全面收入計量。未包括屬僅為支付本金及利息之現金流量之金融工具須以按公平值計入損益計量(如衍生工具)。嵌入衍生工具不再獨立於金融資產，惟將於評估僅為支付本金及利息之條件時計入。僅屬金融資產之主體合約之嵌入衍生工具不再獨立於金融資產。非金融主體合約之嵌入衍生工具之會計處理與香港會計準則第39號一致。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 9 (2014) – Financial Instruments (continued)

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in HKAS 39 for classification and measurement of financial liabilities were carried forward unchanged to HKFRS 9 (2014). The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

HKFRS 9 (2014) introduces a new model for the recognition of impairment losses – the expected credit losses (“ECL”) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements will be amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of HKFRS 9 (2014) or continuing to apply HKAS 39 to all hedges, because the standard currently does not address accounting for macro hedging.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則(續)

香港財務報告準則第9號(二零一四年) – 金融工具(續)

股本工具投資一直按公平值計量。然而，倘該工具並非持作買賣，管理層可作出不可撤回選擇，以將公平值變動列入其他全面收入。倘股本工具持作買賣，則公平值變動列入損益。

香港會計準則第39號有關金融負債分類及確認之大多數規定與香港財務報告準則第9號(二零一四年)貫徹一致。關鍵變動為實體將須於其他全面收入中呈列指定為按公平值計入損益之金融負債之自身信貸風險變動之影響。

香港財務報告準則第9號(二零一四年)引進減值虧損確認新模式 – 預期信貸虧損(「預期信貸虧損」)模式。存在一個「三階段」方法，其乃基於初步確認以來金融資產信貸質素變動。實際上，新規則意味著實體將須記錄相當於初步確認並無信貸減值之金融資產之十二個月預期信貸虧損(或應收賬款之永久預期信貸虧損)之即時虧損。倘信貸風險顯著提高，減值乃使用永久預期信貸虧損而非十二個月預期信貸虧損。該模式包括租賃及應收賬款。

將修訂對沖會計規定以使會計與風險管理更緊密一致。因該準則目前不涉及宏觀對沖會計處理，故其為實體提供一種會計政策選擇，選擇應用香港財務報告準則第9號(二零一四年)之對沖會計規定或繼續就所有對沖應用香港會計準則第39號。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) New or revised HKFRSs that have been issued but are not yet effective (continued)**(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則**(續)**HKFRS 15 – Revenue from Contracts with Customers****香港財務報告準則第15號－與客戶訂立合約之收入**

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and related interpretations.

該新準則確立單一收入確認框架。該框架之核心原則為實體應確認收入，以使用金額描述向客戶轉讓承諾貨品或服務，該金額反映該實體預期有權就貨品及服務交換所收取之代價。香港財務報告準則第15號取代現行收入確認指引，包括香港會計準則第18號「收入」、香港會計準則第11號「建築合約」及相關詮釋。

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

香港財務報告準則第15號要求按五個步驟確認收入：

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

- 第一步：識別與客戶之合約
- 第二步：識別合約中之履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至各履約責任
- 第五步：於各履約責任完成時確認收入

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

香港財務報告準則第15號包含與特定收入相關議題之特定指引，該等指引或會更改香港財務報告準則現時應用之方法。該準則亦顯著提升與收入相關之質化與量化披露。

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)**香港財務報告準則第15號之修訂－與客戶訂立合約之收入(對香港財務報告準則第15號之澄清)**

The amendments to HKFRS 15 include clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

香港財務報告準則第15號之修訂包括澄清對履行責任之識別；應用委託人或代理人；知識產權許可；及過渡規定。

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As disclosed in note 45.2, total operating lease commitments of the Group in respect of buildings and plants and machineries as at 31 December 2016 amounted to HK\$67,543,000. The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group’s financial performance but it is expected that certain portion of these lease commitments will be required to be recognised in the form of an asset (for the right-of-use) and a financial liability (for the payment obligation) in the consolidated statement of financial position.

Amendments to HKFRS 10 and HKAS 28 (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business, the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business, the gain or loss is recognised only to the extent of the unrelated investor’s interests in the joint venture or associate.

The Group is in the progress of making assessments of potential impact of these new or revised HKFRSs upon initial application.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂或經修訂香港財務報告準則(續)

香港財務報告準則第16號 – 租賃

香港財務報告準則第16號由生效當日起將取代香港會計準則第17號「租賃」及相關詮釋，其引入單一承租人會計處理模式，並規定承租人就為期超過12個月之所有租賃確認資產及負債，除非相關資產為低價值資產則作別論。具體而言，根據香港財務報告準則第16號，承租人須確認使用權資產(表示其有權使用相關租賃資產)及租賃負債(表示其有責任支付租賃付款)。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，以於現金流量表內呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人會計處理顯著不同，後者適用於根據舊準則香港會計準則第17號分類為經營租賃之租賃。

就出租人會計處理而言，香港財務報告準則第16號大致繼承香港會計準則第17號之出租人會計處理規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並對兩類租賃進行不同之會計處理。

誠如附註45.2所披露，於二零一六年十二月三十一日，本集團有關樓宇及廠房及機器之經營租賃承擔總額為67,543,000港元。董事並無預期採納香港財務報告準則第16號相較於現時會計政策將會對本集團財務表現構成重大影響，但預期該等租賃承擔之若干部分將須以資產(使用權)及金融負債(支付義務)形式於綜合財務狀況表中確認。

香港財務報告準則第10號及香港會計準則第28號(二零一一年)之修訂 – 投資者與其聯營公司或合營企業之間之資產出售或注資

該等修訂釐清實體向其聯營公司或合營企業出售或注入資產時將予確認之收益或虧損程度。當交易涉及一項業務，則須確認全數收益或虧損。反之，當交易不涉及構成一項業務資產，則僅須就無關投資者於合營企業或聯營公司之權益確認收益或虧損。

本集團正在評估該等新訂準則及新訂詮釋於初步應用期間預期構成之影響。

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA. The consolidated financial statements also included the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3.2 Basis of measurement

The consolidated financial statements have been prepared under historical cost basis except for investment properties and financial instruments including trading portfolio investments, derivative financial instruments and certain available-for-sale financial assets, which are measured at fair value. The adoption of the new or revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparing these consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

The Company's financial statements have been prepared on a going concern basis though the Company was in a net current liability position of HK\$864,954,000 as at 31 December 2016. The directors are of the opinion, after considering the distribution of profits available from its subsidiaries when necessary, that the Company will have sufficient cash resources to satisfy its future working capital and other financial requirements and the Company can be operated as a going concern for the next twelve months.

3.3 Functional and presentation currency

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

3. 編製基準

3.1 合規聲明

綜合財務報表乃根據香港會計師公會頒佈之所有適用香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋(以下統稱「香港財務報告準則」)編製。綜合財務報表亦包括香港公司條例及香港聯合交易所有限公司證券上市規則(「上市規則」)之披露規定。

3.2 計量基準

綜合財務報表乃根據歷史成本法編製，惟投資物業及金融工具除外，包括交易組合投資、衍生金融工具及若干可供出售金融資產，均以公平值計量。採納新訂或經修訂香港財務報告準則及其對本集團綜合財務報表之影響(如有)於附註2披露。

務請注意，在編製該等綜合財務報表時會採用會計估計及假設。儘管管理層就當時之事項及行動之最佳認知及判斷作出此等估計，惟實際結果最終或會與該等估計存有差異。

儘管本公司於二零一六年十二月三十一日錄得流動負債淨額狀況864,954,000港元，本公司之財務報表是按持續經營基準編製。經考慮於有需要時自其附屬公司分派可供分派溢利後，董事認為本公司將擁有充足現金資源應付其日後營運資金及其他財務所需，而本公司可於未來十二個月按持續經營基準經營。

3.3 功能及呈列貨幣

綜合財務報表以本公司功能貨幣港元(「港元」)呈列，除另有指明外，所有金額均已約整至最接近千位數(「千港元」)。

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

As mentioned in note 1, during the year ended 31 December 2016, the Group has acquired 83.22% equity interest in Bendura Group, which principally engaged in banking business. To align with the presentation of the financial information of the banking business, certain reclassifications are made to the comparative figures as presented in the consolidated financial statements of the Group for the year ended 31 December 2015 to conform to current year's presentation. These reclassifications have no effect on the consolidated financial position of the Group as at 31 December 2015 and its consolidated financial performance and consolidated cash flows for the year then ended.

Reconciliations for the re-presented comparative figures for the year ended 31 December 2015 in the consolidated financial statements are set out as below.

4.1 Consolidated statement of financial position as at 31 December 2015

Audited consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團於二零一五年十二月三十一日之經審計綜合財務狀況表	Reclassifications 重新分類			Re-presented consolidated statement of financial position of the Group as at 31 December 2015
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	經重列之本集團於二零一五年十二月三十一日之綜合財務狀況表
Non-current assets	非流動資產				Assets
Property, plant and equipment	物業、廠房及設備	730,799	-	730,799	Property, plant and equipment 物業、廠房及設備
Investment properties	投資物業	111,676	-	111,676	Investment properties 投資物業
Prepaid land lease payments	預付土地租賃款項	45,242	966	46,208	Prepaid land lease payments 預付土地租賃款項
Goodwill	商譽	741,636	-	741,636	Goodwill 商譽
Interests in associates	所佔聯營公司之權益	65,828	-	65,828	Interests in associates 所佔聯營公司權益
Available-for-sale financial assets	可供出售金融資產	317,250	-	317,250	Available-for-sale financial assets 可供出售金融資產
Convertible bond investment	可換股債券投資	8,327	(6,083)	2,244	Derivative financial assets 衍生金融資產
Intangible assets	無形資產	172,270	-	172,270	Intangible assets 無形資產
Prepayments and deposits	預付款項及按金	21,887	(21,887)	-	
Deferred tax assets	遞延稅項資產	7,641	-	7,641	Deferred tax assets 遞延稅項資產
				2,222,556	

4. 呈列綜合財務報表

誠如附註1所述，於截至二零一六年十二月三十一日止年度，本集團已收購主要從事銀行業務之富地集團83.22%權益。為與銀行業務之財務資料呈列一致，本集團對截至二零一五年十二月三十一日止年度之綜合財務報表所列示之可比較數據作出若干重新分類，以符合本年度之呈列。該等分類對本集團於二零一五年十二月三十一日之綜合財務報表及截至該日止年度之綜合財務表現及綜合現金流量並無影響。

截至二零一五年十二月三十一日止年度財務報表可比較數據重新呈列之對賬如下。

4.1 於二零一五年十二月三十一日之綜合財務狀況表

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.1 Consolidated statement of financial position as at 31 December 2015 (continued)

4.1 於二零一五年十二月三十一日之綜合財務狀況表(續)

Audited consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團於二零一五年十二月三十一日之經審計綜合財務狀況表	Reclassifications 重新分類			Re-presented consolidated statement of financial position of the Group as at 31 December 2015 經重列之本集團於二零一五年十二月三十一日之綜合財務狀況表
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Current assets	流動資產				
Inventories	存貨	2,042,892	-	2,042,892	Inventories 存貨
Trade receivables	應收賬款	693,868	-	693,868	Trade receivables 應收賬款
Prepaid land lease payments	預付土地租賃款項	966	(966)	-	
Prepayments, deposits and other receivables	預付款項、按金及其他應收款	522,128	27,970	550,098	Other assets 其他資產
Tax recoverable	可收回稅項	9,248	-	9,248	Income tax recoverable 可收回所得稅
Equity investments held for trading	持作買賣股本投資	367,471	-	367,471	Trading portfolio investments 交易組合投資
Short-term investments	短期投資	143,362	-	143,362	Short-term investments 短期投資
Cash and bank balances	現金及現金結餘	836,065	-	836,065	Cash and deposits 現金及存款
		4,616,000	6,838,556		Total assets 總資產

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.1 Consolidated statement of financial position as at 31 December 2015 (continued)

4.1 於二零一五年十二月三十一日之綜合財務狀況表(續)

Audited consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團於二零一五年十二月三十一日之經審計綜合財務狀況表	Reclassifications 重新分類			Re-presented consolidated statement of financial position of the Group as at 31 December 2015 經重列之本集團於二零一五年十二月三十一日之綜合財務狀況表
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Current liabilities	流動負債				Liabilities 負債
Trade payables	應付賬款	359,533	-	359,533	Trade payables 應付賬款
Other payables and accruals	其他應付款及應計費用	431,407	61,694	493,101	Other liabilities 其他負債
Dividend payables	應付股息	1,482	(1,482)	-	
Tax payables	應付稅項	69,323	-	69,323	Income tax payables 應付所得稅
Borrowings	借貸	766,654	171,878	938,532	Borrowings 借貸
Derivative financial liabilities	衍生金融負債	7,260	-	7,260	Derivative financial liabilities 衍生金融負債
Due to related companies	應付關連公司欠款	181	(181)	-	
		1,635,840			
Net current assets	流動資產淨值	2,980,160			
Total assets less current liabilities	總資產減流動負債	5,202,716			

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.1 Consolidated statement of financial position as at 31 December 2015 (continued)

4.1 於二零一五年十二月三十一日之綜合財務狀況表(續)

Audited consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團於二零一五年十二月三十一日之經審計綜合財務狀況表	Reclassifications 重新分類			Re-presented consolidated statement of financial position of the Group as at 31 December 2015
		HK\$'000	HK\$'000	HK\$'000	經重列之本集團於二零一五年十二月三十一日之綜合財務狀況表
		千港元	千港元	千港元	
Non-current liabilities	非流動負債				
Other payables	其他應付款	60,031	(60,031)	-	
Borrowings	借貸	171,878	(171,878)	-	
Corporate bonds	公司債券	708,834	-	708,834	Corporate bonds 公司債券
Deferred tax liabilities	遞延稅項負債	27,486	-	27,486	Deferred tax liabilities 遞延稅項負債
Total non-current liabilities	非流動負債總額	968,229		2,604,069	Total liabilities 總負債
Net assets	資產淨值	4,234,487			
Equity	權益				Equity 權益
Equity attributable to owners of the Company	本公司擁有人應佔權益				Equity attributable to owners of the Company 本公司擁有人應佔權益
Share capital	股本	440,938	-	440,938	Share capital 股本
Reserves	儲備	3,602,315	-	3,602,315	Reserves 儲備
		4,043,253	-	4,043,253	
Non-controlling interests	非控股權益	191,234	-	191,234	Non-controlling interests 非控股權益
Total equity	權益總額	4,234,487		4,234,487	Total equity 權益總額
				6,838,556	Total liabilities and equity 負債及權益總額

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.2 Consolidated statement of comprehensive income for the year ended 31 December 2015

4.2 截至二零一五年十二月三十一日止年度之綜合全面收入表

Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合全面收入表	Reclassifications 重新分類			Re-presented consolidated statement of comprehensive income of the Group for the year ended 31 December 2015	經重列之本集團截至二零一五年十二月三十一日止年度之綜合全面收入表
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
Revenue	收入	3,476,354	(18,109)	3,458,245	Sales of goods from non-banking business	非銀行業務之貨品銷售收入
		-	18,109	18,109	Rental income from non-banking business	非銀行業務之租金收入
				3,476,354	Total revenue	總收入
Cost of sales	銷售成本	(1,694,496)	-	(1,694,496)	Cost of sales from non-banking business	非銀行業務之銷售成本
Gross profit	毛利	1,781,858				
Other income	其他收入	204,608	52,937	257,545	Other ordinary income and other net gains or losses	其他經常性收入及其他收益或虧損淨額
Selling and distribution expenses	銷售及分銷費用	(883,152)	-	(883,152)	Selling and distribution expenses	銷售及分銷費用
Administrative expenses	行政費用	(616,151)	-	(616,151)	Administrative expenses	行政費用
Gain on fair value changes in equity investments held for trading, net	持作買賣股本投資公平值變動之收益淨額	29,078	(29,078)	-		
Loss on fair value changes in contingent consideration payable	應付或然代價公平值變動之虧損	(969)	969	-		
Loss on fair value changes in the conversion option of the convertible bond investment	可換股債券投資換股權公平值變動之虧損	(1,749)	1,749	-		
Gain on fair value changes in derivative financial instruments	衍生金融工具公平值變動之收益	17,559	(17,559)	-		
Net deficit on revaluation of investment properties	投資物業重估虧絀淨額	(499)	499	-		
Gain on disposal of subsidiaries	出售附屬公司之收益	9,517	(9,517)	-		
Share of profit of associates	應佔聯營公司溢利	9,685	-	9,685	Share of profit of associates	應佔聯營公司溢利
Finance costs	財務費用	(77,075)	-	(77,075)	Finance costs	財務費用

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.2 Consolidated statement of comprehensive income for the year ended 31 December 2015 (continued)

4.2 截至二零一五年十二月三十一日止年度之綜合全面收入表(續)

Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合全面收入表	Reclassifications 重新分類			Re-presented consolidated statement of comprehensive income of the Group for the year ended 31 December 2015
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	經重列之本集團截至二零一五年十二月三十一日止年度之綜合全面收入表
Profit before income tax	除所得稅前溢利	472,710		472,710	Profit before income tax 除所得稅前溢利
Income tax expense	所得稅開支	(132,551)	-	(132,551)	Income tax expense 所得稅開支
Profit for the year	本年度溢利	340,159		340,159	Profit for the year 本年度溢利
Other comprehensive income	其他全面收入				Other comprehensive income 其他全面收入
Item that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目				Item that will not be subsequently reclassified to profit or loss 不會於日後重新分類至溢利或虧損之項目
- Remeasurement of net defined benefit obligations	- 重新計量定額福利責任淨額	9,485	-	9,485	- Remeasurement of net defined benefit obligations - 重新計量定額福利責任淨額
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類至溢利或虧損之項目				Items that may be subsequently reclassified to profit or loss 可能於日後重新分類至溢利或虧損之項目
- Exchange differences on translation of foreign operations	- 換算海外業務之匯兌差額	(142,928)	-	(142,928)	- Exchange differences on translation to presentation currency - 換算呈列貨幣之匯兌差額
- Release of exchange fluctuation reserve to profit or loss upon disposal of subsidiaries	- 於出售附屬公司後解除外匯波動儲備至溢利或虧損	256	-	256	- Release of exchange reserve to profit or loss upon disposal of subsidiaries - 於出售附屬公司後解除外匯儲備至溢利或虧損
- Share of other comprehensive income of associates	- 應佔聯營公司其他全面收入	133	-	133	- Share of exchange differences on translation of associates - 應佔聯營公司匯兌差異
- Changes in fair value of available-for-sale financial assets	- 可供出售金融資產公平值變動	9,051	-	9,051	- Changes in fair value of available-for-sale financial assets - 可供出售金融資產公平值變動
		(133,488)		(133,488)	

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.2 Consolidated statement of comprehensive income for the year ended 31 December 2015 (continued)

4.2 截至二零一五年十二月三十一日止年度之綜合全面收入表(續)

Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合全面收入表	Reclassifications 重新分類			Re-presented consolidated statement of comprehensive income of the Group for the year ended 31 December 2015
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	經重列之本集團截至二零一五年十二月三十一日止年度之綜合全面收入表
Other comprehensive income for the year	本年度其他全面收入	(124,003)		(124,003)	Other comprehensive income for the year 本年度其他全面收入
Total comprehensive income for the year	本年度全面收入總額	216,156		216,156	Total comprehensive income for the year 本年度全面收入總額
Profit for the year attributable to:	以下人士應佔本年度溢利：				Profit for the year attributable to: 以下人士應佔本年度溢利：
– Owners of the Company	– 本公司擁有人	307,675	–	307,675	– Owners of the Company – 本公司擁有人
– Non-controlling interests	– 非控股權益	32,484	–	32,484	– Non-controlling interests – 非控股權益
		340,159		340,159	
Total comprehensive income for the year attributable to:	以下人士應佔本年度全面收入總額：				Total comprehensive income for the year attributable to: 以下人士應佔本年度全面收入總額：
– Owners of the Company	– 本公司擁有人	196,583	–	196,583	– Owners of the Company – 本公司擁有人
– Non-controlling interests	– 非控股權益	19,573	–	19,573	– Non-controlling interests – 非控股權益
		216,156		216,156	

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.3 Consolidated statement of cash flows for the year ended 31 December 2015

4.3 截至二零一五年十二月三十一日止年度之綜合現金流量表

Audited consolidated statement of cash flows of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合現金流量表	Reclassifications 重新分類			Re-presented consolidated statement of cash flows of the Group for the year ended 31 December 2015
		HK\$'000	HK\$'000	HK\$'000	經重列之本集團截至二零一五年十二月三十一日止年度之綜合現金流量表
		千港元	千港元	千港元	
Cash flows from operating activities	經營業務產生之現金流量				Cash flows from operating activities
					經營業務產生之現金流量
Profit before income tax	除所得稅前溢利	472,710		472,710	Profit before income tax
					除所得稅前溢利
Adjustment for:	經調整：				Adjustment for:
					經調整：
Interest income	利息收入	(35,511)	-	(35,511)	Interest income
					利息收入
Finance costs	財務費用	77,075	-	77,075	Finance costs
					財務費用
Dividend income from available-for-sale financial assets	可供出售金融資產之股息收入	(7,597)	(1,637)	(9,234)	Dividend income
					股息收入
Dividend income from equity investments held for trading	持作買賣股本投資之股息收入	(1,637)	1,637	-	
Net deficit on revaluation of investment properties	投資物業重估虧絀淨額	499	-	499	Net deficit on revaluation of investment properties
					重估投資物業之虧絀淨額
Depreciation	折舊	103,144	13,672	116,816	Depreciation and amortisation
					折舊及攤銷
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	1,015	(1,015)	-	
Amortisation of intangible assets	無形資產攤銷	9,096	(9,096)	-	
Amortisation of issuance costs of corporate bonds	公司債券發行成本攤銷	3,561	(3,561)	-	
Share of profit of associates	應佔聯營公司溢利	(9,685)	-	(9,685)	Share of profit of associates
					應佔聯營公司溢利
Loss on fair value changes in contingent consideration payable	應付或然代價公平值變動之虧損	969	(969)	-	
Gain on fair value changes in derivative financial instruments	衍生金融工具公平值變動之收益	(17,559)	17,559	-	
Loss on fair value changes in conversion option component of convertible bond investment	可換股債券投資換股權部分公平值變動之虧損	1,749	(1,749)	-	

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.3 Consolidated statement of cash flows for the year ended 31 December 2015 (continued)

4.3 截至二零一五年十二月三十一日止年度之綜合現金流量表(續)

Audited consolidated statement of cash flows of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合現金流量表	Reclassifications 重新分類			Re-presented consolidated statement of cash flows of the Group for the year ended 31 December 2015 經重列之本集團截至二零一五年十二月三十一日止年度之綜合現金流量表
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Gain on repurchase of corporate bonds	購回公司債券之收益	(6,872)	-	(6,872)	Gain on repurchase of corporate bonds 購回公司債券之收益
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	(155)	(34,280)	(34,435)	Gain on disposal of property, plant and equipment, intangible assets and brand name 出售物業、廠房及設備、無形資產及品牌名稱之收益
Gain on disposal of intangible assets	出售無形資產之收益	(4,280)	4,280	-	
Gain on disposal of brand name	出售品牌名稱之收益	(30,000)	30,000	-	
Reversal of impairment loss on trade receivables	撥回應收賬款減值虧損	(9,864)	9,864	-	
Reversal of write-down of inventories	撥回存貨撇減	(37,696)	37,696	-	
Impairment loss on trade receivables	應收賬款減值虧損	12,688	9,210	21,898	Provision and impairment losses 撥備及減值虧損
Write-down of inventories	存貨撇減	56,770	(56,770)	-	
Gain on disposal of subsidiaries	出售附屬公司之收益	(9,517)	-	(9,517)	Gain on disposal of subsidiaries 出售附屬公司之收益

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.3 Consolidated statement of cash flows for the year ended 31 December 2015 (continued)

4.3 截至二零一五年十二月三十一日止年度之綜合現金流量表(續)

Audited consolidated statement of cash flows of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合現金流量表	Reclassifications 重新分類			Re-presented consolidated statement of cash flows of the Group for the year ended 31 December 2015 經重列之本集團截至二零一五年十二月三十一日止年度之綜合現金流量表
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Operating profit before working capital changes	營運資金變動前之經營溢利	568,903		583,744	Operating profit before working capital changes 營運資金變動前之經營溢利
Increase in inventories	存貨增加	(131,314)	-	(131,314)	Increase in inventories 存貨增加
Decrease in trade receivables	應收賬款減少	57,103	-	57,103	Decrease in trade receivables 應收賬款減少
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款增加	(49,299)	-	(49,299)	Increase in other assets 其他資產增加
		-	3,409	3,409	Decrease in derivative financial assets 衍生金融資產減少
		-	(18,250)	18,250	Decrease in derivative financial liabilities 衍生金融負債減少
Increase in equity investments held for trading	持作買賣股本投資增加	(95,919)	-	(95,919)	Increase in trading portfolio investments 交易組合投資增加
Increase in trade payables	應付賬款增加	18,350	-	18,350	Increase in trade payables 應付賬款增加
Decrease in other payables and accruals	其他應付款及應計費用減少	(51,869)	-	(51,869)	Decrease in other liabilities 其他負債減少
Cash generated from operations	經營業務產生之現金	315,955		315,955	Cash generated from operations 經營業務產生之現金
Interest received	已收利息	35,369	(35,369)	-	
Interest paid	已付利息	(76,966)	76,966	-	
Income tax paid	已付所得稅	(131,718)	-	(131,718)	Income tax paid 已付所得稅
Net cash generated from operating activities	經營業務產生之現金淨額	142,640		184,237	Net cash generated from operating activities 經營業務產生之現金淨額

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.3 Consolidated statement of cash flows for the year ended 31 December 2015 (continued)

4.3 截至二零一五年十二月三十一日止年度之綜合現金流量表(續)

Audited consolidated statement of cash flows of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合現金流量表	Reclassifications 重新分類			Re-presented consolidated statement of cash flows of the Group for the year ended 31 December 2015
		HK\$'000	HK\$'000	HK\$'000	經重列之本集團截至二零一五年十二月三十一日止年度之綜合現金流量表
		千港元	千港元	千港元	
Cash flows from investing activities	投資活動產生之現金流量				Cash flows from investing activities 投資活動產生之現金流量
Dividends received from available-for-sale financial assets	已收可供出售金融資產股息	7,597	1,637	9,234	Dividends received 已收股息
Dividends received from equity investments held for trading	已收持作買賣股本投資股息	1,637	(1,637)	-	
Purchases of property, plant and equipment	購買物業、廠房及設備	(288,093)	(23,244)	(311,337)	Purchase of property, plant and equipment, intangible assets, prepaid land lease payments and convertible bond investment 購買物業、廠房及設備、無形資產、預付土地租賃款項及可換股債券投資
Purchases of intangible assets	購買無形資產	(698)	698	-	
Purchases of prepaid land lease payments	購買預付土地租賃款項	(12,546)	12,546	-	
Net cash inflow from disposal of subsidiaries	收購附屬公司現金流出淨額	90,192	-	90,192	Net cash inflow from disposal of subsidiaries 出售附屬公司現金流入淨額
Consideration payable for acquisition of subsidiaries	收購附屬公司應付代價	11,638	-	11,638	Consideration payable for acquisition of subsidiaries 收購附屬公司應付代價
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	839	10,636	11,475	Proceeds from disposal of property, plant and equipment, intangible assets and brand name 出售物業、廠房及設備、無形資產及品牌名稱所得款項
Proceeds from disposal of intangible assets	出售無形資產所得款項	5,636	(5,636)	-	
Proceeds from disposal of brand name	出售品牌名稱所得款項	5,000	(5,000)	-	
		-	35,369	35,369	Interest received 已收利息
Proceeds receivable from disposal of brand name	出售品牌名稱應收所得款項	(25,000)	-	(25,000)	Proceeds receivable from disposal of brand name 出售品牌名稱應收所得款項
Purchases of convertible bond investment	購買可換股債券投資	(10,000)	10,000	-	
Increase in short-term investments	短期投資增加	(3,155)	-	(3,155)	Increase in short-term investments 短期投資增加

4. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued) 4. 呈列綜合財務報表(續)

4.3 Consolidated statement of cash flows for the year ended 31 December 2015 (continued)

4.3 截至二零一五年十二月三十一日止年度之綜合現金流量表(續)

Audited consolidated statement of cash flows of the Group for the year ended 31 December 2015 as extracted from the Group's 2015 annual report	摘錄自本集團二零一五年年報之本集團截至二零一五年十二月三十一日止年度之經審計綜合現金流量表	Reclassifications 重新分類			Re-presented consolidated statement of cash flows of the Group for the year ended 31 December 2015
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	經重列之本集團截至二零一五年十二月三十一日止年度之綜合現金流量表
Net cash used in investing activities	投資活動動用之現金淨額	(216,953)		(181,584)	Net cash used in investing activities 投資活動動用之現金淨額
Cash flows from financing activities	融資活動產生之現金流量				Cash flows from financing activities 融資活動產生之現金流量
Dividends paid to non-controlling interests	向非控股權益派付股息	(27,749)	–	(27,749)	Dividends paid to non-controlling interests 已付非控股權益之股息
Proceeds from bank and other borrowings	銀行及其他借貸所得款項	612,139	–	612,139	Proceeds from borrowings 已付借貸所得款項利息
		–	(76,966)	(76,966)	Interest paid 已付利息
Repayments of bank and other borrowings	償還銀行及其他借貸	(491,953)	–	(491,953)	Repayment of borrowings 償還借貸
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	146	–	146	Proceeds from shares issued under share option scheme 根據認購股份權計劃發行股份之所得款項
Repurchase of corporate bonds	購回公司債券	(51,262)	–	(51,262)	Repurchase of corporate bonds 購回公司債券
Decrease in amounts due to related companies	應付聯營公司款項減少	(13,284)	–	(13,284)	Decrease in other liabilities 其他負債減少
Net cash generated from financing activities	融資活動產生之現金淨額	28,037		(48,929)	Net cash used in financing activities 融資活動動用之現金淨額
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(46,276)		(46,276)	Net decrease in cash and cash equivalents 現金及現金等價物減少淨額
Cash and cash equivalents at 1 January 2015	於二零一五年一月一日之現金及現金等價物	878,253		878,253	Cash and cash equivalents at 1 January 2015 於二零一五年一月一日之現金及現金等價物
Effect of foreign exchange rate changes	匯率變動影響	4,088		4,088	Effect of foreign exchange rate changes, net 外匯匯率變動影響淨額
Cash and cash equivalents at 31 December 2015	於二零一五年十二月三十一日之現金及現金等價物	836,065		836,065	Cash and cash equivalents at 31 December 2015 於二零一五年十二月三十一日之現金及現金等價物

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interests that represent present ownership interests in that subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

5. 主要會計政策

5.1 業務合併及綜合基準

綜合財務報表包括本公司及其附屬公司之財務報表。集團內公司間交易及結餘連同未變現溢利於編製綜合財務報表時全數對銷。未變現虧損亦可對銷，惟有關交易可證明所轉讓資產出現減值除外，於該情況下，虧損於溢利或虧損確認。

年內所收購或出售附屬公司之業績自收購生效日期起或直至出售生效日期為止(視適用情況而定)計入綜合全面收入表。倘有必要，將對附屬公司之財務報表作出調整，以令其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務採用收購法列賬。一項收購之成本乃按所轉讓資產、所產生負債及本集團(作為收購方)發行之股權於收購當日之公平值總額計量。所收購可識別資產及所承擔負債則主要按收購當日公平值計量。本集團先前所持被收購方之股權以收購當日公平值重新計量，而所產生之收益或虧損則於溢利或虧損內確認。本集團可按逐筆交易基準選擇以被收購方之可識別資產淨值公平值或應佔比例計算代表於該附屬公司現有擁有權權益之非控股權益。除香港財務報告準則規定須使用另一計量基準外，所有其他非控股權益均按公平值計量。所產生之收購相關成本列作開支，惟於發行股本工具時產生之成本除外，在此情況下，成本於權益中扣除。

收購方將予轉讓之任何或然代價均按收購日期之公平值確認。倘其後代價調整僅於計量期間(最長為自收購日期起計12個月)內取得有關收購日期公平值新資料時產生，則於商譽確認。分類為資產或負債之或然代價所有其他其後調整均於溢利或虧損中確認。

收購日期為二零一零年一月一日(即本集團首次應用香港財務報告準則第3號(二零零八年)之日)前之業務合併所產生之或然代價結餘，已根據該準則之過渡規定入賬。有關結餘於首次應用該準則時並未作出調整。其後對有關代價估計之修訂被視為對該等業務合併成本之調整，並確認為商譽之一部分。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.1 Business combination and basis of consolidation (continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests is 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 profit or loss on disposal 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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests is the amount of those interests at initial recognition plus such non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in the non-controlling interests having a deficit balance.

5.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The result of subsidiaries is accounted for by the Company on the basis of dividend received and receivable.

5. 主要會計政策(續)

5.1 業務合併及綜合基準(續)

本集團於附屬公司之權益變動(並無導致失去控制權)列作權益交易入賬。本集團之權益與非控股權益之賬面值均予以調整，以反映其於附屬公司之相對權益變動。非控股權益之調整金額與已支付或收取代價公平值之間之任何差額，均直接於權益中確認，並歸屬於本公司擁有人。

倘本集團失去附屬公司之控制權，出售溢利或虧損乃按下列兩者之差額計算：(i)所收取代價之公平值與任何保留權益之公平值總額，與(ii)該附屬公司之資產(包括商譽)及負債與任何非控股權益過往之賬面值。先前就該附屬公司於其他全面收入確認之款額按出售相關資產或負債時所規定之相同方式列賬。

收購後，代表現有擁有權權益之非控股權益賬面值為該等權益於初步確認時之款額另加有關非控股權益應佔權益其後變動之部分。即使會導致非控股權益出現虧絀結餘，全面收入總額仍歸屬於有關非控股權益。

5.2 附屬公司

附屬公司指本公司可對其行使控制權之被投資方。倘下列三項因素全部存在，則本公司控制被投資方：對被投資方擁有權力、就被投資方可變回報承受風險或享有權利及能夠運用其權力影響該等可變回報。當事實及情況顯示任何該等控制權因素可能發生變動，則會重新評估控制權。

於本公司之財務狀況表中，於附屬公司之投資按成本減任何減值虧損(如有)列賬。本公司按已收或應收股息將附屬公司業績入賬。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 Structured entities

The collective investment instruments of the Group are structured entities as defined under HKFRS 12. If the Group operates such an investment instrument acting as an agent primarily in the interests of investors, this structured entity is not consolidated. Investments in such investment instruments held by the Group are recognised as financial instruments. If the Group acts as principal primarily in its own interests, the investment instrument is consolidated.

5.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets. Accounting policies on impairment of interests in associates are described in note 5.6 below.

5. 主要會計政策(續)

5.3 結構實體

本集團集體投資工具為香港財務報告準則第12號所界定之結構實體。倘本集團主要為投資者之利益充當代理人經營該投資工具，則本結構實體不予綜合入賬。本集團持有於該投資工具之投資確認為金融工具。倘本集團主要為其自身利益作為當事人行事，則投資工具綜合入賬。

5.4 聯營公司

聯營公司為本集團可對其行使重大影響力，且並非附屬公司或共同安排之實體。重大影響力指參與被投資方之財務及經營政策決定，但並非對該等政策實施控制或共同控制之權力。

本集團以權益會計法將聯營公司入賬，初步按成本確認，其後按本集團應佔聯營公司之資產淨值於收購後之變動調整其賬面值。惟數額超出本集團於聯營公司權益之虧損不予確認，除非本集團有責任彌補該等虧損。

本集團與其聯營公司之間進行交易產生之溢利或虧損僅以聯營公司之無關投資者權益確認。投資者因進行該等交易而分佔聯營公司之溢利及虧損與聯營公司賬面值對銷。當未變現虧損有證據顯示已轉讓資產減值，則即時於溢利或虧損確認。

任何就聯營公司支付之溢價高於本集團應佔所收購可識別資產、負債及或然負債公平值之差額會撥充資本，並於聯營公司賬面值入賬。倘有客觀證據表明於聯營公司之投資已減值，則有關投資賬面值按與其他非金融資產相同之方式測試減值。有關於聯營公司權益減值之會計政策載於下文附註5.6。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.5 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired. The consideration transferred is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

5.6 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid land lease payments;
- intangible assets; and
- interests in subsidiaries and associates.

5. 主要會計政策(續)

5.5 商譽

商譽初始按成本確認，即所轉讓代價與就非控制權益確認之款項總額超出所收購可識別資產、負債及或然負債公平值之部分。轉讓代價按本集團於交換日期所給予資產、所招致或所承擔負債及所發行股本工具之合計公平值計量。

倘可識別資產、負債及或然負債之公平值高於所付代價之公平值，則超出部分於重估後在收購日期之溢利或虧損中確認。

商譽按成本扣除累計減值虧損計量。就減值測試而言，收購產生之商譽分配至預期會受惠於收購協同效益之各相關現金產生單位。現金產生單位為資產之最小可識別組別，該組別產生之現金流入在很大程度上獨立於其他資產或資產組別之現金流入。獲分配商譽之現金產生單位會每年及於有跡象顯示該單位可能出現減值時進行減值測試。

就於某個財政年度之收購所產生之商譽而言，獲分配商譽之現金產生單位於該財政年度完結前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值，則會先分配減值虧損以減少該單位獲分配之任何商譽賬面值，其後則按該單位內各項資產賬面值之比例分配至該單位之其他資產。然而，分配至各資產之虧損不會將個人資產賬面值減至低於其公平值減出售成本(如可計量)或其使用價值(如可釐定)，以較高者為準。商譽之任何減值虧損於溢利或虧損內確認，於往後期間不予撥回。

5.6 非金融資產之減值

於各報告期末，本集團審閱下列資產之賬面值以釐定是否有任何跡象顯示該等資產出現減值虧損或過往確認之減值虧損不再出現或可能已有所減少：

- 物業、廠房及設備；
- 預付土地租賃款項；
- 無形資產；及
- 於附屬公司及聯營公司之權益。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6 Impairment of non-financial assets (continued)

If the recoverable amount (i.e. the Higher of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (note 5.5), 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 cash generating unit.

5.7 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

5. 主要會計政策(續)

5.6 非金融資產之減值(續)

倘預計資產之可收回金額(即公平值減出售成本與使用價值之較高者)低於其賬面值，則該資產之賬面值將減至其可收回金額。減值虧損即時於溢利或虧損中確認。

當減值虧損於其後撥回，該資產之賬面值乃增加至其可收回金額修訂後之估計數額，惟增加之賬面值不可超出於過往年度未就該資產確認減值虧損原應釐定之賬面值。減值虧損撥回即時於溢利或虧損中確認。

使用價值乃基於預期從該資產或現金產生單位(附註5.5)產生之估計未來現金流量，採用反映貨幣時間價值及該資產或現金產生單位特定風險之當前市場評估之稅前貼現率而貼現至現值。

5.7 關連人士

- (a) 倘屬以下人士，即該人士或該人士之近親與本集團有關連：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本公司母公司之主要管理層成員。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7 Related parties (continued)

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. 主要會計政策(續)

5.7 關連人士(續)

(b) 倘符合下列任何條件，即實體與本集團有關連：

- (i) 實體與本集團同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
- (ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
- (iii) 兩間實體均為同一第三方之合營企業。
- (iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
- (v) 實體為本集團或與本集團有關連之實體就僱員福利設立之離職福利計劃。
- (vi) 實體受(a)項所識別人士控制或共同控制。
- (vii) 於(a)(i)項所識別人士對實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員。
- (viii) 實體或其所屬集團之任何成員公司向本集團或本集團母公司提供主要管理人員服務。

某一人士之近親指預期可影響該人士與實體進行買賣或於買賣時受該人士影響之有關家屬成員，並包括：

- (i) 該名人士之子女及配偶或家庭夥伴；
- (ii) 該名人士之配偶或家庭夥伴之子女；及
- (iii) 該名人士或該名人士之配偶或家庭夥伴之受養人。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.8 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the buildings could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of plant and equipment, other than construction in progress ("CIP"), are stated at acquisition cost less accumulated depreciation and any identified impairment.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss in the year in which they are incurred.

Depreciation is provided to write off the cost less their estimated residual values over their estimated useful lives, using straight-line method, at the following rates per annum:

Land and buildings	Over the terms of the leases or estimated useful lives, ranging between 20 years and 50 years, whichever is shorter
Leasehold improvements	Over the terms of the leases, or estimated useful life of 5 years, whichever is shorter
Plant and machinery	6% to 20%
Furniture, fixtures and office equipment	6% to 50%
Motor vehicles	9% to 25%

The assets' estimated useful lives, estimated residual values and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

5. 主要會計政策(續)

5.8 物業、廠房及設備

於租賃土地上持作自用之樓宇，倘其公平值可與租約開始時租賃土地之公平值分開計算，則連同其他廠房及設備項目(在建工程(「在建工程」)除外)按收購成本減累計折舊及任何可識別減值後列賬。

資產成本包括其購買價及任何使其投入擬定用途之運作狀況及地點之直接應佔成本。

其後成本僅在項目相關之未來經濟利益可能流入本集團及能夠可靠計量項目成本時，在適當情況下入賬資產賬面值或確認為獨立資產。重置部分之賬面值取消確認。所有其他維修及保養成本，均於產生年度於溢利或虧損確認為開支。

折舊按估計可使用年期以直線法撇銷成本減估計剩餘價值計算，年率如下：

土地及樓宇	租賃年期或估計可使用年期(一般介乎20年至50年之間)，以較短者為準
租賃物業裝修	租賃年期或估計可使用年期5年，以較短者為準
廠房及機器	6%至20%
傢具、裝置及辦公室設備	6%至50%
汽車	9%至25%

資產估計可使用年期、估計剩餘價值及折舊方法於各報告期末檢討及視適當情況調整。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.8 Property, plant and equipment (continued)

CIP, which mainly represents renovation work on buildings and installation of machinery, is stated at cost less any impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. CIP is reclassified to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of CIP until it is completed and ready for its intended use.

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.9 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either change in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

5.8 物業、廠房及設備(續)

在建工程主要指樓宇翻新工程以及機器安裝，按成本減任何減值虧損列賬。成本包括於建造、安裝及測試期間產生之直接成本。當使資產投入擬定用途所必須之絕大部分準備工作完成時，在建工程會重新分類至物業、廠房及設備之適當組別。在建工程於完成及準備作擬定用途前，毋須計提折舊撥備。

廢棄或出售時所產生之收益或虧損按銷售所得款項淨額與資產賬面值之差額釐定，並於溢利或虧損確認。

5.9 投資物業

投資物業指就賺取租金收入及／或資本增值而擁有或以租賃權益持有之土地及／或樓宇。

倘本集團以經營租約持有物業權益以賺取租金收入及／或為了資本增值，有關權益會以每項物業為基準分類及入賬為投資物業。任何分類為投資物業之有關物業權益會按以融資租賃持有者入賬。

於初步確認時，投資物業按成本計量，包括任何直接應佔開支。於初步確認後，投資物業按公平值列賬。公平值由具足夠資歷之外聘專業估值師就投資物業之所在地及性質釐定。於綜合財務狀況表確認之賬面值反映於報告日之當時市況。

投資物業公平值變動或銷售產生之收益或虧損於產生期間計入溢利或虧損。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) The Group as lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss using straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the year in which they are incurred.

Where the Group acquires the use of assets under finance lease, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets is included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance lease. Subsequent accounting for assets under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals charged to profit or loss in the accounting period in which they are incurred.

5. 主要會計政策(續)

5.10 租約

倘本集團釐定有關安排於協定期限內將特定資產使用權出讓以換取一筆或一連串付款，則包含一項交易或連串交易之安排則屬於或包括一項租約。該項釐定乃基於安排內容之評估而作出，而不論該項安排是否採取租約之法律形式。

(i) 本集團作為承租人

擁有權絕大部分風險及回報並無轉移至本集團之租約分類為經營租約。倘若本集團以經營租約持有資產使用權，根據租約作出之付款將於租期內採用直線法自溢利或虧損扣除，惟倘有另一種更能反映租賃資產衍生利益之時間模式之基準除外。所獲租賃減免在溢利或虧損確認為已付淨租金總額一部分。或然租金將於其產生之年度自溢利或虧損扣除。

倘本集團以融資租賃收購資產之使用權，則代表租賃資產公平值款額或(如為較低者)該資產最低租賃付款之現值計入固定資產，而相關負債(扣除融資費用)入賬列作融資租賃承擔。根據融資租賃協議持有之資產後續會計處理與類似購入資產所應用者相一致。相應融資租賃負債會按租賃付款減融資費用扣除。

租賃付款內含之融資費用在租賃期扣自溢利或虧損，使各會計期間之融資費用佔承擔餘額比率大致相同。或然租金將於其產生之會計期間自溢利或虧損扣除。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.10 Leases (continued)

(ii) The Group as lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

Rental income receivable from operating leases is recognised in profit or loss on the straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Prepaid land lease payments

Prepaid land lease payments are up-front payments to acquire the long-term interests in usage of land on which the buildings are situated. These payments are stated at cost less accumulated amortisation and any impairment loss. Amortisation is calculated using straight-line method over the respective lease terms.

5.11 Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with definite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Supplier and distribution networks	10 years
Brand names	10 years
Patents	10 years

Intangible assets with indefinite useful lives shall not be amortised.

5.10 租約(續)

(ii) 本集團作為出租人

經營租約項下之出租資產根據資產之性質計量及呈列。於協商及安排經營租約時所產生之初步直接成本計入租賃資產之賬面值，並於租期內以與租金收入相同之基準確認為開支。

來自經營租約之應收租金收入於租賃期間按直線法於溢利或虧損確認，除非有其他基準更能反映來自使用租賃資產利益之模式。所獲租賃減免在溢利或虧損確認為應收淨租金總額之一部分。或然租金在其賺取之會計期間確認為收入。

(iii) 預付土地租賃款項

預付土地租賃款項為收購樓宇所在土地使用長期權益支付之首筆付款。該等付款按成本減累計攤銷及任何減值虧損列賬。攤銷採用直線法於相關租賃期內計算。

5.11 無形資產

(i) 已收購無形資產

獨立收購之無形資產初步以成本確認。於業務合併中收購之無形資產成本為收購日期之公平值。其後，可使用年期有限之無形資產以成本減累計攤銷及累計減值虧損列賬。

攤銷按直線法於以下可使用年期作出撥備。具無限可使用年期之無形資產按成本減任何累計減值虧損列賬。攤銷費用於溢利或虧損確認。

供應商及分銷網絡	10年
品牌名稱	10年
專利權	10年

具無限可使用年期之無形資產毋須作攤銷。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.11 Intangible assets (continued)

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (note 5.6).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

5.11 無形資產(續)

(ii) 內部產生之無形資產(研發成本)

內部開發產品之支出如能夠證實以下各項，則可撥充資本：

- 開發產品以供出售在技術上可行；
- 具備足夠資源以完成開發；
- 有意完成及銷售該產品；
- 本集團有能力銷售該產品；
- 銷售該產品將帶來未來經濟利益；及
- 有關項目之開支能夠可靠計量。

已撥充資本之開發成本於本集團預期將取得銷售所開發產品之利益期間攤銷。攤銷費用於溢利或虧損中確認。

不符合上述標準之開發支出及內部項目在研究階段之支出於產生時在溢利或虧損中確認。

(iii) 減值

當有跡象顯示資產可能減值時，具有有限可使用年期之無形資產將作減值測試。具無限可使用年期之無形資產及尚未可使用之無形資產會每年進行減值測試，不論是否有跡象顯示該等資產可能減值。無形資產透過比較其賬面值與其可收回金額進行減值測試(附註5.6)。

當資產之估計可收回金額少於賬面值時，該資產之賬面值將調低至其可收回金額。減值虧損會即時確認為開支。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.11 Intangible assets (continued)

(iii) Impairment (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the profit or loss immediately.

5.12 Financial assets

The Group's financial assets are classified as trading portfolio investments, loans and receivables, available-for-sale financial assets, held-to-maturity investments and derivative financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, that is, the date that the Group commits to purchase or sell the asset. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash inflows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

5. 主要會計政策(續)

5.11 無形資產(續)

(iii) 減值(續)

倘其後撥回減值虧損，則資產之賬面值會增至其修訂後之估計可收回金額；然而，賬面值不得增至超過其可收回金額與假設該資產於過往年度並無確認減值虧損而可能產生之賬面值兩者中之較低者。所有撥回即時於損益表確認。

5.12 金融資產

本集團金融資產分類為交易組合投資、貸款及應收款、可供出售金融資產、持至到期投資及衍生金融資產。管理層視乎收購金融資產之目的，於初步確認時釐定其金融資產之分類，並於許可及適當情況下，於各報告期末重新評估其分類。

所有金融資產僅在本集團訂立工具合約條款時確認，日常方式買賣之金融資產於交易日期確認，即本集團承諾買賣資產之日期。金融資產初步確認時按公平值計量，如屬並非按公平值計入溢利或虧損之投資，則加上直接應佔之交易成本計量。

倘自投資收取現金流入之權利屆滿或被轉讓且絕大部分擁有權之風險及回報均已轉讓，則取消確認金融資產。

於各報告期末，金融資產將予進行檢討，以評估有否客觀證據顯示減值。倘出現任何該等證據，則會按該金融資產之分類釐定及確認減值虧損。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.12 Financial assets (continued)

5.12 金融資產(續)

(i) Financial assets at fair value through profit or loss

(i) 按公平值計入溢利或虧損之金融資產

Financial assets at fair value through profit or loss mainly represent trading portfolio investments, which are mainly financial assets held for trading and they may be designated upon initial recognition as at fair value through profit or loss. They are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

按公平值計入溢利或虧損之金融資產主要指交易組合投資，主要為持作買賣及初步確認時可能指定為以公平值計入溢利或虧損之金融資產。倘收購該等金融資產之目的是為了於短期內銷售，或該等金融資產屬共同管理且有證據顯示其近期模式屬短期獲利之已識別金融工具組合之其中一部分，則該等金融資產分類為持作買賣。

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

倘符合以下準則，金融資產則可於初步確認時指定作按公平值計入溢利或虧損：

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- the assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or
- the financial asset contains an embedded derivative that would need to be separately recorded.

- 有關指定能消除或大大減低因按照不同基準計量有關資產或確認其收益或虧損而出現之不一致處理情況；或
- 根據列明之風險管理策略，該等資產為一組受管理而其表現按公平值基準評估之金融資產之其中一部分，有關該組金融資產之資料按該基準提供予內部主要管理人員；或
- 有關金融資產包含需要分開記賬之嵌入式衍生工具。

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's accounting policies in note 5.20.

初步確認後，計入此類別之金融資產按公平值計量，而公平值變動在溢利或虧損確認。公平值乃參考活躍市場交易釐定，倘無活躍市場則運用估值方法釐定。公平值收益或虧損並不包括就此等金融資產賺取之任何股息或利息。股息及利息收入根據附註5.20之本集團會計政策確認。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.12 Financial assets (continued)

5.12 金融資產(續)

(ii) Loans and receivables

(ii) 貸款及應收款

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees and costs that are an integral part of the effective interest rate and transaction cost.

貸款及應收款為具固定或有待釐定付款金額而並無在活躍市場報價之非衍生金融資產。該等資產其後以實際利率法按攤銷成本減任何減值虧損計量。攤銷成本之計算經計及任何收購時產生之折讓或溢價，包括構成實際利率及交易成本之費用及成本。

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

實際利率法是指計算金融資產或金融負債以及於相關期間分配利息收入或利息支出攤銷成本之方法。實際利率是將估計未來現金收入或付款透過金融資產或負債之預期年期或(倘適用)較短期間準確貼現之利率。

(iii) Available-for-sale financial assets

(iii) 可供出售金融資產

These include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets.

當中包括並不合資格歸類為任何其他金融資產類別之非衍生金融資產。

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the investment revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recycled to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

本類別內之所有金融資產其後以公平價值計量。除減值虧損(見下文政策)及貨幣資產外匯收益及虧損外，公平值變動產生之收益或虧損(不包括任何股息及利息收入)於其他全面收入確認，並於權益之投資重估儲備獨立累計，直至有關金融資產取消確認為止，屆時以往於權益確認之累計收益或虧損將重新撥至溢利或虧損。使用實際利率法計算之利息於溢利或虧損確認。出售有關資產時，過往於權益確認之累計收益或虧損轉撥至溢利或虧損。

For available-for-sale investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

就並無在活躍市場報價且公平值不能可靠計量之可供出售股本證券投資以及與無報價股本工具掛鈎及必須透過支付該等工具結清之衍生工具而言，於初步確認後各報告期末，按成本減任何已識別減值虧損計量。

(iv) Derivative financial assets

(iv) 衍生金融資產

Accounting policies for derivative financial assets have been set out in note 5.14 below.

衍生金融資產之會計政策載於下文附註5.14。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.12 Financial assets (continued)

(v) Investment in convertible bonds

The component parts of the convertible instruments are classified separately as debt component and conversion option derivative.

At the date of acquisition of investments in convertible bonds, the initial value of the debt component is the residual value after separating out the initial fair value of conversion option component. In subsequent periods, the debt component of the convertible instruments is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the acquisition of the convertible investments are allocated to debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible instruments using the effective interest method.

(vi) Due from banks and clients

Balances due from banks and clients include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the near term and those that the Group, upon initial recognition, designates as at FVTPL;
- those that the Group, upon initial recognition, designates as available-for-sale; or
- those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts due from banks and clients are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. Therefore, the Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the loan, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges). If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the consolidated statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest and similar income in profit or loss.

5. 主要會計政策(續)

5.12 金融資產(續)

(v) 可換股債券投資

可換股工具之組成部分可獨立分類為債務部分及換股權衍生工具。

於收購可換股債券投資之日，債務部分之初步價值為剔除換股權部分之初步公平值後之剩餘價值。期後，可換股工具之債務部分乃使用實際利率法按攤銷成本列賬。換股權衍生工具乃按公平值計量，而公平值變動於溢利或虧損中確認。

有關收購可換股投資之交易成本乃按相關公平值分配至債務部分及衍生部分。有關衍生部分之交易成本會即時於溢利或虧損中支銷，而有關債務部分之交易成本則計入債務部分之賬面值，並使用實際利率法於可換股工具期內攤銷。

(vi) 應收銀行及客戶款項

應收銀行及客戶結餘包括於活躍市場並無報價之固定或可予釐定付款之非衍生金融資產，但不包括：

- 本集團擬立即或近期出售者及初步確認後，本集團指定為按公平值計入溢利或虧損者；
- 初步確認後，本集團指定為可供出售者；或
- 本集團可能無法收回其絕大部分初步投資者(因信貸情況惡化而無法收回者除外)。

初步計量後，應收銀行及客戶金額其後以實際利息法按攤銷成本減減值撥備計量。攤銷成本之計算經計及任何收購時產生之任何折讓或溢價以及構成實際利率不可或缺部分之費用及成本。因此，本集團按回報率確認利息收入，回報率指對預期貸款行為壽命之穩定回報率之最佳估計，因此確認不同利率於不同階段變動之潛在影響及產品生命週期之其他特徵(預付款項、罰金利息及費用)。倘修改預期，則利息收入增加或減少之調整於綜合財務狀況表之賬面值按正調整或負調整入賬。調整於其後透過利息及類似收入在損益表中攤銷。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.12 Financial assets (continued)

5.12 金融資產(續)

(vii) Securities borrowing and lending transactions**(vii) 證券借入及借出交易**

Securities borrowing and lending transactions are backed by collateral. In such transactions, the Group lends or borrows securities against securities or cash deposits as collateral. The Group also borrows securities from the securities portfolios of individual clients. Shares and debt instruments are used for securities borrowing and lending operations. Securities received or delivered within the scope of securities borrowing or lending transactions are recognised or derecognised in the consolidated statement of financial position only if control over the contractual rights connected with the securities is transferred.

證券借入及借出交易由抵押品作擔保。於該等交易中，本集團借出或借入證券，以證券或保證金作抵押品。本集團亦從個別客戶之證券組合中借入證券。股份及債務工具用於證券借入及借出業務。僅於已轉移證券相關合約權利之控制權時，證券借入或借出交易範圍內已收取或交付之證券方會於綜合財務狀況表確認或終止確認。

In securities lending operations, the cash deposit received is recognised under “cash and deposits” in the consolidated statement of financial position and a corresponding liability is recognised under “cash deposits for loaned securities”.

於證券借出業務中，已收保證金於綜合財務狀況表之「現金及存款」項下確認，而相應負債則於「借出證券之保證金」項下確認。

In securities borrowing transactions, the cash deposit made is eliminated from the consolidated statement of financial position and a corresponding receivable is recognised.

於證券借入交易中，已抵押之保證金從綜合財務狀況表撇銷，而相應收款則獲確認。

(viii) Financial assets held/sold under resale/repurchase agreements**(viii) 返售／購回協議項下所持有／所出售之金融資產**

Financial assets held under resale agreements are transactions that the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions that the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

返售協議項下所持有之金融資產為本集團根據轉售協議先買入再於未來日期按事先釐定之價格返售之金融資產交易。購回協議項下所出售之金融資產為本集團根據購回協議先賣出再於未來日期按事先釐定之價格購回之金融資產交易。

The cash advanced or received is recognised as amounts held under the resale and repurchase agreements in the consolidated statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the consolidated statement of financial position.

提前墊付或所收之現金於綜合財務狀況表按返售及購回協議項下所持有之金額確認。返售協議項下所持有之資產於表外作備查入賬。購回協議項下所出售之資產將持續於綜合財務狀況表內確認。

The difference between the sale and repurchase consideration, and that between the purchase and resale consideration, are amortised over the period of the respective transaction using the effective interest method and are included in interest income and interest expense respectively.

出售代價與購回代價之間之差額，及購買代價與返售代價之間之差額於各自交易期間以實際利率法攤銷並分別入賬為利息收入及利息開支。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.12 Financial assets (continued)

(ix) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Group has the positive intention and ability to hold to maturity, other than (a) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; and (b) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment losses.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it shall be reclassified as available-for-sale and remeasured at fair value.

(x) Impairment of financial assets

At the end of each reporting period, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

5.12 金融資產(續)

(ix) 持有至到期投資

持有至到期投資為具有固定或可釐定付款及固定到期日、且本集團具有持有至到期之明確計劃及能力之非衍生金融資產，但不包括(a)初步確認後，本集團指定為按公平值計入溢利或虧損者或可供出售者；及(b)符合貸款及應收款項定義者。

持有至到期投資以實際利率法按攤銷成本減任何減值虧損列賬。

倘由於計劃或能力變動，投資分類為持有至到期不再適當，則須重新分類為可供出售並重新計量公平值。

(x) 金融資產減值

於各報告期間結算日，檢討按公平值計入溢利或虧損以外之金融資產，以釐定是否出現任何減值客觀證據。倘存在任何該等證據，則減值虧損按金融資產分類釐定及確認。個別金融資產之客觀減值證據包括引致本集團對下列一項或多項虧損事件關注之可觀察數據：

- 債務人陷入重大財務困難；
- 違反合約，例如拖欠或延遲償還利息或本金；
- 因債務人財政困難而授予寬免；及
- 債務人可能破產或進行其他財務重整。

有關某一組金融資產之虧損事件包括顯示該組金融資產之估計未來現金流量出現可計量跌幅之可觀察數據。該等可觀察數據包括但不限於組別內債務人之付款狀況，以及與組別內資產拖欠情況有關之國家或當地經濟狀況出現逆轉。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.12 Financial assets (continued)

5.12 金融資產(續)

(x) Impairment of financial assets (continued)

(x) 金融資產減值(續)

(i) Due from banks and clients

(i) 應收銀行及客戶款項

If any such evidence exists, the impairment loss is measured and recognised as follows:

倘存在任何該等證據，則減值虧損按以下方式計量及確認：

At each reporting date, a credit assessment is made to see if there are objective indications that the contractually owed amount may not be recovered in full. If there are such indications, specific value adjustments for credit risks are made on these impaired loans. Specific value adjustments for credit risks are recognised in the consolidated statement of financial position as write-downs of the carrying amount of the loan in question. The value adjustment is measured on the basis of the difference between the carrying amount of the receivable and the prospective recoverable amount, discounted at the effective interest rate determined in the initial recognition in consideration of the net proceeds from the realisation of any collateral. Loans with variable interest rates are discounted at the effective interest rate. If there are changes with regard to the amount and the timing of expected future cash flows compared to previous estimates, the value adjustment for credit risks is adjusted and recognised in profit or loss.

於各報告日期，將進行信貸評估，以觀察是否有客觀跡象顯示未必能悉數收回合約欠款。倘存在有關跡象，則就該等已減值貸款進行信貸風險特定價值調整。信貸風險特定價值調整於綜合財務狀況表確認為有關貸款賬面值撇減。價值調整按應收款賬面值與有可能收回金額間之差額計量，按計及變現任何抵押品所得款項淨額後初步確認時釐定之實際利率貼現。浮息貸款按實際利率貼現。倘預期未來現金流量之金額及時間與先前估計相比有所變動，則調整信貸風險價值調整，並於溢利或虧損確認。

Non-performing loans are receivables for which the contractually agreed capital and/or payments are overdue by more than 90 days and where there are no clear indications that they may be recovered by later payments or the sale of collateral. Interest more than 90 days overdue is subject to value adjustment, and is only recorded in profit or loss when it is paid. Loans are fixed without interest when their collectability is so doubtful that an accrual can no longer be considered reasonable. Non-performing loans that are classified as completely or partially unrecoverable are eliminated and charged to a specific value adjustment if one exists.

不良貸款為合約協定資本及／或款項逾期超過90日且無明確跡象顯示可透過其後付款或出售抵押品收回之應收款。逾期超過90日之利息須進行價值調整，並於支付後方會在損益表入賬。當貸款之可收回性存疑以致應計費用不再被視為合理時，貸款定為免息。出現分類為完全或部分不可收回之不良貸款時，則進行撇銷，並自特定價值調整扣除。

Impaired loans are reclassified at full value if the outstanding capital and interest is once again paid on time according to contractual agreements and if further credit risk requirements are fulfilled. The recovery of loans that had previously been written off is recorded in profit or loss. The existing procedures for the determination and calculation of specific value adjustments results in a comprehensive assessment of loans; accordingly, portfolio value adjustments are generally unnecessary. Realised income from loans that are sold before their maturity or repaid early are recorded in profit or loss.

倘未償還資本及利息根據合約協議再次準時支付且符合其他信貸風險規定，則已減值貸款按總值重新分類。收回先前已撇銷貸款於損益表入賬。釐定及計算特定價值調整之現有程序會導致進行全面貸款評估；因此，一般不需要進行組合價值調整。到期前已出售或提早償還貸款之已變現收入於損益表入賬。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.12 Financial assets (continued)

5.12 金融資產(續)

(x) Impairment of financial assets (continued)**(x) 金融資產減值**(續)**(ii) Financial assets carried at amortised cost, other than due from banks and clients****(ii) 按攤銷成本列賬之金融資產(應收銀行及客戶款項除外)**

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the year in which the impairment occurs.

倘有客觀證據顯示本集團將無法根據應收款之原訂條款收回所有應收款額時，則就貸款及應收款作出減值撥備。減值虧損金額按資產賬面值與按金融資產原來之實際利率(即於初步確認時計算所得實際利率)貼現之估計未來現金流量之現值兩者間之差額計算。虧損金額於減值出現之年度於溢利或虧損確認。

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the year in which the reversal occurs.

倘於往後期間，減值虧損金額減少，而減幅與確認減值後發生之某一事項有客觀關連，則過往確認之減值虧損可予撥回，惟不得導致該項金融資產於撥回減值日期之賬面值超過如無確認減值之原本攤銷成本。撥回金額於作出撥回年度於溢利或虧損確認。

(iii) Available-for-sale financial assets**(iii) 可供出售金融資產**

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

倘可供出售金融資產之公平值減幅已在權益直接確認，且已存在客觀證據證明資產已出現減值，則從權益中扣除某一金額並於溢利或虧損確認減值虧損。該金額根據資產之收購成本(扣除任何本金還款及攤銷後)與現時公平值之差額，減該項資產過往已在溢利或虧損確認之減值虧損計量。

Reversals of impairment for investment in equity instruments classified as available-for-sale financial assets are not recognised in profit or loss. The subsequent increase in fair value is recognised in other comprehensive income.

有關分類為可供出售金融資產之股本工具投資之減值撥回不會在溢利或虧損確認。其後之公平值增加於其他全面收入確認。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.13 Financial liabilities

The Group's financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Management determines the classification of its financial liabilities at initial recognition depending on the purpose for which the financial liabilities were incurred.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

A financial liability is de-recognised when the obligations specified in the relevant contract are discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Borrowings, corporate bonds and subordinated debt

Borrowings, corporate bonds and subordinated debt are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings, corporate bonds and subordinated debt is recognised over the terms of the borrowings, corporate bonds and subordinated debt. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs as set out in note 5.23.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(ii) Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost less settlement payments, using the effective interest method.

5.13 金融負債

本集團金融負債分類為按公平值計入溢利或虧損之金融負債及按攤銷成本入賬之金融負債。管理層視乎產生金融負債之目的，於初步確認時將其金融負債分類。

金融負債在本集團訂立工具合約條文時確認。按公平值計入溢利或虧損之金融負債初步按公平值計量，而按攤銷成本入賬之金融負債則初步按公平值扣除直接產生之應佔成本計量。

倘有關合約訂明之責任已履行、註銷或屆滿，則取消確認金融負債。

倘一項現有金融負債被相同貸款人按條款基本迥異之另一項債項取代，或現有負債條款被重大修改，該取代或修改會被視作取消確認原有負債及確認一項新負債處理，且各賬面值間之差額會於溢利或虧損確認。

(i) 借貸、公司債券及次級債務

借貸、公司債券及次級債務以實際利率法其後按攤銷成本列賬。倘扣除交易成本後所得款項與償還或贖回借貸、公司債券及次級債務之間出現任何差額，則於借貸、公司債券及次級債務年期內確認。所有與利息相關之開支按載於附註5.23有關本集團借貸成本之會計政策確認。

除非本集團有權無條件將債務結付日期遞延至報告日後至少十二個月，否則借貸將分類至流動負債項下。

(ii) 其他金融負債

於初步確認後，其他金融負債按攤銷成本減結算款項以實際利率法計量。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.13 Financial liabilities (continued)

(iii) Derivative financial liabilities

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Accounting policies for derivative financial liabilities have been set out in note 5.14 below.

5.14 Derivative financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date when the derivative contract is entered into. At the end of each reporting period, the fair value is re-measured. Gain or loss arising from changes in fair value is charged immediately to profit or loss for the year, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

5.15 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined using weighted average basis, and in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expense and the estimated costs necessary to make the sale.

5.16 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, demand deposits with banks, short-term highly liquid investments with original maturities of three months or less and bank overdraft that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in values.

5.17 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deferred and recognised in profit or loss over the useful life of the asset.

5. 主要會計政策(續)

5.13 金融負債(續)

(iii) 衍生金融負債

衍生工具(包括分開之嵌入式衍生工具)亦分類為持作買賣,除非有關衍生工具已指定為有效之對沖工具。衍生金融負債之會計政策已載列於下文附註5.14。

5.14 衍生金融工具

衍生金融工具以個別合約或與混合金融工具分開於訂立衍生工具合約日期初步按公平值確認。公平值會於各報告期間結算日重新計量。公平值變動產生之收益或虧損即時入賬該年度之溢利或虧損,惟符合現金流量對沖會計處理或對沖海外業務投資淨額之衍生工具除外,在此情況下,確認任何因此產生之收益或虧損須視乎所對沖項目之性質而定。

5.15 存貨

存貨初步按成本確認,其後按成本及可變現淨值兩者之較低者列賬。成本按加權平均基準釐定,在製品及製成品之成本包括直接材料、直接勞工及按適當比例計算之生產成本。可變現淨值乃按照日常業務過程中之估計售價減任何適當銷售開支及完成銷售之估計成本計算。

5.16 現金及現金等價物

現金及現金等價物包括之現金及銀行結存、活期銀行存款、原到期日為三個月或以下之短期高度流通投資及銀行透支,均可隨時轉換為已知數額現金且價值變動風險不大。

5.17 政府補貼

政府補貼於合理確定將可收取及本集團將遵照所附有關條件時予以確認。就所產生開支向本集團補償之撥款,於開支產生之同期有系統地於溢利或虧損中確認為收入。用於抵銷本集團資產成本之補貼則予以遞延並按資產之可使用年期於損益中確認。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.18 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

5.19 Income tax

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

5. 主要會計政策(續)

5.18 撥備及或然負債

當本集團現時因過往事件而須承擔法定或推定責任，而結算債務可能要求流出經濟利益，於能可靠地作出估計時，撥備予以確認。倘貨幣時間價值之影響屬重大，則有關撥備將按預計結算該責任所需費用之現值列賬。

所有撥備均於各報告日進行檢討，並作出調整以反映當前最佳估計。

當流出經濟利益之可能性不大，或未能可靠估計數額，則有關責任會披露為或然負債，除非流出經濟利益之可能性甚微。純粹視乎日後有否出現一項或多項並非完全在本集團控制內之不確定事件而可能產生之責任，亦會披露為或然負債，除非流出經濟利益之可能性甚微。

或然負債於分配收購價至業務合併所購入資產及負債之過程中確認，初步按收購日期公平值計量，其後按上文所述原應於可資比較撥備確認之款額與初步確認款額減任何累計攤銷(如適用)之較高者計量。

5.19 所得稅

所得稅包括即期稅項及遞延稅項。

即期稅項乃根據日常業務之溢利或虧損，就所得稅而言毋須課稅或不可扣稅之項目作出調整，並按報告期末已制定或大致上制定之稅率計算。

遞延稅項乃就財務報告而言資產與負債之賬面值與就稅務而言之相關數額之暫時差額而確認。除商譽及不影響會計或應課稅溢利之已確認資產與負債外，就所有應課稅暫時差額確認遞延稅項負債。於有可能出現可運用可扣稅之暫時差額抵銷之應課稅溢利時，遞延稅項資產方會確認。遞延稅項乃按預期適用於有關資產變現或有關負債結算之方式及於報告期末已制定或大致上制定之稅率計量。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.19 Income tax (continued)

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5. 主要會計政策(續)

5.19 所得稅(續)

倘投資物業根據香港會計準則第40號「投資物業」按公平值列賬，則可豁免遵守釐定用於計量遞延稅項金額之適用稅率之一般規定。除非推定被駁回，否則該等投資物業之遞延稅項金額按於報告日賬面值出售該等投資物業所適用之稅率計量。倘投資物業可予折舊，且持有該物業之業務模式目標為隨時間消耗該物業絕大部分經濟利益(而非透過銷售)，則此假設可予駁回。

除非本集團可以控制暫時差額之撥回，且該撥回在可預見未來不大可能發生；於附屬公司及聯營公司之投資所產生有關應課稅暫時差額確認為遞延稅項負債。

所得稅於溢利或虧損確認，惟倘所得稅與其他全面收入確認之項目有關則除外，在此情況下，所得稅亦於其他全面收入確認，或倘所得稅與直接於權益確認之項目有關，則所得稅亦直接於權益確認。

即期稅項資產及即期稅項負債僅於以下情況按淨額呈列：

- (a) 本集團具有可合法執行權利抵銷已確認款額；及
- (b) 計劃以淨額基準結清或同時變現資產及結清負債。

本集團僅於以下情況按淨額呈列遞延稅項資產及遞延稅項負債：

- (a) 本集團具有可合法執行權利以即期稅項資產抵銷即期稅項負債；及
- (b) 遞延稅項資產及遞延稅項負債與相同稅務機關於以下情況徵收之所得稅有關：
 - (i) 相同應課稅實體；或
 - (ii) 於預期遞延稅項負債或資產重大款額結清或收回之日後每個期間，不同應課稅實體擬按淨額基準結清即期稅項負債及資產或同時變現資產及結清負債。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Interest income

Interest income arising from the use of entity assets by others is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, call and similar options) but does not consider future credit losses. The calculation includes all fees and interests paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows ("unwinding of discount") for the purpose of measuring the related impairment loss.

(ii) Fees and commission income

Fees and commission income is recognised when the corresponding service is provided.

Origination or commitment fees received/paid by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised.

5.20 收入確認

收入按已收或應收代價之公平值計量。倘經濟利益可能流入本集團以及收入及成本(如適用)能夠可靠計量時,按以下基準確認收入:

(i) 利息收入

其他人士使用實體資產所產生之利息收入按時間及實際利率於溢利或虧損中確認。利息收入包括任何折扣或溢價之攤銷或計息工具原賬面值與其按實際利率基準計算之到期金額間之其他差額之攤銷。

實際利率法為計算金融資產及負債之攤銷成本及於相關期間分配利息收入及利息開支之方法。實際利率為於金融工具預期年期或(倘適用)較短期間將估計未來現金付款或收入準確貼現至金融工具之賬面淨額之比率。計算實際利率時,本集團計及所有金融工具之合約條款(如認購期權及類似期權)估計現金流量,惟並無考慮未來信貸虧損。計算項目包括構成實際利率組成部分之訂約方之間所有已付或已收費用及利息、交易成本及所有其他溢價或折扣。

已減值金融資產之利息按就計量相關減值損失而對未來現金流量進行貼現(「折算貼現」)之利率確認。

(ii) 費用及佣金收入

費用及佣金收入於提供相關服務時確認。

本集團因設立或收購金融資產已收/已付之融資或承諾費用予以遞延並確認為實際利率之調整。預期貸款承諾不會導致提取貸款時,確認貸款承諾費用。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.20 Revenue recognition (continued)

(iii) Sales of goods

Sales of goods are recognised upon transfer of significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods. Revenue excludes any value-added tax, rebates and discounts.

(iv) Rental income

Rental income under operating leases is recognised on straight-line method over the term of the relevant lease.

(v) Dividend income

Dividend is recognised when the right to receive the dividend is established.

5.21 Retirement benefits

Retirement benefits to employees are provided through defined contribution plans and defined benefit pension plans.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

The Group operates a defined contribution staff retirement scheme (the "ORSO Scheme") for certain employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the ORSO Scheme. When an employee leaves the ORSO Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group can be reduced by the relevant amount of forfeited contributions.

5. 主要會計政策(續)

5.20 收入確認(續)

(iii) 貨物銷售

貨物銷售於擁有權大部分風險及回報轉嫁予客戶時確認，一般於貨物交付及客戶接納貨物時確認。收入不包括任何增值稅、回扣及折扣。

(iv) 租金收入

經營租賃之租金收入於有關租賃期間按直線法確認。

(v) 股息收入

股息於確立收取股息權利時確認。

5.21 退休福利

僱員退休福利透過定額供款計劃及定額退休福利計劃撥備。

(i) 定額供款計劃

定額供款計劃是一項退休金計劃，本集團根據該計劃向一個獨立實體支付定額供款。於支付定額供款後，本集團並無法定或推定責任支付進一步供款。

就定額供款計劃確認之供款於其到期時列作開支。倘產生繳付不足或預繳即可能就此確認該負債及資產，並因其通常屬短期性質而計入流動負債或流動資產。

本集團為其若干僱員設有定額供款僱員退休計劃(「職業退休計劃」)。該計劃之資產與本集團資產分開，由獨立管理基金持有。供款按合資格僱員基本薪金一定百分比作出，於根據職業退休計劃規則應付時，在溢利或虧損扣除。倘若僱員在本集團之僱主供款完全歸其所有前退出職業退休計劃，本集團可將有關金額之沒收供款用以減低日後應付供款。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.21 Retirement benefits (continued)

5.21 退休福利(續)

(i) Defined contribution plans (continued)

(i) 定額供款計劃(續)

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme not previously covered by the ORSO Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

本集團亦為合資格參與強制性公積金退休福利計劃(「強積金計劃」)而之前無參與職業退休計劃之香港僱員根據強制性公積金計劃條例設有定額供款強積金計劃。供款按僱員基本薪金一定百分比作出，於根據強積金計劃規則應付時在溢利或虧損扣除。強積金計劃資產與本集團資產分開，由獨立管理基金持有。本集團之僱主供款於向強積金計劃作出時全數歸僱員所有。

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government (the "Scheme"). These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The Scheme is responsible for the entire pension obligations payable to the retired employees and the Group has no further obligations for the actual pension payments or other post-retirement benefits beyond the employer contributions. Contributions under the Scheme are charged to profit or loss as they become payable in accordance with the rules of the PRC.

本集團於中國經營業務之附屬公司之僱員須參與有關地方政府管理之中央退休金計劃(「該計劃」)。該等附屬公司規定須按工資成本若干百分比向中央退休金計劃供款。該計劃負責向已退休僱員支付全部退休金之責任，除僱主供款外，本集團就實際退休款項或其他退休後福利並無進一步責任。該計劃供款於根據中國規則應付時在溢利或虧損內扣除。

(ii) Defined benefit pension plans

(ii) 定額退休福利計劃

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

定額退休福利計劃界定僱員於退休時將領取之退休金福利數額，數額通常視乎年齡、服務年資及薪酬等一項或多項因素而定。

The liability recognised in the consolidated statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

於綜合財務狀況表內就定額退休金計劃確認之負債，為於報告期間結算日之定額福利責任現值減計劃資產之公平值。定額福利責任每年由獨立精算師使用預計單位貸記法計算。定額福利責任現值按以支付福利之同一貨幣計值，且到期日與相關退休福利責任相若之優質公司債券利率貼現估計未來現金流出而釐定。在有關債券並無成熟市場之國家，則使用政府債券之市場利率。

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

因過往調整及精算假設變動所產生之精算收益及虧損乃於產生期間在權益之其他全面收入扣除或計入。

Past service costs are recognised immediately in profit or loss.

過往服務成本即時於溢利或虧損確認。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.21 Retirement benefits (continued)

(iii) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related services.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

5.22 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

Upon exercise of share options, the amount previously recognised in share option reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

5.23 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. 主要會計政策(續)

5.21 退休福利(續)

(iii) 短期僱員福利

短期僱員福利是指預計在僱員提供相關服務之年度報告期間結算日後十二個月前將全數結付之僱員福利(離職福利除外)。短期僱員福利於僱員提供相關服務之年度內確認。

病假及產假等非累積有薪假期於提取假期時方予確認。

5.22 僱員股份補償

本集團為其僱員設立股本結算以股份為基礎之補償計劃。

就所有僱員提供服務而授出之任何股份補償按其公平值計算。該等補償乃參考獲授出認購股份權間接釐定。其價值於授出日評估，並不包括任何非市場歸屬條件之影響。

於認購股份權獲行使後，過往於認購股份權儲備確認之款額及所收取之所得款項扣除任何直接應佔交易成本(但不超過已發行股份之面值)將獲重新分配至股本，任何差額將記錄為股份溢價。倘認購股份權於到期日失效、被沒收或仍未行使，過往於認購股份權儲備確認之款額將轉撥至保留溢利。

5.23 借貸成本

收購、建設或生產需要長時間籌備作擬定用途或銷售之合資格資產之直接應佔借貸成本，予以資本化作為該等資產成本之一部分。將有待用於該等資產之特定借貸作短期投資所賺取之收入會於已資本化之借貸成本扣除。倘將合資格資產預備作擬定用途或銷售之絕大部分活動完成時，資本化借貸成本將停止。所有其他借貸成本於產生期間於損益確認。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.24 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. 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 translation 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 except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

5. 主要會計政策(續)

5.24 外幣

集團實體以彼等營運所在主要經濟環境之貨幣(「功能貨幣」)以外貨幣訂立之交易乃按於交易日期之匯率記錄。外幣貨幣資產及負債乃按報告期間結算日之匯率換算。以外幣計值按公平值列賬之非貨幣項目乃按釐定公平值日期之當前匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

結算貨幣項目及換算貨幣項目所產生之匯兌差額於產生期間內於溢利或虧損中確認。重新換算按公平值列賬之非貨幣項目所產生之匯兌差額計入期內溢利或虧損，惟重新換算有關收益及虧損於其他全面收入確認之非貨幣項目所產生之匯兌差額除外，在此情況下，匯兌差額亦於其他全面收入確認。

綜合賬目時，海外業務之收支項目以年內平均匯率換算為本集團之呈列貨幣(即港元)，除非期內匯率大幅波動，在此情況下，則按進行該等交易時之相若匯率換算。所有海外業務之資產及負債均以報告期間結算日之匯率換算。所產生匯兌差額(如有)於其他全面收入確認，並於權益內累計入賬為匯兌儲備(非控股權益應佔外匯儲備(如適用))。於換算構成本集團於所涉海外業務部分投資淨額之長期貨幣項目時，在集團實體獨立財務報表之損益內確認之匯兌差額則重新分類至其他全面收入，並於權益內累計入賬為外匯儲備。

出售海外業務時，與截至出售當日該業務有關之匯兌儲備確認之累計匯兌差額，重新分類至損益作為出售收益或虧損一部分。

於二零零五年一月一日或之後收購海外業務產生之所收購無形資產之商譽及公平值調整已當作該海外業務之資產及負債，並於報告期間結算日按當前匯率進行換算。所產生之匯兌差額於匯兌儲備確認。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5.25 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of share over the par value. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefit) to the extent that they are incremental costs directly attributable to the equity transaction.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

5.26 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder (or the beneficiary of the guarantee) for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within other liabilities. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantee issued. In addition, provisions are recognised in accordance with note 5.18 if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e. the amount initially recognised less accumulated amortisation, where appropriate.

5. 主要會計政策(續)

5.25 股本及股份溢價

普通股分類為權益。股本採用已發行股份之面值釐定。

股份溢價包括發行股本所收任何溢價減面值。任何有關發行股份之交易成本於股份溢價(扣除任何相關所得稅溢利)內扣減，惟以該權益交易直接應佔遞增成本為限。

倘任何集團公司購買本公司之權益股本，包括任何直接應佔遞增成本(扣除稅項)之已付代價於本公司擁有人應佔權益內扣除，直至股份獲註銷或重新發行為止。倘此等普通股其後重新發行，則任何已收代價(減去任何直接應佔遞增交易成本及相關所得稅影響)計入本公司擁有人應佔權益中。

5.26 所發出財務擔保

財務擔保合約乃規定發行人(或擔保人)在當某債務人未能按照某債務工具之條款在到期時付款而出現虧損時向持有人(或擔保受益人)作出具體償付之合約。

當本集團發出財務擔保時，擔保公平值首次於其他負債認為遞延收入。如就發出擔保收取或應收代價，則該代價將根據適用於該項資產類別之本集團政策確認列賬。倘並無收取或應收代價，則即時支出會於首次確認任何遞延收入時於損益確認入賬。

首次確認為遞延收入之擔保金額會於擔保期內在溢利或虧損攤銷，列作已發出財務擔保之收入。此外，當擔保持有人有可能要求本集團履行擔保責任，而其向本集團索取之金額預期將超過當時賬面值(即首次確認之金額減累計攤銷，如適用)，則會根據附註5.18確認撥備。

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 主要會計政策(續)

5.27 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major lines of business.

The Group has identified the following reportable segments: (a) manufacture and distribution of watches and timepieces; (b) property investments; and (c) banking business.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- share of profit or loss of associates accounted for using equity method;
- finance costs;
- income tax expense; and
- corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but interests in associates, certain available-for-sale financial assets, certain trading portfolio investments and short-term investments. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include corporate bonds, borrowings, derivative financial liabilities and due to related parties.

No asymmetrical allocations have been applied to reportable segments.

5.27 分類報告

本集團根據定期向執行董事呈報之內部財務資料(乃供彼等決定分配資源至本集團各業務環節及檢討該等業務環節之表現)確定其經營分類及編製分類資料。向執行董事所報告內部財務資料中之業務環節按本集團主要業務類別決定。

本集團已確定以下報告分類：(a)鐘錶及時計產品製造及分銷；(b)物業投資；及(c)銀行業務。

由於各產品及服務類別所需資源以及市場方針不同，各經營分類獨立管理。所有分類間轉讓(如有)乃按公平價格計算。

本集團根據香港財務報告準則第8號就報告分類業績所用計量政策與根據香港財務報告準則編製財務報表所用者相同，惟以下項目：

- 以權益法列賬之應佔聯營公司溢利或虧損；
- 財務費用；
- 所得稅開支；及
- 並非直接計入任何經營分類業務活動之公司收入及開支

在計算經營分類經營業績時，並無包括在內。

分類資產包括所有資產，但不包括於聯營公司之權益、若干可供出售金融資產、若干交易組合投資及短期投資。此外，並非直接計入任何經營分類業務活動之公司資產不會分配至分類，主要應用於本集團總部。

分類負債不包括並非直接計入任何經營分類業務活動之公司負債，且不會分配至分類，當中包括公司債券、借貸、衍生金融負債及應付關連公司欠款。

並無就可報告分類作出不均分配。

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, 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 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.

The Group makes estimates and assumptions concerning the future. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill

The Group tests on an annual basis whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 5.6. The recoverable amounts of the CGUs have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Details in impairment assessment are set out in note 32 to the financial statements.

Provision for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying value of inventories to their respective estimated net realisable value. The assessment of the provision involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and provision charge/write-back in the period in which such estimate has been changed.

6. 關鍵會計判斷及估計不確定因素之主要來源

於應用本集團之會計政策時，董事須對無法從其他途徑得知之資產及負債賬面值作出判斷、估計及假設。

估計及相關假設會持續檢討。倘會計估計修訂僅影響修訂估計期間，則有關修訂會於該期間確認；或倘有關修訂既影響當期亦影響未來期間，則有關修訂會於修訂期間及未來期間確認。

本集團對未來作出估計及假設。該等估計及相關假設乃根據過往經驗及其他視為相關之因素作出。顧名思義，因此而作出之會計估計甚少與有關實際結果相符。下文載列可能導致下個財政年度之資產及負債賬面值須作重大調整之估計及假設之討論：

商譽估計減值

本集團每年根據附註5.6所述會計政策測試商譽有否減值。現金產生單位之可收回金額按使用價值計算釐定。該等計算須採用對預期現金產生單位所產生未來現金流量之判斷及估計、現金流量預測時間表以及適合貼現率，以計算現值。於估計預期未來現金流量過程中，管理層就未來收入及溢利作出假設。該等假設與未來事件及條件有關。實際結果或會有所不同，並可能導致下個財政年度之商譽賬面值須作重大調整。釐定合適之貼現率涉及估計市場風險及資產特定風險因素之適當調整。減值評估詳情載於財務報表附註32。

存貨撥備

於釐定陳舊及滯銷存貨之撥備金額時，本集團須評估存貨之賬齡分析並將存貨之賬面值與其各自之估計可變現淨值作比較。評估撥備涉及管理層判斷及估計。倘日後實際結果或預期有別於原定估計，則有關差別將影響存貨賬面值，而撥備會於估計改變期間扣除／撥回。

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Depreciation and amortisation

The Group depreciates and amortises its property, plant and equipment and intangible assets with definite useful lives using straight-line method over their respective estimated useful lives, starting from the date on which the assets are put into productive use, in accordance with accounting policy stated in notes 5.8 and 5.11. The estimated useful lives reflect the directors' estimate of the period that the Group intends to derive future economic benefits from the use of these assets.

Estimated impairment of trade and other receivables

The Group's management reviews trade and other receivables on a regular basis to determine if any provision for impairment is necessary. Impairment loss on receivables of the Group is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Allowances for impairment are determined by management of the Group based on the repayment history of its debtors and the current market conditions. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. Management reassesses the amount of impairment allowances of receivables, if any, at each reporting date.

Estimated impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market condition existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

Income taxes

The Group is subject to income taxes in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the PRC. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the payments of related taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. 關鍵會計判斷及估計不確定因素之主要來源(續)

折舊及攤銷

本集團根據附註5.8及5.11所述會計政策，採用直線法按各自估計可用年期為物業、廠房及設備以及可用年期有限之無形資產計算折舊及攤銷，自資產投入生產用途日期起計算。估計可用年期反映董事估計本集團擬自使用該等資產衍生未來經濟利益之期間。

應收賬款及其他應收款之估計減值

本集團管理層定期審查應收賬款及其他應收款以釐定是否必要進行任何減值撥備。倘有客觀證據證明本集團將不能按應收款之原有條款收回全部款項，則就本集團應收賬款確立減值虧損。減值撥備由本集團管理層按債務人還款記錄以及現行市況釐定。債務人出現重大財政困難、債務人可能破產或進行財務重組以及拖欠或未能付款，均被視為應收款出現減值之跡象。管理層於各報告日重新評估應收款之減值撥備金額(如有)。

非金融資產之估計減值

本集團透過評價可能導致資產減值之本集團獨有情況，於各報告日評估減值。倘存在觸發減值之情況，則釐定資產可收回款額。評估可收回款額時計算之使用價值涉及多項有關未來事項之主要估計及假設，該等估計及假設存在不明朗因素，且可能與實際結果大大不同。作出該等主要估計及判斷時，董事考慮主要以報告日市況為準之假設及適當市場及折算率。此等估計定期與實際市場數據及本集團進行之實際交易進行比較。

所得稅

本集團須繳納香港、瑞士、英國、列支敦士登及中國之所得稅。於決定就所得稅撥備之金額及就有關稅項付款之時間時，須作出重大判斷。於日常業務過程中，有許多交易及計算均難以明確作出最終之稅務釐定。本集團按有否額外稅項即將到期應付之估計就預計稅項確認負債。倘此等事項之最後稅項結果與初步記錄金額不同，該等差額將影響作出該項決定期間之所得稅及遞延稅項撥備。

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Assessment of identifiable assets and liabilities on acquisition of subsidiaries

Upon completion of acquisition of subsidiaries or businesses, the directors have assessed the acquisition-date fair value of the identifiable assets acquired and liabilities assumed from the acquisition. The directors use their judgement in selecting an appropriate valuation technique for the Group's property, plant and equipment obtained upon the acquisition of subsidiaries during the year. The fair values of the property, plant and equipment are estimated by an independent professional valuer. Where fair value of the identifiable assets acquired and liabilities assumed from the acquisition exceed the fair value of consideration paid for the acquisition, the excess is recognised in profit or loss on the acquisition date, after reassessment.

Warranty provision

Warranty provision is made for expenditure associated with future variable services and repair cost related to warranty claims. The management makes an assessment of the future costs related to this work by using the proportion of actual tasks related to warranty work as the basis for the calculation. The assessment of provision involves management judgement and estimates. When the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of warrant provision and provision charge/write-back in the period in which such estimate has been changed.

Estimation of defined benefit obligations

The Group operates three defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19 (2011), Employee Benefits. Under this method, the cost of providing pensions is charged to profit or loss in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. All actuarial gains and losses are recognised in full, in the year in which they occur, in other comprehensive income.

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the requirements of HKFRSs.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

6. 關鍵會計判斷及估計不確定因素之主要來源(續)

評估收購附屬公司所得之可識別資產及負債

完成附屬公司或業務收購後，董事已評估收購所得之可識別資產及所承擔負債於收購日之公平值。董事運用彼等之判斷選擇適合估值方法評估年內本集團收購附屬公司所得之物業、廠房及設備。物業、廠房及設備之公平值由獨立專業估值師估計。倘收購所得可識別資產及所承擔負債之公平值超過收購所支付代價之公平值，超出部分經重新評估後於收購日在溢利或虧損內確認。

保修撥備

本集團就日後各種服務及與保修索賠有關之維修成本相關開支作出保修撥備。管理層採用有關保修工作實際任務比例作為計算基準，以評估有關此工作之未來成本。評估撥備涉及管理層判斷及估計。當日後之實際結果或預期情況與原先估計存在差異，則有關差異將影響該等估計有變期間之保修撥備以及扣除／撥回撥備賬面值。

定額福利責任估計

本集團營辦三項定額福利計劃。定額福利計劃之退休金成本根據香港會計準則第19號(二零一一年)僱員福利之規定，使用預期單位記賬法進行評估。根據此方法，提供退休金之成本按對計劃作出全面估值之精算師意見於溢利或虧損內扣除。退休金責任為估計未來現金流出數額之現值，該現值參照於報告期間結算日與福利責任估計年期之條款及貨幣相若之政府機構或高質素公司債券之市場孳息率釐定之利率計算所得。所有精算收益及虧損於發生年度內在其他全面收入全數確認。

管理層委任精算師對該等退休金計劃進行全面估值，以釐定根據香港財務報告準則規定，須於賬目內披露及入賬之退休金責任。

精算師在釐定定額福利計劃之公平值時使用假設及估計，並每年評估及更新該等假設。在釐定主要精算假設時須運用判斷，以釐定定額福利責任之現值與服務成本。改變所採用之主要精算假設可對未來期間之計劃責任現值與服務成本造成重大影響。

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Valuation adjustments on credit positions

Various factors can influence the valuation adjustments estimates for credit positions regarding due from banks and clients. These factors include changes in borrowers' credit ratings, loan collateral valuations and the expected scale of loss. Management determines the amount of the valuation adjustments based on the present value of the expected future cash flows. In order to estimate the expected cash flows, management must make assumptions regarding the financial situation of the counterparty and the estimated recoverable amount of collateral.

Provisions

The Group recognises provisions for imminent threats if in the opinion of the responsible experts the probability that losses will occur is greater than the probability that they will not occur and if their amount can be reliably estimated. In judging whether the creation of a provision and its amount are reasonable, the best-possible estimates and assumptions as at the end of reporting periods are applied. If necessary, these will be adjusted to reflect new knowledge and circumstances at a later date. New knowledge may have a significant effect to profit or loss.

Research and development costs

In accordance with the accounting policy set out in note 5.11, costs associated with research activities are expensed in profit or loss as they are incurred, while costs that are directly attributable to development activities are recognised as intangible assets provided they meet all the requirements as set out in note 5.11. This requires the management to make judgements to distinguish the research phase and development phase of the projects being undertaken. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research, findings or other knowledge to a plan or design for the production of new or substantially improved materials devices, products, processes, systems or services before the start of commercial production or use. Determining the amounts to be expensed in profit or loss or to be capitalised required management to make judgement, and assumptions regarding the expected progress and outcome of the research and development activities the future expected cash generation of the assets, discount rates to be applied, and also the expected period of, probable future economic benefits. Because of the nature of the Group's research and development activities the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the projects. Hence research costs are generally recognised as expenses in the period in which they are incurred.

6. 關鍵會計判斷及估計不確定因素之主要來源(續)

信貸狀況之估值調整

多項因素可影響有關應付銀行及客戶款項之信貸狀況估值調整估計。該等因素包括借款人之信貸評級變動、貸款抵押品估值及預期虧損程度。管理層按預期未來現金流量之現值釐定價值調整金額。為估計預期現金流量，管理層須對對手方之財務狀況及抵押品之估計可收回金額作出假設。

撥備

倘相關專家認為發生虧損之可能性高於不會發生之可能性並能可靠估計虧損金額時，則本集團就當前威脅確認撥備。於判斷計提撥備及撥備金額有否合理時，應用報告期間結算日之最佳可能估計及假設。如有必要，日後可調整此最佳可能估計及假設以反映新認知及情況。新認知或會對溢利或虧損有重大影響。

研發成本

根據附註5.11載列之會計政策，研究活動相關之開支於產生時於溢利或虧損列作開支，而倘直接歸屬於開發活動之開支符合附註5.11載列之所有規定，則其將確認為無形資產。此要求管理層作出判斷以將所承接項目之研究階段及開發階段予以區分。研究乃所進行之原創及受規劃之調查，旨在獲得新科學或技術知識及瞭解。開發乃於開始作商業生產或使用前應用研究、結果或其他知識，以規劃或設計生產全新或重大改良物料器具、產品、工序、系統或服務。釐定於損益列作開支或予以資本化之金額時，管理層須作出判斷及有關研發活動之預期進度及結果、資產之未來預期現金產生、將應用之貼現率，及可能未來經濟效益之預期期間之假設。基於本集團之研究及開發活動性質，確認該等成本為資產之條件一般直至達到項目之開發階段後期時方會達成。因此，研究成本一般於產生期間內確認為開支。

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following items at fair value:

- Trading portfolio investments (note 20)
- Derivative financial assets (note 21)
- Derivative financial liabilities (note 21)
- Available-for-sales financial assets (note 24)
- Investment properties (note 29)

For more detailed information in relation to the fair value measurement of the items above, please refer to the respective notes.

6. 關鍵會計判斷及估計不確定因素之主要來源(續)

公平值計量

多項載列於本集團財務報表之資產及負債須按公平值進行計量及／或披露。本集團金融及非金融資產及負債之公平值計量乃於可行範圍內盡量使用市場可觀察資料輸入及數據。於釐定公平值計量時使用之資料輸入，乃根據所運用之估值技術中使用之資料輸入之可觀察程度而分類為不同層次(「公平值級別」)：

- 第一層：相同資產或負債於活躍市場之報價(未作調整)；
- 第二層：可觀察之資料輸入(不包括第一層之報價)；及
- 第三層：無法觀察之資料輸入乃市場不可得數據之資料輸入。

項目所歸入之上述層次，是依據對該項目公平值計量具有重大影響之最低層次資料輸入值。項目在層次之間之轉移於發生期間確認。

本集團計算以下若干項目之公平值：

- 交易組合投資(附註20)
- 衍生金融資產(附註21)
- 衍生金融負債(附註21)
- 可供出售金融資產(附註24)
- 投資物業(附註29)

有關上列項目公平值計量之更多詳盡資料，請參閱相關附註。

7. SEGMENT INFORMATION

During the year ended 31 December 2016, the Group has reorganised its internal reporting structure by simplifying the segmental classification based on revenue contribution from its products and service lines so as to enhance operational efficiency. The segment of the distribution of yacht has been grouped into the unallocated corporate segment. Accordingly, the comparative segment information has been re-presented to conform to current year's presentation.

The chief operating decision-maker, being the Company's executive directors, have re-organised the Group's products and service lines as operating segments as follows:

- (a) manufacture and distribution of watches and timepieces;
- (b) property investments; and
- (c) banking business.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

2016

7. 分類資料

於截至二零一六年十二月三十一日止年度，本集團根據產品及服務類別貢獻之收益，透過簡化分類劃分，重組其內部報告架構，以提高營運效率。遊艇分銷經營分類已歸類至未分配公司分類。因此，可比較之分類資料已經重列，以符合本年度之呈報。

主要營運決策者(即本公司執行董事)已重組本集團產品及服務類別為以下多個經營分類：

- (a) 鐘錶及時計產品製造及分銷；
- (b) 物業投資；及
- (c) 銀行業務。

此等經營分類之監控及策略決定按經調整分類經營業績作出。

二零一六年

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking business 銀行業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment revenue:	分類收入：				
Net interest income from banking business	銀行業務之利息收入淨額	—	—	17,983	17,983
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	—	—	72,595	72,595
Trading income from banking business	銀行業務之交易收入	—	—	18,902	18,902
Sales of goods from non-banking business	非銀行業務之貨品銷售收入	2,811,352	—	—	2,811,352
Rental income from non-banking business	非銀行業務之租金收入	—	19,123	—	19,123
Total revenue	總收入	2,811,352	19,123	109,480	2,939,955

7. SEGMENT INFORMATION (continued)

7. 分類資料(續)

2016 (continued)

二零一六年(續)

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元	Property investments 物業投資 HK\$'000 千港元	Banking business 銀行業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Segment results	分類業績	201,582	3,079	53,988	258,649
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額				(41,968)
Share of profit of associates	應佔聯營公司溢利				23,134
Finance costs	財務費用				(79,447)
Profit before income tax	除所得稅前溢利				160,368
Income tax expense	所得稅開支				(96,528)
Profit for the year	本年度溢利				63,840
Segment assets	分類資產	4,618,884	201,017	11,518,558	16,338,459
Unallocated corporate assets:	未分配公司資產：				
– Interests in associates	– 所佔聯營公司權益				88,841
– Available-for-sale financial assets	– 可供出售金融資產				254,512
– Trading portfolio investments	– 交易組合投資				187,362
– Short-term investments	– 短期投資				112,969
– Cash and deposits	– 現金及存款				70,453
– Other unallocated corporate assets	– 其他未分配公司資產				203,224
Consolidated total assets	綜合總資產				17,255,820
Segment liabilities	分類負債	688,546	68,786	10,608,974	11,366,306
Unallocated corporate liabilities:	未分配公司負債：				
– Corporate bonds	– 公司債券				692,127
– Borrowings	– 借貸				1,190,340
– Other unallocated corporate liabilities	– 其他未分配公司負債				154,357
Consolidated total liabilities	綜合總負債				13,403,130
Other segment information	其他分類資料				
Provision for impairment loss on trade receivables	應收賬款之減值虧損撥備	12,797	–	–	12,797
Impairment loss on goodwill	商譽減值虧損	70,566	–	–	70,566
Reversal of provisions for litigation risks, net	撥回訴訟風險撥備淨額	–	–	1,942	1,942
Reversal of impairment on due from banks and customers credit risks, net	撥回應收銀行及客戶信貸風險減值淨額	–	–	270	270
Provision for inventories	存貨撥備	4,885	–	–	4,885
Reversal of provision for inventories	撥回存貨撥備	5,325	–	–	5,325
Depreciation and amortisation	折舊及攤銷	100,074	2,436	3,178	105,688
Additions to non-current assets	添置非流動資產	182,693	–	202,163	384,856
Net deficit on revaluation of investment properties	投資物業重估虧絀淨額	–	3,897	–	3,897
Loss on disposal of a subsidiary	出售一間附屬公司之虧損	28,699	–	–	28,699

7. SEGMENT INFORMATION (continued)

7. 分類資料(續)

2015

二零一五年

		Watches and timepieces 鐘錶及 時計產品 HK\$'000 千港元 (Re-presented) (經重列)	Property investments 物業投資 HK\$'000 千港元 (Re-presented) (經重列)	Total 總計 HK\$'000 千港元 (Re-presented) (經重列)
Segment revenue:	分類收入：			
Sales of goods from non-banking business	非銀行業務之貨品銷售收入	3,458,245	–	3,458,245
Rental income from non-banking business	非銀行業務之租金收入	–	18,109	18,109
Total revenue	總收入	3,458,245	18,109	3,476,354
Segment results	分類業績	549,559	4,470	554,029
Unallocated corporate income and expenses, net	未分配公司收入及支出淨額			(13,929)
Share of profit of associates	應佔聯營公司溢利			9,685
Finance costs	財務費用			(77,075)
Profit before income tax	除所得稅前溢利			472,710
Income tax expense	所得稅開支			(132,551)
Profit for the year	本年度溢利			340,159
Segment assets	分類資產	4,988,845	235,551	5,224,396
Unallocated corporate assets:	未分配公司資產：			
– Interests in associates	– 所佔聯營公司權益			65,828
– Available-for-sale financial assets	– 可供出售金融資產			317,250
– Trading portfolio investments	– 交易組合投資			367,471
– Short-term investments	– 短期投資			143,362
– Cash and deposits	– 現金及存款			559,778
– Other unallocated corporate assets	– 其他未分配公司資產			160,471
Consolidated total assets	綜合總資產			6,838,556
Segment liabilities	分類負債	842,124	49,870	891,994
Unallocated corporate liabilities:	未分配公司負債：			
– Borrowings	– 借貸			938,532
– Corporate bonds	– 公司債券			708,834
– Other unallocated corporate liabilities	– 其他未分配公司負債			64,709
Consolidated total liabilities	綜合總負債			2,604,069
Other segment information	其他分類資料			
Provision for impairment loss on trade receivables	應收賬款之減值虧損撥備	12,688	–	12,688
Reversal of provision for impairment loss on trade receivables	撥回應收賬款減值虧損撥備	9,864	–	9,864
Provision for inventories	存貨撥備	49,932	–	49,932
Reversal of provision for inventories	撥回存貨撥備	37,696	–	37,696
Depreciation and amortisation	折舊及攤銷	97,680	4,470	102,150
Additions to non-current assets	添置非流動資產	296,097	–	296,097
Net deficit on revaluation of investment properties	投資物業重估虧絀淨額	–	499	499
Gain on disposal of a subsidiary	出售一間附屬公司之收益	9,517	–	9,517
Loss on fair value change in contingent consideration payable	應付或然代價公平值變動之虧損	969	–	969

7. SEGMENT INFORMATION (continued)

Unallocated corporate income and expenses mainly comprised dividend income from trading portfolio investments and available-for-sale financial assets, gain on fair value changes in trading portfolio investment, gain on fair value changes in derivative financial assets, gain on repurchase of corporate bonds, impairment of yacht and other corporate income and expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment. Other corporate expenses mainly included employee costs, directors' remuneration and office rental expenses for administrative purpose.

The Group's revenue from external customers and its non-current assets (other than financial assets and deferred tax assets) are divided into the following geographical areas:

7. 分類資料(續)

未分配公司收入及開支主要包括自交易組合投資及可供出售金融資產之股息收入、交易組合投資公平值變動之收益、衍生金融資產公平值變動之收益、購回公司債券之收益、遊艇減值及概不直接歸屬於任何經營分類業務活動之本集團總部其他公司收入及開支。其他公司開支主要包括僱員成本、董事薪酬及用作行政用途之辦公室租賃開支。

本集團來自外界客戶之收入及非流動資產(金融資產及遞延稅項資產除外)按以下地區劃分：

		Revenue from external customers		Non-current assets	
		來自外界客戶收入		非流動資產	
		2016	2015	2016	2015
		二零一六年	二零一五年	二零一六年	二零一五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Hong Kong (domicile)	香港(所在地)	124,585	109,978	100,113	75,312
PRC	中國	2,119,637	2,706,583	1,329,623	1,344,978
Switzerland	瑞士	77,651	152,867	225,094	316,821
United Kingdom	英國	153,689	235,871	120,135	145,415
Liechtenstein	列支敦士登	109,480	-	424,562	-
Others	其他	354,913	271,055	5,771	4,132
		2,939,955	3,476,354	2,205,298	1,886,658

The geographical location of revenue is based on the location of customers. For goodwill and intangible assets, the geographical location is based on the areas of operation of CGUs. The geographical location of other non-current assets is based on the physical location of the assets.

The Group has a large number of customers and there is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 December 2016 and 2015.

收入地區以客戶所在地點為準；商譽及無形資產以現金產生單位經營所在地為基準；其他非流動資產地區以資產實際所在地點為準。

本集團客戶眾多，截至二零一六年及二零一五年十二月三十一日止年度，概無任何來自特定外界客戶佔本集團收益超過10%之重大收入。

8. REVENUE

The Group is principally engaging in manufacture and distribution of watches and timepieces, property investments and banking business.

For banking business, revenue mainly comprises net interest income, net service fees and commission income and trading income (notes 8(a), 8(b) and 8(c)). For non-banking business, revenue mainly represents the net invoiced value of goods sold, after allowance for returns and trade discounts and rental income received and receivables (note 8(d)).

Revenue recognised during the year is as follows:

(a) Net interest income from banking business

8. 收入

本集團主要從事鐘錶及時計產品製造及分銷、物業投資及銀行業務。

就銀行業務而言，收入主要包括利息收入淨額、服務費用淨額及佣金收入以及交易收入(附註8(a)、8(b)及8(c))。就非銀行業務而言，收入主要指扣除退貨及貿易折扣之售出貨品發票淨值以及已收及應收租金收入。(附註8(d))。

年內確認之收入如下：

(a) 銀行業務之利息收入淨額

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Interest income from banking business arising from:	銀行業務產生之利息收入：		
Interest income – due from banks	利息收入－應收銀行款項	15,937	–
Interest income – due from clients	利息收入－應收客戶款項	8,480	–
Interest income from trading portfolio investments	交易組合投資之利息收入	36	–
Interest income from mortgage loans	按揭貸款利息收入	727	–
Interest income from available-for-sale financial assets	可供出售金融資產之利息收入	413	–
Interest income from held-to-maturity investments	持至到期投資之利息收入	1,108	–
Interest income from money market papers	貨幣市場票據利息收入	77	–
Negative interest expense on due to clients	應付客戶款項之負利息開支	156	–
		26,934	–
Interest expenses from banking business arising from:	銀行業務產生之利息開支：		
Interest expense on due to banks	應付銀行款項利息開支	(6,123)	–
Interest expense on due to clients	應付客戶款項利息開支	(659)	–
Interest expense for issued debt instruments	發行債務工具之利息開支	(941)	–
Negative interest income on due from banks and clients	應收銀行及客戶款項之負利息收入	(1,228)	–
		(8,951)	–
Net interest income from banking business	銀行業務之利息收入淨額	17,983	–

8. REVENUE (continued)

8. 收入(續)

(b) Net service fees and commission income from banking business

(b) 銀行業務之服務費及佣金收入淨額

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Service fees and commission income from banking business arising from:	銀行業務之服務費及佣金收入產生自下列各項：		
Commission income from loans	貸款所得佣金收入	597	-
Brokerage fees	經紀費	17,646	-
Custody account fees	託管賬戶費	7,158	-
Commission on investment advice and asset management	投資建議及資產管理佣金	25,585	-
Commission income from service fees	服務費用佣金收入	28,555	-
Commission income from fiduciary fees	信託費用佣金	90	-
Commission income from retrocession	轉分保佣金收入	1,080	-
Other commission income	其他佣金收入	15,185	-
		95,896	-
Service fees and commission expenses from banking business	銀行業務之服務費及佣金開支	(23,301)	-
Net service fees and commission income from banking business	銀行業務之服務費及佣金收入淨額	72,595	-

(c) Trading income from banking business

(c) 銀行業務之交易收入

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Debt instruments	債務工具	(37)	-
Securities	證券	8	-
Forex and precious metals	外匯及貴金屬	18,808	-
Funds	基金	123	-
Trading income from banking business	銀行業務之交易收入	18,902	-

(d) Revenue from non-banking business

(d) 非銀行業務之收入

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Sales of goods	貨品銷售	2,811,352	3,458,245
Rental income	租金收入	19,123	18,109
Revenue from non-banking business	非銀行業務之收入	2,830,475	3,476,354

9. OTHER ORDINARY INCOME AND OTHER NET GAINS OR LOSSES 9. 其他經常性收入及其他收益或虧損淨額

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Gain on fair value changes in trading portfolio investments, net	交易組合投資之公平值變動收益淨額	68,187	29,078
Loss on fair value changes in contingent consideration payable (note (a))	應付或然代價之公平值變動虧損(附註(a))	-	(969)
Gain on fair value changes in derivative financial instruments, net	衍生金融工具公平值變動之收益淨額	5,098	15,810
Net deficit on revaluation of investment properties	投資物業重估之虧絀淨額	(3,897)	(499)
(Loss)/Gain on disposal of subsidiaries	出售附屬公司之(虧損)/收益	(28,699)	9,517
Bank and other interest income from non-banking business	非銀行業務之銀行及其他利息收入	22,453	35,511
Dividend income from trading portfolio investments	買賣組合投資之股息收入	3,358	1,637
Dividend income from available-for-sale financial assets	可供出售金融資產之股息收入	3,558	7,597
Exchange gain, net	匯兌收益淨額	5,367	-
Sales of scrap materials	廢料銷售	3,471	8,280
Other operating income	其他經營收入	4,993	39,884
Government subsidies (note (b))	政府補助金(附註(b))	31,587	26,888
Gain on disposal of brand name	出售品牌名稱收益	-	30,000
Gain on repurchase of corporate bonds	購回公司債券之收益	312	6,872
Compensation received (note (c))	已收賠償(附註(c))	-	23,495
Reversal of impairment loss on trade receivables	撥回應收賬款減值虧損	-	9,864
Impairment loss on goodwill (note 32)	商譽減值虧損(附註32)	(70,566)	-
Reversal of provisions for litigation risks, net	撥回訴訟風險撥備淨額	1,942	-
Reversal of impairment on due from banks and customers credit risks, net	撥回應收銀行及客戶信貸風險減值淨額	270	-
Gain on disposal of intangible assets	出售無形資產收益	-	4,280
Sundry income	雜項收入	15,731	10,300
		63,165	257,545

9. OTHER ORDINARY INCOME AND OTHER NET GAINS OR LOSSES (continued)

Notes:

- (a) Contingent consideration payable represented the fair value of final consideration payment of the acquisition of The Dreyfuss Group Limited and its subsidiaries ("Dreyfuss Group"). For the year ended 31 December 2015, the final consideration payable to the vendor has been mutually agreed at GBP1,050,000 (equivalent to approximately HK\$11,638,000). The fair value loss of contingent consideration payable of HK\$969,000 had been recognised in the consolidated statement of comprehensive income for the year ended 31 December 2015. No contingent consideration payable is recognised during the year.
- (b) Government subsidies mainly comprised of unconditional subsidies received for subsidising the Group's business.
- (c) Compensation received represented the money from the vendor in respect of the acquisition of Montres Corum Sàrl to compensate the uncollected trade receivables in 2015. No such compensation income is recognised during the year.

10. FINANCE COSTS

9. 其他經常性收入及其他收益或虧損淨額(續)

附註：

- (a) 應付或然代價指收購帝福時集團有限公司及其附屬公司(「帝福時集團」)之末期代價款項公平值。截至二零一五年十二月三十一日止年度，應付賣方之最終代價共同協定為1,050,000英鎊(相當於約11,638,000港元)。應付或然代價之公平值虧損969,000港元已於截至二零一五年十二月三十一日止年度之綜合全面收入表中確認。年內，概無確認應付或然代價。
- (b) 政府補助金主要包括已收無條件補貼本集團業務。
- (c) 已收賠償指於二零一五年就收購Montres Corum Sàrl而自賣方收取之款項，以補償未能收回之應收賬款。年內，概無確認該補貼收入。

10. 財務費用

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Interest charged on corporate bonds	公司債券利息開支	30,222	29,218
Interest charged on bank borrowings and bank overdrafts	銀行借貸及銀行透支之利息開支	49,225	47,782
Interest charged on finance leases	融資租賃利息開支	-	75
		79,447	77,075

11. PROFIT BEFORE INCOME TAX

11. 除所得稅前溢利

Profit before income tax is arrived at after charging/(crediting):

除所得稅前溢利已扣除/(計入)下列各項：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cost of inventories recognised as expense, including:	確認為開支之存貨成本，包括：	1,296,518	1,694,496
– Reversal of provision for inventories (note (c))	– 撥回存貨撥備(附註(c))	(5,325)	(37,696)
– Provision for inventories	– 存貨撥備	10,231	56,770
Depreciation and amortisation	折舊及攤銷	115,642	116,816
– Depreciation (note (a))	– 折舊(附註(a))	107,363	103,144
– Amortisation of prepaid land lease payments (note (b))	– 預付土地租賃款項攤銷(附註(b))	949	1,015
– Amortisation of intangible assets (note (b))	– 無形資產攤銷(附註(b))	3,450	9,096
– Amortisation of issuance cost of corporate bonds (note (b))	– 公司債券發行成本攤銷(附註(b))	3,880	3,561
Lease payments under operating leases in respect of:	以下經營租約項下項目之租賃款項：		
– Land and buildings	– 土地及樓宇	53,007	54,324
– Plant and machinery	– 廠房及機器	1,386	3,493
Auditor's remuneration	核數師酬金	3,900	2,480
Gross rental income	租金收入總額	(19,123)	(18,109)
Less: direct operating expenses	減：直接經營開支	3,487	2,538
Net rental income	租金收入淨額	(15,636)	(15,571)
Exchange losses, net	匯兌虧損淨額	–	6,130
Loss/(Gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損/(收益)	328	(155)
Research and development expenses (note (b))	研究及開發開支(附註(b))	61,270	110,898
Impairment loss on trade receivables	貿易應收賬款減值虧損	12,797	12,688

Notes:

- (a) Depreciation expense of HK\$20,271,000 (2015: HK\$15,104,000) has been included in cost of sales from non-banking business, HK\$42,009,000 (2015: HK\$44,616,000) in selling and distribution expenses and HK\$45,083,000 (2015: HK\$43,424,000) in administrative expenses.
- (b) Amortisation expenses and research and development expenses had been included in the administrative expenses.
- (c) Reversal of provision for inventories made in prior years arose mainly due to an increase in the estimated net realisable value of certain finished goods as a result of improved sales performance.

附註：

- (a) 折舊支出20,271,000港元(二零一五年：15,104,000港元)已計入非銀行業務之銷售成本、42,009,000港元(二零一五年：44,616,000港元)計入銷售及分銷費用以及45,083,000港元(二零一五年：43,424,000港元)計入行政費用。
- (b) 攤銷開支以及研究及開發開支已計入行政費用。
- (c) 過往年度作出之撥回存貨撥備主要由於銷售業績有所改善而導致若干製成品估計可變現淨值增加所致。

12. INCOME TAX EXPENSE

For the year ended 31 December 2016, Hong Kong profit tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% on the estimated assessable profits. For the year ended 31 December 2015, no provision for Hong Kong profit tax has been made as the Group has no assessable profits arising in Hong Kong. The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 15% and 25% (2015: 15% and 25%). Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group is also subject to PRC withholding tax at the rate of 5% or 10% (2015: 5% or 10%) in respect of its PRC sourced income earned, including rental income from properties in the PRC, dividend income derived from PRC incorporated company and profit arising from the transfer of equity interest in PRC incorporated company.

12. 所得稅開支

截至二零一六年十二月三十一日止年度，本集團已為若干附屬公司計提香港利得稅撥備，並按估計應課稅溢利16.5%計算。截至二零一五年十二月三十一日止年度，由於本集團並無於香港產生之應課稅溢利，所以並無計提香港利得稅撥備。於中國成立之附屬公司須按介乎15%至25%(二零一五年：15%至25%)之所得稅率繳稅。海外稅項按相關司法權區適用稅率計算。

本集團亦就其於中國賺取之收入按稅率5%或10%(二零一五年：5%或10%)繳交中國預扣稅，預扣稅包括來自中國物業之租金收入、產生自中國註冊成立公司之股息收入及轉讓於中國註冊之公司股權產生之溢利。

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current tax for the year	年內即期稅項		
Hong Kong	香港	15	-
PRC	中國	91,319	124,123
Liechtenstein	列支敦士登	10,554	-
Switzerland	瑞士	240	2,128
United Kingdom	英國	-	2,370
Under/(Over)-provision in respect of prior years	過往年度撥備不足/(超額撥備)		
PRC	中國	-	(305)
Switzerland	瑞士	14	114
United Kingdom	英國	(1,528)	-
Deferred tax for the year (note 41)	年內遞延稅項(附註41)	(4,086)	4,121
Total income tax expense	所得稅開支總額	96,528	132,551

Reconciliation between income tax expense and accounting profit at applicable tax rates:

按適用稅率計算之所得稅開支與會計溢利之對賬如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Profit before income tax	除所得稅前溢利	160,368	472,710
Tax on profit before income tax, calculated at the rates applicable to the tax jurisdictions concerned	除所得稅前溢利之稅項 (根據相關稅務司法權區 適用之稅率計算)	33,144	90,856
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(23,578)	(12,111)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	43,662	13,272
Over-provision in respect of prior years	過往年度超額撥備	(767)	(190)
Utilisation of tax losses not recognised	動用未確認之稅項虧損	(4)	(659)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	44,071	41,383
Total income tax expense	所得稅開支總額	96,528	132,551

13. DISPOSAL OF SUBSIDIARIES

13. 出售附屬公司

13.1 Disposal of Henan Jinjue

In May 2016, the Group has completed the disposal of its 46.05% equity interest in Henan Jinjue together with the selling and distribution networks to an independent third party at the total consideration of RMB48,353,000 (equivalent to HK\$57,563,000) and the Group recognised a loss on disposal of a subsidiary of approximately HK\$28,699,000. Details of the Group's loss on disposal of a subsidiary for the year ended 31 December 2016 were set out as follows:

13.1 出售河南金爵

於二零一六年五月，本集團以總代價人民幣48,353,000元（相當於57,563,000港元）完成出售其於河南金爵之46.05%股權（連同其向一名獨立第三方之銷售及分銷網絡）。本集團確認出售一間附屬公司虧損約28,699,000港元。有關本集團於截至二零一六年十二月三十一日止年度出售一間附屬公司虧損之詳情載列如下：

		HK\$'000 千港元
Net assets disposed of:	出售資產淨值：	
Cash and deposits	現金及按金	4,703
Trade receivables	應收賬款	58,813
Inventories	存貨	98,824
Property, plant and equipment (note 28)	物業、廠房及設備(附註28)	1,296
Intangible assets (note 31)	無形資產(附註31)	24,033
Other assets	其他資產	1,889
Trade payables	應付賬款	(22,029)
Income tax payable	應付所得稅	(172)
Other liabilities	其他負債	(18,400)
		148,957
Non-controlling interests	非控股權益	(61,212)
		87,745
Release of exchange reserve upon disposal	於出售時撥回外匯儲備	4,701
		92,446
Less: Fair value of consideration in cash	減：現金代價之公平值	(57,563)
Less: Value of the retained 4.95% equity interest in Henan Jinjue (note 24(d))	減：所保留河南金爵4.95%股權之價值(附註24(d))	(6,184)
Loss on disposal of Henan Jinjue	出售河南金爵之虧損	28,699

		HK\$'000 千港元
Net cash inflow arising on disposal:	出售產生之現金流入淨額：	
Cash consideration	現金代價	57,563
Less: Consideration receivable	減：應收代價	(45,063)
Less: Cash and deposits disposed of	減：所出售之現金及存款	(4,703)
Net cash inflow for the year ended 31 December 2016	截至二零一六年十二月三十一日止年度之現金流入淨額	7,797

13. DISPOSAL OF SUBSIDIARIES (continued)

13. 出售附屬公司(續)

13.1 Disposal of Henan Jinjue (continued)

The cash consideration of RMB10,501,000 (equivalent to HK\$12,500,000) from disposal of Henan Jinjue has been received by the Group during the year. Pursuant to the sales and purchase agreement with the acquirer, the remaining consideration of RMB37,852,000 (equivalent to HK\$42,282,000), which has been presented under "other assets" in the consolidated statement of financial position as at 31 December 2016, will be received by the Group on or before 31 May 2017.

13.1 出售河南金爵(續)

年內，本集團已收取出售河南金爵之現金代價人民幣10,501,000元(相當於12,500,000港元)。根據與收購方訂立之買賣協議，本集團將於二零一七年五月三十一日或之前收取餘下代價人民幣37,852,000元(相當於42,282,000港元)(已計入二零一六年十二月三十一日之綜合財務狀況表「其他資產」內)。

13.2 Disposal of Beijing Haina Tianshi Watch Company Limited ("Beijing Haina")

In May 2015, the Group completed the disposal of its 51% equity interest in Beijing Haina together with the selling and distribution networks at the total consideration of HK\$81,214,000 and the Group recognised a gain on disposal of a subsidiary of approximately HK\$9,517,000. Details of the Group's gain on disposal of a subsidiary for the year ended 31 December 2015 were set out as follows:

13.2 出售北京海納天時鐘錶有限公司(「北京海納」)

於二零一五年五月，本集團以總代價81,214,000港元完成出售其於北京海納之51%股權(連同其銷售及分銷網絡)。本集團確認出售一間附屬公司收益約9,517,000港元。有關本集團於截至二零一五年十二月三十一日止年度出售一間附屬公司收益之詳情載列如下：

		HK\$'000 千港元
Net assets disposed of:	出售資產淨值：	
Property, plant and equipment (note 28)	物業、廠房及設備(附註28)	196
Intangible assets (note 31)	無形資產(附註31)	41,260
Inventories	存貨	41,221
Trade receivables	應收賬款	10,041
Other assets	其他資產	10,727
Cash and deposits	現金及按金	6,022
Trade payables	應付賬款	(1,384)
Other liabilities	其他負債	(7,253)
Income tax payable	應付所得稅	(393)
		100,437
Non-controlling interests	非控股權益	(28,996)
		71,441
Release of exchange reserve upon disposal	於出售時撥回外匯儲備	256
		71,697
Less: Fair value of consideration in cash	減：現金代價之公平值	(81,214)
Gain on disposal of Beijing Haina	出售北京海納之收益	(9,517)
		HK\$'000 千港元
Net cash inflow arising on disposal:	出售產生之現金流入淨額：	
Fair value of consideration in cash	現金代價之公平值	81,214
Less: Cash and deposits disposed of	減：所出售之現金及存款	(6,022)
Net cash inflow for the year ended 31 December 2015	截至二零一五年十二月三十一日止年度之現金流入淨額	75,192

The cash consideration of HK\$81,214,000 has been fully received by the Group during the year ended 31 December 2015.

截至二零一五年十二月三十一日止年度，本集團已悉數收取現金代價81,214,000港元。

13. DISPOSAL OF SUBSIDIARIES (continued)

13.3 Disposal of Ruihuang (Chongqing) Watch Company Limited (“Ruihuang”)

The remaining consideration of RMB33,066,000 (equivalent to HK\$39,364,000) in respect of disposal of Ruihuang, which presented under “other assets” in note 33 as at 31 December 2015, has been fully received by the Group during the year ended 31 December 2016.

14. DIVIDENDS

At the board meeting held on 31 March 2017, the board of directors do not recommend the payment of final dividend for the year ended 31 December 2016 (2015: recommended final dividend of HK2.5 cents per share). For the year ended 31 December 2015, the final dividend declared after the reporting date had been paid to the Company’s shareholders during the year ended 31 December 2016.

In the abovementioned board meeting, the board of directors resolved to recommend a special dividend of HK5 cents per share (2015: nil). The proposed special dividend is subject to shareholder’s approval in the forthcoming 2017 annual general meeting and has not been recognised as dividend payable as at 31 December 2016, but will be reflected as an appropriation of retained profits/share premium for the year ending 31 December 2017.

15. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

Earnings	盈利	2016	2015
		二零一六年	二零一五年
		HK\$’000	HK\$’000
		千港元	千港元
Profit attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	計算每股基本及攤薄盈利所依據之本公司擁有人應佔溢利	36,703	307,675

13. 出售附屬公司(續)

13.3 出售瑞皇(重慶)鐘錶有限公司(「瑞皇」)

截至二零一六年十二月三十一日止年度，本集團已全數收取有關出售瑞皇之餘下代價人民幣33,066,000元(相當於39,364,000港元)(於二零一五年十二月三十一日附註33獲呈列為「其他資產」)。

14. 股息

	2016	2015
	二零一六年	二零一五年
	HK\$’000	HK\$’000
	千港元	千港元
Final dividend paid in respect of previous financial year of HK2.5 cents per share (2015: nil)	108,654	—
過往財政年度之已付末期股息：每股2.5港仙(二零一五年：無)		

於二零一七年三月三十一日舉行之董事會會議上，董事會並不建議就截至二零一六年十二月三十一日止年度派付末期股息(二零一五年：建議每股末期股息2.5港仙)。截至二零一五年十二月三十一日止年度，於報告日期後宣派之末期股息於截至二零一六年十二月三十一日止年度，已向本公司股東支付。

於上述董事會會議，董事會議決建議派付特別股息每股5港仙(二零一五年：無)。建議特別股息須待應屆二零一七年股東週年大會上獲股東批准後方可作實，且並無確認為二零一六年十二月三十一日之應付股息，惟將反映為截至二零一七年十二月三十一日止年度之保留溢利/股份溢價撥備。

15. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利乃根據以下數據計算：

15. EARNINGS PER SHARE (continued)

15. 每股盈利(續)

Number of shares	股份數目	2016	2015
		二零一六年	二零一五年
		Number of shares	Number of shares
		股份數目	股份數目
		'000	'000
		千股	千股
Weighted average number of shares for the purpose of calculating basic earnings per share	計算每股基本盈利所依據之加權平均股數	4,367,238	4,409,302
Effect of dilutive potential shares:	潛在股份之攤薄影響：		
– share options issued by the Company	– 本公司發行之認購股份權	9,314	9,588
Weighted average number of shares for the purpose of calculating diluted earnings per share	計算每股攤薄盈利所依據之加權平均股數	4,376,552	4,418,890

16. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

16. 僱員福利開支(包括董事酬金)

16.1 Employee benefit expense

16.1 僱員福利開支

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Wages and salaries	工資及薪金	595,106	612,254
Pension costs	退休金成本	80,656	52,329
		675,762	664,583

Employee costs, including directors' emoluments of HK\$140,750,000(2015: HK\$155,460,000) has been included in cost of sales from non-banking business, HK\$195,639,000 (2015: HK\$228,220,000) in selling and distribution expenses and HK\$339,373,000 (2015: HK\$280,903,000) in administrative expenses.

僱員成本(包括董事酬金)140,750,000港元(二零一五年: 155,460,000港元)已計入非銀行業務之銷售成本、195,639,000港元(二零一五年: 228,220,000港元)計入銷售及分銷開支及339,373,000港元(二零一五年: 280,903,000港元)計入行政開支。

16.2 Defined benefit pension plans

16.2 定額退休福利計劃

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Net defined benefit obligations	定額福利責任淨額	89,630	53,436

16. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

16. 僱員福利開支(包括董事酬金)(續)

16.2 Defined benefit pension plans (continued)

Net defined benefit liability has been included in "other liabilities" (note 40) in the consolidated statement of financial position.

16.2 定額退休福利計劃(續)

定額福利負債淨額已計入綜合財務狀況表「其他負債」(附註40)項下。

The defined benefit pension plans are primarily arising from Eterna AG Uhrenfabrik and its subsidiaries (together the "Eterna Group"), Montres Corum Sàrl and its subsidiaries (together the "Corum Group") and Bendura Group. The Group makes contributions to the defined benefit pension plans that provide post-retirement benefits for employees upon retirement. Under the schemes, the employees in Switzerland and Liechtenstein are entitled to retirement benefits based on the plan assets accumulated on attainment of the retirement age and a fixed annual rate. Since there is potential down-side risk for the employer to pay additional contributions in case the plan has a deficit, Swiss and Liechtenstein plans are classified as defined benefit pension plans.

定額退休金福利計劃主要來自Eterna AG Uhrenfabrik及其附屬公司(統稱「綺年華集團」)、Montres Corum Sàrl及其附屬公司(統稱「崑崙集團」)及富地集團。本集團向定額退休金福利計劃作出供款，為僱員於退休時提供退休後福利。根據計劃，瑞士及列支敦士登僱員可享有退休福利，乃根據達到退休年齡及固定年率所累計之計劃資產釐定。由於一旦計劃出現赤字，僱主須支付額外供款，導致潛在損失風險，故瑞士及列支敦士登計劃分類為定額退休金福利計劃。

The latest independent actuarial valuations of plan assets and the present value of the defined benefit obligation on the Eterna Group were carried out at 31 December 2016 and 2015 by Martin Schnider, a member of the Swiss Associate of Actuaries in Switzerland, using the projected unit credit method.

綺年華集團計劃資產之最新獨立精算估值及定額福利責任現值乃由瑞士之Swiss Associate of Actuaries 一位會員 Martin Schnider於二零一六年及二零一五年十二月三十一日使用預測單位入賬方法進行。

The latest independent actuarial valuations of plan assets and the defined benefit obligations on the Corum Group were carried out at 31 December 2016 and 2015 by Nicolas Colozier, a member of the Swiss Associate of Actuaries in Switzerland, using the projected unit credit method.

崑崙集團計劃資產之最新獨立精算估值及定額福利責任乃由瑞士之Swiss Associate of Actuaries一位會員 Nicolas Colozier於二零一六年及二零一五年十二月三十一日使用預測單位入賬方法進行。

The latest independent actuarial valuations of plan assets and the defined benefit obligations on the Bendura Group were carried out at 31 December 2016 by AXA Pension Solutions AG, a member of Swiss Associate of Actuaries in Switzerland, using the projected unit credit method.

富地集團計劃資產之最新獨立精算估值及定額福利責任乃由瑞士之Swiss Associate of Actuaries 一位會員 AXA Pension Solutions AG於二零一六年十二月三十一日使用預測單位入賬方法進行。

(a) The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

(a) 載於綜合財務狀況表本集團就其定額福利計劃責任所產生之金額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Present value of defined benefit obligations	定額福利責任現值	413,556	299,974
Fair value of plan assets	計劃資產之公平值	(323,926)	(246,538)
Net liability arising from defined benefit obligations	定額福利責任產生之負債淨額	89,630	53,436

16. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

16. 僱員福利開支(包括董事酬金)(續)

16.2 Defined benefit pension plans (continued)

16.2 定額退休福利計劃(續)

(b) Movements in the present value of the defined benefit obligations for both the years ended 31 December 2016 and 2015 are as follows:

(b) 截至二零一六年及二零一五年十二月三十一日止兩個年度定額福利計劃責任現值變動如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	299,974	310,229
Addition through acquisition of subsidiaries	透過收購附屬公司之添置	127,783	-
Current service costs	現時服務成本	25,221	22,326
Interest cost	利息成本	2,817	2,861
Actuarial gains	精算收益	(13,780)	(12,298)
Benefits paid	已付福利	(16,052)	(22,246)
Exchange realignment	匯兌調整	(12,407)	(898)
At 31 December	於十二月三十一日	413,556	299,974

(c) Movements in the fair value of the plan assets for both the years ended 31 December 2016 and 2015 are as follows:

(c) 截至二零一六年及二零一五年十二月三十一日止兩個年度計劃資產公平值變動如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	246,538	256,831
Addition through acquisition of subsidiaries	透過收購附屬公司之添置	83,764	-
Interest income	利息收入	2,309	1,045
Return on plan assets	計劃資產之回報	2,307	2,466
Actuarial losses	精算虧損	(1,719)	(5,279)
Contributions by the employer	僱主供款	8,462	8,906
Contributions by plan participants	計劃參與者供款	7,776	5,508
Benefit paid	已付福利	(16,052)	(22,246)
Exchange realignment	匯兌調整	(9,459)	(693)
At 31 December	於十二月三十一日	323,926	246,538

16. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

16. 僱員福利開支(包括董事酬金)(續)

16.2 Defined benefit pension plans (continued)

16.2 定額退休福利計劃(續)

- (d) Amounts recognised in the consolidated statement of comprehensive income in respect of these defined benefit plans are as follows:

- (d) 就該等定額福利計劃於綜合全面收入表內確認之金額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Service cost:	服務成本：		
Current service costs	現時服務成本	25,221	22,326
Net interest expense	利息開支淨額	508	1,816
Components of defined benefit costs recognised in profit or loss	於溢利或虧損中確認之定額福利成本之組成部分	25,729	24,142
Remeasurement on the net defined benefit liability:	重新計算界定利益負債淨額：		
Return on plan assets	計劃資產之回報	2,307	2,466
Actuarial gains	精算收益	12,061	7,019
Components of defined benefit costs recognised in other comprehensive income	於其他全面收入中確認之定額福利成本之組成部分	14,368	9,485

The defined benefit cost of HK\$25,729,000 (2015: HK\$24,142,000) has been included in the administrative expenses. The remeasurement of the net defined benefit liability is included in other comprehensive income.

定額福利成本25,729,000港元(二零一五年：24,142,000港元)已於行政費用入賬。重新計算界定利益負債淨額於其他全面收入入賬。

- (e) The major categories of the fair value of the plan assets at the end of reporting period are as follows:

- (e) 於報告期末計劃資產公平值之主要類別如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Equity instruments	股本工具	54,647	62,300
Debt instruments	債務工具	85,300	87,285
Properties	物業	73,627	79,654
Commodities instruments	商品工具	1,911	772
Assets from reinsurance	重新保險資產	93,958	6,639
Hedge funds	對沖基金	4,135	-
Cash	現金	10,348	9,888
		323,926	246,538

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair value of properties, commodities instruments, assets from reinsurance and hedge funds are not based on quoted market prices in active markets.

上述股本及債務工具之公平值按活躍市場之市場報價釐定，而物業、商品工具、重新保險資產及對沖基金之公平值並非按活躍市場之市場報價釐定。

16. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (continued)

16. 僱員福利開支(包括董事酬金)(續)

16.2 Defined benefit pension plans (continued)

16.2 定額退休福利計劃(續)

- (f) The principal assumption used for the purpose of the actuarial valuations was as follows:

- (f) 用於精算評估目的之主要假設如下：

		2016 二零一六年	2015 二零一五年
Discount rate(s)	貼現率	0.6%-0.75%	0.8%-0.85%
Expected rate(s) of salary increase	預期薪金升幅	0.5%-1.5%	0.5%-1%

- (g) Sensitivity analysis on defined benefit pension plans

- (g) 定額福利退休金計劃之敏感度分析

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

釐定定額福利責任之主要精算假設為貼現率及預期薪金增幅比率。下文之敏感度分析乃按當所有其他假設保持不變時，報告期末所產生有關假設合理可能變動而釐定。

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would decrease by HK\$21,846,000 (2015: HK\$29,381,000)/increase by HK\$35,401,000 (2015: HK\$34,050,000).
- If the expected rate of salary increase increases/(decreases) by 50 basis points, the defined benefit obligations would increase by HK\$5,083,000 (2015: HK\$3,865,000)/decrease by HK\$4,944,000 (2015: HK\$3,678,000).

- 倘貼現率上升/(下降)50個基點，定額福利責任將減少21,846,000港元(二零一五年：29,381,000港元)/增加35,401,000港元(二零一五年：34,050,000港元)。
- 倘預期薪金增幅比率增加/(減少)50個基點，定額福利責任將增加5,083,000港元(二零一五年：3,865,000港元)/減少4,944,000港元(二零一五年：3,678,000港元)。

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

上述敏感度分析可能並不代表定額福利責任之實際變化，原因為若干假設可能彼此關聯，假設中之變化不大可能單獨出現。

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the consolidated statement of financial position.

此外，就上述敏感度分析之呈列，於報告期末定額福利責任之現值使用預測單位入賬方法計算，即與於綜合財務狀況表中所確認定額福利負債之計算所應用者相同。

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

過往年度用以制定敏感度分析之方法及假設概無變動。

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS 17. 董事酬金及高層管理人員酬金

17.1 Directors' emoluments

Details of emoluments of the directors of the Company in connection with the management of affairs of the Company and its subsidiaries are set out below:

17.1 董事酬金

有關管理本公司及其附屬公司事宜之本公司董事酬金之詳情載列如下：

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension scheme	Total
		HK\$'000	薪金、津貼及實物福利	退休計劃供款	總計
		千港元	HK\$'000	千港元	千港元
2016	二零一六年				
Executive directors	執行董事				
Mr. Hon Kwok Lung	韓國龍先生	—	1,690	18	1,708
Mr. Shang Jianguang	商建光先生	—	12,526	78	12,604
Mr. Shi Tao*	石濤先生*	—	1,690	18	1,708
Mr. Lam Toi Man	林代文先生	—	1,430	18	1,448
Mr. Bi Bo	畢波先生	—	1,456	18	1,474
Ms. Sit Lai Hei	薛黎曦女士	—	1,430	18	1,448
Mr. Hon Hau Wong	韓孝煌先生	—	1,430	18	1,448
Mr. Tao Li	陶立先生	—	5,909	121	6,030
Independent non-executive directors	獨立非執行董事				
Mr. Fung Tze Wa	馮子華先生	200	—	—	200
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	150	—	—	150
Mr. Li Qiang#	李強先生#	150	—	—	150
Mr. Zhang Bin	張斌先生	150	—	—	150
		650	27,561	307	28,518

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

17. 董事酬金及高層管理人員酬金 (續)

17.1 Directors' emoluments (continued)

17.1 董事酬金(續)

		Directors' fees	Salaries, allowances and benefits in kind	Contributions to pension scheme	Total
		董事袍金	薪金、津貼及實物福利	退休計劃供款	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$000
		千港元	千港元	千港元	千港元
2015	二零一五年				
Executive directors	執行董事				
Mr. Hon Kwok Lung	韓國龍先生	–	1,690	18	1,708
Mr. Shang Jianguang	商建光先生	–	10,169	72	10,241
Mr. Shi Tao*	石濤先生*	–	1,690	18	1,708
Mr. Lam Toi Man	林代文先生	–	1,430	18	1,448
Mr. Bi Bo	畢波先生	–	1,456	18	1,474
Ms. Sit Lai Hei	薛黎曦女士	–	1,430	18	1,448
Mr. Hon Hau Wong	韓孝煌先生	–	1,430	18	1,448
Mr. Tao Li	陶立先生	–	1,430	18	1,448
Independent non-executive directors	獨立非執行董事				
Mr. Fung Tze Wa	馮子華先生	200	–	–	200
Dr. Kwong Chun Wai, Michael	鄺俊偉博士	150	–	–	150
Mr. Li Qiang#	李強先生#	150	–	–	150
Mr. Zhang Bin	張斌先生	150	–	–	150
		650	20,725	198	21,573

Note:

There was no arrangement under which a director waived or agreed to waive any remunerations during the year ended 31 December 2016 (2015: nil).

* Save as disclosed in the above table, the Group also provided a quarter to the executive director, Mr. Shi Tao at HK\$10,000 monthly rental (2015: HK\$10,000). The carrying amount of the Group's investment property which was rented to the executive director as quarter as at 31 December 2016 was HK\$24,100,000 (2015: HK\$23,800,000).

Mr. Li Qiang has resigned as an independent non-executive director of the Company with effect from 20 January 2017.

附註:

截至二零一六年十二月三十一日止年度，並無董事放棄或同意放棄任何酬金安排(二零一五年：無)。

* 除上表所披露者外，本集團亦為執行董事石濤先生提供一間宿舍，月租為10,000港元(二零一五年：10,000港元)。於二零一六年十二月三十一日，租予執行董事作宿舍之本集團投資物業之賬面值為24,100,000港元(二零一五年：23,800,000港元)。

李強先生已辭任本公司之獨立非執行董事，自二零一七年一月二十日起生效。

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

17. 董事酬金及高層管理人員酬金 (續)

17.2 Five highest paid individuals

The five highest paid individuals of the Group during the year included two (2015: two) directors, details of whose remuneration are reflected in the analysis presented in note 17.1. Details of the remuneration of the remaining three (2015: three) non-director, highest paid individuals of the Group for the year are as follows:

17.2 五名最高酬金人士

年內，本集團五名最高薪人士包括兩名(二零一五年：兩名)董事，彼等酬金詳情反映於附註17.1所列分析。年內本集團餘下三名(二零一五年：三名)非董事最高薪人士酬金詳情如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	11,634	6,377
Contribution to pension scheme	退休金計劃供款	313	355
		11,947	6,732

The emoluments of non-director highest paid individuals were within following bands:

非董事最高薪人士之薪金介乎以下級別：

		2016 二零一六年 No. of individuals 人數	2015 二零一五年 No. of individuals 人數
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	—	3
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	1	—
HK\$3,000,001 to HK\$4,000,000	3,000,001港元至4,000,000港元	1	—
HK\$5,000,001 to HK\$5,500,000	5,000,001港元至5,500,000港元	1	—
		3	3

No emolument was paid by the Group to the directors or the three (2015: three) highest paid employee(s) as an inducement to join or upon joining the Group, or as compensation for loss of office (2015: nil).

本集團並無向董事或三名(二零一五年：三名)最高薪僱員支付酬金作為加入或於加入本集團時之獎勵，或作為離職補償(二零一五年：無)。

17. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

17. 董事酬金及高層管理人員酬金 (續)

17.3 Emoluments to members of senior management

The emoluments to members of senior management (excluding the remunerations to directors which have been disclosed in note 17.1 above) were within the following bands:

17.3 高層管理人員酬金

高層管理人員酬金(不包括已於上文附註17.1披露之董事酬金)介乎以下級別:

		2016 二零一六年 No. of individuals 人數	2015 二零一五年 No. of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	1	2
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	3	2
		4	4

18. CASH AND DEPOSITS

18. 現金及存款

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Cash and bank balances (note (a) and note (b))	現金及銀行結餘(附註(a)及附註(b))	428,823	836,065
Sight deposits with central banks (note (c))	中央銀行之活期存款(附註(c))	4,638,078	-
		5,066,901	836,065

Notes:

- (a) Cash at bank earns interest at the floating rates based on the daily bank deposits rates.
- (b) Included in cash and bank balances of the Group are the amount of approximately HK\$308,988,000 (2015: HK\$226,043,000) denominated in RMB which are placed with the banks in the PRC. RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB into foreign currencies through the banks authorised to conduct foreign exchange business.
- (c) These balances with central banks represent sight deposits placed by the Bendura Group and they can be withdrawn immediately without any restrictions.

附註:

- (a) 銀行現金按每日銀行存款利率計算之浮動利率計息。
- (b) 本集團現金及銀行結餘包括為數約308,988,000港元(二零一五年: 226,043,000港元)以人民幣計值存於中國之銀行之款額。人民幣不得自由兌換為其他貨幣。根據中國關於外匯管理及結匯、售匯及付匯管理規定,本集團可透過獲授權進行外匯業務之銀行將人民幣兌換為外幣。
- (c) 該等中央銀行結餘指富地集團所存放之活期存款,可即時提取而無任何限制。

19. DUE FROM BANKS AND CLIENTS

19. 應收銀行及客戶款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Due from clients – mortgage loans	應收客戶款項 – 按揭貸款	247,647	–
Due from clients – other	應收客戶款項 – 其他	382,981	–
Valuation adjustments for default risk (note (a))	違約風險估值調整(附註(a))	(2,819)	–
Total due from clients	應收客戶款項總額	627,809	–
Due from banks on a daily basis	應收銀行日常款項	5,197,546	–
Due from banks other claims	應收銀行其他申索	98,037	–
Valuation adjustments for default risk (note (a))	違約風險估值調整(附註(a))	(214)	–
Total due from banks	應收銀行款項總額	5,295,369	–

Notes:

附註：

(a) Valuation adjustments for default risks

(a) 違約風險估值調整

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Acquisition of subsidiaries	收購附屬公司	12,598	–
Newly formed valuation adjustments for default risks	新增違約風險估值調整	552	–
Utilise of valuation adjustments for default risks	動用違約風險估值調整	(8,567)	–
Release of valuation adjustments for default risks	解除違約風險估值調整	(822)	–
Exchange realignment	匯兌調整	(560)	–
Other adjustments	其他調整	(168)	–
At 31 December	於十二月三十一日	3,033	–
of which on amounts due from banks	其中應收銀行款項	214	–
of which on amounts due from clients	其中應收客戶款項	2,819	–

19. DUE FROM BANKS AND CLIENTS (continued)

Notes: (continued)

(b) Impaired amounts due from banks and clients

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Impaired amounts due from banks and clients, gross	應收銀行及客戶減值款項，總額	3,033	—
Estimated realisation proceeds from collateral	估計抵押品變現所得款項	—	—
Impaired amounts due from banks and clients, net	應收銀行及客戶減值款項，淨額	3,033	—

(c) Non-performing loans

No interest income impact from non-performing loans was for the year ended 31 December 2016.

19. 應收銀行及客戶款項(續)

附註：(續)

(b) 應收銀行及客戶減值款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Impaired amounts due from banks and clients, gross	應收銀行及客戶減值款項，總額	3,033	—
Estimated realisation proceeds from collateral	估計抵押品變現所得款項	—	—
Impaired amounts due from banks and clients, net	應收銀行及客戶減值款項，淨額	3,033	—

(c) 不良貸款

截至二零一六年十二月三十一日止年度，概無不良貸款產生之利息收入影響。

20. TRADING PORTFOLIO INVESTMENTS

20. 交易組合投資

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Equity instruments	股本工具		
Listed equity instruments in Hong Kong at market value	按市值於香港上市之股本工具	187,362	367,471
Total equity instruments	股本工具總額	187,362	367,471
Debt instruments	債務工具		
Debt instruments of financial institutions listed outside Hong Kong	於香港境外上市之 金融機構債務工具	2,851	—
Unlisted debt instruments of financial institutions	金融機構之非上市債務工具	2,411	—
Total debt instruments	債務工具總額	5,262	—
Investment fund units	投資基金單位		
Investment fund units listed outside Hong Kong	於香港境外上市之投資基金單位	3,472	—
Unlisted investment fund units	非上市投資基金單位	993	—
Total investment fund units	投資基金單位總額	4,465	—
Total trading portfolio investments	交易組合投資總額	197,089	367,471

20. TRADING PORTFOLIO INVESTMENTS (continued)

The investments under trade portfolio are held for trading purposes.

Fair values of listed equity instruments, debt instruments and investment fund units have been determined by reference to their quoted market prices at the reporting date in active markets. Fair value of the listed trading portfolio investments is Level 1 recurring fair value measurement.

Fair value of unlisted debt instruments and investment fund units have been determined using significant inputs, which are market observable, directly or indirectly. The fair value of the unlisted trading portfolio investments is Level 2 recurring fair value measurement.

There is no transfer under the fair value hierarchy classification for the years ended 31 December 2016 and 2015.

The fair value gain during the year was amounted to HK\$68,187,000 (2015: HK\$29,078,000), which has been recognised in the consolidated statement of comprehensive income as "other ordinary income and other net gains or losses" (note 9) for the year ended 31 December 2016.

21. DERIVATIVE FINANCIAL INSTRUMENTS

20. 交易組合投資(續)

交易組合投資乃持有作買賣用途。

上市股本工具、債務工具及投資基金單位之公平值乃經參考其於報告日在活躍市場所報市價後予以釐定。上市交易組合投資之公平值為第一級經常性公平值計量。

倘重大輸入數值為市場可觀察數據，則非上市債務工具及投資基金單位之公平值直接或間接釐定。非上市交易組合投資之公平值為第二級經常性公平值計量。

截至二零一六年及二零一五年十二月三十一日止年度，概無根據公平值層級分類之轉移。

本年度之公平值收益為68,187,000港元(二零一五年：29,078,000港元)，已於截至二零一六年十二月三十一日止年度綜合全面收入表內確認為「其他一般收入及其他收益或虧損淨值」(附註9)。

21. 衍生金融工具

			2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
		Notes 附註		
Derivative financial assets	衍生金融資產			
Convertible bond investment – Conversion option component	可換股債券投資 — 換股權部分	(a)	82	2,244
Forward and option contracts	遠期及期權合約	(c)	2,256	–
			2,338	2,244
Derivative financial liabilities	衍生金融負債			
Financial undertakings provided by the Group in relation to issuance of ordinary shares for:	本集團就下列項目發行普通股 作出之財務承諾：			
– Acquisition of intangible assets	– 收購無形資產	(b)	–	(7,260)
Forward and option contracts	遠期及期權合約	(c)	(2,050)	–
			(2,050)	(7,260)

21. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes:

(a) Convertible bond investment – Conversion option component

The Group has subscribed a convertible bond issued by a company listed in Hong Kong, which is due on 1 December 2018 and convertible into fully paid ordinary shares with a par value of HK\$0.1 each at an initial conversion price of HK\$5, subject to adjustment on the occurrence of dilutive or concentrative event. The Group can exercise the conversion at any time until the maturity date and the convertible bond cannot be redeemed before maturity date (in whole or in part).

The principal amount of the convertible bond was HK\$10,000,000, which carries interest at 8% per annum payable every six months in arrears. There was no disposal or conversion of the convertible bond during the years ended 31 December 2016 and 2015.

The convertible bond is separated into two components: the debt component and the conversion option component. The Group has classified the debt component of the convertible bond as loans and receivables and the conversion option component of the convertible bond as derivative financial instruments.

The initial value of the debt component is the residual value after separating out the initial fair value of conversion option component. The initial fair value of conversion option component is determined by the directors with reference to the valuation performed by a valuer, Asset Appraisal. Subsequent to initial recognition, the debt component is carried at amortised cost using the effective interest method and the conversion option component is carried at fair value. The effective interest rate of the debt component is 29% (2015: 29%) as at 31 December 2016.

The fair value of the conversion option component is measured by the directors with reference to the valuation performed by Asset Appraisal using Binomial Option Pricing Model with the following key assumptions:

		At 31/12/2016 於二零一六年 十二月三十一日	At 31/12/2015 於二零一五年 十二月三十一日
Stock price	股價	HK\$ 1.45 港元	HK\$3.83 港元
Conversion price	轉換價	HK\$5.00 港元	HK\$5.00 港元
Expected volatility	預期波幅	50.0%	38.62%
Discount rate	貼現率	10.59%	18.64%
Risk free rate	無風險利率	1.03%	0.70%
Expected dividend yield	預期股息率	0.00%	0.00%

21. 衍生金融工具(續)

附註：

(a) 可換股債券投資 – 換股權部分

本集團已認購一間香港上市公司所發行之可換股債券，其於二零一八年十二月一日到期，且可按初步轉換價5港元轉換為每股面值0.1港元之繳足普通股，惟可因應攤薄或集中事件予以調整。本集團可隨時行使該轉換權，直至到期日為止，而可換股債券於到期日前不可贖回(全部或部分)。

可換股債券之本金額為10,000,000港元，附帶年利率8%，每六個月屆滿支付。截至二零一六年及二零一五年十二月三十一日止年度，概無出售或轉換可換股債券。

可換股債券分為兩部分：債務部分及換股權部分。本集團已將可換股債券之債務部分分類為貸款及應收款項，而可換股債券之換股權部分則分類為衍生金融工具。

債務部分之初始價值為剔除換股權部分之初始公平值之餘值。換股權部分之初始公平值由董事經參考估值師資產評值作出之估值後釐定。初始確認後，債務部分使用實際利率法按攤銷成本列賬，而換股權部分則按公平值列賬。於二零一六年十二月三十一日，債務部分之實際利率為29%(二零一五年：29%)。

換股權部分之公平值乃由董事經參考資產評值使用二項式期權定價模式作出之估值後計量，主要假設如下：

21. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(a) Convertible bond investment – Conversion option component (continued)

The carrying amounts of the debt component and conversion option component of the convertible bond are as follows:

		Debt component	Conversion option component	Total
		債務部分 HK\$'000 千港元	換股權部分 HK\$'000 千港元	總計 HK\$'000 千港元
At subscription date	於認購日期	6,007	3,993	10,000
Interest receivable	可收回利息	(66)	–	(66)
Effective interest income	實際利息收入	142	–	142
Change in the fair value of conversion option component	換股權部分之 公平值變動	–	(1,749)	(1,749)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日 及二零一六年一月一日	6,083	2,244	8,327
Interest receivable	可收回利息	(802)	–	(802)
Effective interest income	實際利息收入	1,817	–	1,817
Change in the fair value of conversion option component	換股權部分之 公平值變動	–	(2,162)	(2,162)
At 31 December 2016	於二零一六年十二月三十一日	7,098	82	7,180

The debt component is classified as “other assets” (note 33) in the consolidated statement of financial position and the conversion option component is classified as a derivative financial asset.

The fair value loss of the conversion option component during the year was amounted to HK\$2,162,000 (2015: HK\$1,749,000), which has been recognised as “other ordinary income and other net gains or losses” (note 9) in the consolidated statement of comprehensive income for the year.

The fair value of the conversion option component is Level 3 recurring fair value measurement. There is no transfer under the fair value hierarchy classification for the years ended 31 December 2016 and 2015.

The key significant unobservable inputs to determine the fair value of the conversion option component are the discount rate and the expected volatility.

A higher in the discount rate would result in an decrease in the fair value of the conversion option component, and vice versa.

A higher in the expected volatility would result in an increase in the fair value of the conversion option component, and vice versa.

(b) Undertakings provided by the Group in respect of the consideration shares issued for the acquisitions of intangible assets and interests in associates

In previous years, the Group completed the acquisition of intangible assets and interests in associates by issue and allotment of ordinary shares of the Company. Pursuant to the terms of the acquisition agreements, the Group has provided financial undertakings to compensate the vendors the shortfall in cash if the average selling price of the consideration shares disposed of by the vendor from the expiration of the respective lock-up periods is less than HK\$1.

For the year ended 31 December 2016, the vendors have disposed of all the consideration shares at prices higher than HK\$1. A fair value gain of HK\$7,260,000 (2015: HK\$19,219,000) has been recognised as “other ordinary income and other net gains or losses” in the consolidated statement of comprehensive income during the year.

21. 衍生金融工具(續)

附註：(續)

(a) 可換股債券投資 – 換股權部分(續)

可換股債券之債務部分及換股權部分之賬面值如下：

		Debt component	Conversion option component	Total
		債務部分 HK\$'000 千港元	換股權部分 HK\$'000 千港元	總計 HK\$'000 千港元
At subscription date	於認購日期	6,007	3,993	10,000
Interest receivable	可收回利息	(66)	–	(66)
Effective interest income	實際利息收入	142	–	142
Change in the fair value of conversion option component	換股權部分之 公平值變動	–	(1,749)	(1,749)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日 及二零一六年一月一日	6,083	2,244	8,327
Interest receivable	可收回利息	(802)	–	(802)
Effective interest income	實際利息收入	1,817	–	1,817
Change in the fair value of conversion option component	換股權部分之 公平值變動	–	(2,162)	(2,162)
At 31 December 2016	於二零一六年十二月三十一日	7,098	82	7,180

債務部分於綜合財務狀況表分類為「其他資產」(附註33)，而換股權部分歸類為衍生金融資產。

本年度換股權部分之公平值虧損為2,162,000港元(二零一五年：1,749,000港元)，其已於本年度綜合全面收入表中確認為「其他一般收入及其他收益或虧損」(附註9)。

換股權部分之公平值屬第三級經常性公平值計量。截至二零一六年及二零一五年十二月三十一日止年度，概無根據公平值層級分類之轉移。

釐定換股權部分公平值之主要重大不可觀察數據為貼現率及預期波幅。

貼現率較高可導致轉換購股權部分之公平值減少，反之亦然。

預期波幅較高可導致轉換購股權部分之公平值增加，反之亦然。

(b) 本集團就為收購無形資產及所佔聯營公司之權益而發行代價股份作出之承諾

於先前年度，本集團透過發行及配發本公司之普通股完成收購無形資產及所佔聯營公司之權益。根據該收購協議之條款，本集團作出財務承諾，倘賣方於有關禁售期屆滿後出售代價股份之平均銷售價少於1港元，則以現金向賣方賠償差額。

截至二零一六年十二月三十一日止年度，賣方已按多於1港元之價格出售所有代價股份。公平值收益7,260,000港元(二零一五年：19,219,000港元)已於本年度綜合全面收入表中確認為「其他一般收入及其他收益或虧損」。

21. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes: (continued)

(c) Forward and option contracts arising in banking business

The Group's subsidiaries under the banking business segment act as an intermediary to offer derivative products including interest rate and currency forwards and swap to its customers. These derivative positions are managed through entering back-to-back deals with external parties to ensure the remaining exposures are within acceptable risk levels.

The following tables and notes provide an analysis of the nominal amounts of derivatives and the corresponding fair values as at the year ended date. The nominal amounts of the derivatives indicate the volume of transactions outstanding as at the reporting date; they do not represent amounts at risk.

		31 December 2016 二零一六年十二月三十一日		
		Nominal amount 面值 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Non-hedging instruments	非對沖工具			
- Currency derivatives	- 貨幣衍生工具	418,198	2,256	2,050
- Option	- 期權	10,359	—*	—*
		428,557	2,256	2,050

* Represents the amount less than HK\$1,000.

* 即指金額少於1,000港元。

Nominal amount analysed by remaining maturity

按餘下到期日分析之面值

		2016 二零一六年 HK\$'000 千港元
Within 3 months	3個月內	405,898
Between 3 months and 1 year	3個月至1年	12,300
Between 1 year and 5 years	1至5年	10,359
		428,557

The remaining term to maturity of derivatives does not represent the Group's intended holding period. Change in the fair value of forward and option contracts arising in banking business has been recognised in the consolidated statement of comprehensive income under "Trading income from banking business".

衍生工具到期日餘下期限並不代表本集團之擬持有期。來自銀行業務之遠期及期權合約之公平值變動已根據「銀行業務貿易收入」確認於綜合全面收入表內。

(d) Currency forward contracts arising in non-banking business

As at 31 December 2016 and 2015, there was no outstanding currency forward contract arising in non-banking business held by the Group. For the year ended 31 December 2015, the fair value loss amounting to HK\$1,660,000 has been recognised in the consolidated statement of comprehensive income.

(d) 來自非銀行業務之貨幣遠期合約

於二零一六年及二零一五年十二月三十一日，本集團並無持有來自非銀行業務尚未償還之貨幣遠期合約。截至二零一五年十二月三十一日止年度，1,660,000港元之公平值虧損已於綜合全面收入表內確認。

21. 衍生金融工具(續)

附註：(續)

(c) 來自銀行業務之遠期及期權合約

本集團銀行業務分部下之附屬公司作為中介向其客戶提供衍生工具產品，包括利率以及貨幣遠期及掉期。該等衍生工具持倉乃透過與外界人士訂立背對背交易進行管理以確保餘下風險於可接受風險水平內。

下表及附註就截至該日止年度之衍生工具面值及相應公平值提供分析。衍生工具之面值顯示於報告日期尚未完成之交易量而並無呈現風險金額。

		31 December 2016 二零一六年十二月三十一日		
		Nominal amount 面值 HK\$'000 千港元	Assets 資產 HK\$'000 千港元	Liabilities 負債 HK\$'000 千港元
Non-hedging instruments	非對沖工具			
- Currency derivatives	- 貨幣衍生工具	418,198	2,256	2,050
- Option	- 期權	10,359	—*	—*
		428,557	2,256	2,050

* 即指金額少於1,000港元。

按餘下到期日分析之面值

		2016 二零一六年 HK\$'000 千港元
Within 3 months	3個月內	405,898
Between 3 months and 1 year	3個月至1年	12,300
Between 1 year and 5 years	1至5年	10,359
		428,557

衍生工具到期日餘下期限並不代表本集團之擬持有期。來自銀行業務之遠期及期權合約之公平值變動已根據「銀行業務貿易收入」確認於綜合全面收入表內。

(d) 來自非銀行業務之貨幣遠期合約

於二零一六年及二零一五年十二月三十一日，本集團並無持有來自非銀行業務尚未償還之貨幣遠期合約。截至二零一五年十二月三十一日止年度，1,660,000港元之公平值虧損已於綜合全面收入表內確認。

22. TRADE RECEIVABLES

22. 應收賬款

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade receivables	應收賬款	503,836	757,927
Less: Provision for impairment loss	減：減值虧損撥備	(42,251)	(64,059)
Trade receivables, net	應收賬款，淨額	461,585	693,868

The Group's trading terms with its customers from non-banking business are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of one to six months (2015: one to six months) for major customers. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. In view of the aforementioned and the fact that the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the provision for impairment loss of trade receivables are as follows:

除若干非銀行業務客戶須預先付款外，本集團與其客戶訂立之買賣條款主要為記賬方式。主要客戶一般可獲一至六個月(二零一五年：一至六個月)之信貸期。客戶之信貸期由管理層根據行業慣例並考慮客戶之信譽釐定。鑒於上述事項及本集團應收賬款涉及大量不同客戶，故並無高度集中信貸風險。應收賬款並不計息。

應收賬款之減值虧損乃使用撥備賬列賬，除非本集團信納收回有關金額之可能性極低則作別論，在此情況下，減值虧損會直接撇銷應收賬款。

應收賬款之減值虧損撥備變動如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	64,059	61,994
Reversal of impairment loss previously recognised (note 9)	此前確認之減值虧損撥回(附註9)	-	(9,864)
Written-off of provision for impairment loss	減值虧損撥備撇銷	(31,711)	-
Impairment loss for the year (note 11)	年內減值虧損(附註11)	12,797	12,688
Exchange realignment	匯兌調整	(2,894)	(759)
At 31 December	於十二月三十一日	42,251	64,059

At each reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. The Group does not hold any collateral over these balances. As at 31 December 2016, trade receivables of HK\$33,647,000 (2015: HK\$74,572,000) have been pledged to secure banking facilities granted to the Group during the year (note 37).

於各報告日，本集團按個別及集體基準審閱應收賬款之減值證據。本集團並無就該等結餘持有任何抵押品。於二零一六年十二月三十一日，33,647,000港元之應收賬款已予抵押(二零一五年：74,572,000港元)，以使本集團於年內獲授銀行融資(附註37)。

22. TRADE RECEIVABLES (continued)

Ageing analysis of trade receivables as at the reporting date, based on invoice date, and net of provisions, is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1 to 3 months	1至3個月	364,628	562,540
4 to 6 months	4至6個月	39,784	68,523
Over 6 months	超過6個月	57,173	62,805
		461,585	693,868

Ageing analysis of trade receivables as at the reporting date, based on due date and net of provisions, is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Neither past due nor impaired	尚未逾期或減值	247,533	241,825
Less than 3 months past due	已逾期少於3個月	146,428	353,343
More than 3 months but less than 6 months past due	已逾期超過3個月但少於6個月	23,365	50,851
More than 6 months past due	已逾期超過6個月	44,259	47,849
		214,052	452,043
		461,585	693,868

Receivables that were neither past due nor impaired related to a wide range of customers for whom most of them do not have recent history of default.

Receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, management believes that no additional impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The directors of the Company consider that as trade receivables are expected to be recovered within one year, their fair values are not materially different from their carrying amounts because these balances have short maturity periods on their inception at the reporting date.

22. 應收賬款(續)

應收賬款(扣除撥備)按照發票日期於報告日之賬齡分析如下:

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1 to 3 months	364,628	562,540
4 to 6 months	39,784	68,523
Over 6 months	57,173	62,805
	461,585	693,868

應收賬款(扣除撥備)按照到期日於報告日之賬齡分析如下:

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Neither past due nor impaired	247,533	241,825
Less than 3 months past due	146,428	353,343
More than 3 months but less than 6 months past due	23,365	50,851
More than 6 months past due	44,259	47,849
	214,052	452,043
	461,585	693,868

並無逾期或減值之應收款項與多名客戶有關，大部分該等客戶最近並無拖欠記錄。

已逾期但並無減值之應收款項與若干於本集團擁有良好付款記錄之客戶有關。根據過往經驗，管理層相信，由於信貸質素並無重大變化，加上有關結餘仍被視為可悉數收回，故毋須就該等結餘作出額外減值撥備。

本公司董事認為，於報告日，由於應收賬款預期將於一年內收回，且有關結餘自其開始以來之到期日偏短，故其公平值與其賬面值並無重大差異。

23. INVENTORIES

23. 存貨

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Raw materials	原材料	253,366	246,328
Work-in-progress	在製品	417,192	367,055
Finished goods and merchandises	製成品及商品	1,325,629	1,429,509
		1,996,187	2,042,892

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

24. 可供出售金融資產

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Listed equity investment, at fair value (note (a))	上市股本投資，公平值(附註(a))	243,058	317,173
Listed debt instruments, at fair value (note (b))	上市債務工具，公平值(附註(b))	96,840	-
Unlisted investment, at fair value	非上市投資，公平值		
– Insurance policy (note (c))	– 保單(附註(c))	5,579	-
Unlisted equity investments, at cost	非上市股本投資，成本值		
– Others (note (d))	– 其他(附註(d))	5,875	77
Total	總計	351,352	317,250

Notes:

- (a) The listed equity investment, at fair value of HK\$243,058,000 (2015: HK\$317,173,000) represented the investment in Citychamp Dartong Company Limited (referred to "Dartong" and its shares referred to as the "Dartong Shares"). During the year, Dartong declared a cash dividend of RMB1 (2015: RMB2) per 10 shares. A dividend income totalling HK\$3,558,000 (2015: HK\$7,597,000) was recognised by the Group in profit or loss in the consolidated statement of comprehensive income for the year ended 31 December 2016.

Mr. Hong Kwok Lung, Mr. Shang Jianguang, Ms. Sit Lai Hei and Mr. Hon Hau Wong, the executive directors of the Company are also the executive directors of Dartong. Dartong is owned as to approximately 31.7% by Fujian Fengrong Investment Company Limited ("Fengrong"). Ms. Sit Lai Hei is the daughter-in-law of Mr. Hon Kwok Lung and the beneficial owner of Fengrong.

Particulars of the available-for-sale financial assets of listed equity investment, at fair value are as follows:

附註：

- (a) 上市股本投資(按公平值計算)243,058,000港元(二零一五年：317,173,000)指於冠城大通股份有限公司(「大通」，其股份稱為「大通股份」)之投資。年內，大通宣派現金股息每10股人民幣1元(二零一五年：人民幣2元)。本集團於截至二零一六年十二月三十一日止年度於綜合全面收入表所確認之股息收入合共3,558,000港元(二零一五年：7,597,000港元)。

本公司執行董事韓國龍先生、商建光先生、薛黎曦女士及韓孝煌先生亦為大通之執行董事。大通由福建豐榕投資有限公司(「豐榕」)持有約31.7%。薛黎曦女士為韓國龍先生之兒媳兼豐榕之實益擁有人。

可供出售金融資產上市股本投資(按公平值計算)詳情如下：

Name	Country of incorporation	Particulars of issued shares held	Number of shares held by the Group	Percentage of ownership interest attributable to the Group
名稱	註冊成立國家	所持已發行股份詳情	本集團所持股份數目	本集團所佔擁有權益之百分比
Citychamp Dartong Company Limited 冠城大通股份有限公司	PRC 中國	Ordinary A Share A股普通股	30,389,058 (2015: 30,389,058) 30,389,058股 (二零一五年： 30,389,058股)	2.04% (2015: 2.05%) 2.04% (二零一五年： 2.05%)

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Notes: (continued)

(a) (continued)

The fair value of the listed equity investment held as available-for-sale financial assets has been determined directly with reference to published price quotation in active market. During the year, the decrease in fair value of Dartong Shares of HK\$74,115,000 (2015: increase in fair value of HK\$9,051,000) has been dealt with in other comprehensive income and the investment revaluation reserve.

(b) The listed debt instruments of HK\$96,840,000 represented the investment in listed debt instruments mainly issued by financial institutions and corporations in Europe.

The fair value of the debt instruments held as available-for-sale financial assets has been determined directly with reference to published price quotation in active market. During the year, the decrease in fair value of the debt instruments of HK\$176,000 (2015: nil) has been dealt with in other comprehensive income and the investment revaluation reserve.

(c) The Group entered into contract with an insurance company which contains life insurance policy to insure against the death of a member of senior management of the Group, with insured sum of approximately US\$5,400,000 (equivalent to approximately HK\$42,110,000). Under the contracts, the beneficiary and policy holder is a wholly-owned subsidiary of the Group. The Group has paid a one-off premium payment of US\$874,000 during the year ended 31 December 2016. The Group has the right to terminate the policy at any time and receive cash back based on the cash value of the policy at the date of termination, which is determined by the premium payment plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. The insurer will declare interest (including the guaranteed interest) to the Group on a quarterly basis, based on the amount of account value, at a rate to be determined at insurer's own discretion. For the year ended 31 December 2016, the decrease in fair value of HK\$919,000 (2015: nil) has been dealt with in other comprehensive income and the investment revaluation reserve. The fair value of investment in insurance policy is determined based on account value as stated in cash surrender value statement issued by insurer.

(d) In previous years, the Group owned 51% equity interest in Henan Jinjue and Henan Jinjue was being regarded as a subsidiary of the Group. During the year ended 31 December 2016, the Group has disposed of its 46.05% equity interest in Henan Jinjue and Henan Jinjue ceased to be a subsidiary of the Group.

The balances mainly represented the remaining 4.95% equity interest in Henan Jinjue which was classified as available-for-sales financial assets and stated at cost.

These are investments in unlisted private entities incorporated in the PRC. Their fair value information is not disclosed because the related fair value cannot be measured reliably, and they are measured at cost less accumulated impairment losses at each reporting date accordingly.

24. 可供出售金融資產(續)

附註：(續)

(a) (續)

上市權益投資之公平值及持作為可供出售財務資產之債務工具乃直接按活躍市場之報價而釐定。年內，大通股份之公平值減少74,115,000港元(二零一五年：公平值增加9,051,000港元)已於其他全面收入及投資重估儲備處理。

(b) 96,840,000港元之上市債務工具即指主要由歐洲金融機構及企業發行之上市債務工具投資。

上市權益投資之公平值及持作為可供出售財務資產之債務工具乃直接按活躍市場之報價而釐定。於年內，債務工具之公平值減少176,000港元(二零一五年：零)已於其他全面收入及投資重估儲備內處理。

(c) 本集團與一家保險公司訂立合約，其包括人壽保險保單，以就本集團高級管理層之成員身故投保，投保額約為5,400,000美元(相當於約42,110,000港元)。根據該等合約，受益人及保單持有人為本集團之全資附屬公司。截至二零一六年十二月三十一日止年度，本集團已支付一筆過保費874,000美元。本集團有權隨時終止保單，並根據保單於終止日期之現金價值(按保費支付款項加所賺取累計利息減累計保險費及保單費用開支釐定)收回現金。保險公司按其自身釐定之利率以賬戶價值為基準每季向本集團宣派利息(包括保證利息)。截至二零一六年十二月三十一日止年度，公平值減少919,000港元(二零一五年：零)已於其他全面收入及投資重估儲備內處理。保單投資之公平值乃按保險公司出具現金退保單所示之賬目金額而釐定。

(d) 於過往年度，本集團擁有河南金爵51%股本權益，而河南金爵被視為本集團之附屬公司。截至二零一六年十二月三十一日止年度，本集團已出售河南金爵46.05%股本權益，而河南金爵不再為本集團之附屬公司。

有關結餘主要指被分類為可供出售金融資產及按成本列賬之河南金爵剩餘4.95%股本權益。

此等為於中國註冊成立之非上市私人公司之投資。由於有關公平值未能可靠計量，且其按各相應報告日之成本減累計減值虧損計量，故並無披露其公平值資料。

25. HELD-TO-MATURITY INVESTMENTS

25. 持至到期投資

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Listed debt instruments, at amortised cost	上市債務工具，攤銷成本	338,709	-
Issued by:	由以下人士發行：		
Governments and public sectors	政府及公營部門	7,746	-
Financial institutions	金融機構	183,870	-
Corporations	企業	147,093	-
		338,709	-

26. SHORT-TERM INVESTMENTS

26. 短期投資

During the year, the Group purchased short-term investments from major banks in the PRC in which the balance of HK\$112,740,000 (2015: HK\$101,797,000) was subject to maturity up to January 2017 (2015: January 2016) and the balance of HK\$229,000 (2015: HK\$41,565,000) was not subject to maturity. These short-term investments are carried at amortised cost using the effective interest method less accumulated impairment losses.

年內，本集團向中國主要銀行購買短期投資，當中為數112,740,000港元(二零一五年：101,797,000港元)之結餘於二零一七年一月(二零一五年：二零一六年一月)到期，而為數229,000港元(二零一五年：41,565,000港元)之結餘並無到期日。該等短期投資按攤銷成本使用實際利率法減累計減值虧損而計算。

For those short-term investments not subject to maturity, the Group is entitled to require the banks to redeem the investments with the banks at anytime with immediate effect. The estimated return from these short-term investments ranged from 3.5% to 4.2% per annum (2015: 4.4% to 6% per annum). The accrued and unpaid interest will be received upon redemption of the investment from the banks. The directors of the Company consider that the carrying value of short-term investments approximates to their fair value at end of the reporting period.

就並無到期日之短期投資而言，本集團有權於任何時間要求銀行贖回投資。該等短期投資之估計回報率介乎每年3.5%至4.2%(二零一五年：每年4.4%至6%)。向銀行贖回投資後，本集團將收取應計及未支付利息。本公司董事認為短期投資之賬面值與其於報告期末之公平值相若。

27. INTERESTS IN ASSOCIATES

27. 所佔聯營公司之權益

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	65,828	56,020
Share of total comprehensive income of associates	應佔聯營公司之全面收入總額	23,022	9,818
Exchange realignment	匯兌調整	(9)	(10)
At 31 December	於十二月三十一日	88,841	65,828

The amounts due from associates were unsecured, interest-free and repayable on demand.

應收聯營公司款項為無抵押、免息及須按要求償還。

27. INTERESTS IN ASSOCIATES (continued)

27. 所佔聯營公司之權益(續)

Particulars of the principal associate, which is a limited liability company, at 31 December 2016 are as follows:

於二零一六年十二月三十一日，主要聯營公司(為有限公司)之詳情如下：

Name 名稱	Particulars of issued capital 已發行 股本詳情	Place of incorporation 註冊成立地點	Percentage of interest held 持有權益 所佔百分比	Principal activities and place of operation 主要業務及 營業地點
Fair Future Industrial Limited 俊光實業有限公司	HK\$600,000 600,000港元	Hong Kong 香港	25% (2015: 25%) 25% (二零一五年： 25%)	Manufacturing of watches and related accessories in the PRC 於中國製造鐘錶及 相關配件

The summarised financial information of the Group's material associate extracted from its management accounts for the years ended 31 December 2016 and 2015 is as follows:

以下為截至二零一六年及二零一五年十二月三十一日止年度本集團重大聯營公司之財務資料概要(摘錄自其管理賬目)：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fair Future Industrial Limited ("Fair Future")	俊光實業有限公司(「俊光」)		
As at 31 December	於十二月三十一日		
Current assets	流動資產	708,233	606,628
Non-current assets	非流動資產	43,884	40,390
Current liabilities	流動負債	(540,591)	(535,947)
Non-current liabilities	非流動負債	(706)	(782)
Net assets	資產淨值	210,820	110,289
Less: Non-controlling interests	減：非控股權益	–	434
Net assets attributable to owners of the associate	聯營公司擁有人 應佔資產淨值	210,820	110,723
Reconciliation to the Group's interest in Fair Future:	本集團於俊光之權益 之對賬：		
Proportion of the Group's ownership	本集團擁有權之比例	25%	25%
Group's share of net assets of the associate	本集團應佔一間聯營公司 之資產淨值	52,705	27,681
Goodwill on acquisition	收購之商譽	37,987	37,987
Effect of unrealised profits arising from the transactions with an associate	來自於聯營公司交易之 未實現溢利影響	(2,297)	–
Other reconciliation items	其他對賬項目	295	–
Carrying amount of the investment	投資賬面值	88,690	65,668

27. INTERESTS IN ASSOCIATES (continued)

27. 所佔聯營公司之權益(續)

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
For the year ended 31 December	截至十二月三十一日止年度		
Revenue	收入	1,276,171	1,182,278
Profit for the year	年內溢利	101,074	37,260
Other comprehensive income	其他全面收入	(437)	536
Total comprehensive income	全面收入總額	100,637	37,796
Profit for the year attributable to owners of an associate	一間聯營公司擁有人應佔年內溢利	101,724	38,739
Total comprehensive income for the year attributable to owners of an associate	一間聯營公司擁有人應佔年內全面收入總額	101,277	39,272
Reconciliation to the Group's share of results of Fair Future:	本集團應佔俊光業績之對賬：		
Proportion of the Group's ownership	本集團擁有權之比例	25%	25%
Group's share of profits of the associate	本集團應佔聯營公司之溢利	25,431	9,685
Effects of unrealised profits arising from the transactions with an associate	來自於聯營公司交易之未實現溢利影響	(2,297)	-
Net share of profit of the associate for the year	應佔年內聯營公司溢利淨額	23,134	9,685
Group's share of other comprehensive income of the associate	本集團應佔聯營公司之其他全面收入	(112)	133
Share of total comprehensive income of the associate	應佔聯營公司之全面收入總額	23,022	9,818

28. PROPERTY, PLANT AND EQUIPMENT

28. 物業、廠房及設備

		Land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment 傢具、裝置 及辦公室設備	Motor vehicles	CIP	Total
		土地及樓宇 HK\$'000 千港元	租賃物業裝修 HK\$'000 千港元	廠房及機器 HK\$'000 千港元	HK\$'000 千港元	汽車 HK\$'000 千港元	在建工程 HK\$'000 千港元	總計 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日							
Cost	成本	291,121	52,824	166,377	227,756	54,347	37,386	829,811
Accumulated depreciation	累計折舊	(39,514)	(31,816)	(55,119)	(93,194)	(33,507)	-	(253,150)
Net carrying amount	賬面淨值	251,607	21,008	111,258	134,562	20,840	37,386	576,661
Year ended 31 December 2015	截至二零一五年 十二月三十一日止年度							
Opening net book amount	年初賬面淨值	251,607	21,008	111,258	134,562	20,840	37,386	576,661
Additions	添置	6,305	6,072	20,470	74,653	2,332	178,261	288,093
Disposal of a subsidiary (note 13.2)	出售一間附屬公司(附註13.2)	-	(24)	-	(172)	-	-	(196)
Depreciation	折舊	(9,969)	(11,036)	(19,285)	(56,492)	(6,362)	-	(103,144)
Disposal	出售	-	-	(100)	(81)	(503)	-	(684)
Exchange realignment	匯兌調整	(7,460)	(594)	(4,692)	(6,020)	(641)	(10,524)	(29,931)
Closing carrying amount	年終賬面淨值	240,483	15,426	107,651	146,450	15,666	205,123	730,799
At 31 December 2015	於二零一五年十二月三十一日							
Cost	成本	287,511	56,174	179,368	287,939	49,845	205,123	1,065,960
Accumulated depreciation	累計折舊	(47,028)	(40,748)	(71,717)	(141,489)	(34,179)	-	(335,161)
Net carrying amount	賬面淨值	240,483	15,426	107,651	146,450	15,666	205,123	730,799
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度							
Opening net book amount	年初賬面淨值	240,483	15,426	107,651	146,450	15,666	205,123	730,799
Additions	添置	3,319	6,022	52,681	58,524	2,005	44,492	167,043
Acquisition of subsidiaries (note 49)	收購附屬公司(附註49)	172,514	-	-	27,818	640	-	200,972
Disposal of a subsidiary (note 13.1)	出售一間附屬公司(附註13.1)	-	(1,220)	-	(76)	-	-	(1,296)
Depreciation	折舊	(11,210)	(6,787)	(20,539)	(64,407)	(4,420)	-	(107,363)
Disposal	出售	-	(12)	(547)	-	(499)	-	(1,058)
Exchange realignment	匯兌調整	(16,524)	(573)	(6,872)	(1,897)	(591)	(14,618)	(41,075)
Closing carrying amount	年終賬面淨值	388,582	12,856	132,374	166,412	12,801	234,997	948,022
At 31 December 2016	於二零一六年十二月三十一日							
Cost	成本	443,761	45,904	197,786	349,308	47,522	234,997	1,319,278
Accumulated depreciation	累計折舊	(55,179)	(33,048)	(65,412)	(182,896)	(34,721)	-	(371,256)
Net carrying amount	賬面淨值	388,582	12,856	132,374	166,412	12,801	234,997	948,022

28. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

- (a) The carrying value of the Group's land and buildings are held under the following lease terms:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Short-term leases	短期租約	–	458
Medium-term leases	中期租約	388,582	239,702
Long-term leases	長期租約	–	323
		388,582	240,483

The aforesaid land and buildings are located outside Hong Kong.

At 31 December 2016, land and buildings in Switzerland with an aggregated carrying value of HK\$127,516,000 (2015: HK\$132,640,000) have been pledged to secure banking facilities granted to the Group (note 37).

- (b) At 31 December 2015, the Group had not yet obtained the title certificates for certain leasehold buildings in the PRC with an aggregate carrying value of approximately HK\$3,467,000. The Group's legal advisor had confirmed that the Group has legally obtained the rights to use the buildings as at 31 December 2015. The Group has obtained the title certificates from the relevant government authorities for the year ended 31 December 2016.

28. 物業、廠房及設備(續)

附註：

- (a) 本集團土地及樓宇之賬面值乃按下列租期持有：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Short-term leases	–	458
Medium-term leases	388,582	239,702
Long-term leases	–	323
	388,582	240,483

上述土地及樓宇位於香港境外。

於二零一六年十二月三十一日，本集團已抵押位於瑞士賬面總值127,516,000港元(二零一五年：132,640,000港元)之土地及樓宇以獲授銀行融資(附註37)。

- (b) 於二零一五年十二月三十一日，本集團尚未就其於中國賬面總值約3,467,000港元之若干租賃樓宇取得業權證明。本集團法律顧問已確認，本集團已於二零一五年十二月三十一日取得有關樓宇之合法使用權。截至二零一六年十二月三十一日止年度，本集團已自有關政府機關取得業權證明。

29. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Changes to the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	111,676	112,175
Net deficit on revaluation of investment properties	投資物業重估之虧絀淨額	(3,897)	(499)
Carrying amount at 31 December	於十二月三十一日之賬面值	107,779	111,676

The carrying amounts of the Group's investment properties situated in Hong Kong and the PRC held under medium-term leases are analysed as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Hong Kong	香港	24,100	23,800
PRC	中國	83,679	87,876
		107,779	111,676

At 31 December 2016, the Group has not obtained the relevant title certificates for investment properties with an aggregate carrying value of HK\$39,700,000 (2015: HK\$41,900,000). The Group's legal advisors have confirmed that the Group is the rightful and equitable owner of these investment properties. The directors are now in process of obtaining the title certificates from the relevant government authorities.

At 31 December 2016, investment properties in Hong Kong with an aggregate carrying value of HK\$24,100,000 (2015: HK\$23,800,000) have been pledged to secure banking facilities granted to the Group (note 37).

Investment properties were revalued at 31 December 2016 and 2015 by Asset Appraisal Limited ("Asset Appraisal") and Chung, Chan & Associate, independent professionally qualified valuers, at HK\$107,779,000 (2015: HK\$111,676,000) in aggregate. Asset Appraisal is a member of Hong Kong Institutes of Surveyors and Chung, Chan & Associates is a member of Royal Institution of Chartered Surveyors. Both have appropriate qualifications and relevant experiences in the location and category of properties being valued.

29. 投資物業

本集團所有就賺取租金或資本增值而以經營租約持有之物業權益，乃按公平值模式計量，並分類及入賬為投資物業。

於綜合財務狀況表呈列之賬面值變動概述如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount at 1 January	111,676	112,175
Net deficit on revaluation of investment properties	(3,897)	(499)
Carrying amount at 31 December	107,779	111,676

本集團位於香港及中國以中期租約持有之投資物業之賬面值分析如下：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Hong Kong	24,100	23,800
PRC	83,679	87,876
	107,779	111,676

於二零一六年十二月三十一日，本集團並未就賬面總值39,700,000港元(二零一五年：41,900,000港元)之投資物業取得相關業權證明。本集團法律顧問已確認，本集團為該等投資物業之正式合理業主。董事現正向相關政府機關取得業權證明。

於二零一六年十二月三十一日，本集團抵押位於香港賬面總值24,100,000港元(二零一五年：23,800,000港元)之投資物業以獲授銀行融資(附註37)。

投資物業於二零一六年及二零一五年十二月三十一日由資產評估顧問有限公司(「資產評估」)及獨立專業認可估值師衡量行重估為合共107,779,000港元(二零一五年：111,676,000港元)。資產評估為香港測量師學會成員，衡量行則為英國皇家特許測量師學會成員。兩者均於經估值物業之位置及分類方面具備適當資格及相關經驗。

29. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The fair value of investment properties is a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	年初結餘(第三級經常性公平值)	111,676	112,175
Net deficit on revaluation of investment properties	重估投資物業之虧絀淨額	(3,897)	(499)
Closing balance (Level 3 recurring fair value)	年末結餘(第三級經常性公平值)	107,779	111,676
Change in unrealised losses for the year included in profit or loss for assets held at 31 December	就十二月三十一日所持有資產計入虧損之年度未變現虧損變動	(3,897)	(499)

During the years ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

For the fair value measurement for investment properties in the PRC under income approach, the fair value was determined by taking into account the net rental incomes of the properties derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the values at appropriate capitalisation rates.

Significant unobservable inputs

	Range
Capitalisation rate	3.53% to 6.7% (2015: 2.9% to 7%)
Market unit rent per square metre	HK\$4.95 to HK\$76 (2015: HK\$6 to HK\$77)

A lower in the capitalisation rate and a higher in the market unit rent used would result in an increase in the fair value measurement of the investment properties, and vice versa.

For the fair value measurement for investment property in Hong Kong under direct comparison method, it is assumed that each of the properties is capable of being sold in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

29. 投資物業(續)

公平值等級

投資物業之公平值為第三級經常性公平值計量。年初及年末公平值結餘之對賬載列如下。

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	111,676	112,175
Net deficit on revaluation of investment properties	(3,897)	(499)
Closing balance (Level 3 recurring fair value)	107,779	111,676
Change in unrealised losses for the year included in profit or loss for assets held at 31 December	(3,897)	(499)

於截至二零一六年及二零一五年十二月三十一日止年度，第一級與第二級之間並無轉撥，亦無轉撥入第三級或自第三級轉撥出。本集團之政策為於發生之報告期末確認各公平值等級水平之間之轉撥。

就按收益法評估之中國投資物業公平值計量，公平值乃計入該等物業從現有租賃產生之租金收入淨額，並考慮到租賃復歸之後收入潛力，其後按適當資本化比率撥充資本計出價。

重大不可觀察數據 範圍

資本化比率	3.53%至6.7% (二零一五年：2.9%至7%)
單位市場租金 (每平方米)	4.95港元至76港元 (二零一五年：6港元至77 港元)

使用較低資本化比率及較高單位市場租金會導致計算投資物業之公平值增加，反之亦然。

就根據直接比較法計量香港投資物業公平值而言，乃假設各項物業可按其現狀交吉出售，並參考有關市場可得之可比較銷售憑證。

29. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (Continued)

One of the key inputs used under direct comparison method in valuing the investment property was the price per square feet and taking into account location and other individual factors. The price per square feet used is approximately HK\$14,754 (2015: HK\$14,570). An increase in the price per square feet would result in an increase in the fair value measurement of the investment property, and vice versa.

There has been no change from the valuation technique used in the prior year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

30. PREPAID LAND LEASE PAYMENTS

Changes to the carrying amounts are summarised as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	46,208	38,828
Additions	添置	18,742	12,546
Amortisation during the year	年內攤銷	(949)	(1,015)
Exchange realignment	匯兌調整	(4,959)	(4,151)
Carrying amount at 31 December	於十二月三十一日之賬面值	59,042	46,208

As at 31 December 2016, the amount of the Group's prepaid land lease payments expected to be recognised as expense after more than one year is HK\$58,135,000 (2015: HK\$45,242,000). The remaining prepaid land lease payments are expected to be recognised as expense within one year.

As at 31 December 2016 and 2015, all of the Group's prepaid land lease payments are related to land located in the PRC and held under medium-term leases.

At 31 December 2015, the Group's prepaid land lease payments included certain land use rights with a net carrying amount of HK\$11,949,000 for which the Group was still in the process of obtaining the land use rights certificate. The Group's legal advisor had confirmed that the Group had the legal right to use the land and there was no legal impediment to obtain the land use right certificate as at 31 December 2015. For the year ended 31 December 2016, the Group has obtained all the land use right certificates from the relevant government authority.

29. 投資物業(續)

公平值等級(續)

評估投資物業時，直接比較法項下主要輸入數據之一為每平方呎價格，且計及位置及其他個別因素。所用每平方呎價格約為14,754港元(二零一五年：14,570港元)。每平方呎價格上升會導致投資物業公平值計量增加，反之亦然。

於上一年度使用之估值方法並無變動。公平值乃根據上述物業之最高及最佳用途為基準計算，該等用途與其實際用途並無不同。

30. 預付土地租賃款項

賬面值變動概述如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Carrying amount at 1 January	於一月一日之賬面值	46,208	38,828
Additions	添置	18,742	12,546
Amortisation during the year	年內攤銷	(949)	(1,015)
Exchange realignment	匯兌調整	(4,959)	(4,151)
Carrying amount at 31 December	於十二月三十一日之賬面值	59,042	46,208

於二零一六年十二月三十一日，本集團一年以上預計將被確認為費用之預付土地租賃付款為58,135,000港元(二零一五年：45,242,000港元)。餘下預付土地租賃款項預計將於一年內確認為費用。

於二零一六年及二零一五年十二月三十一日，本集團之預付土地租賃款項乃與位於中國並根據中期租約持有之土地有關。

於二零一五年十二月三十一日，本集團之預付土地租賃款項包括賬面淨值為11,949,000港元之若干土地使用權，其中本集團仍在申請取得土地使用權證。本集團之法律顧問已確認，本集團具有使用土地之法律權利，且於二零一五年十二月三十一日在取得土地使用權證中概無法律障礙。截至二零一六年十二月三十一日止年度，本集團已從有關政府部門獲得所有土地使用權證書。

31. INTANGIBLE ASSETS

31. 無形資產

		Supplier and distribution networks 供應商及 分銷網絡 HK\$'000 千港元	Brand names 品牌名稱 HK\$'000 千港元	Patents 專利 HK\$'000 千港元	Total 總計 HK\$000 千港元
At 1 January 2015	於二零一五年一月一日				
Cost	成本	122,670	247,518	30,933	401,121
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(35,904)	(105,057)	(30,236)	(171,197)
Net carrying amount	賬面淨值	86,766	142,461	697	229,924
Year ended 31 December 2015	截至二零一五年十二月三十一日止年度				
Opening carrying amount	年初賬面值	86,766	142,461	697	229,924
Additions	添置	–	–	698	698
Disposal of a subsidiary (note 13.2)	出售一間附屬公司(附註13.2)	(41,260)	–	–	(41,260)
Disposal	出售	(765)	–	(591)	(1,356)
Amortisation	攤銷	(8,826)	(79)	(191)	(9,096)
Exchange realignment	匯兌調整	(1,327)	(5,293)	(20)	(6,640)
Closing carrying amount	年終賬面值	34,588	137,089	593	172,270
At 31 December 2015	於二零一五年十二月三十一日				
Cost	成本	58,024	242,080	31,497	331,601
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(23,436)	(104,991)	(30,904)	(159,331)
Net carrying amount	賬面淨值	34,588	137,089	593	172,270
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度				
Opening carrying amount	年初賬面值	34,588	137,089	593	172,270
Disposal of a subsidiary (note 13.1)	出售一間附屬公司(附註13.1)	(24,033)	–	–	(24,033)
Amortisation	攤銷	(3,184)	(75)	(191)	(3,450)
Exchange realignment	匯兌調整	(557)	(19,218)	(108)	(19,883)
Closing carrying amount	年終賬面值	6,814	117,796	294	124,904
At 31 December 2016	於二零一六年十二月三十一日				
Cost	成本	20,417	220,106	30,564	271,087
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(13,603)	(102,310)	(30,270)	(146,183)
Net carrying amount	賬面淨值	6,814	117,796	294	124,904

32. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日		
Gross carrying amount	賬面總值	791,031	791,031
Accumulated impairment losses	累計減值虧損	(49,395)	(49,395)
Net carrying amount	賬面淨值	741,636	741,636
Year ended 31 December	截至十二月三十一日止年度		
Opening carrying amount	年初賬面值	741,636	741,636
Acquisition of subsidiaries (note 49)	收購附屬公司(附註49)	242,875	-
Impairment loss	減值虧損	(70,566)	-
Exchange realignment	匯兌調整	(51,111)	-
Closing carrying amount	年終賬面值	862,834	741,636
At 31 December	於十二月三十一日		
Gross carrying amount	賬面總值	980,561	791,031
Accumulated impairment losses	累計減值虧損	(117,727)	(49,395)
Net carrying amount	賬面淨值	862,834	741,636

For the purpose of impairment testing, goodwill is allocated to the CGUs under watch and timepieces segment and banking business segment. The CGUs were identified as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
	Segment 分類		
Jia Cheng Investment Limited and its subsidiaries 佳城投資有限公司及其附屬公司	Watches and timepieces 鐘錶及時計產品	611,366	621,382
Corum Group 崑崙集團	Watches and timepieces 鐘錶及時計產品	47,161	49,395
Dreyfuss Group 帝福時集團	Watches and timepieces 鐘錶及時計產品	88,663	120,254
Bendura Group 富地集團	Banking business 銀行業務	233,371	-
Gross carrying amount 賬面總值		980,561	791,031

Valuations were carried out by Asset Appraisal to assess the recoverable amount of the goodwill arising from the acquisitions. The Group's management's key assumptions for the Group include stable profit margins, which have been determined based on the past performance and its expectations for the market share after taking into consideration of published market forecasts included in industry reports.

32. 商譽

業務合併產生之商譽資本化金額於綜合財務狀況表確認為資產如下：

就進行減值測試，商譽分配至鐘錶及時計分部以及銀行業務分部之現金產生單位。現金產生單位已識別為：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
	Segment 分類		
Jia Cheng Investment Limited and its subsidiaries 佳城投資有限公司及其附屬公司	Watches and timepieces 鐘錶及時計產品	611,366	621,382
Corum Group 崑崙集團	Watches and timepieces 鐘錶及時計產品	47,161	49,395
Dreyfuss Group 帝福時集團	Watches and timepieces 鐘錶及時計產品	88,663	120,254
Bendura Group 富地集團	Banking business 銀行業務	233,371	-
Gross carrying amount 賬面總值		980,561	791,031

資產評估進行估值，以評估收購所產生商譽之可收回金額。本集團管理層就本集團之主要假設包括穩定邊際溢利，乃經計及於業內報告所公佈市場預測後，按過往表現及其市場佔有率預測釐定。

32. GOODWILL (continued)

Jia Cheng Investment Limited and its subsidiaries

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the growth rates of 3% (2015: 3%) which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 19.65% per annum (2015: 17.12%). The discount rate used is pre-tax and reflect specific risks relating to the CGU. The directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU as at 31 December 2016 and 2015.

Corum Group

The goodwill arising from the acquisition of Corum Group in the watch and timepieces segment had been fully impaired and in previous years.

Dreyfuss Group

Dreyfuss Group incurred loss for the year ended 31 December 2016 and the revenue growth is not achieved as previously expected. The directors of the Company considered the goodwill arising from the acquisition of Dreyfuss Group should be impaired. As the recoverable amount of the CGU of Dreyfuss Group as at 31 December 2016 amounting to HK\$123,273,000 is lower than its carrying amount, an impairment loss on the goodwill of HK\$70,566,000 (2015: nil) was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2016.

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the growth rates of 3% (2015: 3%) which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 17.46% (2015: 18.72%) per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU.

32. 商譽(續)

佳城投資有限公司及其附屬公司

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按增長率3% (二零一五年：3%) (其不超過於現金產生單位經營之業務之長期增長率) 及年貼現率19.65% (二零一五年：17.12%) 推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。董事認為，根據主要假設之任何合理可能變動計得之可收回金額不會致使賬面總值超過現金產生單位於二零一六年及二零一五年十二月三十一日之可收回款項總額。

崑崙集團

收購崑崙集團產生鐘錶及時計產品分類之商譽於過往年度已悉數減值。

帝福時集團

帝福時集團截至二零一六年十二月三十一日止年度出現重大虧損，收入增幅亦未達早前預期。本公司董事認為從收購帝福時集團之商譽及無形資產應減值。帝福時集團現金產生單位之可收回金額為123,273,000港元，低於賬面值，商譽減值虧損70,566,000港元 (二零一五年：零) 於截至二零一六年十二月三十一日止年度綜合全面收入表中確認。

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按增長率3% (二零一五年：3%) (其不超過於現金產生單位經營之業務之長期增長率) 及年貼現率17.46% (二零一五年：18.72%) 推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。

32. GOODWILL (continued)

Bendura Group

The recoverable amount of this CGU is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, followed by an extrapolation of expected cash flow at the zero growth rates which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 12.81% per annum. The discount rate used is pre-tax and reflect specific risks relating to the CGU. The directors believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable of the CGU as at 31 December 2016.

Goodwill arising from business combinations prior to 2001

Goodwill arising from business combinations prior to 2001 had been eliminated against the consolidated reserves. As at 31 December 2016, the carrying amount of goodwill in the consolidated reserves was HK\$15,300,000 (2015: HK\$15,300,000).

33. OTHER ASSETS

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Other receivables	其他應收款	260,161	299,162
Dividend receivable from an associate (note 48.1 (iv))	應收一間聯營公司股息 (附註48.1(iv))	27,500	27,500
Consideration receivable from an associate in respect of disposal of brand name (note 48.1 (iv))	就出售品牌名稱應收一間聯營公司 代價(附註48.1(iv))	20,000	25,000
Deposits for acquisition of subsidiaries (notes 46(a) and 46(b))	收購附屬公司按金 (附註46(a)及46(b))	13,000	-
Consideration receivable in respect of disposal of subsidiaries (notes 13.1 and 13.3)	就出售附屬公司之應收代價 (附註13.1及13.3)	42,282	39,364
Debt component of convertible bond investment (note 21 (a))	可換股債券投資之債務部分 (附註21(a))	7,098	6,083
Amounts due from associates (note 48.1 (iv))	應收聯營公司款項(附註48.1(iv))	24,588	17,107
Amounts due from related companies (note 48.1 (iv))	應收關連公司款項(附註48.1(iv))	1,064	911
Prepayments	預付款項	98,439	108,052
Deposits	按金	49,205	26,919
Management and performance fees receivables	應收管理及表現費用	14,379	-
Other interest receivables	其他應收利息	20,615	-
Settlement and clearing account	交收及結算賬戶	15,325	-
		593,656	550,098

32. 商譽(續)

富地集團

該現金產生單位之可收回金額乃以計算使用價值釐定，有關計算使用董事所批准覆蓋五年期之財務預算之現金流量預測，再按增長率(其不超過於現金產生單位經營之業務之長期增長率)及年貼現率12.81%推斷預期現金流量。所用貼現率為反映現金產生單位特定風險之除稅前比率。董事認為，根據主要假設之任何合理可能變動計得之可收回金額不會致使賬面總值超過現金產生單位於二零一六年十二月三十一日之可收回款項總額。

二零零一年前業務合併之商譽

於二零零一年前業務合併產生之商譽已於綜合儲備對銷。於二零一六年十二月三十一日，於綜合儲備內之商譽賬面值為15,300,000港元(二零一五年：15,300,000港元)。

33. 其他資產

33. OTHER ASSETS (continued)

Other receivables represented cash advance to the staffs, VAT receivable, receivable on social securities, other advances and deposits in the securities accounts.

As at 31 December 2016, the amount of the Group's other assets expected to be recovered or recognised as expense after more than one year is HK\$14,779,000 (2015: HK\$21,887,000). The remaining other assets are expected to be recovered or recognised as expense within one year.

None of the above other receivables is either past due or impaired. Other receivables relate to counterparties for which there was no recent history of default.

34. DUE TO CLIENTS

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Due to clients precious metals	應付客戶貴金屬款項	27,499	-
Other amounts due to clients, mainly bank deposits	其他應付客戶款項 (主要為銀行存款)	10,365,548	-
		10,393,047	-

35. TRADE PAYABLES

The credit terms of trade payables from non-banking business vary according to the terms agreed with different suppliers. Ageing analysis of trade payables as at the reporting dates, based on the invoice dates, is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
1 to 3 months	1至3個月	268,591	320,297
4 to 6 months	4至6個月	21,771	16,745
Over 6 months	超過6個月	59,475	22,491
		349,837	359,533

Trade payables are non-interest bearing.

33. 其他資產(續)

其他應收款即指預付員工之現金、增值稅應收款項、社會保障應收款項、其他墊款及證券賬戶之存款。

於二零一六年十二月三十一日，本集團其他資產預計將於一年後收回或確認為開支之金額為14,779,000港元(二零一五年：21,887,000港元)。餘下其他資產預計於一年內收回或確認為開支。

上述其他應收款概無逾期或減值。與對手方有關之其他應收款並無最近拖欠記錄。

34. 應付客戶款項

35. 應付賬款

非銀行業務應付賬款之信貸期根據與不同供應商協定之條款而變。應付賬款按照發票日期於報告日之賬齡分析如下：

應付賬款為不計息。

36. CORPORATE BONDS

36. 公司債券

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At 1 January	於一月一日	708,834	764,914
Issuance of corporate bonds	發行公司債券	—	—
Amortisation of transaction costs	交易成本攤銷	3,880	3,561
Repurchase of corporate bonds	購回公司債券	(2,009)	(58,136)
Exchange realignment	匯兌調整	(18,578)	(1,505)
At 31 December	於十二月三十一日	692,127	708,834

On 24 July 2014, the Group issued CHF denominated corporate bonds of principal amount of CHF100,000,000 bears interest at 3.625% per annum. The interests of the corporate bonds are paid in arrears on 24 July every year. The corporate bonds are listed in SIX Swiss Exchange in Switzerland and guaranteed by the Company. The corporate bonds will mature on 24 July 2019.

Net proceeds from the issue of the corporate bonds, as reduced by transaction cost, amounted to approximately CHF97,295,000 (equivalent to approximately HK\$762,913,000).

The Group may, at any time after the date of issuance and prior to the date of maturity, redeem the whole corporate bonds at 100% of the total principal amounts together with payments of interest accrued up to the dates of such early redemption by serving a prior notice to a period of not less than 30 days nor more than 60 days.

During the year ended 31 December 2016, the Group has repurchased certain corporate bonds of principal amount of CHF255,000 (equivalent to approximately HK\$2,009,000) (2015:CHF7,385,000 (equivalent to approximately HK\$58,136,000)) at the consideration of CHF216,000 (equivalent to approximately HK\$1,697,000) (2015:CHF6,360,000 (equivalent to approximately HK\$51,262,000)). The Group recognised a gain on repurchase of the corporate bonds of CHF39,000 (equivalent to approximately HK\$312,000) (2015:CHF853,000 (equivalent to approximately HK\$6,872,000)) (after unamortised transaction costs) for the year ended 31 December 2016.

於二零一四年七月二十四日，本集團發行瑞士法郎公司債券，本金額為100,000,000瑞士法郎，按年利率3.625%計息。該等公司債券利息於每年七月二十四日分期支付。該等公司債券於瑞士證券交易所上市及由本公司擔保。該等公司債券到期日為二零一九年七月二十四日。

發行公司債券之所得款項淨額(扣除交易成本)為約97,295,000瑞士法郎(相當於約762,913,000港元)。

本集團可於發行日後任何時間至到期日前，發出不少於30日或不多於60日之事先通知，按本金總額100%連同直至該提早贖回日期止累計利息款項贖回全部公司債券。

截至二零一六年十二月三十一日止年度，本集團以代價216,000瑞士法郎(相當於約1,697,000港元)(二零一五年：6,360,000瑞士法郎(相當於約51,262,000港元))購回若干本金額255,000瑞士法郎(相當於約2,009,000港元)(二零一五年：7,385,000瑞士法郎(相當於約58,136,000港元))之公司債券。截至二零一六年十二月三十一日止年度，本集團確認購回公司債券收益39,000瑞士法郎(相當於約312,000港元)(二零一五年：853,000瑞士法郎(相當於約6,872,000港元)(扣除未攤銷交易費))。

37. BORROWINGS

37. 借貸

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Bank overdrafts	銀行透支	117,713	-
Bank borrowings	銀行借貸	1,072,627	938,532
		1,190,340	938,532

As at 31 December 2016, the amount of the Group's borrowings repayable within one year or on demand is HK\$1,174,367,000 (2015: HK\$766,654,000). The remaining borrowings are repayable over one year.

於二零一六年十二月三十一日，本集團須於一年內償還或按要求償還之借貸金額為1,174,367,000港元（二零一五年：766,654,000港元）。餘下借貸為於一年後償還。

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause. Borrowings are repayable as follows:

根據載於貸款協議之計劃還款日期，且不計及按要求償付條款之影響。借貸須按下列方式償付：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Borrowings payable:	借貸應付款：		
Within one year or on demand	於一年內或按要求	939,187	559,977
In the second year	於第二年	235,637	258,815
In the third to fifth year	於第三至第五年	1,369	104,744
After fifth year	第五年後	14,147	14,996
		251,153	378,555
		1,190,340	938,532

The abovementioned borrowings are charged at floating rates ranging from 1.96% to 4.35% (2015: 2.1% to 6.11%) per annum.

以上所述借貸收取介乎每年1.96%至4.35%之間之浮動利率（二零一五年：2.1%至6.11%）。

37. BORROWINGS (continued)

At the reporting dates, the Group's borrowings were secured by:

- (i) corporate guarantees provided by subsidiaries within the Group as at 31 December 2016 and 2015;
- (ii) a corporate guarantee provided by Fengrong as at 31 December 2015 (note 48.1(v));
- (iii) a legal charge over certain of the Group's land and buildings and investment properties with the carrying amounts of HK\$127,516,000 (2015: HK\$129,397,000)(note 28(a)) and HK\$24,100,000 (2015: HK\$23,800,000) (note 29);
- (iv) certain of the Group's trade receivables with the carrying amounts of HK\$33,647,000 (2015: HK\$74,572,000) as at 31 December 2016 (note 22); and
- (v) a personal guarantee of HK\$27,600,000 provided by the director of a subsidiary as at 31 December 2016 and 2015.

Certain of borrowings contain clause which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Borrowings due for repayment after one year which contain a repayment on demand clause and are expected to be settled within one year. The carrying amounts of the borrowings approximate to their fair value.

37. 借貸(續)

於報告日，本集團之借貸以下列各項作抵押：

- (i) 本集團內附屬公司於二零一六年及二零一五年十二月三十一日所提供之公司擔保；
- (ii) 豐裕於二零一五年十二月三十一日所提供之公司擔保(附註48.1(v))；
- (iii) 本集團賬面值為127,516,000港元(二零一五年：129,397,000港元)之若干土地及樓宇(附註28(a))及賬面值為24,100,000港元(二零一五年：23,800,000港元)之若干投資物業(附註29)之法定押記；
- (iv) 本集團於二零一六年十二月三十一日之賬面值為33,647,000港元(二零一五年：74,572,000港元)之若干應收賬款(附註22)；及
- (v) 一間附屬公司之董事於二零一六年及二零一五年十二月三十一日提供之27,600,000港元個人擔保。

若干借貸包含給予銀行可要求於任何時間即時償付之全權酌情權之條文，而不論本集團是否已遵守契諾及符合計劃償付責任。於一年後到期償付之借貸部分包含按要求償付條文，且預期於一年內結付。借貸賬面值與其公平值相若。

38. PROVISIONS

38. 撥備

		Provision for litigation risks 訴訟風險撥備 HK\$'000 千港元
Acquisition of subsidiaries (note 49)	收購附屬公司(附註49)	6,496
Utilised/Released in accordance with designated purpose	根據指定目的使用/解除	(3,973)
Newly formed and charged to profit or loss	新作出並扣自溢利或虧損	552
Released and credited to profit or loss	解除及計入溢利或虧損	(2,494)
Exchange realignment	匯兌調整	(49)
At 31 December 2016	於二零一六年十二月三十一日	532
Maturity of the provisions	撥備到期日	
Within one year	一年內	532

During the year ended 31 December 2016, net reversal of provision for litigation risks of HK\$1,942,000 has been recognised in the consolidated statement of comprehensive income.

As part of the normal business activities of banking business, the Group is exposed to a wide range of legal risks. These include in particular risks relating to litigation and tax law. The Group recognises provisions for such litigation and tax risks if the Group's management and its legal advisors are of the opinion that an outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount. The amount of the provisions and their timing are by their nature subject to uncertainty. However, these uncertainties are evaluated as being low since it was possible to reliably estimate the individual amounts and the majority of the recognised provisions will probably become due within one year.

截至二零一六年十二月三十一日止年度，撥回訴訟風險撥備淨額1,942,000港元已於綜合全面收入表中確認。

作為銀行業務日常業務活動一部分，本集團面臨多類法律風險。該等風險包括與訴訟及稅法有關之特定風險。倘本集團管理層及其法律顧問認為體現經濟利益之資源可能流出且金額能可靠估計，則本集團就該訴訟及稅務風險確認撥備。撥備金額及其時間根據其性質受不確定因素規限。然而，由於能可靠地估計個別金額及大多數已確認撥備可能於一年內到期，故此經評估該等不確定因素為低。

39. SUBORDINATED DEBT

39. 次級債務

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Subordinated private placements	次級私人配售	83,345	-

Bendura Bank AG issued a subordinated debt instrument in the amount of EUR10 million via a private placement in 2013. In respect of the issued debt securities, there were no late payments or breaches of contract in the years under review. The maturity date is 14 June 2018 and its nominal and effective interest rates are 4% per annum.

Bendura Bank AG於二零一三年透過私人配售發行10,000,000歐元次級債務工具。就已發行債務證券，於回顧年度概無逾期付款或違約。到期日為二零一八年六月十四日，其名義及實際年利率為4%。

40. OTHER LIABILITIES

40. 其他負債

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Accruals	應計費用	103,988	142,781
Due to associates (note 48(iv))	應付聯營公司款項(附註48(iv))	19,996	21,275
Due to related companies (note 48(iv))	應付關連公司款項(附註48(iv))	-	181
Warranty provision	保養撥備	4,257	5,457
Net defined benefit obligations	定額福利責任淨額	89,630	53,436
Accrued interests and commission	應計利息及佣金	13,946	-
Consideration payable for acquisition of Dreyfuss Group	收購帝福時集團 應付代價	-	11,638
Other tax payable	其他應付稅款	33,026	61,157
Interest payable	應付利息	6,367	109
Receipt in advance	預付收據	19,125	17,355
Commission payable	應付佣金	35,956	10,041
Other payables	其他應付賬款	241,704	169,671
		567,995	493,101

Other payables represented accrued management and performance fees, accrued services fee, accrued salaries and bonus, accrued audit fee and accrued other operating expenses.

其他應付賬款即指應計管理及履約費、應計服務費、應計工資及花紅、應計審計費及應計其他營運開支。

As at 31 December 2016, the amount of the Group's other liabilities expected to be due after more than one year is HK\$94,129,000 (2015: HK\$60,031,000). The remaining other liabilities are expected to be due within one year.

於二零一六年十二月三十一日，本集團預期超過一年後到期之其他負債金額為94,129,000港元（二零一五年：60,031,000港元）。餘下其他負債預期將於一年內到期。

41. DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the jurisdictions in which the Group operates.

Details of the Group's deferred tax assets/(liabilities) recognised and movements are as follows:

		Revaluation of intangible assets	Revaluation of property, plant and equipment	Tax losses	Impairment loss on investments	Temporary difference arising from bond repurchase	Decelerated tax depreciation	Other temporary differences	Total
		重估無形資產	重估物業、廠房及設備	稅項虧損	投資減值虧損	購回債券產生之暫時差額	減速稅項折舊	其他暫時差額	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2015	於二零一五年一月一日	(26,542)	(4,953)	12,236	(274)	-	2,940	-	(16,593)
(Charged)/Credited to profit or loss (note 12)	於溢利或虧損中(扣除)/計入(附註12)	-	-	(2,194)	-	(1,942)	15	-	(4,121)
Exchange realignment	匯兌調整	1,211	19	(286)	1	60	(136)	-	869
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	(25,331)	(4,934)	9,756	(273)	(1,882)	2,819	-	(19,845)
Acquisition of subsidiaries (note 49)	收購附屬公司(附註49)	-	(6,857)	-	-	-	-	1,738	(5,119)
Credited/(Charged) to profit or loss (note 12)	於溢利或虧損中計入/(扣除)(附註12)	39	249	(61)	-	-	148	3,711	4,086
Exchange realignment	匯兌調整	843	138	(1,614)	6	56	(630)	(376)	(1,577)
At 31 December 2016	於二零一六年十二月三十一日	(24,449)	(11,404)	8,081	(267)	(1,826)	2,337	5,073	(22,455)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	10,741	7,641
Deferred tax liabilities	遞延稅項負債	(33,196)	(27,486)
		(22,455)	(19,845)

41. 遞延稅項

遞延稅項按負債法採用本集團業務所在司法權區現行適用稅率就暫時差額全面計算。

本集團之已確認遞延稅項資產/(負債)及其變動詳情載列如下：

為於綜合財務狀況表中呈報，若干遞延稅項資產及負債已予抵銷。以下為用於財務報告之遞延稅項結餘分析：

41. DEFERRED TAX (continued)

As at 31 December 2016, the Group has estimated unused tax losses arising in Hong Kong of HK\$284,261,000 (2015: HK\$282,589,000), subject to the agreement of Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

As at 31 December 2016, the Group has estimated unused tax losses arising in the PRC of HK\$103,331,000 (2015: HK\$64,246,000) which are available for offsetting against future taxable profits for a maximum period of five years from the reporting date. Deferred tax assets have not been recognised in respect of these estimated unused tax losses as these were incurred by the companies that have been loss-making for some time.

As at 31 December 2016, the Group has estimated unused tax losses in United Kingdom of HK\$66,962,000 (2015: HK\$35,689,000), subject to the agreement of tax bureau in United Kingdom, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets of HK\$3,295,000 (2015: HK\$4,822,000) have been recognised in respect of these estimated unused tax losses.

As at 31 December 2016, the Group has estimated unused tax losses in Switzerland of HK\$921,246,000 (2015: HK\$1,554,116,000), subject to the agreement of tax bureau in Switzerland, that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets of HK\$4,786,000 (2015: HK\$4,934,000) have been recognised in respect of these estimated unused tax losses to the extent of deferred tax liabilities recognised in respect of revaluation of identifiable assets as a result of the acquisitions. Deferred tax assets have not been recognised in respect of the estimated unused tax losses as these were incurred by the subsidiaries that have been loss-making for some time. These estimated unused tax losses will be available for offsetting against future taxable profit for a maximum period of five years from the reporting date.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders during the year.

As at 31 December 2016, deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounted to HK\$1,898,660,000 (2015: HK\$1,548,493,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

41. 遞延稅項(續)

於二零一六年十二月三十一日，本集團於香港產生估計未動用稅項虧損284,261,000港元(二零一五年：282,589,000港元)，有待與稅務局協議，可用作抵銷產生虧損公司之日後應課稅溢利。

於二零一六年十二月三十一日，本集團估計於中國產生之未動用稅項虧損為103,331,000港元(二零一五年：64,246,000港元)，可用作抵銷最長為由報告日起計五年之未來應課稅溢利。由於產生稅項虧損之公司已錄得虧損一段時間，故並無就該等估計未動用稅項虧損確認任何遞延稅項資產。

於二零一六年十二月三十一日，本集團於英國產生估計未動用稅項虧損66,962,000港元(二零一五年：35,689,000港元)，有待英國稅務局協議，可無限期用作抵銷產生虧損公司之日後應課稅溢利。已就該等估計未動用稅項虧損確認遞延稅項資產3,295,000港元(二零一五年：4,822,000港元)。

於二零一六年十二月三十一日，本集團於瑞士產生估計未動用稅項虧損921,246,000港元(二零一五年：1,554,116,000港元)，有待與瑞士稅務局協議，可用作抵銷產生虧損之公司日後應課稅溢利。以收購重估可識別資產之已確認遞延稅項負債為限，就該等估計未動用稅項虧損確認之遞延稅項資產為4,786,000港元(二零一五年：4,934,000港元)。由於該等估計未動用稅項虧損由蒙受虧損一段時間之附屬公司產生，故並無就該等虧損確認遞延稅項資產。該等估計未動用稅項虧損可用作抵銷最長為由報告日起計五年之日後應課稅溢利。

年內，本公司並無因向其股東支付股息而須承擔任何所得稅後果。

於二零一六年十二月三十一日，綜合財務報表並無就中國附屬公司所賺取溢利應佔之暫時差額1,898,660,000港元(二零一五年：1,548,493,000港元)作出遞延稅項撥備，原因為本集團能夠控制撥回暫時差額之時間，加上暫時差額很可能不會於可見將來撥回。

42. SHARE CAPITAL

42. 股本

		2016 二零一六年		2015 二零一五年	
		Number of shares 股份數目		Number of shares 股份數目	
		'000 千股	HK\$'000 千港元	'000 千股	HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.10 each at 1 January and 31 December	於一月一日及十二月三十一日 每股面值0.10港元之普通股	6,000,000	600,000	6,000,000	600,000
Issued and fully paid:	已發行及繳足：				
At 1 January	於一月一日	4,409,374	440,938	4,408,924	440,893
Repurchase of ordinary shares (note (a))	購回普通股股份(附註(a))	(65,440)	(6,544)	-	-
Share option scheme – proceeds from shares issued (note (b))	認購股份權計劃—發行股份 所得款項(附註(b))	2,880	288	450	45
At 31 December	於十二月三十一日	4,346,814	434,682	4,409,374	440,938

Notes:

- (a) The Company has repurchased 65,440,000 ordinary shares during the year ended 31 December 2016. The repurchase price is based on the market price of the share at the date of repurchase and the total repurchase consideration is HK\$75,451,000. The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares of HK\$6,544,000. The premium paid on the repurchase of ordinary shares of HK\$68,907,000 was charged to share premium. The Company did not repurchase any of its ordinary shares in 2015.
- (b) During the year, 2,880,000 (2015: 450,000) new ordinary shares of the Company were issued upon the exercise of share options. The total proceeds received for the issues of shares under the share option scheme are HK\$936,000 (2015: HK\$146,000). The amount of HK\$648,000 (2015: HK\$101,000), representing the excess of the proceeds received over the nominal value of the ordinary shares of HK\$288,000 (2015: HK\$45,000), has been included in share premium account.

Details of the share options exercised during the years ended 31 December 2016 and 2015 are summarised in note 43. All shares issued in both years in relation to the share option scheme have the same rights as the Company's other issued ordinary shares.

附註：

- (a) 截至二零一六年十二月三十一日止年度，本公司已購回65,440,000股普通股。回購價乃按股份於回購日期之市價釐定，而回購總代價為75,451,000港元。已回購股份已註銷，因此本公司已發行股本按該等股份之面值6,544,000港元減少。回購普通股之已付溢價68,907,000港元已計入股份溢價。於二零一五年，本公司概無回購其任何普通股。
- (b) 年內，本公司於行使認購股份權時發行2,880,000股(二零一五年：450,000股)新普通股。就根據認購股份權計劃發行股份收取之所得款項總額為936,000港元(二零一五年：146,000港元)。為數648,000港元(二零一五年：101,000港元)為已收所得款項超出普通股面值288,000港元(二零一五年：45,000港元)之金額，該筆款項已計入股份溢價賬。

截至二零一六年及二零一五年十二月三十一日止年度，獲行使認購股份權詳情於附註43概述。所有於兩個年度內發行之股份(與認購股份權計劃有關)與本公司其他已發行普通股享有同等權利。

43. SHARE-BASED COMPENSATION

At the general meeting held on 30 May 2008, the shareholders of the Company terminated the option scheme adopted on 25 May 2001 and adopted a new share option scheme (the "Share Option Scheme") for a period of 10 years commencing on the adoption date.

The directors may, at their discretion, invite the eligible participants to take up options to subscribe for shares. The eligible participants include (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including executive directors, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries.

Under the Share Option Scheme, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under the Share Option Scheme if the grant of such option will result in the limit being exceeded. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not exceed 30% of the Company's shares in issue from time to time.

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under the Share Option Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

43. 股份補償

於二零零八年五月三十日舉行之股東大會上，本公司股東終止於二零零一年五月二十五日採納之認購股份權計劃並採納新認購股份權計劃（「認購股份權計劃」），自採納日期起計為期十年。

董事可酌情邀請合資格參與者承購認購股份權，以認購股份。合資格參與者包括(i)本公司或其任何附屬公司之任何全職或兼職僱員、行政人員或高級人員；(ii)本公司或其任何附屬公司之任何董事(包括執行董事、非執行董事及獨立非執行董事)；及(iii)本公司或其任何附屬公司之任何顧問、諮詢人士、供應商、客戶及代理。

根據認購股份權計劃，於認購股份權計劃項下授出及有待行使之所有尚未行使認購股份權獲行使時可予發行之最高股份數目，不得超過本公司不時已發行股本之30%。倘授出之認購股份權導致超出有關上限，則不得根據認購股份權計劃授出認購股份權。除經本公司股東批准外，根據認購股份權計劃授出及有待行使之所有尚未行使認購股份權獲行使時可予發行之本公司股份總數，不得超過本公司不時已發行股份之30%。

在任何十二個月期間根據認購股份權計劃向每名承授人授出之認購股份權(包括已行使或尚未行使之認購股份權)行使時已發行及將予發行之股份總數不得超過本公司已發行股本之1%。倘向一名承授人進一步授出認購股份權，導致該名人士根據認購股份權計劃於十二個月期間直至進一步授出日期(包括當日)行使獲授及建議獲授之所有認購股份權(包括已行使、註銷及尚未行使認購股份權)後，已發行及將發行股份之數目合共超過已發行股份1%，有關進一步授出認購股份權必須於股東大會獲本公司股東批准，而有關承授人及彼之聯繫人士須放棄表決。

在任何十二個月期間直至最後授出日期根據認購股份權計劃向每名合資格人士授出之認購股份權(包括已註銷、行使及尚未行使之認購股份權)行使時已發行及將予發行之股份最高數目，不得超過本公司已發行股份之1%，惟倘於截至有關授出日期止十二個月期間向本公司各獨立非執行董事或主要股東或彼等各自之任何聯繫人士授出及將予授出之所有認購股份權獲行使時已發行及將予發行之股份數目超過本公司已發行股份0.1%及價值超過5,000,000港元，有關授予必須事先獲本公司獨立股東批准。任何進一步授出超過有關限額之認購股份權必須根據上市規則之規定獲股東於股東大會上批准。

43. SHARE-BASED COMPENSATION (continued)

The exercise period of the share options granted is determinable by the directors, and should not be later than 10 years from the date of the acceptance of the share options (the "Option Period").

The subscription price is equal to the higher of (i) the nominal value of the share of the Company; (ii) the closing price per share of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The fair value of share options granted is recognised in profit or loss taking into account the probability that the options will vest over the vesting period. Upon the exercise of the options the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account. At the time when the share options are exercised, the amount previously recognised in share option reserve is transferred to share premium account. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve is transferred to retained profits. Lapsed options are deleted from the outstanding options prior to their exercise date. All equity-settled share-based compensation expense is settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The grantees may exercise the options in whole or in part by giving exercise notice to the grantor at any time during the Option Period provided that the grantees shall exercise the options to acquire the option shares in accordance with the following vesting schedule:

Vesting schedule	Maximum percentage of option shares comprised in an option which may be exercised
One year after the grant date	30%
Two years after the grant date	35%
Three years after the grant date	35%

Details of the share options granted up to the reporting date are as follows:

Date of grant:	9 December 2008
Exercisable period:	9 December 2009 to 7 January 2019
Exercise price:	HK\$0.325

43. 股份補償(續)

所授出認購股份權之行使期由董事釐定，且不應超過認購股份權接納日期後十年（「認購股份權期間」）。

認購價相當於下列各項之最高者：(i)本公司股份面值；(ii)本公司股份於授出日期在聯交所每日報價表所示之每股收市價；及(iii)緊接授出日期前五個營業日股份於聯交所每日報價表所示之每股平均收市價。

所授出認購股份權之公平值於計及認購股份權於歸屬期歸屬之可能性後在溢利或虧損確認。於認購股份權獲行使時，所引伸之已發行股份按股份面值記入額外股本，而每股行使價超出股份面值之差額則計入股份溢價賬。認購股份權獲行使時，先前於認購股份權儲備中確認之款額會轉撥至股份溢價賬。當認購股份權被沒收或於屆滿日期仍未行使時，先前於認購股份權儲備中確認之款額會轉撥至保留溢利。於行使日期前已失效認購股份權會自尚未行使認購股份權中剔除。所有以股本結算之股份補償開支將以權益結算。本集團並無法定或推定責任以現金購回或結算認購股份權。

承授人可於認購股份權期間任何時間向授予人發出行使通知，行使全部或部分認購股份權，惟承授人將根據下列歸屬期時間表行使認購股份權購入認購股份權股份：

歸屬時間表	可行使認購股份權所包含認購股份權股份最高百分比
授出日期後一年	30%
授出日期後兩年	35%
授出日期後三年	35%

直至報告日為止已授出認購股份權詳情如下：

授出日期：	二零零八年十二月九日
行使期：	二零零九年十二月九日 至二零一九年一月七日
行使價：	0.325港元

43. SHARE-BASED COMPENSATION (continued)

Share options and weighted average exercise price are as follows for the reporting periods presented:

		2016 二零一六年		2015 二零一五年	
		Number '000 數目千份	Weighted average exercise price 加權平均行使價 HK\$ 港元	Number '000 數目千份	Weighted average exercise price 加權平均行使價 HK\$ 港元
Outstanding at 1 January	於一月一日尚未行使	13,435	0.325	13,885	0.325
Exercised	已行使	(2,880)	0.325	(450)	0.325
Outstanding at 31 December	於十二月三十一日尚未行使	10,555	0.325	13,435	0.325
Exercisable at the end of the year	於年終可行使	10,555	0.325	13,435	0.325

The options outstanding at 31 December 2016 had a weighted average remaining contractual life of 2 years (2015: 3 years). The weighted average share price for share options exercised during the year at the date of exercise was HK\$1.56 (2015: HK\$1) per share.

During the year, the Group did not grant any share options (2015: nil).

Movements of the Share Option Scheme for the years ended 31 December 2016 and 2015 are as follows:

2016

Name or category of participants 參與者姓名或所屬類別		Number of share options 認購股份權數目		
		At 1 January 2016 於二零一六年 一月一日	Exercised during the year 於年內行使	At 31 December 2016 於二零一六年 十二月三十一日
Independent non-executive director	獨立非執行董事			
Mr. Li Qiang	李強先生	3,500,000	-	3,500,000
Other eligible employees	其他合資格僱員			
In aggregate	合計	4,225,000	(2,650,000)	1,575,000
Other eligible persons	其他合資格人士			
In aggregate	合計	5,710,000	(230,000)	5,480,000
Total	總計	13,435,000	(2,880,000)	10,555,000

43. 股份補償(續)

報告期內之認購股份權及加權平均行使價呈列如下：

於二零一六年十二月三十一日尚未行使之認購股份權加權平均餘下合約年期為2年(二零一五年：3年)。年內已行使認購股份權於行使日期之加權平均股價為每股1.56港元(二零一五年：1港元)。

年內，本集團概無授出任何購股權(二零一五年：無)。

於截至二零一六年及二零一五年十二月三十一日止年度，認購股份權計劃之變動如下：

二零一六年

43. SHARE-BASED COMPENSATION (continued)

2015

Name or category of participants 參與者姓名或所屬類別		Number of share options 認購股份權數目		
		At 1 January 2015 於二零一五年 一月一日	Exercised during the year 於年內行使	At 31 December 2015 於二零一五年 十二月三十一日
Independent non-executive director	獨立非執行董事			
Mr. Li Qiang	李強先生	3,500,000	-	3,500,000
Other eligible employees	其他合資格僱員			
In aggregate	合計	4,300,000	(75,000)	4,225,000
Other eligible persons	其他合資格人士			
In aggregate	合計	6,085,000	(375,000)	5,710,000
Total	總計	13,885,000	(450,000)	13,435,000

44. RESERVES

Group

The amounts of the Group's reserves and movements therein during the year are presented in the consolidated statement of changes in equity.

The share premium account mainly includes shares issued at a premium.

The share options reserve represents the cumulative expenses recognised on the granting of share options to the employees over the vesting period.

Other reserve represents the cumulative expenses recognised on the granting of share options to an independent third party.

Certain amounts of goodwill arising on the acquisition of subsidiaries in prior years remain eliminated against the consolidated reserves.

In accordance with the PRC regulations, certain of the Group's subsidiaries established in the PRC are required to transfer part of their profits after tax to the statutory reserve before profit distributions are made. The amounts of the transfers are subject to the approval of the boards of the directors of these subsidiaries, in accordance with their joint venture agreements and/or articles of association. The statutory reserve is non-distributable and has restricted use.

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy adopted in note 5.24.

Investment revaluation reserve represents gains or losses arising on remeasuring financial assets classified as available-for-sale financial assets at fair value.

43. 股份補償(續)

二零一五年

44. 儲備

本集團

本集團於本年度之儲備數額及有關變動於綜合權益變動表中呈列。

股份溢價賬主要包括按溢價發行之股份。

認購股份權儲備指於歸屬期間向僱員授出認購股份權中確認之累計開支。

其他儲備指向一名獨立第三方授出認購股份權中確認之累計開支。

於過往年度收購附屬公司所產生之若干商譽仍於綜合儲備對銷。

按照中國法規，本集團若干於中國成立之附屬公司作出溢利分派前，須將其部分除稅後溢利轉撥至法定儲備基金。轉撥款額須由該等附屬公司之董事會按各自之合營協議及／或公司章程細則批准。法定儲備基金不可分派，且用途有所限制。

根據附註5.24內所採納之會計政策，外匯儲備包括換算海外業務財務報表所產生之所有匯兌差額。

投資重估儲備指按公平值歸類為可供出售金融資產之金融資產重新計量所產生之收益或虧損。

44. RESERVES (continued)

Company

The reserves of the Company as at 31 December 2016 and 2015 are as follows:

		Share premium account 股份溢價賬 HK\$'000 千港元	Share option reserve 認購 股份權儲備 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	841,402	2,106	22,692	(11,795)	854,405
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	101	–	–	–	101
Exercise of share options	行使認購股份權	68	(68)	–	–	–
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	–	–	–	97,607	97,607
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	841,571	2,038	22,692	85,812	952,113
Repurchase of ordinary shares	購回普通股	(68,907)	–	–	–	(68,907)
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	648	–	–	–	648
Exercise of share options	行使認購股份權	437	(437)	–	–	–
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	–	–	–	97,133	97,133
2015 final dividend	二零一五年末期股息	–	–	–	(108,654)	(108,654)
At 31 December 2016	於二零一六年十二月三十一日	773,749	1,601	22,692	74,291	872,333

Under the Companies Law Cap. 22, (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

44. 儲備 (續)

本公司

本公司於二零一六年及二零一五年十二月三十一日之儲備如下：

		Share premium account 股份溢價賬 HK\$'000 千港元	Share option reserve 認購 股份權儲備 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元	Retained profits 保留溢利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	841,402	2,106	22,692	(11,795)	854,405
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	101	–	–	–	101
Exercise of share options	行使認購股份權	68	(68)	–	–	–
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	–	–	–	97,607	97,607
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	841,571	2,038	22,692	85,812	952,113
Repurchase of ordinary shares	購回普通股	(68,907)	–	–	–	(68,907)
Proceeds from shares issued under share option scheme	根據認購股份權計劃發行股份之所得款項	648	–	–	–	648
Exercise of share options	行使認購股份權	437	(437)	–	–	–
Profit and total comprehensive income for the year	本年度溢利及全面收入總額	–	–	–	97,133	97,133
2015 final dividend	二零一五年末期股息	–	–	–	(108,654)	(108,654)
At 31 December 2016	於二零一六年十二月三十一日	773,749	1,601	22,692	74,291	872,333

根據開曼群島公司法第22章(一九六一年第3條法例，經綜合及修訂)，本公司股份溢價賬之資金可供分派予本公司股東，惟緊隨建議分派股息日期後，本公司將有能力償還其於日常業務過程中已到期之債務。

45. OPERATING LEASE ARRANGEMENTS/COMMITMENTS

45. 經營租約安排／承擔

45.1 At 31 December 2016, total future minimum lease receipts by the Group under non-cancellable operating leases are as follows:

45.1 於二零一六年十二月三十一日，根據不可註銷之經營租約，本集團應收未來最低租賃款項總額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	14,764	13,242
In the second to fifth year	第二年至第五年	37,051	35,389
After fifth year	五年後	26,091	28,475
		77,906	77,106

The Group leases certain of its properties under operating lease arrangements, with leases negotiated for initial terms ranging from one to twenty years (2015: one to twenty years). None of the leases include contingent rentals.

本集團根據經營租約安排租賃若干物業，議定之初步租約為期一年至二十年不等（二零一五年：一年至二十年）。該等租約不包括或然租金。

45.2 At 31 December 2016, the total future minimum lease payments by the Group under non-cancellable operating leases are as follows:

45.2 於二零一六年十二月三十一日，本集團根據不可註銷之經營租約應付未來最低租賃款項總額如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	33,294	22,878
In the second to fifth year	第二年至第五年	26,242	20,873
After fifth year	五年後	8,007	-
		67,543	43,751

The Group leases certain offices and factory premises under operating lease arrangements, for initial terms ranging from one to ten years (2015: one to ten years). None of the leases include contingent rentals.

本集團根據經營租約安排租賃若干辦公室及工廠物業，初步租約為期一年至十年不等（二零一五年：一年至十年）。該等租約不包括或然租金。

45.3 The Group is required to pay an annual fee in respect of the leasehold land in the PRC from 1992 up to 2042 with a 20% increment for every five years. During the year, an annual fee of HK\$587,000 (2015: HK\$557,000) was charged as an expense in profit or loss of the Group.

45.3 本集團自一九九二年至二零四二年止，須就中國之一幅租賃土地支付年費，年費每五年增加20%。年內，年費587,000港元（二零一五年：557,000港元）已於本集團損益內按開支支銷。

46. CAPITAL COMMITMENTS

At the reporting date, the Group had the following outstanding commitments:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備：		
– Purchase of property, plant and equipment	– 購買物業、廠房及設備	93,884	109,974
– Acquisition of a subsidiary – Shun Heng Securities Limited (“Shun Heng”) (note (a))	– 收購一間附屬公司－信亨證券有限公司(「信亨」)(附註(a))	14,800	–
– Acquisition of a subsidiary – Hong Kong Metasequoia Capital Limited (note (b))	– 收購一間附屬公司－香港水杉資產管理有限公司(附註(b))	3,000	–
– Investment in an associate – Citychamp Allied International Limited (note (c))	– 於聯營公司之投資－冠城聯合國際有限公司(附註(c))	270,000	–
		381,684	109,974

Note:

- (a) On 19 February 2016, Global Wealthy Link Limited (“Global Wealthy”), a wholly-owned subsidiary of the Company, entered into sales and purchase agreement with Mr. Hon Kwok Lung, the controlling shareholder and the executive director of the Company, for acquiring 100% equity interest of Shun Heng at the consideration of HK\$24,800,000. Pursuant to the agreement, a sum of HK\$10,000,000 has been paid to the vendor within 5 business days after the date of the agreement and the remaining consideration of HK\$14,800,000 shall be paid at the completion. The acquisition has been completed on 3 February 2017. Details of the transaction are set out in the Company’s announcement dated 19 February 2016.
- (b) On 1 August 2016, Global Wealthy entered into sales and purchase agreement with independent third party for acquiring the entire equity interests of Hong Kong Metasequoia Capital Limited (“HKMC”), who is a licensed corporation under Securities and Futures Commission (SFC), at the consideration of HK\$6,000,000. HKMC currently has licenses of Type 4 – Advising on securities and Type 9 – Asset management. As at 31 December 2016, Global Wealthy has paid HK\$3,000,000 to the vendor and the remaining consideration of HK\$3,000,000 shall be paid at the completion. The acquisition has been completed on 3 February 2017.
- (c) On 28 September 2016, Union United Investment Limited (“Union United”), a wholly-owned subsidiary of the Company, entered into an agreement with Citychamp Dartong (Hong Kong) Limited (“CD(HK)”) and Fengrong Investment (Hong Kong) Company Limited (“FI(HK)”), in relation to the formation of the joint venture company (“JV Company”) in the British Virgin Islands. JV Company shall be owned as to 40% by FI(HK), 30% by CD(HK) and 30% by Union United. JV Company is engaged in potential overseas equity investment. Pursuant to the agreement, Union United agreed to contribute the maximum capital commitment of HK\$270,000,000 to JV Company. Details of the transaction are set out in the Company’s announcement dated 28 September 2016.

於報告日，本集團未履行之承擔如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contracted, but not provided for:	已訂約但未撥備：		
– Purchase of property, plant and equipment	– 購買物業、廠房及設備	93,884	109,974
– Acquisition of a subsidiary – Shun Heng Securities Limited (“Shun Heng”) (note (a))	– 收購一間附屬公司－信亨證券有限公司(「信亨」)(附註(a))	14,800	–
– Acquisition of a subsidiary – Hong Kong Metasequoia Capital Limited (note (b))	– 收購一間附屬公司－香港水杉資產管理有限公司(附註(b))	3,000	–
– Investment in an associate – Citychamp Allied International Limited (note (c))	– 於聯營公司之投資－冠城聯合國際有限公司(附註(c))	270,000	–
		381,684	109,974

附註：

- (a) 於二零一六年二月十九日，本公司之全資附屬公司環球富盛有限公司(「環球富盛」)與韓國龍先生(本公司之控股股東兼執行董事)訂立買賣協議，以代價24,800,000港元收購信亨全部股權。根據該協議，10,000,000港元已於該協議日期後五個營業日內支付予賣方，而剩餘代價14,800,000港元須於完成時支付。該收購事項已於二零一七年二月三日完成。交易詳情載於本公司日期為二零一六年二月十九日之公佈。
- (b) 於二零一六年八月一日，環球富盛與獨立第三方訂立買賣協議，以代價6,000,000港元收購香港水杉資產管理有限公司(「香港水杉」，證券及期貨事務監察委員會(證監會)下一間持牌法團)全部股權。香港水杉目前持有第4類(就證券提供意見)及第9類(提供資產管理)之牌照。於二零一六年十二月三十一日，環球富盛已向賣方支付3,000,000港元，剩餘代價3,000,000港元須於完成時支付。該收購事項已於二零一七年二月三日完成。
- (c) 於二零一六年九月二十八日，本公司之全資附屬公司聯和投資有限公司(「聯和」)與冠城大通(香港)有限公司(「冠城大通(香港)」)及豐榕投資(香港)有限公司(「豐榕投資(香港)」)訂立協議，內容有關於英屬處女群島成立合營公司(「合營公司」)。豐榕投資(香港)、冠城大通(香港)及聯和將分別擁有合營公司之40%、30%及30%權益。合營公司從事潛在境外股本投資業務。根據該協議，聯和同意向合營公司作出最高資本承擔270,000,000港元。交易詳情載於本公司日期為二零一六年九月二十八日之公佈。

47. OFF BALANCE SHEET ITEMS

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Contract volume	合約量	428,556	–
Fiduciary transactions with third-party banks	與第三方銀行之信託交易	1,278,977	–
		1,707,533	–

47. 資產負債外項目

48. RELATED PARTY TRANSACTIONS

48.1 Save as disclosed elsewhere in these consolidated financial statements, the Group had the following transactions carried out with related parties:

(i) Rental income

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Sub-lease income received (note)	已收分租收入(附註)	341	341

Note:

Sub-lease income was received from a company of which Mr. Hon Kwok Lung, Mr. Shang Jianguang, Ms Sit Lai Hei and Mr. Hon Hau Wong, directors of the Company are also directors of the related company, and this was charged at approximately HK\$29,000 (2015: HK\$29,000) per month on average.

(ii) Transactions with an associate, Fair Future and its subsidiaries

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Disposal of brand name*	出售品牌名稱*	-	30,000
Sales of goods	銷售商品	62,020	39,229
Service expenses	服務開支	128	192
Purchases of goods	購買商品	108,356	50,480
Rental expenses paid	已付租金開支	354	354
Rental income received	已收租金收入	-	154
Processing fee paid	已付加工費用	-	940
Maintenance fee paid	已付保養費用	30	57
Inspection fee paid	已付檢查費用	4,692	1,258

* During the year ended 31 December 2015, the Group entered into an agreement with a subsidiary of Fair Future in respect of the disposal of a brand name Code X at the consideration of HK\$30,000,000. The disposal was completed and the Group had recognised a gain of disposal of HK\$ 30,000,000 in the consolidated statement of comprehensive income for the year ended 31 December 2015.

The Group has received part of the consideration of HK\$10,000,000 (2015: HK\$5,000,000) up to 31 December 2016 and the remaining balance receivable of HK\$20,000,000 (2015: HK\$25,000,000) was presented as "other assets" in the consolidated statement of financial position.

(iii) The handling charges relating to the securities trading was paid to a company of which a director of the company is also a director of related company, and this was charged at approximately HK\$880,000 (2015: HK\$2,000) for the year ended 31 December 2016.

48. 關連人士交易

48.1 除綜合財務報表其他部分所披露者外，本集團亦曾與關連人士進行以下交易：

(i) 租金收入

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Sub-lease income received (note)	341	341

附註：

分租收入乃向一間公司收取，而本公司董事韓國龍先生、商建光先生、薛黎曦女士及韓孝煌先生亦為該關連公司之董事，平均月租約為29,000港元(二零一五年：29,000港元)。

(ii) 與一間聯營公司、俊光及其附屬公司之交易

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Disposal of brand name*	-	30,000
Sales of goods	62,020	39,229
Service expenses	128	192
Purchases of goods	108,356	50,480
Rental expenses paid	354	354
Rental income received	-	154
Processing fee paid	-	940
Maintenance fee paid	30	57
Inspection fee paid	4,692	1,258

* 截至二零一五年十二月三十一日止年度，本集團已與俊光一間附屬公司就按代價30,000,000港元出售Code X品牌名稱訂立協議。出售事項已完成，而本集團已於截至二零一五年十二月三十一日止年度之綜合全面收入表中確認出售事項收益30,000,000港元。

直至二零一六年十二月三十一日，本集團已收取部分代價10,000,000港元(二零一五年：5,000,000港元)，餘下應收賬款20,000,000港元(二零一五年：25,000,000港元)於綜合財務狀況表呈列為「其他資產」。

(iii) 有關證券買賣之手續費已支付予本公司一名董事亦為關連公司董事之公司，而該費用於截至二零一六年十二月三十一日止年度約為880,000港元(二零一五年：2,000港元)。

48. RELATED PARTY TRANSACTIONS (continued)

48.1 (continued)

(iv) Outstanding related party balances included in trade receivables, other assets, trade payables and other liabilities

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Dividend receivable from an associate	應收一間聯營公司股息	27,500	27,500
Consideration receivable from an associate in respect of disposal of brand name	就出售品牌名稱應收一間聯營公司代價	20,000	25,000
Due from associates (note (a))	應收聯營公司款項(附註(a))	24,588	17,107
Trade receivables from associates	應收聯營公司賬款	8,031	6,724
Due from related companies (note (b))	應收關連公司款項(附註(b))	1,064	911
Deposit for acquisition of a subsidiary (note (c))	收購一間附屬公司之按金	10,000	-
Due to associates (note (a))	應付聯營公司款項(附註(a))	19,996	21,275
Due to related companies (note (b))	應付關連公司款項(附註(b))	-	181
Trade payables to associates	應付聯營公司賬款	59,670	-

Notes:

- (a) The balance was unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK\$24,588,000 (2015: HK\$17,017,000).
- (b) The amounts were due from/to companies of which Mr. Hon Kwok Lung, Mr. Shang Jianguang, Ms. Sit Lai Hei and Mr. Hon Hau Wong, directors of the Company are also the directors of the related companies. The balance was unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK\$1,064,000 (2015: HK\$911,000).
- (c) The amount represented the deposit paid to Mr. Hon Kwok Lung, the controlling shareholder and the executive director of the Company, for acquisition of Shun Heng (note 46(a)).

(v) Financial guarantee provided by Fengrong

On 24 June 2013, the Company executed an agreement with Fengrong in respect of a financial guarantee of RMB300,000,000 provided by Fengrong in favour of a bank for a loan facility granted to the Group of EUR35,000,000. Ms Sit Lai Hei, a director of the Company, is also a director and a beneficial owner of Fengrong. The financial guarantee provided by Fengrong covered a 3-year period from 27 June 2013 to 26 June 2016, and secured by 72,000,000 ordinary shares of Dartong owned by Fengrong. Fengrong shall pay an annual guarantee fee of RMB4,500,000 to the bank and the Group will fully reimburse Fengrong all the guarantee fees and other direct expenses related to the financial guarantee totalling RMB14,000,000 in three years as incurred during the guarantee period. In 2014, the Group had made early repayment of EUR21,000,000. For the year ended 31 December 2016, the Group has reimbursed guarantee fee and other direct expenses totalling HK\$1,202,000 (2015: HK\$3,891,000) to Fengrong. The outstanding principal of EUR 14,000,000 is secured by 27,210,000 ordinary shares of Dantong owned by Fengrong at 31 December 2015. For the year ended 31 December 2016, the Group has fully repaid the outstanding loan.

48. 關連人士交易(續)

48.1 (續)

(iv) 計入應收賬款、其他資產、應付賬款及其他負債之未償付關連人士結餘

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Dividend receivable from an associate	27,500	27,500
Consideration receivable from an associate in respect of disposal of brand name	20,000	25,000
Due from associates (note (a))	24,588	17,107
Trade receivables from associates	8,031	6,724
Due from related companies (note (b))	1,064	911
Deposit for acquisition of a subsidiary (note (c))	10,000	-
Due to associates (note (a))	19,996	21,275
Due to related companies (note (b))	-	181
Trade payables to associates	59,670	-

附註：

- (a) 有關結餘為無抵押、免息及須應要求償還。於年內，最高未償付金額為24,588,000港元(二零一五年：17,017,000港元)。
- (b) 該等款項為應收/付公司款項，而本公司董事韓國龍先生、商建光先生、薛黎曦女士及韓孝煌先生亦為該等關連公司之董事。有關結餘為無抵押、免息及須應要求償還。於年內，最高未償付金額為1,064,000港元(二零一五年：911,000港元)。
- (c) 該金額即指就收購信亨支付予本公司控股股東兼執行董事韓國龍先生之按金(附註46(a))。

(v) 豐榕所提供之財務擔保

於二零一三年六月二十四日，本公司與豐榕簽立協議，內容關於豐榕為本集團獲授35,000,000歐元之貸款融資而向銀行提供人民幣300,000,000元之財務擔保。本公司董事薛黎曦女士亦為豐榕之董事兼實益擁有人。豐榕所提供之財務擔保自二零一三年六月二十七日起至二零一六年六月二十六日止為期3年，並由豐榕所擁有之72,000,000股大通普通股擔保。豐榕須向銀行支付擔保年費人民幣4,500,000元，而於擔保期間，本集團將分三年悉數償付豐榕因財務擔保所產生之所有擔保費及其他直接開支合共人民幣14,000,000元。於二零一四年，本集團已提早向豐榕償付21,000,000歐元。截至二零一六年十二月三十一日止年度，本集團已向豐榕償付擔保費及其他直接開支合共1,202,000港元。(二零一五年：3,891,000港元)於二零一五年十二月三十一日，未償付本金額14,000,000歐元以豐榕擁有之27,210,000股大通普通股作抵押。截至二零一六年十二月三十一日止年度，本集團已悉數償還未償還貸款。

48. RELATED PARTY TRANSACTIONS (continued)

48.1 (continued)

(vi) Financial guarantee provided to Fair Future

As 31 December 2016 and 2015, the Group has provided a corporate guarantee of HK\$120,000,000 (2015: HK\$120,000,000) in respect of a revolving loan facility of up to HK\$120,000,000 granted to Fair Future (note 50.1). The corporate guarantee is ending on the expiry of the term of the revolving loan facility.

The above transactions were conducted in accordance with the terms mutually agreed between the Group and the related companies controlled by the directors.

48.2 Key management personnel compensation:

Included in staff costs are key management personnel compensation and comprises the following categories:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	28,211	21,375
Post-employment benefits	離職後福利	307	198
		28,518	21,573

The key management represents all directors of the Company. Further details of directors' emoluments are included in note 17.1 to the financial statements.

49. ACQUISITION OF SUBSIDIARIES

On 20 September 2016, the Group acquired 83.22% equity interest of Bendura Group, which conducts all transactions associated with it being an asset management bank in Liechtenstein and abroad with principal activities including accepting client deposits, investing the client deposits on stock exchanges and in financial centres and granting loans as part of its asset management business. Considering with 1.7% equity interest held by the bank itself as treasury stock, the Company effectively acquired 84.66% equity interest of Bendura Group. Following the acquisition, the Company obtained the control over the Bendura Group through the Company's right to nominate majority of the members of Bendura Group's directors, and Bendura Group became subsidiaries of the Company. The acquisition provides an opportunity for the Group to participate in the banking industry in Liechtenstein through Bendura Group and allows the Group to diversify into the financial sector.

Details of the net assets acquired as at the date of acquisition are as follows:

		HK\$'000 千港元
Cash consideration	現金代價	788,401
Less: Fair value of net assets acquired	減：已收購資產淨值之公平值	(545,526)
Goodwill	商譽	242,875

48. 關連人士交易(續)

48.1 (續)

(vi) 向俊光提供之財務擔保

於二零一六年及二零一五年十二月三十一日，本集團就授予俊光一項最多120,000,000港元之循環貸款融資提供120,000,000港元(二零一五年：120,000,000港元)之公司擔保(附註50.1)。公司擔保於循環貸款融資期限屆滿時終止。

上述交易乃按本集團與董事控制之關連公司雙方同意之條款進行。

48.2 主要管理人員之酬金：

主要管理人員之酬金計入員工成本內，包括以下類別：

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Short-term employee benefits	28,211	21,375
Post-employment benefits	307	198
	28,518	21,573

主要管理人員為本公司所有董事。有關董事酬金之進一步詳情載於財務報表附註17.1。

49. 收購附屬公司

於二零一六年九月三十日，本集團收購富地集團83.22%之股權，富地集團於列支敦士登及海外進行所有與其作為資產管理銀行相關之交易，主要業務包括接受客戶存款並將客戶存款投資於證券交易所及金融中心，以及批出貸款作為其資產管理業務之一部分。經考慮銀行持有1.7%股權作為庫存股票，本公司實際收購富地集團84.66%股權。收購完成後，本公司因有權提名富地集團董事大多數成員而獲得富地集團之控制權，而富地集團成為本公司之附屬公司。該收購事項為本集團提供機遇在對富地集團參與列支敦士登銀行業，使本集團能夠多元化發展金融業。

於收購日期收購之資產淨額詳情如下：

49. ACQUISITION OF SUBSIDIARIES (continued)

Pursuant to the share purchase agreement, total purchase consideration is CHF99,599,000 (equivalent to approximately HK\$788,401,000) in cash.

The goodwill of HK\$242,875,000, which is not deductible for tax purposes, comprises the acquired workforce and the expected future growth of the banking business in Liechtenstein to diversify the revenue stream of the existing business of the Group.

The fair values of the identifiable assets and liabilities arising from the acquisition of Bendura Group as at the date of acquisition:

49. 收購附屬公司(續)

根據股份購買協議，購買代價總額為99,599,000瑞士法郎(相當於約788,401,000港元)。

不可扣稅商譽242,875,000港元包括已獲得之勞動力及預期未來發展列支敦士登銀行業務以使本集團現有業務收益來源多樣化。

收購富地集團所產生之可識別資產及負債於收購日期之公平值：

		Fair value 公平值 HK\$'000 千港元
Cash and deposits	現金及存款	5,409,385
Due from clients	應收客戶款項	773,107
Due from banks	應收銀行款項	5,332,634
Trading portfolio investments	交易組合投資	9,376
Derivative financial assets	衍生金融工具	2,442
Available-for-sale financial assets	可供出售金融資產	127,959
Treasury notes and bills	國庫票據及國庫券	620,138
Held-to-maturity investments	持至到期投資	362,143
Property, plant and equipment (note 28)	物業、廠房及設備(附註28)	200,972
Deferred tax assets (note 41)	遞延稅項資產(附註41)	5,528
Other assets	其他資產	73,682
Due to banks	應付銀行款項	(19,763)
Due to clients	應付客戶款項	(12,017,676)
Derivative financial liabilities	衍生金融負債	(2,230)
Income tax payables	應付所得稅	(25,344)
Provisions	撥備	(6,496)
Subordinated debt	次級債務	(87,555)
Deferred tax liabilities (note 41)	遞延稅項負債(附註41)	(10,647)
Other liabilities	其他負債	(103,278)
Net assets	資產淨值	644,377
Non-controlling interests	非控股權益	(98,851)
Fair value of net assets acquired	已收購資產淨值之公平值	545,526

49. ACQUISITION OF SUBSIDIARIES (continued)

49. 收購附屬公司(續)

		HK\$'000 千港元
Net cash inflow from acquisition of subsidiaries:	收購附屬公司之現金流入淨額：	
Cash and deposits in subsidiaries acquired	於所收購附屬公司之現金及存款	5,409,385
Less: Purchase consideration settled in cash	減：以現金償付之購買代價	(788,401)
		4,620,984

Bendura Group contributed revenue of approximately HK\$109,480,000 and net profit of approximately HK\$47,145,000 to the Group from the date of acquisition to 31 December 2016.

自收購日期起至二零一六年十二月三十一日止，富地集團向本集團貢獻收入約109,480,000港元及純利約47,145,000港元。

Had the business combination taken place on 1 January 2016, revenue and net profit of the Group for the year ended 31 December 2016 would have been approximately HK\$3,126,663,000 and HK\$214,912,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Bendura Group been completed on 1 January 2016 nor are they intended to be a projection of future results.

倘業務合併已於二零一六年一月一日進行，本集團於截至二零一六年十二月三十一日止年度之收入及純利應分別約為3,126,663,000港元及214,912,000港元。備考資料僅供說明，並非假設於二零一六年一月一日完成收購富地集團後本集團實際應取得之收入及經營業績之指標，亦不擬作未來業績之預測。

50. CONTINGENT LIABILITIES

50. 或然負債

50.1 Financial guarantee

50.1 財務擔保

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Financial guarantee	財務擔保	120,000	120,000

At 31 December 2016 and 2015, the Group had contingent liability in relation to guarantee of approximately HK\$120,000,000 given to a bank in respect of a revolving loan facility of up to HK\$120,000,000 granted to an associate. The corporate guarantee is ending on the expiry of the term of the revolving loan facility. In the opinion of the directors, it is unlikely that a claim will be made against the Group and no cash outflow under the financial guarantee contract, the financial impact arising from the above guarantee is insignificant and accordingly, they are not accounted for in the financial statements.

於二零一六年及二零一五年十二月三十一日，本集團之或然負債為就一間聯營公司獲授最多120,000,000港元之循環貸款融資而向一間銀行提供約120,000,000港元之擔保。公司擔保於循環貸款融資期限屆滿時終止。董事認為，根據財務擔保合約對本集團作出申索之機會甚微，且並無現金流出，故上述擔保產生之財務影響並不重大，因此，上述財務擔保並不會於財務報表中入賬。

50. CONTINGENT LIABILITIES (continued)

50.2 Legal proceeding

In June 2016, Bendura Bank AG and Bendura Fund Management Alpha AG, subsidiaries of the Company have been confronted with potential claims of one investor having invested into an investment fund that currently is in liquidation. Bendura Bank AG acts as custodian and Bendura Fund Management Alpha AG acts as fund management company whereas the asset management function has been outsourced to an external asset manager. The respective legal proceedings are still in early stage, Bendura Group, based on the opinion from its legal advisor, concluded that the possibility of an outflow of economic resources is not probable as at 31 December 2016.

50.3 Credit card commitments

As 31 December 2016, the Group had contingent liability in relation to credit card commitments of approximately HK\$61,859,000 given to third parties. Credit card commitments represent the undrawn amount of credit card limits. In the opinion of the directors, those credit commitments are given with collateral and the possibility of an outflow of economic resources is not probable.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and financial liabilities such as available-for-sale financial assets, trading portfolio investments, derivative financial assets, cash and deposits, due from banks and clients, trade receivables, held-to-maturity investments, short-term investments, other assets, derivative financial liabilities, due to banks and clients, trade payables, corporate bonds, borrowings, subordinated debt and other liabilities, which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk.

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. Its treasury department works under the policies approved by the directors and identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors. The board has reviewed and agreed policies periodically for managing each of these risks and they are summarised below.

50. 或然負債(續)

50.2 訴訟

於二零一六年六月，Bendura Bank AG及Bendura Fund Management Alpha AG(均為本公司之附屬公司)面臨一名投資於一項清算中投資基金之投資者之可能申索。Bendura Bank AG擔任託管人及Bendura Fund Management Alpha AG擔任基金管理公司，而資產管理職能則外判予外部資產經理。於二零一六年十二月三十一日，相關訴訟仍處於早期階段，惟富地集團(根據其法律顧問之建議)認為，經濟資源流出之可能性不大。

50.3 信用卡承擔

於二零一六年十二月三十一日，本集團擁有就授予第三方之信用卡承擔之或然負債約61,859,000港元。信用卡承擔指信用卡額度之未提取金額。董事認為，該等信貸承擔是以抵押品之形式所提供，故經濟資源流出之可能性不大。

51. 財務風險管理目標及政策

本集團有直接源自業務之金融資產及金融負債，例如可供出售金融資產、交易組合投資、衍生金融工具、現金及存款、應收銀行及客戶款項、應收賬款、持至到期投資、短期投資、其他資產、衍生金融負債、應付銀行及客戶款項、應付賬款、公司債券、借貸、次級債務及其他負債。本集團金融工具所產生主要風險為利率風險、外匯風險、信貸風險、流動資金風險及股本價格風險。

本集團之政策並非就投機目的積極買賣金融工具。其庫務部門根據經董事批准之政策行事，並確定涉足金融市場之方法及監察本集團所面對財務風險，並定期向董事提供報告。董事會定期檢討及協定管理上述各項風險之政策，有關政策概述如下。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.1 Summary of financial assets and financial liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2016 are categorised as follows:

51.1 金融資產及金融負債分類概要

於二零一六年十二月三十一日確認之本集團金融資產及金融負債賬面值分類如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Financial assets	金融資產		
Financial assets at fair value:	按公平值列賬之金融資產：		
– Available-for-sale financial assets	– 可供出售金融資產	345,477	317,173
– Trading portfolio investments	– 交易組合投資	197,089	367,471
– Derivative financial assets	– 衍生金融工具	2,338	2,244
		544,904	686,888
Loans and receivables:	貸款及應收款：		
– Cash and deposits	– 現金及存款	5,066,901	836,065
– Due from banks	– 應收銀行款項	5,295,369	–
– Due from clients	– 應收客戶款項	627,809	–
– Trade receivables	– 應收賬款	461,585	693,868
– Short-term investments	– 短期投資	112,969	143,362
– Other assets	– 其他資產	476,176	422,839
		12,040,809	2,096,134
Available-for-sale financial assets, at cost	按成本計量之可供出售金融資產	5,875	77
Held-to-maturity investments	持至到期投資	338,709	–
		12,930,297	2,783,099
Financial liabilities	金融負債		
Financial liabilities at fair value:	按公平值列賬之金融負債：		
Derivative financial liabilities	衍生金融負債	2,050	7,260
Financial liabilities measured at amortised cost:	按攤銷成本計量之金融負債：		
– Due to banks	– 應付銀行款項	3,007	–
– Due to clients	– 應付客戶款項	10,393,047	–
– Trade payables	– 應付賬款	349,837	359,533
– Corporate bonds	– 公司債券	692,127	708,834
– Borrowings	– 借貸	1,190,340	938,532
– Subordinated debt	– 次級債務	83,345	–
– Other liabilities	– 其他負債	557,036	484,073
		13,268,739	2,490,972
		13,270,789	2,498,232

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51. 財務風險管理目標及政策(續)

51.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from borrowings and bank deposits. Borrowings and bank deposits bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the borrowings outstanding at the end of the reporting period are disclosed in note 37.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings and bank deposits with a floating interest rate.

Sensitivity Analysis

At 31 December 2016, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after income tax and retained profits by approximately HK\$7,735,000 (2015: decrease/increase the Group's profit after income tax and retained profits by approximately HK\$369,000). The assumed changes have no impact on the Group's other components of equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period. The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variable are held constant. The sensitivity analysis for the year ended 31 December 2015 has been prepared on the same basis.

51.2 利率風險

利率風險與金融工具之公平值或現金流量因市場利率變動而波動之風險有關。本集團之利率風險主要源自借貸及銀行存款。本集團分別因按浮息及定息計息之借貸及銀行存款面對現金流量利率風險及公平值利率風險。於報告期末尚未償還借貸之利率及償還條款於附註37披露。

本集團所面對市場利率變動風險主要與本集團按浮息計息之借貸及銀行存款有關。

敏感度分析

於二零一六年十二月三十一日，假設所有其他因素維持不變，估計假如利率整體上調／下調50個基點，將導致本集團之除所得稅後溢利及保留溢利分別增加／減少約7,735,000港元(本集團之除所得稅後溢利及保留溢利分別減少／增加約369,000港元)。所假設變動對本集團權益內其他項目並無影響。

上述敏感度分析乃假設利率於報告期末出現變動。利率之假設變動乃經觀察現行市況後被視為合理可能出現之變動，並為管理層對未來十二個月期間利率之合理可能變動之評估。

計算乃依據各期間市場平均利率變動及於各報告日所持對利率變動敏感度高之金融工具作出。所有其他因素保持不變。截至二零一五年十二月三十一日止年度之敏感度分析乃按相同基準編製。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, Switzerland, United Kingdom, Liechtenstein and the PRC with most of the transactions denominated and settled in HK\$, US\$, Euro, CHF, GBP and RMB. The Group's exposure to foreign currency risk primarily arise from certain financial instruments including available-for-sale financial assets, other assets, cash and deposits, other liabilities and borrowings which are denominated in US\$, Euro, CHF, GBP and RMB. The Group currently does not have a foreign currency hedging policy but the management continuously monitors the foreign exchange exposure.

The following table summarises the Group's major financial assets and financial liabilities denominated in currencies other than the functional currencies of the respective group companies as at 31 December 2016 and 2015.

51.3 外匯風險

外匯風險指金融工具之公平值或未來現金流量因匯率變動而波動之風險。本集團主要於香港、瑞士、英國、列支敦士登及中國經營，大部分交易以港元、美元、歐元、瑞士法郎、英鎊及人民幣列值及結算。本集團面對之外匯風險主要源自若干以美元、歐元、瑞士法郎、英鎊及人民幣列值之金融工具，包括可供出售金融資產、其他資產、現金及存款、其他負債及借貸。本集團目前並無外匯對沖政策，惟管理層一直監察外匯風險。

下表概述於二零一六年及二零一五年十二月三十一日本集團以有關集團公司各自功能貨幣以外之貨幣列值之主要金融資產及負債。

		Expressed in HK\$'000 以千港元呈列				
		US\$ 美元	Euro 歐元	CHF 瑞士法郎	GBP 英鎊	RMB 人民幣
As at 31 December 2016	於二零一六年十二月三十一日					
Cash and deposits	現金及存款	10,300	3,751,562	5,124	256	3,968
Available-for-sale financial assets	可供出售金融資產	72,814	16,370	-	-	243,058
Other assets	其他資產	735	282	30,237	-	359
Borrowings	借貸	(361,867)	(93,758)	-	-	(22,341)
Other liabilities	其他負債	(52,079)	(8,580)	(6,499)	(9)	(18,742)
Overall net exposure	整體風險淨額	(330,097)	3,665,876	28,862	247	206,302
As at 31 December 2015	於二零一五年十二月三十一日					
Cash and deposits	現金及存款	148,135	1,542	313,131	2,044	1,785
Available-for-sale financial assets	可供出售金融資產	-	-	-	-	317,173
Other assets	其他資產	-	-	110	-	31,855
Borrowings	借貸	(635,533)	(148,478)	-	-	-
Other liabilities	其他負債	(7,521)	(522)	-	(11,638)	(24,633)
Overall net exposure	整體風險淨額	(494,919)	(147,458)	313,241	(9,594)	326,180

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51. 財務風險管理目標及政策(續)

51.3 Foreign currency risk (continued)

The following table indicates the approximate change in the Group's profit for the year and investment revaluation reserve (due to the change in fair value of the available-for-sale financial assets) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between Group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower. A positive number below indicates an increase in profit and investment revaluation reserve where the underlying functional currency weakens against the relevant foreign currency. For a strengthening of the underlying functional currency against the relevant foreign currency, there would be an equal and opposite impact on the profit and investment revaluation reserve, and the balances below would be negative.

	2016 二零一六年			2015 二零一五年		
	Change in foreign exchange rates 外匯 匯率變動	Effect on profit for the year 對年內 溢利之影響 HK\$'000 千港元	Effect on investment revaluation reserve 對投資重估 儲備之影響 HK\$'000 千港元	Change in foreign exchange rates 外匯 匯率變動	Effect on profit for the year 對年內 溢利之影響 HK\$'000 千港元	Effect on investment revaluation reserve 對投資重估 儲備之影響 HK\$'000 千港元
US\$ 美元	+5%	(2,078)	3,641	-	-	-
	-5%	2,078	(3,641)	-	-	-
Euro 歐元	+5%	182,475	818	+5%	(7,373)	-
	-5%	(182,475)	(818)	-5%	7,373	-
CHF 瑞士法郎	+5%	1,443	-	+5%	15,662	-
	-5%	(1,443)	-	-5%	(15,662)	-
GBP 英鎊	+5%	12	-	+5%	480	-
	-5%	(12)	-	-5%	(480)	-
RMB 人民幣	+5%	(1,838)	12,153	+5%	(450)	15,859
	-5%	1,838	(12,153)	-5%	450	(15,859)

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that there is no significant exposure expected on financial assets and liabilities denominated in US\$ for Group companies whose functional currency is HK\$ since HK\$ are pegged to USD. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit for the year and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2015.

51.3 外匯風險(續)

下表顯示本集團年內(因可供出售金融資產之公平值變動)就本集團於報告期末有重大風險之外匯匯率之合理可能變動所作出之溢利及投資重估儲備之概約變動。敏感度分析包括本集團公司間之結餘，結餘以非貸款人或借款人之功能貨幣之貨幣列值。以下正數表示相關功能貨幣兌有關外幣貶值情況下，溢利及投資重估儲備之增加。倘相關功能貨幣兌有關外幣升值，則對溢利及投資重估儲備有相等及相反影響，而以下結餘將為負數。

列示之變動代表管理層對外匯匯率於直至下一年度報告日止期間之合理可能變動之評估。就此而言，由於港元與美元掛鉤，故已假設功能貨幣為港元之本集團成員公司以美元所計值之金融資產及負債不會承擔任何重大風險。上表呈列之分析結果，代表對各集團實體年內溢利及股本(以各自功能貨幣計量及按報告期末規定作呈列用途之匯率換算為港元)之總體影響。二零一五年進行之分析採用相同基準。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

For banking business, the credit risk management is primarily focused on managing and monitoring the collateral values, which are a result of haircuts applied to the market values, and the liquidity of the collateral. Credit exposure must always remain within the limits granted the Group, and it is secured by collateral. The ten largest single exposures encompass HK\$314,676,000, which are related to due from clients of the banking business as of 31 December 2016. These exposures relate mainly to loans which are covered with collateral in the form of securities as well as mortgage loans.

A loan is classified as impaired when it is more than 90 days overdue. The Group typically recovers these loans or formed provisions for such positions. Loans with a provision are disclosed in note 19.

As at 31 December 2016, there were no rescheduled loans and repossessed assets.

In respect of non-banking businesses, in order to minimise the credit risk, the Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy parties, there is no requirement for collateral. As at 31 December 2016 and 2015, the Group's trade receivables relate to a large number of diversified customers and there is no significant concentration of credit risk.

Credit risk on cash and deposits is mitigated as cash is deposited in banks of high credit rating.

51. 財務風險管理目標及政策(續)

51.4 信貸風險

信貸風險指金融工具之交易對方未能按金融工具之條款履行其責任，並導致本集團錄得財務虧損之風險。

就銀行業而言，信貸風險管理主要集中於管理及監控抵押品價值，有關價值來自適用於市值之扣減及抵押品之流動性。信貸風險必須始終保持在本集團所授限額內，且由抵押品作擔保。十大單一風險包括截至二零一六年十二月三十一日之314,676,000港元(與應付銀行業務客戶賬款相關)。該等風險主要涉及貸款(受證券形式之抵押品保障)及按揭貸款。

倘貸款逾期超過90日，則會分類為為減值。本集團通常已收回該等貸款或就有關情況作出撥備。作出撥備之貸款於附註19披露。

於二零一六年十二月三十一日，概無改期貸款及收回資產。

就非銀行業務而言，為盡可能減低信貸風險，本集團僅與信譽良好之認可人士進行買賣。本集團政策規定所有有意按信貸期進行交易之客戶須經過信貸核實程序。此外，本集團持續監察應收款結餘，且本集團面對之壞賬風險並不重大。由於本集團僅與信譽良好之認可人士進行買賣，故毋需抵押品。於二零一六年及二零一五年十二月三十一日，本集團應收賬款與大量且多元化客戶有關，並無重大集中信貸風險。

現金存入具備高信貸評級之銀行，以減低有關現金及存款之信貸風險。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.4 Credit risk (continued)

(i) Maximum credit risk exposure of the Group

The maximum exposure to credit risk (excluding cash and deposits) as at the end of reporting date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the consolidated statement of financial position after deducting any impairment allowance. A summary of the maximum exposure is as follows:

51.4 信貸風險(續)

(i) 本集團之最大信貸風險

於各報告日末，除現金及存款以外之最大信貸風險(不計及任何所持抵押品或其他信用增級)由綜合財務狀況表中各類金融資產之結餘淨值(經扣除任何減值撥備後)呈列。最高風險概要如下：

		2016 二零一六年			2015
		Banking business 銀行業務 HK\$'000 千港元	Non-banking business 非銀行業務 HK\$'000 千港元	Total 總計 HK\$'000 千港元	二零一五年 HK\$'000 千港元
Due from clients	應收客戶款項	627,809	–	627,809	–
Due from banks	應收銀行款項	5,295,369	–	5,295,369	–
Trading portfolio assets	交易組合資產	9,727	187,362	197,089	367,471
Derivative financial assets	衍生金融工具	2,256	82	2,338	2,244
Trade receivables	應收賬款	–	461,585	461,585	693,868
Available-for-sale financial assets	可供出售金融資產	96,840	254,512	351,352	317,250
Held-to-maturity investments	持至到期投資	338,709	–	338,709	–
Short-term investments	短期投資	–	112,969	112,969	143,362
Other assets	其他資產	59,239	416,937	476,176	422,839
		6,429,949	1,433,447	7,863,396	1,947,034
Credit card commitments and guarantees provided	已提供信用卡承擔及擔保	61,859	120,000	181,859	120,000
Maximum credit risk exposure	最高信貸風險	6,491,808	1,553,447	8,045,255	2,067,034

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.4 Credit risk (continued)

- (ii) Credit exposure by quality of assets of the banking business is as follows:

As at 31 December 2016

		AAA to AA AAA級 至AA級 HK\$'000 千港元	A+ to BBB- A+級至 BBB-級 HK\$'000 千港元	BB+ or lower BB+級 或更低 HK\$'000 千港元	No external rating 無外部評級 HK\$'000 千港元	Book value of impaired loans net 已減值貸款 之賬面淨值 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行欠款	1,742,992	2,811,529	-	740,635	213	5,295,369
Due from clients	應收客戶欠款	-	-	-	624,990	2,819	627,809
Financial instruments	金融工具	304,610	136,122	79	4,465	-	445,276
Other assets	其他資產	-	15	-	59,224	-	59,239
Derivative financial instruments	衍生金融工具	1,090	-	-	1,166	-	2,256
		2,048,692	2,947,666	79	1,430,480	3,032	6,429,949
Contingent liabilities	或然負債	-	5,976	-	55,883	-	61,859

The above table shows the quality of assets according to the external ratings available. Financial instruments without a rating are mainly instruments for which there is no external rating available. Amounts due from clients are allocated to the category "no external rating".

51.4 信貸風險(續)

- (ii) 按銀行業務資產質素劃分之信貸風險如下：

於二零一六年十二月三十一日

上表列示根據已有外部評級之資產質素。無評級金融工具主要為並無外部評級之工具。應收客戶欠款歸類為「無外部評級」。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.4 Credit risk (continued)

(iii) Credit exposure by collateral of the banking business is as follows:

As at 31 December 2016

		Mortgage-backed 以按揭支持 HK\$'000 千港元	Other collateral 其他抵押品 HK\$'000 千港元	No collateral 無抵押品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from clients of which mortgage loan	按揭貸款之應收客戶欠款				
– Residential property	– 住宅物業	227,829	–	–	227,829
– Office and business property	– 辦公及商用物業	8,357	–	–	8,357
– Commercial and industrial property	– 工商物業	11,461	–	–	11,461
– Other	– 其他	5,188	341,527	33,447	380,162
Financial instruments	金融工具	–	–	445,276	445,276
Derivative financial instruments	衍生金融工具	–	–	2,256	2,256
		252,835	341,527	480,979	1,075,341
Contingent liabilities	或然負債	–	61,826	33	61,859

The above table shows that secured lending represents constantly more than 90 per cent of the total due from clients.

51.4 信貸風險(續)

(iii) 按銀行業務抵押品劃分之信貸風險如下：

於二零一六年十二月三十一日

上表顯示有抵押貸款持續佔應收客戶欠款總額超過90%。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.4 Credit risk (continued)

(iv) Credit risk by geographical sector of the banking business is as follows:

As at 31 December 2016

		Switzerland and Liechtenstein 瑞士及列支敦士登 HK\$'000 千港元	Europe (excluding Switzerland and Liechtenstein) 歐洲(不包括瑞士及列支敦士登) HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行欠款	2,162,363	3,034,147	98,859	5,295,369
Due from clients	應收客戶欠款	205,977	307,937	113,895	627,809
Other assets	其他資產	–	59,227	12	59,239
Financial instruments	金融工具	–	216,230	229,046	445,276
Derivative financial instruments	衍生金融工具	1,090	347	819	2,256
		2,369,430	3,617,888	442,631	6,429,949
Contingent liabilities	或然負債	52,261	8,126	1,472	61,859
		2,421,691	3,626,014	444,103	6,491,808

The above table shows a concentration in due from banks and clients as well as financial instruments outside Switzerland and Liechtenstein. As at 31 December 2016, outside Switzerland and Liechtenstein commitments amounted to HK\$4,070,117,000, or 63% percent of the total lending volume.

上表顯示應收瑞士及列支敦士登以外銀行及客戶欠款及金融工具集中。於二零一六年十二月三十一日，瑞士及列支敦士登以外承擔為4,070,117,000港元，或總借貸量之63%。

(v) Credit risk by counterparty of the banking business is as follows:

As at 31 December 2016

		Central banks 中央銀行 HK\$'000 千港元	Banks 銀行 HK\$'000 千港元	Public sector entities 公營實體 HK\$'000 千港元	Private and institutional investment clients 私人及機構投資客戶 HK\$'000 千港元	Other 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Due from banks	應收銀行欠款	–	5,295,369	–	–	–	5,295,369
Due from clients	應收客戶欠款	–	–	–	627,809	–	627,809
Other assets	其他資產	–	9	–	59,220	10	59,239
Financial instruments	金融工具	–	267,600	7,746	169,930	–	445,276
Derivative financial instruments	衍生金融工具	–	1,090	–	1,166	–	2,256
		–	5,564,068	7,746	858,125	10	6,429,949
Contingent liabilities	或然負債	–	8,202	–	53,657	–	61,859

51.4 信貸風險(續)

(iv) 按銀行業務地區區域劃分之信貸風險如下：

於二零一六年十二月三十一日

(v) 按銀行業務交易對手劃分之信貸風險如下：

於二零一六年十二月三十一日

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51.4 Credit risk (continued)

- (v) Credit risk by counterparty of the banking business is as follows: (continued)

The above table shows a concentration of bank counterparties, which is managed by a limit system. This process ensures the diversification of the counterparties themselves as well as the counterparty domiciles. Financial instruments issued by corporate entities are allocated to the category "private and institutional investment clients".

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at 31 December 2016, the Group did not enter into enforceable master netting arrangements with counterparties and therefore there were no offsettings of any assets and liabilities in the consolidated statement of financial position.

51.5 Liquidity risk

Liquidity risk related to the risk that the Group will not able to meet its obligation associated with its financial liabilities. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly.

The Group maintains mainly cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The following tables show the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flow (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay. Specially, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

51. 財務風險管理目標及政策(續)

51.4 信貸風險(續)

- (v) 按銀行業務交易對手劃分之信貸風險如下：(續)

上表顯示銀行交易對手集中且由有限體系管理。該過程確保交易對手及其所屬地方分散。公司實體發行之金融工具歸類為「私人及機構投資客戶」。

(vi) 抵銷

當有可合法執行權利抵銷已確認金額及計劃按淨額基準結清，或同時變現資產及結清負債時，金融資產與金融負債相互抵銷，且淨額於綜合財務狀況表列報。

於二零一六年十二月三十一日，本集團未與交易對手訂立可強制執行總淨額結算安排，因此於綜合財務狀況表概無任何資產與負債之抵銷。

51.5 流動資金風險

流動資金風險與本集團無法履行其金融負債相關責任之風險有關。本集團透過謹慎監控長期金融負債之擬定還款期及日常業務現金流出，以管理其流動資金需求。本集團每日監察其流動資金需求。擁有360日監察期之長期流動資金需求於每月確定。

本集團主要利用現金應付其最多30日期間之流動資金需求。所需長期流動資金透過保持充足承諾信貸融資提供。

下表顯示於報告日本集團金融負債之剩餘合約到期日，其以合約未貼現現金流量（包括以合約利率計算之利息款項，或就浮息而言，基於報告日之當前利率）及本集團可能須付款之最早日期為基礎。具體而言，對於包含按要求償還條款而有關條款可由銀行全權酌情行使之銀行借貸，該分析根據實體可能須付款之最早期間列示現金流出，即猶如放款人會行使其要求即時還款之無條件權利。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(continued) 51. 財務風險管理目標及政策(續)

51.5 Liquidity risk (continued)
As at 31 December 201651.5 流動資金風險(續)
於二零一六年十二月三十一日

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year
		賬面值 HK\$'000 千港元	合約未貼現 現金流量總額 HK\$'000 千港元	一年內或 按要求 HK\$'000 千港元	超過一年 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債				
Due to banks	應付銀行款項	3,007	3,007	117	2,890
Due to clients	應付客戶款項	10,393,047	10,393,047	10,363,939	29,108
Trade payables	應付賬款	349,837	349,837	347,486	2,351
Corporate bonds	公司債券	692,127	731,853	25,090	706,763
Borrowings	借貸	1,190,340	1,212,372	1,196,213	16,159
Subordinated debt	次級債務	83,345	88,485	3,334	85,151
Other liabilities	其他負債	557,036	557,036	466,141	90,895
		13,268,739	13,335,637	12,402,320	933,317
Maximum contractual amount	最高合約金額				
Financial guarantee issued	已發出財務擔保	–	120,000	120,000	–
Credit card commitments	信用卡承擔	–	61,859	61,859	–
		–	181,859	181,859	–

As at 31 December 2015

於二零一五年十二月三十一日

		Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Over 1 year
		賬面值 HK\$'000 千港元	合約未貼現 現金流量總額 HK\$'000 千港元	一年內或 按要求 HK\$'000 千港元	超過一年 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債				
Trade payables	應付賬款	359,533	359,533	359,533	–
Corporate bonds	公司債券	708,834	800,909	25,695	775,214
Borrowings	借貸	938,532	957,847	782,836	175,011
Other liabilities	其他負債	484,073	484,073	428,769	55,304
		2,490,972	2,602,362	1,596,833	1,005,259
Maximum contractual amount	最高合約金額				
Financial guarantee issued	已發出財務擔保	–	120,000	120,000	–

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(continued)

51. 財務風險管理目標及政策(續)

51.5 Liquidity risk (continued)

Liquidity risk also arises when there is mismatch between amounts and maturity dates of financial assets and financial liabilities.

The Group manages liquidity risk by holding liquid assets (including cash and deposits, financial instruments and other assets) of appropriate quality and quantity to ensure that short term funding requirements are covered within prudent limits.

The following tables indicate the analysis by remaining maturities of the Group's financial assets and liabilities:

As at 31 December 2016

		Repayable on demand 按要求償還 HK\$'000 千港元	Within 1 year 一年內 HK\$'000 千港元	More than 1 year 超過一年 HK\$'000 千港元	No maturity date 無到期日 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total financial assets	金融資產總額	6,628,023	5,398,041	649,721	254,512	12,930,297
Total financial liabilities	金融負債總額	(11,948,662)	(407,250)	(914,877)	-	(13,270,789)
Financial asset-liability gap	金融資產負債缺口	(5,320,639)	4,990,791	(265,156)	254,512	(340,492)

As at 31 December 2015

		Repayable on demand 按要求償還 HK\$'000 千港元	Within 1 year 一年內 HK\$'000 千港元	More than 1 year 超過一年 HK\$'000 千港元	No maturity date 無到期日 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Total financial assets	金融資產總額	1,747,850	688,192	29,807	317,250	2,783,099
Total financial liabilities	金融負債總額	(739,060)	(823,426)	(935,746)	-	(2,498,232)
Financial asset-liability gap	金融資產負債缺口	1,008,790	(135,234)	(905,939)	317,250	284,867

As the financial instruments such as trading portfolio investments and available-for-sale investments may be sold before maturity or due to banks and clients may mature without being withdrawn, the contractual maturity dates do not represent expected dates of future cash flows.

51.5 流動資金風險(續)

流動資金風險乃由於金融資產及金融負債之金額及到期日錯配而產生。

本集團透過持有適當質量之流動性資產(包括現金及存款、金融工具及其他資產)管理流動資金風險，以確保在經審慎釐定的限額內符合短期資金需求。

下表列示本集團按餘下到期日計算金融資產及負債之分析：

於二零一六年十二月三十一日

於二零一五年十二月三十一日

由於金融工具如交易組合投資及可供出售金融資產可能於到期前出售或應付銀行及客戶款項可能在不被提取之情況下到期，合約到期日並非代表未來現金流的預計日期。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(continued) 51. 財務風險管理目標及政策(續)

51.5 Liquidity risk (continued)

The below table summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amount disclosed in the "Within one year and on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

		Carrying amount	Total contractual undiscounted cash flow 合約未貼現 現金流量總額	Within	Over 1 year	Over
				1 year or on demand 一年內或 按要求	but within 2 years 超過一年但 於兩年內	2 years 超過兩年
		賬面值 HK\$'000 千港元	現金流量總額 HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2016	於二零一六年十二月三十一日	1,174,140	1,194,182	1,082,546	111,636	-
As at 31 December 2015	於二零一五年十二月三十一日	310,021	333,556	115,859	111,844	105,853

51.6 Fair value risk

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity. The fair values of non-current financial assets and liabilities were not disclosed because the carrying values were not materially different from their fair values.

51.7 Equity price risk

Equity price risk related to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of change in market price (other than changes in interest rate and foreign exchange rate). The Group is exposed to equity price changes arising from equity investments classified as trading portfolio investments and available-for-sale financial assets at fair value.

Decisions to buy or sell trading portfolio investments are based on daily monitoring of the performance of individual securities and other industry indicators, as well as the Group's liquidity needs. Available-for-sale financial assets at fair value are based on their longer term growth potential and are monitored regularly for performance against expectations.

51.5 流動資金風險(續)

下表概述根據貸款協議所載協定擬定還款期須按要求償還條款之借貸之到期日分析。有關金額包括以合約利率計算之利息款項。因此，該等金額大於上文到期日分析之「一年內或按要求」時間範疇所披露之金額。經考慮本集團財務狀況後，董事認為銀行將不可能酌情行使其要求即時償付之權利。董事相信有關借貸將根據貸款協議所載擬定還款日償付。

51.6 公平值風險

由於本集團流動金融資產及負債即時或於短期內到期，故其公平值與賬面值並無重大差異。由於非流動金融資產及負債之賬面值與公平值並無重大差異，故不披露其公平值。

51.7 股本價格風險

股本價格風險與金融工具之公平值或未來現金流量因市價變動而波動(利率及外匯匯率變動除外)之風險有關。本集團須面對來自分類為買賣組合投資及按公平值列賬之可供出售金融資產之股本投資之股本價格變動風險。

買賣買賣組合投資決定按每日監察個別證券之表現及其他行業指標以及本集團之流動資金需要作出。按公平值列賬之可供出售金融資產以較長期間之增長潛力為基準，並定期監察投資表現是否符合預期。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(continued) 51. 財務風險管理目標及政策(續)

51.7 Equity price risk (continued)

The following table indicates the approximate change in the Group's profit after income tax and consolidated equity in response to reasonably possible changes in the share prices of the listed investments classified as trading portfolio investments and available-for-sale financial assets at fair value to which the Group has significant exposure at the reporting date. The analysis is performed on the same basis for 2015.

51.7 股本價格風險(續)

下表顯示分類為買賣組合投資之上市投資股價及本集團於報告日所持面對重大風險之按公平值列賬之可供出售金融資產之合理可能變動，對本集團之除所得稅後溢利及綜合權益之概約變動。二零一五年之分析按相同基準編製。

		2016 二零一六年		2015 二零一五年	
		Effect on profit after tax and retained profits 及保留溢利 之影響 HK\$'000 千港元	Effect on other comprehensive income and to the investment revaluation reserve 對其他全面收入 及投資重估儲備 之影響 HK\$'000 千港元	Effect on profit after tax and retained profits 及保留溢利 之影響 HK\$'000 千港元	Effect on other comprehensive income and to the investment revaluation reserve 對其他全面收入 及投資重估儲備 之影響 HK\$'000 千港元
Trading portfolio investments:	交易組合投資：				
Increase in share prices of the listed investments by 30% (2015: 30%)	上市投資之股價上升30% (二零一五年：30%)	58,762	-	110,241	-
Decrease in share prices of the listed investments by 30% (2015: 30%)	上市投資之股價下跌30% (二零一五年：30%)	(58,762)	-	(110,241)	-
Available-for-sale financial assets at fair value:	按公平值列賬之可供出售金融資產：				
Increase in share price of the listed investment by 30% (2015: 30%)	上市投資之股價上升30% (二零一五年：30%)	-	103,643	-	95,152
Decrease in share price of the listed investment by 30% (2015: 30%)	上市投資之股價下跌30% (二零一五年：30%)	-	(103,643)	-	(95,152)

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(continued)

51. 財務風險管理目標及政策(續)

51.8 Operational risks

Operational risk is the risk of losses due to faulty internal processes, procedures and systems, inappropriate behaviour by employees, or external influences. The definition includes all legal risks as well as reputational risks. However, it excludes strategic risks. The ongoing monitoring of operational risk is, whenever possible, embedded in the operational processes. Separation of functions and a dual control principle are crucial elements in monitoring. The directors oversee the management of operational risk based on standardised reporting and adhoc information.

Capital management

The Group's capital management objectives are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

51.8 營運風險

營運風險指由於不完善之內部流程、程序及制度、員工行為不當或外部影響而造成損失之風險。其定義包括所有法律風險以及聲譽風險，然而並不包括戰略風險。每當可行，營運過程中均會持續監察營運風險。職能分隔和雙重控制原則是營運風險監控之關鍵因素。董事基於標準化報告及即時資料監察營運風險管理。

資本管理

本集團之資本管理目標為：

- (i) 確保本集團能夠持續經營，以繼續為股東提供回報及利益；
- (ii) 支持本集團穩定增長；及
- (iii) 為潛在合併及收購提供資金。

本集團根據其整體財務結構之比例釐定股本資金。本集團管理資本結構，並因應經濟狀況轉變及相關資產之風險特徵作出調整。為維持或調整資本結構，本集團或會調整向股東支付之股息金額、向股東退回資金、發行新股或出售資產減債。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued) 51. 財務風險管理目標及政策(續)

51.8 Operational risks (continued)

Capital management (continued)

The capital-to-overall financing ratio at reporting date was as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Capital	資本		
Total equity	權益總額	3,852,690	4,234,487
Overall financing	整體融資		
Borrowings	借貸	1,190,340	938,532
Corporate bonds	公司債券	692,127	708,834
Subordinated debt	次級債務	83,345	-
Due to related companies	應付關連公司款項	-	181
		1,965,812	1,647,547
Capital-to-overall financing ratio	資本佔整體融資比率	1.96	2.57

51.8 營運風險(續)

資本管理(續)

於報告日，資本佔整體融資比率如下：

Capital adequacy of Bendura Group

Starting February 1, 2015, the calculation of regulatory capital incorporates the capital requirements following the Capital Requirements Regulation (EU) No. 575/2013 (Capital Requirements Regulation – CRR) and the Capital Requirements Directive No. 2013/36/EU (CRD 4) as implemented into Liechtenstein law. The minimum capital requirement is 8% of risk weighted assets which consists at least of 4.5% common equity tier 1 (CET 1) capital, 1.5% additional tier 1 capital and 2% tier 2 capital. In addition, the Bendura Group has to fulfill 2.5% buffer requirements (capital conservation buffer). The buffer requirement must be fulfilled with CET 1 capital.

Capital ratios measure capital adequacy by comparing the Bendura Group's eligible capital with balance sheet assets, off-balance sheet commitments and market positions at weighted amounts to reflect their relative risk. Assets are weighted according to broad categories of notional risk, first being multiplied by a conversion factor and then being assigned a risk weighting according to the amount of capital deemed to be necessary for them. Off-balance sheet commitments and default risk positions are also multiplied and risk-weighted. Market risk is calculated with the standard approach.

All results are based on the full application of the final CRR and CRD 4 framework in the European Union and thus without consideration of applicable transitional rules. The Bendura Group has complied with all externally imposed capital requirements as at 31 December 2016.

富地集團資本充足

自二零一五年二月一日起，隨著列支敦士登法律納入資本要求法規(歐盟)(資本要求法規—CRR)第575/2013號及資本規定指令第2013/36/EU號(CRD 4)，監管資本之計算包含資本要求。最低資本要求為風險加權資產之8%，其中至少包括4.5%核心一級資本(核心一級資本)、1.5%額外一級資本及2%二級資本。此外，富地集團須滿足2.5%之緩衝要求(資本儲備緩衝)。緩衝要求必須以核心一級資本達成。

資本充足率以資本比率衡量，方法為將富地集團之合格資本與資產負債表中資產、資產負債表外承擔及按加權金額計算之市場持倉比較，以反映其相對風險。資產根據大範圍名義風險加權，先乘以一個轉換因素，再根據被視為對其必要之資金數額分配加權風險。資產負債表外承擔及違約風險狀況亦會作出乘數及被分配加權風險。市場風險以標準方法計算。

所有結果基於全面遵守歐盟終版CRR及CRD 4而得出，因此未考慮適用過渡規定。富地集團於二零一六年十二月三十一日已全面遵守外部施加之資本要求。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51. 財務風險管理目標及政策(續)

51.9 Fair value measurements recognised in the consolidated statement of financial position

The fair values of the Group's financial assets and financial liabilities are determined as follows:

- the fair values of listed equity investments, debt instruments and investment fund units classified under trading portfolio investments and available-for-sale financial assets are determined by reference to their quoted market prices at the reporting date in active markets and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate.
- the fair values of unlisted debt instruments and investment fund units classified under trading portfolio investments and available-for-sale financial assets have been determined using significant inputs, which are market observable, directly or indirectly.
- the fair value of derivative financial liabilities classified as level 3 financial liabilities, is determined by the directors of the Company with reference to the valuation performed by Asset Appraisal Limited, an independent professionally qualified valuer, by using valuation techniques such as Black-Scholes Option Pricing Model and Binomial Option Pricing Model. These valuation techniques maximise the use of observable market data where it is available for all significant inputs and rely as little as possible on entity specific estimates.
- the fair values of derivative financial assets and liabilities classified as level 2 financial assets, are marked to market using the foreign exchange forward rates ruling at the end of each reporting periods.
- The fair value of unlisted investment in insurance policy is determined based on amount value as stated in cash surrender value statement issued by insurer.

HKFRS 13 introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable direct and indirect inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

51.9 於綜合財務狀況表確認之公平值計量

本集團金融資產及金融負債之公平值按以下情況釐定：

- 分類至交易組合投資及可供出售金融資產之上市股本投資、債務工具及投資基金單位之公平值經參考其於報告日於活躍市場上之買入市價釐定，並已按報告期末之即期匯率換算(如適用)。上市股本證券以港元及人民幣計值。
- 分類至交易組合投資及可供出售金融資產之非上市債務工具及投資基金單位之公平值乃直接或間接使用市場可觀察之重大輸入數據釐定。
- 分類至第三級金融負債之衍生金融負債之公平值乃根據本公司董事經參考獨立專業合資格估值師資產評估顧問有限公司使用估值方法(如柏力克-舒爾斯期權定價模式及二項式期權定價模式)作出之估值釐定。該等估值方法最大限度地利用可供所有重大輸入數值之觀察所得市場數據，並盡可能不依賴特定實體估計。
- 分類至第二級金融資產之衍生金融資產及負債之公平值以各個報告期末當時遠期匯率計算。
- 保單投資之公平值乃按保險公司出具現金退保單所示之賬目金額而釐定。

香港財務報告準則第13號就公平值計量披露及有關公平值計量之相對可靠性之額外披露引入三個公平值層級。

金融資產及金融負債根據用於計量金融資產及金融負債之公平值之重大輸入數值之相對可靠性分為三個層級。公平值層級有以下層級：

- 第一級：相同資產或負債之未經調整活躍市場報價；
- 第二級：直接或間接可觀察之輸入數值(不包括第一層報價)；及
- 第三級：非觀察所得輸入數值為並無可用市場數值之輸入數值。

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51. 財務風險管理目標及政策(續)

51.9 Fair value measurements recognised in the consolidated statement of financial position (continued)

51.9 於綜合財務狀況表確認之公平值計量(續)

The financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

於綜合財務狀況表以公平值計量之金融資產及金融負債分為以下公平值層級：

		Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$000 千港元
2016	二零一六年				
Assets	資產				
Trading portfolio investments	交易組合投資	190,213	6,876	–	197,089
Derivative financial assets	衍生金融資產	–	2,256	82	2,338
Available-for-sale financial assets at fair value	按公平值列賬之可供出售金融資產	320,247	25,230	–	345,477
		510,460	34,362	82	544,904
Liabilities	負債				
Derivative financial liabilities	衍生金融負債	–	2,050	–	2,050
		–	2,050	–	2,050
2015	二零一五年				
Assets	資產				
Trading portfolio investments	交易組合投資	367,471	–	–	367,471
Derivative financial assets	衍生金融資產	–	–	2,244	2,244
Available-for-sale financial assets at fair value	按公平值列賬之可供出售金融資產	317,173	–	–	317,173
		684,644	–	2,244	686,888
Liabilities	負債				
Derivative financial liabilities	衍生金融負債	–	–	7,260	7,260
		–	–	7,260	7,260

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

51.9 Fair value measurements recognised in the consolidated statement of financial position (continued)

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The level in the fair value hierarchy within which the financial assets and financial liabilities are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

The fair value of financial undertakings classified as derivative financial liabilities is Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balances are provided as below.

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Opening balance (Level 3 recurring fair value)	年初結餘(第三級經常性公平值)	7,260	26,479
Change in fair value recognised in profit or loss during the year	於年內溢利或虧損確認之公平值變動	(7,260)	(19,219)
Closing balance (Level 3 recurring fair value)	年末結餘(第三級經常性公平值)	-	7,260

The key inputs to determine the fair value of financial undertakings are the stock price and expected volatility. A higher in stock price and volatility would result in an increase in the fair value of derivative financial liabilities, and vice versa.

51. 財務風險管理目標及政策(續)

51.9 於綜合財務狀況表確認之公平值計量(續)

報告期內，第一級及第二級之間並無重大轉撥。

在金融資產及金融負債之分類中，公平值層級之水平基於對公平值計量有重大影響之最低數值水平全面分類。

計量公平值所用方法及評估方式與上一報告期間無異。

分類至衍生金融負債之財務承諾公平值為第三級經常性公平值計量。年初及年末公平值結餘之對賬載列如下。

釐定財務承諾公平值之主要數據為股價及預期波幅。股價及波幅越大將導致衍生金融負債之公平值增加，反之亦然。

52. STATEMENT OF FINANCIAL POSITION

52. 財務狀況表

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	6,670	7,256
Convertible bond investment	可換股債券投資	7,180	8,327
Interests in subsidiaries	所佔附屬公司權益	2,158,454	1,356,052
		2,172,304	1,371,635
Current assets	流動資產		
Other assets	其他資產	38,573	79,453
Trading portfolio investments	買賣組合投資	96,009	283,885
Cash and deposits	現金及存款	30,934	483,662
		165,516	847,000
Current liabilities	流動負債		
Other liabilities	其他負債	34,994	26,094
Borrowings	借貸	995,476	437,150
		1,030,470	463,244
Net current (liabilities)/assets	流動(負債)/資產淨值	(864,954)	383,756
Total assets less current liabilities	總資產減流動負債	1,307,350	1,755,391
Non-current liabilities	非流動負債		
Other liabilities	其他負債	335	655
Borrowings	借貸	-	361,685
		335	362,340
Net assets	資產淨值	1,307,015	1,393,051
EQUITY	權益		
Share capital	股本	434,682	440,938
Reserves	儲備	872,333	952,113
		1,307,015	1,393,051

The statements of financial position of the Company was approved and authorised for issue by the board of directors of the Company on 31 March 2017 and are signed on its behalf by:

本公司財務狀況表於二零一七年三月三十一日獲董事會批准及授權刊發，並由以下董事代表簽署：

Hon Kwok Lung
韓國龍
Director
董事

Shang Jianguang
商建光
Director
董事

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, at 31 December 2016 are as follows:

53. 主要附屬公司資料

於二零一六年十二月三十一日，主要附屬公司（均為有限公司）之詳情如下：

Name 名稱	Place of incorporation/ registration 註冊成立／註冊地點	Particulars of issued/paid-up capital 已發行／ 繳入股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權 之實際百分比		Principal activities and principal place of business 主要業務及營業地點
			2016 二零一六年	2015 二零一五年	
<i>Directly held:</i> 直接持有：					
Qingapen Limited 晴嘉投資有限公司	Hong Kong 香港	HK\$2 2港元	100%	100%	Property investment, PRC 於中國投資物業
China Haidian Commercial Network Services Limited 中國海澱商業網絡服務有限公司	Hong Kong 香港	HK\$2 2港元	100%	100%	Property investment, PRC 於中國投資物業
Haidian-Creation International Limited	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	US\$1 1美元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Sure Best Management Limited 港益管理有限公司	Hong Kong 香港	HK\$1 1港元	100%	100%	Property investment, Hong Kong 於香港投資物業
Jia Cheng Investment Limited 佳城投資有限公司	BVI 英屬處女群島	US\$1 1美元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Citychamp Watch and Jewellery SwissCo AG	Switzerland 瑞士	CHF100,000 100,000瑞士法郎	100%	100%	Issuance of bonds, Switzerland 於瑞士發行債券
Bendura Bank AG (Formerly known as Valartis Bank (Liechtenstein) AG) Bendura Bank AG (前稱富帝銀行 (列支敦士登)股份有限公司)	Liechtenstein 列支敦士登	CHF20,000,000 20,000,000瑞士 法郎	83.22%	–	Assets management, accepting client deposits, making investment and granting loans, Liechtenstein 於列支敦士登管理資產、接受客 戶存款、投資及批出貸款
<i>Indirectly held:</i> 間接持有：					
EBOHR Luxuries International Co., Limited (note a) 依波精品(深圳)有限公司(附註a)	PRC 中國	HK\$36,000,000 36,000,000港元	100%	100%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計 產品
Shenzhen EBOHR Luxuries Online E-commerce Company Limited (note b) 深圳市依波精品在線電子商務有限公司(附註b)	PRC 中國	RMB1,000,000 人民幣1,000,000元	100%	100%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Seti Timber Industry (Shenzhen) Co., Ltd. (note c) 森帝木業(深圳)有限公司(附註c)	PRC 中國	US\$45,525,860 45,525,860美元	100%	100%	Investment holding, PRC 於中國投資控股
Shenzhen Seti Trading Development Company Limited (note b) 深圳市森帝貿易發展有限公司(附註b)	PRC 中國	RMB500,000 人民幣500,000元	100%	100%	Investment holding, PRC 於中國投資控股

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (continued) 53. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/ 繳入股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權 之實際百分比		Principal activities and principal place of business 主要業務及營業地點
			2016 二零一六年	2015 二零一五年	
<i>Indirectly held: (continued)</i> <i>間接持有: (續)</i>					
Actor Investments Limited 安達投資有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100%	100%	Investment holding, Hong Kong 於香港投資控股
Zhuhai Rossini Watch Industry Limited (note d) 珠海羅西尼錶業有限公司(附註d)	PRC 中國	RMB180,000,000 人民幣 180,000,000元	91%	91%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計 產品
PAMA Precision Manufacturing Limited (note b) 深圳市帕瑪精品製造有限公司(附註b)	PRC 中國	RMB10,000,000 人民幣 10,000,000元	100%	100%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計 產品
Shenzhen Permanence Commerce Co., Limited (note b) 深圳市恒譽嘉時貿易有限公司(附註b)	PRC 中國	RMB23,000,000 人民幣 23,000,000元	100%	100%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Zhuhai Rossini Glasses Industry Limited (note b) 珠海羅西尼眼鏡有限公司(附註b)	PRC 中國	RMB1,000,000 人民幣1,000,000元	91%	91%	Distribution of glasses, PRC 於中國分銷眼鏡
Swiss Chronometric AG 瑞士精密時計有限公司	Switzerland 瑞士	CHF2,000,000 2,000,000 瑞士法郎	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計 產品
Eterna AG Uhrenfabrik	Switzerland 瑞士	CHF6,000,000 6,000,000 瑞士法郎	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計 產品
Eterna Uhren GmbH, Kronberg	Germany 德國	EUR205,000 205,000歐元	100%	100%	Distribution of watches and timepieces, Germany 於德國分銷鐘錶及時計產品
Eterna Movement AG	Switzerland 瑞士	CHF1,000,000 1,000,000 瑞士法郎	100%	100%	Manufacture and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計 產品

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (continued) 53. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/ 繳入股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權 之實際百分比		Principal activities and principal place of business 主要業務及營業地點
			2016 二零一六年	2015 二零一五年	
<i>Indirectly held: (continued)</i> <i>間接持有：(續)</i>					
Guangdong Juxin Watch Co., Limited (note d) 廣東鉅信鐘錶連鎖有限公司(附註d)	PRC 中國	RMB15,000,000 人民幣 15,000,000元	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Liaoning Hengjia Horologe Co., Limited (note d) 遼寧恒嘉鐘錶有限公司(附註d)	PRC 中國	RMB25,500,000 人民幣 25,500,000元	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Guangzhou Five Goat Watch Co., Limited (note b) 廣州五羊錶業有限公司(附註b)	PRC 中國	RMB100,000,000 人民幣 100,000,000元	78%	78%	Manufacture and distribution of watches and timepieces, PRC 於中國製造及分銷鐘錶及時計 產品
Eterna (Asia) Limited 綺年華(亞洲)有限公司	Hong Kong 香港	HK\$5,000,000 5,000,000港元	70%	70%	Distribution of watches and timepieces, Hong Kong 於香港分銷鐘錶及時計產品
Centenaire Trading (Shanghai) Co., Ltd (note a) 聖坦尼爾貿易(上海)有限公司(附註a)	PRC 中國	RMB4,550,000 人民幣4,550,000元	70%	70%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Eterna (Beijing) International Trading Co., Ltd (note b) 綺年華(北京)國際貿易有限公司(附註b)	PRC 中國	RMB1,000,000 人民幣1,000,000元	70%	70%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Jilin Dayou Watch Limited (note d) 吉林大有鐘錶有限公司(附註d)	PRC 中國	RMB15,000,000 人民幣 15,000,000元	51%	51%	Distribution of watches and timepieces, PRC 於中國分銷鐘錶及時計產品
Gold Vantage Industrial Limited 金熹實業有限公司	Hong Kong 香港	HK\$10,000 10,000港元	51%	51%	Investment holding, Hong Kong 於香港投資控股
Qinzhou Jintai Precision Products Co., Ltd. (note b) 欽州金泰精密製造有限公司(附註b)	PRC 中國	RMB1,000,000 人民幣 1,000,000元	51%	51%	Manufacturing of watches and related accessories, PRC 於中國製造鐘錶及相關配件
Shenzhen Grand Chances Watch Manufacture Ltd. (note b) 深圳市冠城金熹錶業有限公司(附註b)	PRC 中國	RMB500,000 人民幣500,000元	51%	51%	Manufacturing of watches and related accessories, PRC 於中國製造鐘錶及相關配件
Qinzhou Pros Watch Industrial Co., Ltd. (note b) 欽州寶時錶業有限公司(附註b)	PRC 中國	RMB1,000,000 人民幣 1,000,000元	51%	51%	Manufacturing of watches and related accessories, PRC 於中國製造鐘錶及相關配件

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (continued) 53. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/ 繳入股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權 之實際百分比		Principal activities and principal place of business 主要業務及營業地點
			2016 二零一六年	2015 二零一五年	
<i>Indirectly held: (continued)</i> <i>間接持有：(續)</i>					
Montres Corum Sàrl	Switzerland 瑞士	CHF3,000,000 3,000,000 瑞士法郎	100%	100%	Manufacture, and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計 產品
Montres Corum (UK) Ltd.	United Kingdom 英國	GBP3,383,424 3,383,424英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Corum Italia SRL	Italy 意大利	EUR10,400 10,400歐元	100%	100%	Distribution of watches and timepieces, Italy 於意大利分銷鐘錶及時計產品
Montres Corum Europe SA	Switzerland 瑞士	CHF100,000 100,000瑞士法郎	100%	100%	Distribution of watches and timepieces, Switzerland 於瑞士分銷鐘錶及時計產品
Servicio de Importacion SA	Spain 西班牙	EUR739,000 739,000歐元	100%	100%	Distribution of watches and timepieces, Spain 於西班牙分銷鐘錶及時計產品
Corum Deutschland GmbH	Germany 德國	EUR200,000 200,000歐元	100%	100%	Distribution of watches and timepieces, Germany 於德國分銷鐘錶及時計產品
Corum (Hong Kong) Limited	Hong Kong 香港	HK\$1,000 1,000港元	100%	100%	Distribution of watches and timepieces, Hong Kong 於香港分銷鐘錶及時計產品
The Dreyfuss Group Limited	United Kingdom 英國	GBP 221,541 221,541英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Rotary Overseas Limited	United Kingdom 英國	GBP1,000,000 1,000,000英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品
Artemis Watch Company Limited	United Kingdom 英國	GBP100 100英鎊	100%	100%	Distribution of watches and timepieces, United Kingdom 於英國分銷鐘錶及時計產品

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (continued) 53. 主要附屬公司資料(續)

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/ 繳入股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權 之實際百分比		Principal activities and principal place of business 主要業務及營業地點
			2016 二零一六年	2015 二零一五年	
<i>Indirectly held: (continued)</i> <i>間接持有: (續)</i>					
Rotary Watches LLC	United States of America 美國	USD10 10美元	100%	100%	Distribution of watches and timepieces, United States of America 於美國分銷鐘錶及時計產品
Dreyfuss & Co SA	Switzerland 瑞士	CHF100,000 100,000 瑞士法郎	100%	100%	Manufacturing of watches and timepieces, Switzerland 於瑞士製造鐘錶及時計產品
Fabrique de Moritres Rotary S.A	Switzerland 瑞士	CHF1,000,000 1,000,000 瑞士法郎	100%	100%	Manufacturing and distribution of watches and timepieces, Switzerland 於瑞士製造及分銷鐘錶及時計 產品
Bendura Fund Management Alpha AG (Formerly known as Valartis Fund Management (Liechtenstein) AG)	Liechtenstein 列支敦士登	CHF1,500,000 1,500,000 瑞士法郎	83.22%	—	Providing investment counselling, acting as technical administrator of fund units, acting as a fund management company and acting as an alternative investment fund manager, Liechtenstein 於列支敦士登提供投資諮詢、 擔任基金單位之技術管理員、 擔任基金管理公司及擔任另類 投資基金經理
VFM Mutual Fund AG	Liechtenstein 列支敦士登	CHF500,000 500,000瑞士法郎	83.22%	—	Managing a particular fund as general partner, Liechtenstein 於列支敦士登作為一般合夥人管 理一項特別基金
HIB Investment Ltd	BVI 英屬處女群島	USD50,000 50,000美元	83.22%	—	Managing the benchmark portfolio of Bendura Bank AG, Liechtenstein 管理Bendura Bank AG之基準投資 組合

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (continued) 53. 主要附屬公司資料(續)

上表載列董事認為主要影響本集團本年度之業

Name 名稱	Place of incorporation/ registration 註冊成立/註冊地點	Particulars of issued/paid-up capital 已發行/ 繳入股本詳情	Effective percentage of equity interest held by the Company 本公司所持股權 之實際百分比		Principal activities and principal place of business 主要業務及營業地點
			2016 二零一六年	2015 二零一五年	
<i>Indirectly held: (continued)</i> <i>間接持有: (續)</i>					
HIB Protector Ltd	BVI 英屬處女群島	USD10,000 10,000美元	83.22%		- Protecting assets of the clients by monitoring statutory provisions of trusts and foundations as well as potential transfers of trustee duties or functions, Liechtenstein 於列支敦士登透過監察信託及基金之法定條款以及受託人職務或職責之潛在轉移保護客戶資產
Hypo Trust and Corporate Services (Brunei) Ltd	Brunei Darussalam 汶萊達魯薩蘭國	USD130,000 130,000美元	83.22%		- Construed under Brunei's law and acting as trustee to service trusts, Brunei Darussalam 於汶萊達魯薩蘭國根據汶萊法律詮釋及擔任受託人向信託提供服務

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

- These subsidiaries are registered as wholly foreign owned enterprises under the law of PRC.
- These subsidiaries are registered as limited liability companies under the law of PRC.
- This subsidiary is registered as foreign joint venture under the law of PRC.
- These subsidiaries are registered as sino-foreign joint ventures under the law of PRC.

績或構成本集團資產淨值重大部分之本公司附屬公司。董事認為，詳列其他附屬公司之資料將會令有關資料過於冗長。

概無附屬公司於年末發行任何債務證券。

附註：

- 該等附屬公司根據中國法律登記為外商獨資企業。
- 該等附屬公司根據中國法律登記為有限公司。
- 該附屬公司根據中國法律登記為外商合資企業。
- 該等附屬公司根據中國法律登記為中外合資企業。

53. INFORMATION ABOUT PRINCIPAL SUBSIDIARIES (continued) 53. 主要附屬公司資料(續)

Set out below are the summarised financial information for the subsidiaries that had non-controlling interests which is material to the Group, before any elimination.

下文載列於任何對銷前擁有對本集團而言屬重大之非控股權益之各附屬公司財務資料概要。

		Bendura Bank AG 富地銀行 2016 二零一六年 HK\$'000 千港元	Zuhai Rossini Watch Industry Limited 珠海羅西尼錶業有限公司 2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Summarised statement of financial position	財務狀況表概要			
As at 31 December	於十二月三十一日			
Effective non-controlling interests percentage	實際非控股權益百分比	15.34%	9%	9%
Current	流動			
Assets	資產	11,275,682	988,921	1,043,712
Liabilities	負債	(10,608,716)	(126,852)	(221,276)
Total net current assets	流動資產總淨值	666,966	862,069	822,436
Non-current	非流動			
Assets	資產	–	269,370	252,801
Total net non-current assets	非流動資產總淨值	–	269,370	252,801
Net assets	資產淨值	666,966	1,131,439	1,075,237
Accumulated non-controlling interests	累計非控股權益	102,317	101,830	96,771
Summarised statement of comprehensive income	全面收入表概要			
For the year ended 31 December	截至十二月三十一日止年度			
Revenue	收益	109,480	1,000,648	1,162,111
Profit before income tax	除所得稅前溢利	53,988	373,694	450,742
Other comprehensive income	其他全面收入	(24,813)	–	–
Total comprehensive income	全面收入總額	22,332	324,450	386,838
Profit allocated to non-controlling interests	分配至非控股權益之溢利	3,425	29,200	34,815
Dividends paid to non-controlling interests	向非控股權益支付之股息	–	17,335	11,997
Summarised statement of cash flows	現金流量表概要			
For the year ended 31 December 2016	截至二零一六年十二月三十一日止年度			
Cash flows generated (used in)/from operating activities	經營業務(使用)/產生之現金流量	(1,219,501)	237,516	89,722
Cash flows generated/(used in) from investing activities	投資活動產生/(使用)之現金流量	652,407	(151,254)	(45,247)
Cash flows used in financing activities	融資活動使用之現金流量	(812)	(27,108)	(15,399)
Net cash (outflow)/inflow	現金(流出)/流入淨額	(567,906)	59,154	29,076

FIVE YEAR FINANCIAL SUMMARY 五年財務資料摘要

A summary of the published results and financial position of the Group for the year ended 31 December 2016 and the last four years is set out below. This summary does not form part of the audited financial statements.

本集團截至二零一六年十二月三十一日止年度及過去四年之已刊發業績及財務狀況概要載列如下。此概要並不組成經審核財務報表之一部分。

FINANCIAL PERFORMANCE

財務表現

		Year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014* 二零一四年 HK\$'000 千港元	2013* 二零一三年 HK\$'000 千港元	2012* 二零一二年 HK\$'000 千港元
Net interest income from banking business	銀行業務之利息收入淨額	17,983	-	-	-	-
Net service fees and commission income from banking business	銀行業務之服務費及佣金淨額	72,595	-	-	-	-
Trading income from banking business	銀行業務之買賣收入	18,902	-	-	-	-
Sales of goods from non-banking business	非銀行業務之貨品銷售收入	2,811,352	3,458,245	3,470,665	3,159,466	2,225,082
Rental income from non-banking business	非銀行業務之租金收入	19,123	18,109	17,888	16,957	15,222
Total revenue	總收入	2,939,955	3,476,354	3,488,553	3,176,423	2,240,304
Cost of sales from non-banking business	非銀行業務之銷售成本	(1,296,518)	(1,694,496)	(1,797,911)	(1,697,584)	(1,022,583)
Other ordinary income and other net gains or losses	其他經常性收入及其他收益或虧損淨值	63,165	257,545	269,603	570,761	62,119
Selling and distribution expenses	銷售及分銷費用	(841,444)	(883,152)	(926,387)	(724,581)	(513,278)
Administrative expenses	行政費用	(648,477)	(616,151)	(698,077)	(542,743)	(351,448)
Share of profit of associates	應佔聯營公司溢利	23,134	9,685	13,333	12,134	13,499
Finance costs	財務費用	(79,447)	(77,075)	(65,055)	(36,554)	(14,894)
Profit before income tax	除所得稅前溢利	160,368	472,710	284,059	757,856	413,719
Income tax expense	所得稅開支	(96,528)	(132,551)	(121,027)	(157,246)	(103,432)
Profit for the year	本年度溢利	63,840	340,159	163,032	600,610	310,287
Other comprehensive income	其他全面收入					
Item that will not be subsequently reclassified to profit or loss	不會於日後重新分類至溢利或虧損之項目					
- Remeasurement of net defined benefit obligations	- 重新計量定額福利責任淨額	14,368	9,485	(5,955)	1,785	-
Items that may be subsequently reclassified to profit or loss	可能於日後重新分類至溢利或虧損之項目					
- Exchange differences on translation to presentation currency	- 換算呈列貨幣之匯兌差額	(226,038)	(142,928)	(2,021)	32,719	16,468
- Release of exchange reserve to profit or loss upon disposal of subsidiaries	- 於出售附屬公司後解除外匯儲備至溢利或虧損	4,701	256	(2,015)	-	-
- Share of exchange differences on translation of associates	- 應佔聯營公司匯兌差異	(112)	133	(16)	-	-
- Release of investment revaluation reserve upon disposal	- 於出售時撥回投資重估儲備	-	-	(163,542)	(456,023)	-
- Changes in fair value of available-for-sale financial assets	- 可供出售金融資產公平值變動	(75,210)	9,051	(11,533)	94,418	601,480
		(296,659)	(133,488)	(179,127)	(328,886)	617,948

FINANCIAL PERFORMANCE (continued)

財務表現(續)

		Year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014* 二零一四年 HK\$'000 千港元	2013* 二零一三年 HK\$'000 千港元	2012* 二零一二年 HK\$'000 千港元
Other comprehensive income for the year	本年度其他全面收入	(282,291)	(124,003)	(185,082)	(327,101)	617,948
Total comprehensive income for the year	本年度全面收入總額	(218,451)	216,156	(22,050)	273,509	928,235
Profit for the year attributable to:	以下人士應佔本年度溢利：					
Owners of the Company	本公司擁有人	36,703	307,675	132,005	565,434	270,425
Non-controlling interests	非控股權益	27,137	32,484	31,027	35,176	39,862
		63,840	340,159	163,032	600,610	310,287
Total comprehensive income for the year attributable to:	以下人士應佔本年度全面收入總額：					
Owners of the Company	本公司擁有人	(227,203)	196,583	(55,528)	233,899	887,501
Non-controlling interests	非控股權益	8,752	19,573	33,478	39,610	40,734
		(218,451)	216,156	(22,050)	273,509	928,235

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控股權益

		As at 31 December 於十二月三十一日				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Total assets	總資產	17,255,820	6,838,556	6,732,878	6,273,631	5,261,137
Total liabilities	總負債	(13,403,130)	(2,604,069)	(2,657,948)	(1,711,587)	(1,305,018)
Non-controlling interests	非控股權益	(219,809)	(191,234)	(228,406)	(246,965)	(167,098)
		3,632,881	4,043,253	3,846,524	4,315,079	3,789,021

* Certain reclassifications are made to conform to current year's presentation.

* 若干重新分類為符合本年度呈列方式而作出。

SCHEDULE OF PRINCIPAL
INVESTMENT PROPERTIES

主要投資物業附表

Description	詳情	Group interest 集團權益	Use 用途	Tenure 年期
Flat B, 21st Floor, Jolly Villa, No. 8 Tai Hang Road, Hong Kong and Car parking space No. 32 on 3rd Floor of the same building	香港大坑道8號 竹麗苑21樓B室 及同一幢樓宇內3樓之 32號車位	100%	Residential 住宅	Medium term lease 中期租約
Industrial Complex, including Dormitories in the Sixth Industrial Zone Houjie Town, Dongguan County Guangdong Province The People's Republic of China (the "PRC")	中華人民共和國(「中國」) 廣東省東莞市厚街鎮 第六工業區工廠 綜合大樓(包括宿舍)	100%	Industrial/Residential 工業/住宅	Medium term lease 中期租約
2nd Lower Ground Level Jin Hua Building Yan He South Road Luohu District, Shenzhen Guangdong Province The PRC	中國廣東省深圳市 羅湖區沿河南路 錦花大廈底下層二層	100%	Commercial 商業	Medium term lease 中期租約
Shops at Street Nos. 13, 14 and 15 New City Centre Plaza Garden Nos. 459, 461 and 463 Xiang Hua Road Zhuhai City Guangdong Province The PRC	中國廣東省珠海市 香華路459、461及463號 新城市中心花園 商舖13、14及15號	100%	Commercial 商業	Medium term lease 中期租約

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