



英皇鐘錶珠寶有限公司
EMPEROR WATCH & JEWELLERY LIMITED

Incorporated in Hong Kong with limited liability (Stock Code: 887)
於香港註冊成立之有限公司 (股份代號: 887)



ANNUAL REPORT 2017 年報



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CORPORATE INFORMATION AND KEY DATES

公司資料及重要日期

DIRECTORS 董事

Cindy Yeung (*Chairperson*)
Wong Chi Fai
Fan Man Seung, Vanessa
Chan Sim Ling, Irene*
Liu Hing Hung*
Chan Wiling, Yvonne*

楊諾思 (*主席*)
黃志輝
范敏嫦
陳嬋玲*
廖慶雄*
陳慧玲*

* Independent Non-executive Directors

* 獨立非執行董事

COMPANY SECRETARY 公司秘書

Chung Ho Ying, Frina

鍾好英

AUDIT COMMITTEE 審核委員會

Liu Hing Hung (*Chairman*)
Chan Sim Ling, Irene
Chan Wiling, Yvonne

廖慶雄 (*主席*)
陳嬋玲
陳慧玲

REMUNERATION COMMITTEE 薪酬委員會

Chan Wiling, Yvonne (*Chairperson*)
Wong Chi Fai
Liu Hing Hung

陳慧玲 (*主席*)
黃志輝
廖慶雄

NOMINATION COMMITTEE 提名委員會

Chan Sim Ling, Irene (*Chairperson*)
Fan Man Seung, Vanessa
Chan Wiling, Yvonne

陳嬋玲 (*主席*)
范敏嫦
陳慧玲

CORPORATE GOVERNANCE COMMITTEE 企業管治委員會

Fan Man Seung, Vanessa (*Chairperson*)
Liu Hing Hung
Chan Sim Ling, Irene
a representative from company secretarial function
a representative from finance and accounts function

范敏嫦 (*主席*)
廖慶雄
陳嬋玲
一名公司秘書職能代表
一名財務會計職能代表

EXECUTIVE COMMITTEE 執行委員會

Cindy Yeung (*Chairperson*)
Wong Chi Fai
Fan Man Seung, Vanessa

楊諾思 (*主席*)
黃志輝
范敏嫦

INVESTOR RELATIONS CONTACT 投資者關係查詢

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WEBSITE 網站

<http://www.emperorwatchjewellery.com>

<http://www.emperorwatchjewellery.com>

STOCK CODE 股份代號

Hong Kong Stock Exchange: 887

香港聯合交易所: 887

CORPORATE INFORMATION AND KEY DATES

公司資料及重要日期

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS 註冊辦事處及主要營業地點

25th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

香港
灣仔
軒尼詩道288號
英皇集團中心
25樓

SHARE REGISTRAR 股份過戶登記處

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

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

AUDITOR 核數師

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

德勤•關黃陳方會計師行
執業會計師
香港
金鐘道88號
太古廣場一期35樓

PRINCIPAL BANKERS 主要往來銀行

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
Chong Hing Bank Limited
Hang Seng Bank Limited

香港上海滙豐銀行有限公司
東亞銀行有限公司
創興銀行有限公司
恒生銀行有限公司

KEY DATES 重要日期

Annual Results Announcement	14 March 2018
Book Close Dates for Final Dividend Record Dates	30 and 31 May 2018
– For 2018 AGM	16 May 2018
– For Final Dividend	31 May 2018
Annual General Meeting	23 May 2018
Payment of Final Dividend	22 June 2018

(HK0.58 cent per share)

年度業績公告	2018年3月14日
就末期股息暫停辦理股份過戶登記日期	2018年5月30日及31日
記錄日期	
– 就2018股東週年大會	2018年5月16日
– 就末期股息	2018年5月31日
股東週年大會	2018年5月23日
派付末期股息	2018年6月22日

(每股0.58港仙)

CORPORATE COMMUNICATIONS 公司通訊

This Annual Report (in both English and Chinese versions) is available to any shareholder of the Company ("Shareholders") either in printed form and on the websites of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (<http://www.hkexnews.com>) and the Company. In order to protect the environment, the Company highly recommends the Shareholders to receive electronic copy of this Annual Report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company's Share Registrar, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

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FINANCIAL HIGHLIGHTS

財務亮點

HK\$' million 百萬港元	For the year ended 31 December 截至 12 月 31 日止年度		Changes 變動
	2016 2016 年	2017 2017 年	
Revenue 收入	3,642	4,075	+11.9%
Gross profit 毛利	909	1,089	+19.8%
Gross profit margin 毛利率	25.0%	26.7%	+1.7pp 個百分點
Net (loss)/profit 淨(虧損)/純利	(65)	160	N/A 不適用
Net (loss)/profit margin 淨(虧損)/純利率	(1.8)%	3.9%	N/A 不適用
Basic (loss)/earnings per share (HK cents) 每股基本(虧損)/盈利(港仙)	(0.94)	2.32	N/A 不適用
Total dividends per share (HK cents) 每股股息總額(港仙)	—	0.75	N/A 不適用

ACHIEVEMENTS

殊榮



Hong Kong Service Awards 2017 2017年香港服務大獎

Luxury Watch Retailer Category
名貴鐘錶行類別

East Week (March 2017)
東周刊 (2017年3月)



Hong Kong Service Awards 2017 2017年香港服務大獎

Outstanding Achievement Award
傑出榮譽大獎

East Week (March 2017)
東周刊 (2017年3月)



Quality Tourism Services Scheme-accredited shop 「優質旅遊服務」計劃認可零售商戶

Hong Kong Tourism Board (May 2017)
香港旅遊發展局 (2017年5月)



The Outstanding Brand Awards 2017 2017年實力品牌大獎

Luxury Watch Retailer Category
名貴鐘錶行類別

Economic Digest (May 2017)
經濟一週 (2017年5月)



hkira
IR Awards 2017

HKIRA Investor Relations Awards 2017 2017年香港投資者關係協會投資者關係大獎

Best IR Company (Small Cap)
最佳投資者關係公司 (小型股)

Best Investor Relations Officer (Small Cap)
最佳投資者關係專員 (小型股)

Best IR Presentation Collaterals (Small Cap)
最佳投資者關係推介材料 (小型股)

Hong Kong Investor Relations Association (May 2017)
香港投資者關係協會 (2017年5月)



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Emperor Watch & Jewellery Limited (the “Company”) together with its subsidiaries (collectively referred to as the “Group”) is a leading retailer of European-made internationally renowned watches, together with self-designed fine jewellery products under its own brand, “Emperor Jewellery”. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited in July 2008.

The Group has extensive retail networks in Hong Kong, Macau, mainland China and Singapore, as well as an online shopping platform, with over 900 staff. With a history of over 70 years, the Company carries a balanced and comprehensive watch dealership list. The target customers range from middle to high income groups worldwide. The Group’s core strategy focuses on maintaining its position as the leading watch and jewellery retailing group in Greater China, coupled with an eye on expansion beyond the region.

英皇鐘錶珠寶有限公司（「本公司」）連同其附屬公司（統稱「本集團」）主要銷售享譽國際之歐洲製腕錶及旗下「英皇珠寶」品牌之自家設計的高級珠寶首飾，為零售商之翹楚。本公司於2008年7月在香港聯合交易所有限公司主板上市。

本集團廣泛之零售網絡遍及香港、澳門、中國內地及新加坡地區，亦設有線上購物平台，現員工人數超過900人。本公司擁有逾70載之歷史，代理均衡而全面的鐘錶品牌。目標顧客群為遍及全球各地的中至高收入人士。本集團的核心策略為保持其於大中華地區作為領先腕錶及珠寶零售集團的地位，同時放眼大中華以外地區以擴展業務。

MARKET REVIEW

The luxury consumption market in Greater China showed signs of strong recovery during the year ended 31 December 2017 (the “Year”). The pick-up in consumption was propelled by the positive market sentiment arising from the favourable economic conditions, along with increased consumer confidence driven by capital gains from the stock market boom and rising property prices.

Hong Kong is one of the top outbound travel destinations for mainland Chinese visitors because of its proximity and tax-free shopping regime. During the Year, the mainland Chinese visitor arrivals began to pick up on a recovery in consumer sentiment. The increase in tourist arrivals was also attributable to an enhanced price competitiveness of Hong Kong among major tourism countries as a result of a weaker United States Dollar/Hong Kong Dollar, as well as the government’s tourism campaigns in celebration of 20th anniversary of the handover. Driven by the revival of inbound tourism and improvement in local consumption demand, Hong Kong retail sales rebounded in the Year.

市場回顧

於截至2017年12月31日止年度（「本年度」），大中華地區的奢侈品消費市場呈現強勁復甦跡象。利好的經濟環境使市場氣氛正面，加上股市上揚及樓價上漲帶來的資本收益帶動消費者信心增強，均推動消費回升。

由於鄰近內地及現行免稅購物政策，香港成為中國內地旅客首選的出境旅遊目的地之一。於本年度，隨著消費氣氛復甦，中國內地訪港旅客人數開始回升。美元／港元走弱使香港在主要旅遊國家中增強了價格優勢，以及政府為慶祝回歸20週年而開展的旅遊推廣活動，亦推動旅客人數上升。受入境旅遊復甦及本地消費需求改善所帶動，於本年度香港零售銷售有所反彈。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

OVERALL REVIEW

During the Year, the Group's total revenue increased by 11.9% to HK\$4,075.1 million (2016: HK\$3,641.8 million), driven by the recovery in consumption sentiment. Watch segment revenue increased by 13.4% to HK\$3,238.6 million (2016: HK\$2,856.7 million) and remained a key revenue contributor, accounting for 79.5% (2016: 78.4%) of the total revenue. Revenue from the jewellery segment increased by 6.5% to HK\$836.5 million (2016: HK\$785.1 million). 74.8% (2016: 76.8%) of the Group's total revenue was contributed by the Hong Kong market.

Gross profit grew by 19.8% to HK\$1,089.2 million (2016: HK\$909.0 million). The gross profit margin was lifted by 1.7 percentage points to 26.7% (2016: 25.0%), which was mainly attributable to stronger market demand for luxury watches.

Due to an improvement in sales momentum, enhanced gross profit margin and rental savings, the Group recorded a net profit of HK\$159.7 million (2016: net loss of HK\$64.8 million). Basic earnings per share was HK2.32 cents (2016: basic loss per share of HK0.94 cent). The board of directors of the Company (the "Board" or the "Directors") recommended the payment of a final dividend of HK0.58 cent (2016: Nil) per share. Together with the interim dividend of HK0.17 cent (2016: Nil) per share, the total dividends for the Year are HK0.75 cent (2016: Nil) per share.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the Year, there was no change in the capital structure of the Group. Bank balances and cash on hand of the Group as at 31 December 2017 amounted to HK\$1,613.1 million (2016: HK\$1,324.4 million), which were mainly denominated in Hong Kong dollars and Renminbi ("RMB"). As at 31 December 2017, the Group had no bank borrowings (2016: Nil) and its gearing ratio (calculated on the basis of the total borrowings over total equity) was nil (2016: Nil). The Group also had available unutilised banking facilities of approximately HK\$848.4 million. The strong liquidity with debt-free position and considerable unutilised banking facilities enable the Group to retain high flexibility for future development.

As at 31 December 2017, the Group's current assets and current liabilities were approximately HK\$4,450.3 million (2016: HK\$4,176.8 million) and HK\$305.7 million (2016: HK\$233.9 million), respectively. Current ratio and quick ratio of the Group were 14.6 (2016: 17.9) and 5.9 (2016: 6.5), respectively.

In view of the Group's financial position as at 31 December 2017, the directors of the Board considered that the Group had sufficient working capital for its operations and future development plans.

財務回顧

整體回顧

於本年度，受消費氣氛回升所帶動，本集團之總收入增加11.9%至4,075,100,000港元(2016年：3,641,800,000港元)。鐘錶分部之收入增加13.4%至3,238,600,000港元(2016年：2,856,700,000港元)，仍為主要的收入來源，佔總收入的79.5%(2016年：78.4%)。珠寶分部之收入增加6.5%至836,500,000港元(2016年：785,100,000港元)。本集團總收入之74.8%(2016年：76.8%)來自香港市場。

毛利增加19.8%至1,089,200,000港元(2016年：909,000,000港元)。由於高級腕錶市場需求增加，毛利率提升1.7個百分點至26.7%(2016年：25.0%)。

由於銷售情況改善、毛利率提升及租金開支獲減省，本集團錄得純利159,700,000港元(2016年：淨虧損64,800,000港元)。每股基本盈利為2.32港仙(2016年：每股基本虧損0.94港仙)。本公司之董事會(「董事會」或「董事」)建議派付末期股息每股0.58港仙(2016年：零)。連同中期股息每股0.17港仙(2016年：零)，本年度股息總額為每股0.75港仙(2016年：零)。

資本架構、流動資金及財務資源

於本年度，本集團之資本架構並無變動。於2017年12月31日，本集團之銀行結餘及手頭現金為1,613,100,000港元(2016年：1,324,400,000港元)，主要以港元及人民幣計值。於2017年12月31日，本集團並無銀行借貸(2016年：無)，而其權益負債比率(以總借貸除以總權益之比率計算)為零(2016年：零)。本集團亦有可供動用之未動用銀行融資約848,400,000港元。本集團擁有充裕的流動資金、零負債以及大筆未動用銀行融資，在未來發展上得以保持較高的靈活性。

於2017年12月31日，本集團流動資產及流動負債分別約為4,450,300,000港元(2016年：4,176,800,000港元)及305,700,000港元(2016年：233,900,000港元)。本集團之流動比率及速動比率分別為14.6(2016年：17.9)及5.9(2016年：6.5)。

鑒於本集團於2017年12月31日的財務狀況，董事會認為本集團擁有充裕之營運資金以應付其營運及未來發展計劃。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

PRESENCE IN PRIME RETAIL LOCATIONS

As at 31 December 2017, the Group had 80 stores (2016: 97) in Hong Kong, Macau, mainland China and Singapore. The distribution is as follows:

	Number of stores 店舖數目
Hong Kong 香港	24
Macau 澳門	6
Mainland China 中國內地	44
Singapore 新加坡	6
Total 總數	80

These stores include standalone jewellery stores, specialty outlets for specific watch brands and multi-brand watch stores (with or without jewellery counters) to create a one-stop shopping experience.

The Group's retail stores in Hong Kong are strategically located in major prime shopping areas, including Russell Street in Causeway Bay, Canton Road in Tsim Sha Tsui and Queen's Road Central in Central. Having a solid presence in these prime locations is of paramount importance for a leading retailer of watches, as the Group enjoys more visitations and brand enhancement.

SOLIDIFYING LEADING POSITION IN HONG KONG

The Group continued to enjoy solid long-term relationships with major Swiss watch brand suppliers, and continued holding comprehensive watch dealerships with full collections in Greater China. Coupled with its excellent customer service and the strongest presence in prime retail locations in Hong Kong, the Group continued to foster its leading position in Hong Kong.

業務回顧

覆蓋黃金零售地段

於2017年12月31日，本集團於香港、澳門、中國內地及新加坡擁有80間(2016年：97間)店舖。有關分佈如下：

該等店舖包括獨立珠寶店、特定品牌之鐘錶專賣店，以及締造一站式購物體驗的多品牌鐘錶店(附設或不設珠寶櫃檯)。

本集團位於香港的零售店舖策略性地開設於主要黃金購物地段，包括銅鑼灣羅素街、尖沙咀廣東道及中環皇后大道中。雄踞於這些黃金地段，有助本集團受惠人流增加及提升品牌知名度，對領先的鐘錶零售商而言最為重要。

鞏固於香港之領導地位

本集團繼續與主要瑞士鐘錶品牌供應商維持穩固及長期業務關係，並繼續於大中華地區擁有全面之鐘錶代理權，涵蓋全線系列產品。加上優質客戶服務及駐足於本港黃金零售地段，使本集團繼續鞏固其於香港之領導地位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

ENHANCING JEWELLERY BUSINESS

The Group continued to offer premium quality “**Emperor Jewellery**” products to customers. With the key focus on quality gem settings and fine jadeites among the comprehensive product range and commitment to high service standards, the Group enriched the design features to satisfy diverse customer tastes and enhanced the charisma of signature “**Emperor Jewellery**” collections to raise brand loyalty. During the Year, the Group rolled out the “**Heartbeat #LoveSecret**” collection and “**Precious Love**” collection around Valentine’s Day and Mother’s Day, respectively. The themes were unlocking the secrets of romance and adoring lovers, and caring for dearest mothers, respectively.

In commemoration of its 75 years of distinguished history and craft, the Group was proud to present the “**L’Atelier Cindy Yeung High Jewellery**” collection. The design of the collection is inspired by Ms. Cindy Yeung, Chairperson and Chief Executive Officer of the Group. It is a collection of jewellery masterpieces that embodies extraordinary experience, boundless creativity and magnificent artistry. The Group ceremoniously launched the collection during the jewellery show in November 2017, to showcase the glittering gemstone pieces, revealing the brand’s unique jewellery aesthetics.

During the Year, the Group continued to optimise its retail chain of “**Emperor Jewellery**” stores in mainland China, to seize the opportunities arising from the rapid growth of the jewellery market. Meanwhile, the Group took the opportunity to expand the coverage of jewellery stores in Hong Kong from traditional tourist shopping areas to emerging shopping areas with resilient foot traffic, which helped with promoting brand exposure and seizing market opportunities of emerging shoppers in domestic areas.

LEVERAGING GROUP SYNERGIES

The Group enjoys unique advantages by leveraging synergies with other companies within Emperor Group. For example, Emperor International Holdings Limited - another listed company under Emperor Group - owns many premium retail properties in renowned shopping areas. By leasing prime retail locations from it on an “arm’s length basis”, the Group can enjoy guarantee foot traffic. Another synergy arises through Emperor Entertainment Group and Emperor Motion Pictures, two private arms under Emperor Group. The Group invited VIP guests to its movie premieres and sponsored jewellery for the artistes. Such exposure opportunities, with pop artistes, movie stars and high profile celebrities, serve as an important tool for enhancing the reputation of the “**Emperor**” brand, particularly in Chinese-speaking communities.

加強珠寶業務

本集團繼續為顧客提供優質「**英皇珠寶**」產品。在全面產品種類中，本集團以優質鑲飾及精緻翡翠為重點，並承諾提供高水平服務，為此本集團豐富設計元素以滿足顧客之多元化品味，讓「**英皇珠寶**」之精選系列更添魅力，提升品牌忠誠度。於本年度，本集團分別因應情人節及母親節推出「**Heartbeat #LoveSecret**」系列及「**珍·愛**」系列。這些系列分別向戀人們開啟愛的密語以及向摯愛母親表達心意。

為紀念其75年的悠久歷史及精湛工藝，本集團呈獻「**L’Atelier Cindy Yeung 高級珠寶**」系列。該系列乃採用本集團主席兼行政總裁楊諾思女士之設計靈感。這是一個揉合了千錘百煉的歷練、無邊的創意與精湛的造詣而成的珠寶作品。本集團於2017年11月舉行的珠寶展隆重推出該系列，以展示閃亮珠寶首飾，彰顯品牌獨有的珠寶美學。

於本年度，本集團繼續優化「**英皇珠寶**」店於中國內地之零售連鎖店，以抓住珠寶市場快速增長帶來的機遇。與此同時，本集團抓緊機遇，將香港珠寶店之覆蓋面從傳統旅遊購物區擴大至具客流量及抗跌力較佳之新興購物區，有助加強品牌曝光及把握民生區新興購物者所帶來的市場機遇。

發揮集團協同效益

本集團憑藉與英皇集團旗下其他公司所產生的協同效應而享有獨特優勢。舉例而言，英皇集團旗下另一上市公司英皇集團(國際)有限公司擁有多項位於著名購物區之優質零售物業。本集團以公平磋商原則向其租賃該些黃金零售地點，以確保客流量。另一協同效應源於與英皇集團旗下兩間私營企業英皇娛樂集團及英皇電影之合作。本集團邀請其尊尚貴賓出席電影首映禮，並贊助藝人佩戴珠寶首飾。該等設有知名藝人、電影明星和城中名人參與其中的曝光場11合，對提升「**英皇**」的品牌知名度甚為重要，在華語社區尤其如此。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

PROSPECTS

With the growing wealth among Chinese consumers, who remain the Group's major customer group, the overall consumption sentiment is expected to be buoyant. Taking into account the strong fundamentals, coupled with ongoing urbanisation, expansion of the middle-class and rising income, the Group is positive regarding the market demand for luxury items in Greater China.

The increase in disposable income, in particular among Chinese women, and the rising women's job market participation rate, are the strong forces behind gem set consumption. The Group aims to lead branding and marketing activities in an effective and efficient manner, to maximise the exposure of "**Emperor Jewellery**". Accordingly, the Group will offer more fashionable and affordable jewellery products suitable for wearing in the workplace, to cater to the trend towards popularisation of jewellery consumption and to attract middle-class customers.

As a leading watch and jewellery retailer, the Group is poised to capitalise on opportunities arising from the recovery by expanding the retail network in Hong Kong, Macau and mainland China. The Group remains optimistic about long-term prospects and business development, and continues to eye further expansion opportunities beyond Greater China while aiming to tap the growth potential arising from mainland China's robust outbound tourism.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in HKD, Macau Pataca, RMB, United States dollars and Singapore dollars. During the Year, the Group did not have any material foreign exchange exposure.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group has 752 salespersons (2016: 784) and 216 office staff (2016: 186). Total staff costs (including directors' remuneration) were HK\$256.5 million (2016: HK\$231.7 million) for the Year. Employees' remuneration was determined in accordance with individual's responsibility, competence & skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

To provide incentive or rewards to staff, the Company adopted a share option scheme, particulars of which are set out in note 25 to the consolidated financial statement.

前景

中國消費者仍然是本集團的主要客戶群，隨著他們的財富增長，預期整體消費氣氛樂觀。在穩健的市場基調，加上持續城市化、中產階層擴大及收入水平上升，本集團對大中華地區奢侈品市場需求持正面態度。

可支配收入上升，尤其是中國女性，以及女性就業市場參與率不斷攀升，成為珠寶消費背後的強大動力。本集團力求以具效益及效率之方式推動建立品牌及市場推廣活動，以提升「**英皇珠寶**」的品牌曝光率。相應地，本集團將會積極迎合目前珠寶消費普及化的趨勢並吸引中產消費者，推出更多款式新穎、價格相宜又適合工作場合佩戴的珠寶產品。

作為領先鐘錶珠寶零售商，本集團已作好準備，將透過擴展香港、澳門及中國內地的零售網絡，捕捉復甦帶來的機遇。本集團對長期前景及業務發展持樂觀態度，繼續放眼大中華地區以外的擴展機會，同時旨在捕捉中國內地興旺的出境旅遊業所帶來的增長潛力。

外匯風險

本集團之交易主要以港元、澳門元、人民幣、美元及新加坡元計值。於本年度內，本集團並無任何重大外匯風險。

或然負債

於2017年12月31日，本集團並無任何重大或然負債。

僱員及薪酬政策

於2017年12月31日，本集團僱有752名(2016年：784名)銷售人員及216名(2016年：186名)辦公室職員。於本年度內，總員工成本(包括董事酬金)為256,500,000港元(2016年：231,700,000港元)。僱員薪酬乃根據個人職責、能力及技術、經驗及表現以及市場薪酬水平釐定。員工福利包括醫療及人壽保險、公積金及其他具競爭性福利待遇。

為鼓勵或獎勵員工，本公司已採納一項購股權計劃，其詳情列載於綜合財務報表附註25。

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

董事及高級行政人員之履歷



CINDY YEUNG 楊諾思

Executive Director

(Chairperson & Chief Executive Officer)

執行董事(主席兼行政總裁)

CINDY YEUNG, aged 53, the Chairperson and Managing Director of the Board and the Chief Executive Officer of the Group, as well as the Chairperson of the Executive Committee of the Company and a director of certain subsidiaries of the Company. She joined the Group in September 1990 and became a director of Emperor Watch & Jewellery (HK) Company Limited, an operating arm of the retail outlets of the Group in Hong Kong, in April 1999. The Group has been under her steering since then. Ms. Yeung is responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. She is the Director of Examination (Supervisory Committees) of Hong Kong Jewellers' & Goldsmiths' Association Ltd. and a member of Jewellery Advisory Committee of Hong Kong Trade Development Council Industry Advisory Committees. She is also the ambassador of "Because I am a Girl" organized by a charity body, PLAN International Hong Kong. Ms. Yeung has over 20 years of experience in watch and jewellery industry. Prior to joining the Group, she joined the sales department of Anju Jewelry Ltd., a US based company engaging in trading of jewellery products. She has obtained the qualification of the Graduate Gemologist of Gemological Institute of America (GIA) and subsequently graduated from University of San Francisco with a Bachelor's Degree of Science in Business Administration majoring in Management, with emphasis on International Business.

楊諾思，53歲，為董事會之主席兼董事總經理及本集團之行政總裁，以及本公司執行委員會主席及本公司若干附屬公司之董事。彼於1990年9月加盟本集團，並於1999年4月獲委任為英皇鐘錶珠寶(香港)有限公司之董事，該公司為本集團於香港零售門市之營運公司。本集團自此由楊女士掌舵，負責本集團之策略規劃、業務增長與發展以及本集團內各項業務運作之監察。彼為香港珠石玉器金銀首飾業商會監事兼審查主任及香港貿易發展局諮詢委員會(製造業)之珠寶業諮詢委員會委員。彼亦為慈善機構國際培幼會(香港)舉辦之「愛•女孩」之行動大使。楊女士於鐘錶及珠寶行業擁有超逾20年之經驗。於加盟本集團前，彼任職於從事珠寶首飾產品貿易之美國公司Anju Jewelry Ltd.之銷售部。彼獲Gemological Institute of America (GIA)頒授寶石鑑定師文憑，繼而畢業於三藩市大學，持有工商管理學學士學位，主修管理學，專注於國際商務。

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

董事及高級行政人員之履歷

EXECUTIVE DIRECTORS

WONG CHI FAI, aged 62, an Executive Director of the Company. Mr. Wong has been involved in the management of the Group since November 1998. He is a member of the Executive Committee and the Remuneration Committee of the Company as well as a director of certain subsidiaries of the Company. He is also a director of four listed companies in Hong Kong, namely Emperor International Holdings Limited (Stock Code: 163) (“Emperor International”), Emperor Entertainment Hotel Limited (Stock Code: 296) (“Emperor E Hotel”), Emperor Culture Group Limited (Stock Code: 491) (“Emperor Culture”) and Ulferts International Limited (Stock Code: 1711) (“Ulferts”), all being associated companies of the Company. Having over 30 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from retailing of watch and jewellery, manufacturing to wholesaling and retailing of furniture, property investment and development, hotel and hospitality, financial and securities services, entertainment production and investment, cinema development and operation, artiste management as well as media and publication. Mr. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

FAN MAN SEUNG, VANESSA, aged 55, an Executive Director of the Company. Ms. Fan has been involved in the management of the Group since November 1998. She is also the Chairperson of the Corporate Governance Committee, a member of the Executive Committee and the Nomination Committee of the Company as well as a director of certain subsidiaries of the Company. Ms. Fan is also a director of Emperor International, Emperor E Hotel, Emperor Culture and Ulferts, all being associated companies of the Company. Having over 29 years of corporate management experience, Ms. Fan possesses diversified experience in different businesses ranging from retailing of watch and jewellery, wholesaling and retailing of furniture, property investment and development, hotel and hospitality, financial and securities services, entertainment production and investment, cinema development and operation, artiste management as well as media and publication. She is a lawyer by profession in Hong Kong and a qualified accountant, and holds a Master’s Degree in Business Administration.

執行董事

黃志輝，62歲，為本公司之執行董事。黃先生自1998年11月起參與本集團之管理。彼亦為本公司執行委員會及薪酬委員會成員以及本公司若干附屬公司之董事。彼亦為四間香港上市公司之董事，其為英皇集團(國際)有限公司(股份代號：163)(「英皇國際」)、英皇娛樂酒店有限公司(股份代號：296)(「英皇娛樂酒店」)、英皇文化產業集團有限公司(股份代號：491)(「英皇文化產業」)及歐化國際有限公司(股份代號：1711)(「歐化」)，該等公司為本公司之相聯公司。黃先生擁有逾30年之財務及管理經驗，於多項業務包括鐘錶珠寶零售、製造業以至傢俬批發及零售、物業投資及發展、酒店營運、金融證券、娛樂製作及投資、影院發展及營運、藝人管理以及傳媒與出版業務等範疇具有廣泛經驗。黃先生為香港會計師公會執業會計師及特許公認會計師公會資深會員。

范敏嫦，55歲，為本公司之執行董事。范女士自1998年11月起參與本集團之管理。彼亦為本公司企業管治委員會主席及執行委員會和提名委員會成員以及本公司若干附屬公司之董事。彼亦為英皇國際、英皇娛樂酒店、英皇文化產業及歐化之董事，該等公司為本公司之相聯公司。范女士擁有逾29年之企業管理經驗，於多項業務包括鐘錶珠寶零售、傢俬批發及零售、物業投資及發展、酒店營運、金融證券、娛樂製作及投資、影院發展及營運、藝人管理以及傳媒與出版業務等範疇具有廣泛經驗。彼具備香港專業律師資格及為合資格會計師，並持有工商管理碩士學位。

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

董事及高級行政人員之履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN SIM LING, IRENE, aged 55, was appointed as Independent Non-executive Director of the Company in May 2016. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and the Corporate Governance Committee of the Company. Ms. Chan is a retired solicitor with over 19 years' of experience as independent non-executive director of listed companies. She is also an independent non-executive director of another two Hong Kong listed companies, namely Chinlink International Holdings Limited (Stock Code: 997) and Emperor Culture (being an associated Company of the Company). Ms. Chan graduated from The University of Hong Kong with Bachelor's Degree in Laws.

LIU HING HUNG, aged 54, was appointed as Independent Non-executive Director of the Company in May 2017. He is the Chairman of the Audit Committee as well as a member of the Remuneration Committee and the Corporate Governance Committee of the Company. He now runs a professional accountancy firm in Hong Kong and has over 20 years of experience in accounting, taxation, auditing and corporate finance. Mr. Liu is also an independent non-executive director of another Hong Kong listed company, SIM Technology Group Limited (Stock Code: 2000). He was previously an independent non-executive director of Emperor International, an associated company of the Company, until 18 August 2015. Mr. Liu holds a Master's Degree in Business Administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong and also a member of the Society of Chinese Accountants and Auditors.

CHAN WILING, YVONNE, aged 53, was appointed as Independent Non-executive Director of the Company in May 2017. She is the Chairperson of the Remuneration Committee as well as a member of the Audit Committee and the Nomination Committee of the Company. Ms. Chan previously worked in two international accounting firms, Touche Ross & Co. and Ernst & Young and engaged in accounting, auditing and information security fields for 20 years. She was previously an independent non-executive director of Emperor E Hotel, an associated company of the Company, till 16 August 2016. Ms. Chan graduated from the Hong Kong Polytechnic University majoring in accountancy and obtained a Master's Degree in Business Administration from Heriot-Watt University in Scotland. She is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

獨立非執行董事

陳嬋玲，55歲，於2016年5月獲委任為本公司之獨立非執行董事。彼為本公司提名委員會主席及審核委員會和企業管治委員會成員。陳女士為退休律師，且具有作為多家上市公司獨立非執行董事職務超過19年之經驗。彼亦為另兩間香港上市公司，即普匯中金國際控股有限公司(股份代號：997)及英皇文化產業(本公司之相聯公司)之獨立非執行董事。陳女士畢業於香港大學，持有法律學士學位。

廖慶雄，54歲，於2017年5月獲委任為本公司之獨立非執行董事。彼為本公司審核委員會主席及薪酬委員會和企業管治委員會成員。彼現主理香港一間專業會計師行，於會計、稅務、核數及企業融資方面擁有逾20年之經驗。廖先生亦為另一間香港上市公司晨訊科技集團有限公司(股份代號：2000)之獨立非執行董事。彼曾為英皇國際(本公司之相聯公司)之獨立非執行董事，直至2015年8月18日止。廖先生持有工商管理碩士學位。彼為香港會計師公會、特許公認會計師公會及香港稅務學會之資深會員，亦為香港華人會計師公會會員。

陳慧玲，53歲，於2017年5月獲委任為本公司之獨立非執行董事。彼為本公司薪酬委員會主席及審核委員會和提名委員會成員。陳女士曾任職於兩間國際會計師行Touche Ross & Co.及安永會計師事務所，於會計、核數及資訊保安方面具有20年之經驗。彼曾為英皇娛樂酒店(本公司之相聯公司)之獨立非執行董事，直至2016年8月16日止。陳女士畢業於香港理工大學，主修會計學，並於蘇格蘭Heriot-Watt University取得工商管理碩士學位。彼為香港會計師公會會員及特許公認會計師公會資深會員。

DIRECTORS' REPORT

董事會報告

The Board presents its annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 29 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 61.

An interim dividend of HK0.17 cent per share for the Year (2016: Nil) amounting to approximately HK\$11.7 million (2016: Nil) was paid to the Shareholders during the Year.

The Directors recommended the payment of a final dividend of HK0.58 cent per share (2016: Nil) for the Year, amounting to approximately HK\$39.9 million (2016: Nil) to those Shareholders whose names appear on the register of members of the Company on 31 May 2018, subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 23 May 2018 (Wednesday) ("2018 AGM").

BUSINESS REVIEW AND PERFORMANCE

A fair review of the Group's business, a discussion and analysis of the Group's performance during the Year and an analysis of the likely future development of the Group's business are set out in the Management Discussion and Analysis from pages 7 to 11. Description of the principal risks and uncertainties facing the Group are set out in the Corporate Governance Report on pages 44 to 46 and note 22b to the consolidated financial statements respectively.

There is no important event affecting the Company that had occurred since the end of the Year up to the date of this report.

In addition, discussion on the key relationships with key stakeholders, the Group's environmental policy and performance as well as compliance with relevant laws and regulations which have significant impact on the Company are set out in the 2017 Environmental, Social and Governance Report.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 63.

董事會欣然提呈本集團於本年度之年報及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司之業務載於綜合財務報表附註29。

業績及股息

本集團於本年度之業績載於第61頁之綜合損益及其他全面收入報表。

本年度內本公司向其股東派發本年度之中期股息每股0.17港仙(2016年：無)，共約11,700,000港元。

董事建議向該等於2018年5月31日名列本公司股東名冊之股東派付每股0.58港仙(2016年：無)之本年度末期股息，總額約為39,900,000港元(2016年：無)，惟須待股東於2018年5月23日(星期三)舉行之應屆股東週年大會(「2018股東週年大會」)上批准後方可作實。

業務回顧及表現

於本年度內本集團業務之公平審核、本集團表現之討論與分析及本集團業務之可能未來發展分析乃載於管理層討論與分析第7至11頁。本集團面臨之主要風險及不確定因素詳情乃分別列載於企業管治報告第44至46頁及綜合財務報表附註22b。

自本年度末直至本報告日期，概無發生影響本公司之重大事件。

此外，有關與本集團主要持份者之重要關係、本集團環保政策及表現及遵守對本公司有重大影響的相關法律及法規之討論載於2017環境、社會及管治報告內。

儲備

本集團於本年度內之儲備變動詳情載於第63頁之綜合權益變動表。

DIRECTORS' REPORT

董事會報告

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to Shareholders as at 31 December 2017, calculated in accordance with the Companies Ordinance, amounted to HK\$802,153,000 (2016: HK\$684,334,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 124 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 19 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 12 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme as disclosed in note 25 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS OF THE COMPANY

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

Executive Directors

Ms. Cindy Yeung (*Chairperson*)
Mr. Chan Hung Ming (*resigned on 1 March 2018*)
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors

Ms. Chan Sim Ling, Irene
Mr. Liu Hing Hung (*elected on 24 May 2017*)
Ms. Chan Wiling, Yvonne (*elected on 24 May 2017*)
Ms. Yip Kam Man (*retired on 24 May 2017*)
Ms. Lai Ka Fung, May (*retired on 24 May 2017*)

Biographical details of the Directors as at the date of this report are set out from pages 12 to 14. Details of Directors' remuneration are set out in note 8 to the consolidated financial statements.

本公司可供分派儲備

於2017年12月31日，按公司條例之規定計算，本公司可供分派予股東之儲備為802,153,000港元(2016年：684,334,000港元)。

五年財務概要

本集團過去五個財政年度之業績及資產與負債之概要載於本年報第124頁。

股本

本公司於本年度內之股本變動詳情載於綜合財務報表附註19。

物業、機器及設備

本集團物業、機器及設備於本年度內之變動詳情載於綜合財務報表附註12。

股票掛鉤協議

除於綜合財務報表附註25披露的購股權計劃外，並無任何股票掛鉤協議由本公司於本年度訂立或於本年度末存續。

購買、出售或贖回本公司上市證券

於本年度內，本公司及其任何附屬公司概無購買、出售或贖回任何本公司上市證券。

本公司之董事

本年度內及直至本報告日期止，董事如下：

執行董事

楊諾思女士(*主席*)
陳鴻明先生(*於2018年3月1日辭任*)
黃志輝先生
范敏嫦女士

獨立非執行董事

陳嬋玲女士
廖慶雄先生(*於2017年5月24日獲任命*)
陳慧玲女士(*於2017年5月24日獲任命*)
葉錦雯女士(*於2017年5月24日退任*)
黎家鳳女士(*於2017年5月24日退任*)

於本報告日期董事之履歷詳情乃載於第12至14頁。董事之酬金詳情乃載於綜合財務報表附註8。

DIRECTORS' REPORT

董事會報告

DIRECTORS OF THE COMPANY (Continued)

In accordance with Articles 80(1) and (3) of the Company's Articles of Association, Ms. Fan Man Seung, Vanessa and Ms. Chan Sim Ling, Irene shall retire by rotation at the 2018 AGM and, being eligible, offer themselves for re-election thereat.

None of the Directors offering themselves for re-election at the 2018 AGM has an unexpired service contract with the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the Year or during the period from 1 January 2017 up to the date of this report are set out below and those marked with an asterisk* are also Directors of the Company as at the date of this report:

- * Ms. Cindy Yeung
- * Mr. Wong Chi Fai
- * Ms. Fan Man Seung, Vanessa
- Mr. Chan Hung Ming
- Mr. Yeung Ching Loong, Alexander
- Ms. Koo Betty Po Har Yeung
- Mr. Luk Pak Chiu, David

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this report, the Company has in force the permitted indemnity provisions which are provided for in the Company's Articles of Association and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors and the directors of the Group respectively.

本公司之董事(續)

根據本公司之組織章程細則第80(1)及(3)條，范敏嫦女士及陳嬋玲女士將於2018股東週年大會上輪值告退。彼等均符合資格並願意於會上膺選連任。

概無擬在2018股東週年大會上膺選連任之董事與本集團訂有本集團不可於一年內免付賠償(法定賠償除外)而終止之未屆滿服務合約。

附屬公司之董事

於本年度內或自2017年1月1日直至本報告日期期間於本公司附屬公司董事會任職之全體董事姓名乃載於下文及該等標註星號*者亦為於本報告日期之本公司董事：

- * 楊諾思女士
- * 黃志輝先生
- * 范敏嫦女士
- 陳鴻明先生
- 楊政龍先生
- 楊寶霞女士
- 陸伯超先生

管理合約

於本年度內，除僱傭合約外，概無訂立或存續有關管理及經營本集團全部或任何重大部分之業務之合約。

獲准許的彌償條款文

於本年度及直至本報告日期止就董事及本集團董事分別面臨的法律訴訟而產生的潛在責任及費用，本公司備有彌償條文，該等條文均載於本公司之組織章程細則及於投購之董事及高級管理人員責任險內。

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2017, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long position interests in the Company

Ordinary shares of the Company ("Shares")

Name of Director 董事姓名	Capacity/Nature of interests 身份／權益性質	Number of issued Shares 已發行股份數目	Approximate % holding 概約持股 %
Ms. Cindy Yeung 楊諾思女士	Beneficiary of the AY Trust AY Trust 受益人	3,623,950,000	52.65%

Note:

These Shares were held by Emperor Watch & Jewellery Group Holdings Limited ("Emperor W&J Holdings"), a wholly-owned subsidiary of Albert Yeung Holdings Limited ("AY Holdings"). AY Holdings was held by STC International Limited ("STC International") in trust for The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust under which Ms. Cindy Yeung is one of the eligible beneficiaries.

董事及主要行政人員之證券權益及淡倉

於2017年12月31日，董事及本公司主要行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中擁有記入本公司根據證券及期貨條例第352條須予備存之登記冊或根據聯交所證券上市規則(「上市規則」)《上市發行人董事進行證券交易的標準守則》(「標準守則」)須另行知會本公司及聯交所之權益及淡倉如下：

(a) 於本公司權益之好倉

本公司之普通股 (「股份」)

附註：

該等股份乃由楊受成產業控股有限公司(「楊受成產業控股」)之全資附屬公司英皇鐘錶珠寶集團控股有限公司(「英皇鐘錶珠寶控股」)持有。楊受成產業控股由The Albert Yeung Discretionary Trust(「AY Trust」)之受託人STC International Limited(「STC International」)持有，AY Trust為酌情信託，而楊諾思女士為該信託合資格受益人之一。

(b) Long position interests in associated corporations of the Company

Ordinary Shares

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱	Capacity/ Nature of interests 身份／權益性質	Number of issued shares 已發行股份數目	Approximate % holding 概約持股 %
Ms. Cindy Yeung 楊諾思女士	Emperor International 英皇國際	Beneficiary of the AY trust AY Trust 受益人	2,747,610,489 (Note) (附註)	74.71%
Ms. Cindy Yeung 楊諾思女士	Emperor E Hotel 英皇娛樂酒店	Beneficiary of the AY trust AY Trust 受益人	851,352,845 (Note) (附註)	65.36%
Ms. Fan Man Seung, Vanessa 范敏嫦女士	Emperor International 英皇國際	Beneficial Owner 實益擁有人	10,500,000	0.29%

Note:

Emperor International and Emperor E Hotel are companies with their shares listed in Hong Kong. These respective shares were ultimately owned by the AY Trust. Ms. Cindy Yeung, by virtue of being one of the eligible beneficiaries of the AY Trust, had deemed interests in the same shares.

附註：

英皇國際及英皇娛樂酒店均為股份於香港上市之公司。各有關股份乃由AY Trust最終擁有。楊諾思女士為AY Trust合資格受益人之一，被視為於相同股份中擁有權益。

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

(b) Long position interests in associated corporations of the Company (Continued)

Save as disclosed above, as at 31 December 2017, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

The Company has adopted a share option scheme ("Scheme") on 19 June 2008. Particulars of the Scheme are summarized and set out in note 25 to the consolidated financial statements. A resolution will be submitted to the 2018 AGM to adopt a new share option in view of the lapse of the Scheme in June 2018.

No option was granted by the Company under the Scheme since its adoption and up to 31 December 2017.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the share options as stated above, at the end of the Year and at no time during the Year was the Company, any of its holding companies, subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or chief executive of the Company or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2017, none of the Directors or their respective close associates were interested in any business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

董事及主要行政人員之證券權益及淡倉(續)

(b) 於本公司相聯法團權益之好倉(續)

除上文披露者外，於2017年12月31日，概無董事或本公司主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份及債權證中擁有任何權益或淡倉。

購股權

本公司已於2008年6月19日採納一項購股權計劃(「該計劃」)。該計劃之詳情概述及載於綜合財務報表附註25。因應該計劃將於2018年6月失效，於2018股東週年大會上將獲提呈一項決議案，以採納新購股權。

自採納該計劃起直至2017年12月31日，本公司概無據此授出任何購股權。

購買股份或債權證之安排

除上文所述購股權外，於本年度末及本年度內任何時間，本公司、其任何控股公司、附屬公司或同系附屬公司概無訂立任何安排，致使董事或本公司主要行政人員或彼等配偶或18歲以下子女可藉購入本公司或任何其他法人團體之股份或債權證而獲取利益。

董事於競爭業務之權益

於2017年12月31日，概無根據上市規則須予披露董事或彼等各自之緊密聯繫人士於被視為可能與本集團業務直接或間接構成競爭之任何業務中擁有權益。

DIRECTORS' REPORT

董事會報告

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2017, so far as is known to any Directors or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO ("DI Register") or as otherwise notified to the Company were as follows:

Long Position in the Shares

Name 名稱／姓名	Capacity/Nature of interests 身份／權益性質	Number of issued Shares 已發行股份數目	Approximate % holding 概約持股%
Emperor W&J Holdings 英皇鐘錶珠寶控股	Beneficial owner 實益擁有人	3,623,950,000 (Note) (附註)	52.65%
AY Holdings 楊受成產業控股	Interest in a controlled corporation 於受控公司之權益	3,623,950,000 (Note) (附註)	52.65%
STC International	Trustee of the AY Trust AY Trust之受託人	3,623,950,000 (Note) (附註)	52.65%
Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") 楊受成博士(「楊博士」)	Founder of the AY Trust AY Trust之創始人	3,623,950,000 (Note) (附註)	52.65%
Ms. Luk Siu Man, Semon 陸小曼女士	Interest of spouse 配偶權益	3,623,950,000 (Note) (附註)	52.65%
Brandes Investment Partners, L.P.	Investment manager 投資經理	620,034,620	9.01%

Note: These Shares were the same Shares of which Ms. Cindy Yeung has deemed interest by virtue of being one of the eligible beneficiaries of the AY Trust as set out under Section (a) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long positions. As at 31 December 2017, no short positions were recorded in the DI Register of the Company.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any person or corporation (other than the Directors and chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the DI Register of the Company or as otherwise notified to the Company.

其他人士於證券之權益及淡倉

於2017年12月31日，就任何董事或本公司主要行政人員所知，除董事或本公司主要行政人員外，以下人士或法團於本公司股份或相關股份中擁有或視為或當作擁有須根據證券及期貨條例第336條須予備存於登記冊(「權益登記冊」)或須另行知會本公司之權益及淡倉如下：

於股份之好倉

附註： 該等股份為楊諾思女士因作為AY Trust合資格受益人之一而被視為擁有權益的股份，及與上文「董事及主要行政人員之證券權益及淡倉」一節所載之股份相同。

上述所有權益均屬好倉。於2017年12月31日，根據本公司之權益登記冊所載者，並無淡倉記錄。

除上文披露者外，於2017年12月31日，董事並不知悉任何人士或法團(除董事及本公司最高行政人員外)於任何股份或相關股份中擁有或視為或當作擁有，或記載於本公司之權益登記冊或須另行知會本公司之任何權益或淡倉。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS

董事於交易、安排或合約之權益及持續關連交易

During the Year, the Group had the following transactions with connected persons (as defined in the Listing Rules):

於本年度內，本集團曾與關連人士(定義見上市規則)進行下列交易：

(a) Renting of properties – Operating lease rental/licence fee paid

(a) 物業租賃 – 已付經營租賃租金／授權費

Name of counterparty 對方名稱	Date of agreement 協議日期 (D/M/Y) (日/月/年)	Rented premises/location 租賃物業／地點	Term 租期 (D/M/Y) (日/月/年)	Amount paid for the Year 本年度支付 之金額 (HK\$'000) (千港元)
Harilela Mansion, 81 Nathan Road 彌敦道81號喜利大廈				
(1a) Great Future Hong Kong Limited ("Great Future") (Note 1) 恒毅香港有限公司 (「恒毅」)(附註1)	(a) 1 st agreement: 第一份協議： 28/02/2014 (b) 2 nd agreement: 第二份協議： 27/05/2016	Shops A, D2 and E2 on G/F and the projected signage on external wall, Harilela Mansion, 81 Nathan Road, Hong Kong 香港彌敦道81號喜利大廈地下A、D2及E2號舖及外牆伸延廣告牌	01/04/2014 – 31/03/2017 (rental revised with effect from 01/06/2016 租金自2016年6月1日起修訂)	3,000
(1b) Great Future (Note 1) 恒毅 (附註1)	30/03/2017	Same as (1a) 與(1a)相同	01/04/2017 – 31/03/2020	7,879
Emperor Group Centre, 288 Hennessy Road ("EGC") 軒尼詩道288號英皇集團中心(「英皇集團中心」)				
(2a) Very Sound Investments Limited ("Very Sound") (Note 1) (附註1)	14/11/2014	Shop Units G01 to G05 on G/F, EGC 英皇集團中心地下G01至G05號店舖	17/11/2014 – 16/11/2017	6,576
(2b) Very Sound (Note 1) (附註1)	16/11/2017	Same as (2a) 與(2a)相同	17/11/2017 – 16/11/2020	851
(3) Very Sound (Note 1) (附註1)	31/03/2016	The whole of 25/F & Car Parking Space No. 27, B2/F, EGC 英皇集團中心25樓全層及地庫2層27號泊車位	01/04/2016 – 31/03/2019	3,692
(4) Headwise Investment Limited (Note 1) 智揚投資有限公司 (附註1)	29/06/2017	Unit 1001, 10/F, EGC 英皇集團中心10樓1001室	01/07/2017 – 30/06/2020	502

DIRECTORS' REPORT

董事會報告

Name of counterparty 對方名稱	Date of agreement 協議日期 (D/M/Y) (日/月/年)	Rented premises/location 租賃物業/地點	Term 租期 (D/M/Y) (日/月/年)	Amount paid for the Year 本年度支付 之金額 (HK\$'000) (千港元)
Russell Street 羅素街				
(5a) Planwing Limited ("Planwing") (Note 1) 境榮有限公司 (「境榮」)(附註1)	(a) 1 st agreement: 第一份協議: 12/09/2014 (b) 2 nd agreement: 第二份協議: 31/08/2015 (c) 3 rd agreement: 第三份協議: 27/05/2016	Shops 1 & 2 on G/F together with a right to use (i) External Wall Unit 1 on 1/F; (ii) External Wall Unit 2 on 6/F – 29/F and Roof; (iii) a LED Display on the External Wall on 5/F; (iv) 2 Signboards on External Wall on 1/F – 3/F; (v) 2 Signboards on External Wall on 5/F; and (vi) Signage Space A on 1/F, Emperor Watch and Jewellery Centre, 8 Russell Street, Causeway Bay, Hong Kong 香港銅鑼灣羅素街8號英皇鐘錶中心地下第1及第2號舖連同(i)1樓外牆廣告位1號;(ii)6至29樓及天台外牆廣告位2號;(iii)5樓外牆液晶顯示屏;(iv)1至3樓2個外牆廣告牌;(v)5樓2個外牆廣告牌;及(vi)1樓外牆廣告位A之使用權	12/09/2014 – 11/09/2017 (rental revised with effect from 01/10/2015 & 01/06/2016 租金自 01/10/2015 及 01/06/2016 起修訂)	14,997
(5b) Planwing (Note 1) 境榮(附註1)	30/06/2017	Same as (5a) 與(5a)相同	12/09/2017 – 11/09/2020	6,903
(6a) Richorse Limited ("Richorse") (Note 1) (附註1)	(a) 1 st agreement: 第一份協議: 28/05/2014 (b) 2 nd agreement: 第二份協議: 31/08/2015 (c) 3 rd agreement: 第三份協議: 27/05/2016	Shop A on G/F including the Yard and Office A on 1/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong 香港銅鑼灣羅素街50-52號德發大廈地下(A舖連後院)及1樓A室	01/07/2014 – 30/06/2017 (rental revised with effect from 01/10/2015 & 01/06/2016 租金自 01/10/2015 及 01/06/2016 起修訂)	6,610
(6b) Richorse (Note 1) (附註1)	30/06/2017	Same as (6a) 與(6a)相同	01/07/2017 – 30/06/2020	6,600

DIRECTORS' REPORT

董事會報告

Name of counterparty 對方名稱	Date of agreement 協議日期 (D/M/Y) (日/月/年)	Rented premises/location 租賃物業/地點	Term 租期 (D/M/Y) (日/月/年)	Amount paid for the Year 本年度支付 之金額 (HK\$'000) (千港元)
(7a) Richorse (Note 1) (附註1)	(a) 1 st agreement: 第一份協議: 22/10/2014 (b) 2 nd agreement: 第二份協議: 31/08/2015 (c) 3 rd agreement: 第三份協議: 27/05/2016	The whole of Nos. 54-56 Russell Street together with the right to use a LED display on external wall on 1/F – 5/F and 9 advertising signboards, Nos. 54-56 Russell Street, Causeway Bay, Hong Kong 香港銅鑼灣羅素街54至56號連同使用1-5樓外牆LED展示屏及9個廣告牌之權利	23/10/2014 – 22/10/2017 <i>(rental revised with effect from 01/10/2015 & 01/06/2016)</i> 租金自 01/10/2015及 01/06/2016起修訂)	29,615
(7b) Richorse (Note 1) (附註1)	30/06/2017	Same as (7a) 與(7a)相同	23/10/2017 – 22/10/2020	6,642
(8a) Richorse (Note 1) (附註1)	(a) 1 st agreement: 第一份協議: 22/10/2014 (b) 2 nd agreement: 第二份協議: 31/08/2015 (c) 3 rd agreement: 第三份協議: 27/05/2016	G/F (Shop B including the yard), Office B and the Balcony adjacent thereto on 1/F and Office B and the Balcony adjacent thereto on 2/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong 香港銅鑼灣羅素街50-52號德發大廈地下(B舖連後院)及1樓B室(連露台)以及2樓B室(連露台)	23/10/2014 – 22/10/2017 <i>(rental revised with effect from 01/10/2015 & 01/06/2016)</i> 租金自 01/10/2015及 01/06/2016起修訂)	11,055
(8b) Richorse (Note 1) (附註1)	30/06/2017	Same as (8a) 與(8a)相同	23/10/2017 – 22/10/2020	2,519
Canton Road 廣東道				
(9a) Gold Pleasure Investment Limited ("Gold Pleasure"), Happy Rain Limited, Total Treasure Investment Limited & Gold Cheer Corporation Limited (Note 1) 樂德投資有限公司(「樂德」)、喜霖有限公司、全寶投資有限公司及金緻有限公司(附註1)	(a) 1 st agreement: 第一份協議: 23/12/2014 (b) 2 nd agreement: 第二份協議: 31/08/2015 (c) 3 rd agreement: 第三份協議: 27/05/2016	G/F and 1/F, Units A & B on 3/F, Portion A of Unit A on 4/F and roof together with a right to use of four outdoor advertising signs on the external walls to the building of 4-8 Canton Road, Kowloon, Hong Kong 香港九龍廣東道4-8號之地下及1樓、3樓A及B室、4樓A室之A部份及天台，連同外牆之4個戶外廣告牌之使用權	04/01/2015 – 03/01/2018 <i>(rental revised with effect from 01/06/2015 & 01/06/2016; early terminated on 15/05/2017)</i> 租金自01/06/2015及01/06/2016起修訂； 於15/05/2017提前終止)	16,912

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Name of counterparty 對方名稱	Date of agreement 協議日期 (D/M/Y) (日/月/年)	Rented premises/location 租賃物業/地點	Term 租期 (D/M/Y) (日/月/年)	Amount paid for the Year 本年度支付 之金額 (HK\$'000) (千港元)
(9b) Gold Pleasure (Note 1) 樂德(附註1)	27/07/2017	G/F, 1/F, 2/F, 3/F, 4/F and roof together with a right of use a wall-mount advertising signage on the external wall of 4-8 Canton Road, Kowloon, Hong Kong 香港九龍廣東道4-8號之地下、1樓、2樓、3樓、4樓及天台，連同掛牆廣告牌之使用權	01/08/2017 – 31/07/2020	18,175
(10) Gold Pleasure (Note 1) 樂德(附註1)	28/12/2016	Projected signage of 4-8 Canton Road, Tsimshatsui, Kowloon, Hong Kong 香港九龍尖沙咀廣東道4-8號伸延廣告牌	January, February and May 2017 2017年1月、2月及5月 (early terminated – no licensing for May 2017 提前終止 – 2017年5月不獲使用權)	620
Castle Peak Road 青山道				
(11) Lord Link Limited (Note 1) 金御廷有限公司(附註1)	30/06/2017	The Whole Block of No. 155 Castle Peak Road, Yuen Long, New Territories, Hong Kong 香港新界元朗青山路155號全幢物業	01/08/2017 – 31/07/2020	1,267
Macau 澳門				
(12) Grand Emperor Entertainment & Hotel (Macau) Limited ("Grand Emperor") (Note 2) 英皇娛樂酒店(澳門)有限公司 〔英皇娛樂〕 (附註2)	(a) 1 st agreement: 第一份協議： 31/03/2015 (b) 2 nd agreement: 第二份協議： 31/03/2016	Shop Nos. 1-4 on G/F, EM Macau, Travessa Central Da Praia Grande N°S 11-41, Hotel Animacao Imperial (also known as Shop Nos. 1-4 on G/F, Grand Emperor Hotel, 251-292D Avenida Comercial De Macau), Macau 澳門南灣中巷11-41號英皇娛樂酒店地下1-4號舖(亦即澳門商業大馬路251-292D號英皇娛樂酒店地下1-4號舖)	01/04/2015 – 31/03/2019 (rental revised with effect from 01/04/2016 租金自01/04/2016起修訂)	3,229

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董事會報告

Name of counterparty 對方名稱	Date of agreement 協議日期 (D/M/Y) (日/月/年)	Rented premises/location 租賃物業/地點	Term 租期 (D/M/Y) (日/月/年)	Amount paid for the Year 本年度支付 之金額 (HK\$'000) (千港元)
(13) Grand Emperor (Note 2) 英皇娛樂(附註2)	31/03/2016	Shop Nos. 2A-2B on G/F, EM Macau, Travessa Central Da Praia Grande N°S 11-41, Hotel Animacao Imperial (also known as Shop Nos. 2A-2B on G/F, Grand Emperor Hotel, 251-292D Avenida Comercial De Macau), Macau 澳門南灣中巷11-41號英皇娛樂酒店地下2A-2B號舖(亦即澳門商業大馬路251-292D號英皇娛樂酒店地下2A-2B號舖)	01/04/2016 – 31/03/2019	912
(14a) I Soi Limitada ("I Soi") (Note 1) 怡瑞有限公司 (「怡瑞」)(附註1)	30/06/2014	EM Macau, Avenida Do Infante D., Henrique N°S 67-69, Res-Do-Chao B & EM Macau, Rua Do Dr., Pedro Jose Lobo N°5, Res-Do-Chao C2, Macau 澳門殷皇子大馬路67-69號地下B座及羅保博士街5號立興大廈地下C2座	01/07/2014 – 30/06/2017	2,833
(14b) I Soi (Note 1) 怡瑞(附註1)	29/06/2017	Same as (14a) 與(14a)相同	01/07/2017 – 30/06/2020 <i>(will early terminate on or before 31/08/2018 將於31/8/2018或之前提前終止)</i>	2,369
(15a) I Soi (Note 1) 怡瑞(附註1)	30/06/2014	EM Macau, Avenida Do Infante D., Henrique N°65-A, 1° Andar B, Macau 澳門殷皇子大馬路65-A號一樓B座	01/07/2014 – 30/06/2017	51
(15b) I Soi (Note 1) 怡瑞(附註1)	29/06/2017	Same as (15a) 與(15a)相同	01/07/2017 – 30/06/2020 <i>(will early terminate on or before 31/08/2018 將於31/8/2018或之前提前終止)</i>	50

DIRECTORS' REPORT

董事會報告

Name of counterparty 對方名稱	Date of agreement 協議日期 (D/M/Y) (日/月/年)	Rented premises/location 租賃物業/地點	Term 租期 (D/M/Y) (日/月/年)	Amount paid for the Year 本年度支付 之金額 (HK\$'000) (千港元)
(16) Fai Iek Limited (Note 1) 輝益有限公司(附註1)	15/11/2017	Shop 2 on Ground Floor, Emperor Nam Van Centre, No. 71-75 Avenida do Infante, D. Henrique and No.514-540, Avenida da Praia Grande, Macau 澳門殷皇子大馬路71-75號及南灣 大馬路514-540號英皇南灣中心地 面2號舖	15/11/2017 – 14/11/2020	1,361
Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC (“Beijing EGC”) 中國北京朝陽區建外大街丁12號英皇集團中心（「北京英皇集團中心」）				
(17) Emperor (Beijing) Real Estate Development Co. Limited (“Emperor Beijing Real Estate”) (Note 1) 英皇(北京)房地產開發 有限公司(「英皇北京 房地產」)(附註1)	31/10/2017	Unit 02, 28th Floor, Beijing EGC 北京英皇集團中心28樓02室	01/11/2017 – 31/10/2022	792
(18) Emperor Beijing Real Estate (Note 1) 英皇北京房地產(附註1)	31/10/2017	Unit 03, 28th Floor, Beijing EGC 北京英皇集團中心28樓03室	01/11/2017 – 31/10/2022	88
(19) Emperor Beijing Real Estate (Note 1) 英皇北京房地產(附註1)	31/10/2017	Unit 101, 1st Floor, Beijing EGC 北京英皇集團中心1樓101室	01/11/2017 – 31/10/2022	323
(20) Emperor Beijing Real Estate (Note 1) 英皇北京房地產(附註1)	31/10/2017	A car parking space on P1/F, Beijing EGC 北京英皇集團中心P1層車位	01/02/2018 – 31/10/2022	—
			Total: 總數：	156,423

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

(a) Renting of properties – Operating lease rental/licence fee paid (Continued)

Notes:

1. The premises under the agreements have been rented to the Group for office use/as retail shops/for advertising purpose. The counterparties of the agreements are indirect wholly-owned subsidiaries of Emperor International which are indirectly controlled by the AY Trust. Ms. Cindy Yeung has deemed interest in the transactions by virtue of being one of the eligible beneficiaries of the AY Trust.
2. The premises under the agreements have been rented to the Group as retail shops. The counterparty of the agreements is an indirect wholly-owned subsidiary of Emperor E Hotel which is indirectly controlled by the AY Trust. Ms. Cindy Yeung has deemed interest in the transactions by virtue of being one of the eligible beneficiaries of the AY Trust.

(b) Consignment Agreement with Dr. Albert Yeung

Under the Consignment Agreement dated 4 November 2016 made between the Company and Dr. Albert Yeung, the Group may at its discretion make consignment arrangements with Dr. Albert Yeung and his associates during the period from 1 January 2017 to 31 December 2019 and sell the consigned jewellery items at its retail shops as the Directors may think fit and beneficial to the Group.

During the Year, a consigned jewellery item of HK\$10,000,000 from Dr. Albert Yeung's associate was recorded. The Group had applied the same purchasing and retail pricing policy and mechanism to this item as those normally adopted in the ordinary and usual course of business of the Group. No sale of such item was made during the Year.

(c) Compliance with Disclosure Requirements

Regarding the "Related Party Transactions" as out in note 27 to the consolidated financial statements, the "rental" payments in the amount of HK\$156,423,000 as incorporated in item (3) are discloseable continuing connected transactions of the Group and that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

董事於交易、安排或合約之權益及持續關連交易(續)

(a) 物業租賃 – 已付經營租賃租金 / 授權費 (續)

附註：

1. 該等協議項下物業乃該等出租予本集團作辦公室 / 零售店舖 / 廣告用途。該等協議對方為英皇國際之間接全資附屬公司，由AY Trust間接擁有。楊諾思女士作為AY Trust的合資格受益人之一被視為於該等交易中擁有權益。
2. 該等協議項下物業乃出租予本集團作零售店舖。該等協議對方為英皇娛樂酒店之間接全資附屬公司，由AY Trust間接擁有。楊諾思女士作為AY Trust的合資格受益人之一被視為於該等交易中擁有權益。

(b) 與楊博士之寄售協議

根據本公司與楊博士於2016年11月4日訂立之寄售協議，於2017年1月1日至2019年12月31日期間，本集團可酌情決定與楊博士及其聯繫人作出寄售安排，董事可於認為合適及對本集團有利時在其零售店舖出售寄售珠寶首飾。

於本年度內，本集團錄得一件由楊博士之聯繫人所寄售珠寶首飾，金額為10,000,000港元。本集團就該首飾採納的購買及零售定價政策及機制與本集團於日常及一般業務過程中所採納者相同。於本年度，該首飾未獲出售。

(c) 遵守披露規定

就納入綜合財務報表附註27「關連方交易」而言，第(3)項為數156,423,000港元之租金付款為本集團須予披露之持續關連交易，而本公司已遵守上市規則第14A章的披露規定。

DIRECTORS' REPORT

董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS AND CONTINUING CONNECTED TRANSACTIONS (Continued)

(d) Auditor's Letter on Disclosed Continuing Connected Transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants ("Auditor's Letter").

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group ("Disclosed CCTs") on page 21 to 27 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditor's Letter has been provided by the Company to the Stock Exchange.

(e) Confirmation of Independent Non-executive Directors

Pursuant to rule 14A.55 of the Listing Rules, the INEDs have reviewed the Disclosed CCTs and the Auditor's Letter and confirmed that these transactions have been entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better (as the case may be); and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Saved as disclosed above, there was no transaction, arrangement or contract of significance which was significant to which the Company, or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a Director or his/her controlled entity had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

董事於交易、安排或合約之權益及持續關連交易(續)

(d) 核數師有關經披露持續關連交易之函件

本公司核數師已獲委聘按照香港會計師公會頒佈之《香港審驗應聘服務準則3000》的「歷史財務資料審計或審閱以外的審驗應聘」，並參照《實務說明》第740號「關於香港《上市規則》所述持續關連交易的核數師函件」，匯報本集團之持續關連交易（「核數師之函件」）。

核數師已按照上市規則第14A.56條發出無保留意見函件，內含其就本年報第21至27頁有關本集團披露之持續關連交易（「經披露持續關連交易」）之發現及結論。本公司已向聯交所提供該核數師函件副本。

(e) 獨立非執行董事之確認

根據上市規則第14A.55條，獨立非執行董事已審閱經披露持續關連交易及核數師之函件，並確認該等交易乃由本集團：

- (i) 於本集團之日常及一般業務過程中訂立；
- (ii) 按一般或更佳（視情況而定）商業條款進行；及
- (iii) 根據有關協議進行，其中條款公平合理，並符合股東整體利益。

除上文所披露者外，於本年度完結時或本年度任何時間並無存在本公司或其任何控股公司、附屬公司或同系附屬公司參與訂立而董事或其控制實體於當中擁有重大權益（無論直接或間接）之重大交易、安排或合約。

DIRECTORS' REPORT

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate sales to the Group's five largest customers accounted for approximately 2.0% of the total turnover of the Group. The Group's five largest suppliers contributed to approximately 77.7% of the purchases of the Group during the Year.

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any beneficial interest in the above major customers and suppliers of the Group.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

EMOLUMENT POLICY

The remuneration of the Executive Directors are decided by the Board as recommended by the Remuneration Committee having regard to a written remuneration policy (which ensures a clear link of business strategy and a close alignment with the Shareholders' interest and current market best practice), the Group's operating results, individual performance and comparisons of market statistics. The INEDs are paid fees in line with market practice. No individual should determine his or her own remuneration.

Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performances as well as market pay level. Remuneration package includes, as the case may be, basic salaries, Directors' fees, contribution to pension schemes, discretionary bonus relating to financial performance of the Group and individual performance, and other competitive fringe benefits such as medical and life insurances. Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in note 8 to the consolidated financial statements.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 31 to 52.

主要客戶及供應商

於本年度內，本集團五大客戶之總銷售額佔本集團總營業額約2.0%。本集團五大供應商佔本集團本年度採購額約77.7%。

董事、彼等之緊密聯繫人士或據董事所知擁有本公司已發行股份數目5%以上之任何股東，概無於任何上述本集團主要客戶及供應商擁有實際權益。

獨立非執行董事之確認

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之年度獨立確認書。本公司認為，全體獨立非執行董事均為獨立人士。

薪酬政策

執行董事之酬金由薪酬委員會參照一套書面薪酬政策(以確保與業務策略清晰聯繫，並緊密符合股東之權益及現行市場最佳常規)、本集團之營運業績、個別人士表現及市場統計可比較數字提供意見，並由董事會釐定。獨立非執行董事之酬金則以符合市場慣例之基準而支付。並無個別人士可自行釐定其酬金。

僱員薪酬乃根據個人責任、能力及技術、經驗及表現以及市場薪酬水平釐定。薪酬組合包括(視情況而定)基本薪金、董事袍金、退休金計劃供款、有關本集團財務表現及個人表現之酌情花紅及其他具有競爭力之額外福利(如醫療及人壽保險)。董事及本集團五位最高薪人士之薪酬詳情載於綜合財務報表附註8。

企業管治

本公司採納之主要企業管治常規載於第31至52頁之企業管治報告。

DIRECTORS' REPORT

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, there was sufficient public float of at least 25% of the Company issued Shares as required under the Listing Rules.

DONATIONS

During the Year, the Group made charitable donation amounting to approximately HK\$560,000.

AUDITOR

A resolution will be submitted to the 2018 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Cindy Yeung
Chairperson

Hong Kong, 14 March 2018

足夠之公眾持股量

根據本公司可得之公開資料及據董事所知，於刊發本年報前之最後實際可行日期，本公司已發行股份維持上市規則所規定至少25%之足夠公眾持股量。

捐款

於本年度內，本集團作出慈善捐款約560,000港元。

核數師

續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於2018股東週年大會上提呈。

代表董事會

楊諾思
主席

香港，2018年3月14日

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board is committed to maintaining a high standard of corporate governance for the Company so as to ensure “Accountability, Responsibility and Transparency” towards shareholders, stakeholders, investors as well as employees of the Company.

The Board has adopted various policies to ensure compliance with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules. For the Year, the Company has complied with all code provisions of the CG Code except with a deviation from code provision A.2.1 regarding segregation of roles of chairman and chief executive officer as explained below.

THE BOARD

Board Composition

As at 31 December 2017, the Board comprised seven Directors, with four Executive Directors (Mr. Chan Hung Ming, being an Executive Director, resigned on 1 March 2018) and three INEDs who possess the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group. The biographies of the Directors are set out on pages 12 to 14 of this annual report under the “Biographies of Directors and Senior Executives” section.

Chairperson and Chief Executive Officer

Code provision A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Cindy Yeung, also being the Chief Executive Officer of the Group, has also been appointed as the Chairperson of the Board who provides the Board with strong and consistent leadership, and at the same time drives the strategic growth of the businesses of the Group. She will ensure that all the Board members keep abreast of the conduct, business activities and development of the Group and that adequate, complete and reliable information is provided to Directors on issues arising at Board meetings. In addition, the three INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board considers that the current Board structure functions effectively and does not intend to make any change thereof.

Independent Non-executive Directors

The INEDs are all professionals with valuable experience and expertise in legal, accounting or auditing in business areas who contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them has been appointed for an initial term of two years commencing from their respective date of appointment and shall continue thereafter on a yearly basis unless terminated by notice in writing served by either party. The terms of the INEDs are also subject to retirement by rotation and re-election provision under the Articles of Association of the Company.

董事會致力為本公司維持高水平之企業管治，以確保為本公司股東、持份者、投資者以及僱員提供「問責、負責及具透明度」之制度。

董事會已採納多項政策，以確保遵守上市規則附錄十四所載之《企業管治守則》（「企業管治守則」）之守則條文。於本年度內，本公司一直全面遵守企業管治守則之守則條文，惟偏離守則條文第A.2.1條（有關主席及行政總裁之角色應予以區分）除外，詳情載於下文。

董事會

董事會組成

於2017年12月31日，董事會由七名董事組成，包括四名執行董事（執行董事陳鴻明先生於2018年3月1日辭任）及三名獨立非執行董事，彼等擁有於相同行業或與本集團業務管理相關之技能、經驗及專業知識。董事履歷載於本年報第12至14頁「董事及高級行政人員之履歷」一節。

主席及行政總裁

守則條文第A.2.1條規定主席及行政總裁之角色須分開且不應由同一人士擔任。楊諾思女士作為本集團之行政總裁，亦獲委任為董事會主席，為董事會提供強而穩健之領導才能，同時帶動本集團業務之策略發展。彼將確保所有董事會成員明瞭本集團的經營方式、業務情況及發展，及於董事會會議上董事均就當前事項收到充分、完整及可靠之資料。此外，三名獨立非執行董事就董事會審議之事項提供獨立及公正之意見。董事會認為，董事會現時之架構有效運作，且不擬作出任何變動。

獨立非執行董事

獨立非執行董事均為於業務範疇內之法律、會計、審計等方面擁有寶貴經驗及知識之專業人士，就將於董事會會議上討論之事宜提供公正觀點及作出獨立判斷。彼等各自之初步任期自其各自委任日期起為兩年，其後按年重續，除非任何一方發出書面通知予以終止。獨立非執行董事的任期亦受本公司組織章程細則項下之輪值退任及重選連任條文所規限。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

The Company had received confirmation of independence from each of the INEDs. The Board considered each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs had been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Roles and Responsibilities of the Board

The Company is headed by the Board which is responsible for the leadership, control and promotion of the success of the Group in the interests of the Shareholders by directing and supervising its affairs and by formulating strategic directions and monitoring the financial and management performance of the Group.

Delegation to the Management

The management is led by the Executive Committee of the Company (which comprises all the Executive Directors of the Board) and has delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues. The Executive Committee shall have all powers and authorities of the Board except the following matters as set out in a formal schedule of matters specifically reserved by the Board:

- Publication of final and interim results of the Company
- Dividend distribution or other distributions
- Major issues of treasury policy, accounting policy and remuneration policy
- Changes to group corporate structure or Board composition requiring notification by announcements
- Publication of the announcement for notifiable transactions and non-exempted connected transaction/continuing connected transactions
- Non-exempted connected transactions/continuing connected transactions
- Notifiable transactions requiring Shareholders' approval
- Capital restructuring and issue of new securities of the Company
- Financial assistance to Directors

董事會(續)

本公司已接獲各獨立非執行董事之獨立性確認書。董事會參照上市規則第3.13條所載因素認為各獨立非執行董事屬獨立人士。本公司在所有需要披露董事姓名的公司通訊中，均已明確列明獨立非執行董事之身份。

董事會之角色及職責

本公司由董事會領導，董事會負責以符合股東利益為出發點指導及監督其事務，並透過制定策略方向及監察本集團之財務及管理表現，從而領導、監控及促進本集團之成功。

授權予管理層

管理層乃由本公司執行委員會(此由董事會之所有執行董事所組成)領導，並獲授予權力及授權，以進行本集團之日常管理及營運、制定業務政策，並就主要業務事項作出決定。執行委員會須具有董事會之一切權力及授權，惟正式預定計劃表由董事會特別保留作決定之下列事項除外：

- 刊發本公司之末期及中期業績
- 股息分派或其他分派
- 有關財務政策、會計政策及薪酬政策之主要事宜
- 須以公告形式發出通知有關集團公司架構或董事會組成之變動
- 就須予公佈的交易及非豁免關連交易／持續關連交易作出公告刊發
- 非豁免關連交易／持續關連交易
- 需要股東批准之須予公佈交易
- 本公司之資本重組及發行新證券
- 對董事之財務援助

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

Induction, Support and Professional Development of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments of the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses in order to assist them to perform their duties to the Company.

The Directors confirmed that they had complied with the Code Provision A.6.5 of the Code on Directors' training. During the Year, each Director had participated in continuous professional development by attending seminars/workshops/reading materials on the following topics to develop and refresh their knowledge and skills and has provided a record of training to the Company.

董事會(續)

董事之啟導、支援及專業發展

所有董事均已獲提供有關擔任董事之職責及責任、適用於董事之相關法例及規例、權益披露之責任及本集團業務之相關指引資料，而於新任董事獲委任後，亦會於短期內向其提供該等就任董事須知資料。全體董事亦已就上市規則及其他適用監管要求之發展獲得最新資料，從而確保遵例，同時加強彼等對良好企業管治常規之意識。董事會已議定程序，使董事可在適當情況下經合理要求後尋求獨立專業意見以協助彼等為本公司執行職責，費用由本公司承擔。

董事確認，彼等已遵守守則內有關董事培訓之守則條文第A.6.5條。於本年度，各董事均已參與持續專業發展，透過出席有關以下主題之座談會／工作坊／閱讀材料，以發展及重溫彼等之知識及技能，並已向本公司提供培訓紀錄。

Name of Directors	董事姓名	Topics of training covered 所涵蓋之培訓主題
Ms. Cindy Yeung	楊諾思女士	(1) corporate governance 企業管治
Mr. Chan Hung Ming	陳鴻明先生	(2) finance 財務
Mr. Wong Chi Fai	黃志輝先生	(3) industry specific 行業相關
Ms. Fan Man Seung, Vanessa	范敏嫦女士	(4) regulatory 監管
Ms. Chan Sim Ling, Irene	陳嬋玲女士	
Mr. Liu Hing Hung	廖慶雄先生	
Ms. Chan Wiling, Yvonne	陳慧玲女士	
Ms. Yip Kam Man	葉錦雯女士	
Ms. Lai Ka Fung, May	黎家鳳女士	

Relationship between the Board Members

None of the members of the Board has any relationship (including financial, business, family or other material/relevant relations) among each other.

Directors' insurance

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

董事會成員間之關係

董事會成員之間概無任何關係(包括財務、業務、家屬或其他重大／相關關係)。

董事之保險

本公司已就董事可能會面對之任何法律訴訟作出適當之投保安排。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

Directors' attendance and time commitment

The attendance of the Directors at the meetings during the Year is set out below:

董事會(續)

董事之出席情況及時間投入

本年度董事出席下列會議之情況如下：

Name of Directors	董事姓名	Number of meetings attended/held 出席會議/舉行會議次數							
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Corporate Governance Committee 企業管治委員會	Executive Committee 執行委員會	General Meeting 股東大會	
Executive Directors 執行董事									
Ms. Cindy Yeung (Note 1)	楊諾思女士(附註1)	8/8	3/3	-	-	-	8/8	1/1	
Mr. Chan Hung Ming (Note 2)	陳鴻明先生(附註2)	8/8	-	-	-	-	8/8	1/1	
Mr. Wong Chi Fai	黃志輝先生	8/8	-	1/1	-	-	8/8	1/1	
Ms. Fan Man Seung, Vanessa (Note 3)	范敏嫦女士(附註3)	8/8	-	-	1/1	1/1	8/8	0/1	
Independent Non-executive Directors 獨立非執行董事									
Ms. Chan Sim Ling, Irene (Note 4)	陳嬋玲女士(附註4)	8/8	3/3	-	-	1/1	-	1/1	
Mr. Liu Hing Hung (Note 5)	廖慶雄先生(附註5)	5/5	1/1	-	-	-	-	-	
Ms. Chan Wiling, Yvonne (Note 6)	陳慧玲女士(附註6)	5/5	1/1	-	-	-	-	-	
Ms. Yip Kam Man (Note 7)	葉錦雯女士(附註7)	3/3	2/2	1/1	-	1/1	-	1/1	
Ms. Lai Ka Fung, May (Note 8)	黎家鳳女士(附註8)	3/3	2/2	1/1	1/1	-	-	1/1	
Total number of meetings held:		舉行會議之總數:	8	3	1	1	1	8	1

Notes:

- Ms. Cindy Yeung is the Chairperson of the Executive Committee. She was invited to sit-in the Audit Committee Meeting as non-member.
- Mr. Chan Hung Ming resigned as Director with effect from 1 March 2018 and automatically ceased to act as a member of the Executive Committee on that day.
- Chairperson of the Corporate Governance Committee
- Chairperson of the Nomination Committee
- Chairman of the Audit Committee and was appointed on 24 May 2017
- Chairperson of the Remuneration Committee and was appointed on 24 May 2017
- Ms. Yip Kam Man retired as Director at the annual general meeting held on 24 May 2017 ("2017 AGM") and automatically ceased to act as the Chairperson of the Audit Committee as well as a member of the Remuneration Committee and the Corporate Governance Committee.
- Ms. Lai Ka Fung, May retired as Director at the 2017 AGM and automatically ceased to act as the Chairperson of the Remuneration Committee as well as a member of the Audit Committee and the Nomination Committee.

附註:

- 楊諾思女士為執行委員會主席。彼獲邀以非成員之身份在審核委員會會議上列席旁聽。
- 陳鴻明先生於2018年3月1日辭任董事職務並於該日自動不再擔任執行委員會成員。
- 企業管治委員會主席
- 提名委員會主席
- 審核委員會主席及於2017年5月24日獲任命
- 薪酬委員會主席及於2017年5月24日獲任命
- 葉錦雯女士於2017年5月24日舉行之股東週年大會(「2017股東週年大會」)上退任董事職務,並自動不再擔任審核委員會主席以及薪酬委員會及企業管治委員會成員。
- 黎家鳳女士於2017股東週年大會上退任董事職務,並自動不再擔任薪酬委員會主席以及審核委員會及提名委員會成員。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

Upon reviewing (a) the annual confirmation of the time commitment given by each Director; (b) the directorships and major commitments of each Director; and (c) the attendance rate of each Director on full Board and the respective Board committee meetings as well as general meeting, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the Year.

Board Meetings and Proceedings

Regular Board meetings were held at approximately quarterly intervals. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures as well as all applicable rules and regulations are followed.

With the assistance of the Company Secretary, the meeting agenda is set by the Chairperson of the Board in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. Relevant meeting materials together with all appropriate, complete and reliable information are generally sent to all Directors and relevant committee members at least 3 days before each meeting to enable them to make informed decisions.

Minutes of Board meetings and Board committee meetings are drafted by the secretary of the meetings and recorded in sufficient details the matters considered and decisions reached, with draft and final versions being circulated to the Directors for their comment and records respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time with reasonable notice by any Director.

If a Director has conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. That Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates has a material interest and he/she shall not be counted in the quorum present at the Board meeting. INEDs who, and whose close associates, have no material interest in the transaction are present at that Board meeting.

董事會(續)

經檢討(a)各董事就其投入時間發出之年度確認；(b)各董事所持之董事職務及主要任命；及(c)各董事於董事會全體會議及各董事委員會會議以及股東大會之出席率後，董事會信納，於本年度內，全體董事均已付出足夠時間履行彼等之職責。

董事會會議及程序

董事會定期會議約每季舉行。董事會可獲取公司秘書及公司秘書團隊主要職員之意見及服務，確保遵循董事會程序以及所有適用之規則及規例。

在公司秘書之協助下，會議議程乃由董事會主席在諮詢其他董事會成員後設定。董事會會議之通告至少於各董事會定期會議舉行前14日發送予董事。各會議舉行前最少3日，一般會向全體董事及相關委員會成員寄發相關會議材料連同所有適用、完備及可靠資料，以讓彼等作出知情決策。

經由會議秘書起草以及就所考慮事宜及所達至決定作出足夠詳細記錄之董事會會議及董事委員會會議紀錄之初稿及最終定稿均會交予董事，分別供彼等表達意見及備案之用。有關會議紀錄之正本由公司秘書保存，可供任何董事於發出合理通知後在任何合理時間查閱。

若任何董事在董事會將予考慮之事項中存有董事會認為屬重大之利益衝突，則該事項將以召開董事會會議而非以書面決議案方式處理，而該董事將就彼或其任何聯繫人士具有重大權益之相關董事會決議案放棄投票，且不會計入出席該董事會會議之法定人數內。緊密聯繫人均沒有重大利益的獨立非執行董事均有出席該董事會會議。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

Board Committees

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Executive Committee.

The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are INEDs. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

1. Audit Committee (set up on 19 June 2008)

The Audit Committee consists of three INEDs, namely Mr. Liu Hing Hung (*Chairman of the Committee*), Ms. Chan Sim Ling, Irene and Ms. Chan Wiling, Yvonne.

The specific written terms of reference of the Audit Committee is available on the websites of the Stock Exchange and the Company. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process; (c) approving the remuneration and terms of engagement of external auditor; and (d) reviewing financial information and overseeing the financial reporting system, risk management and internal control procedures. The Audit Committee held three meetings during the Year.

A summary of work performed by the Audit Committee during the Year is set out as follows:

- i. approved the audit plan for the year ended 31 December 2016 ("Previous Year"), reviewed the independence of the external auditor and approved the engagement of external auditor;
- ii. reviewed with the management/finance-in-charge and/or the external auditor on the effectiveness of the audit process and the accounting policies and practices adopted by the Group, and the accuracy and fairness of the annual financial statements for the Previous Year as well as the interim consolidated financial statements for the six months ended 30 June 2017;
- iii. reviewed with the senior management and finance-in-charge the effectiveness of the risk management and internal control systems of the Group during the Previous Year;
- iv. annual review of the non-exempt continuing connected transactions of the Group for the Previous Year; and
- v. recommended to the Board on the re-appointment of external auditor at the 2017 AGM.

董事會(續)

董事委員會

為協助董事會履行其職責及促進有效管理，董事會若干職能已由董事會委派予審核委員會、薪酬委員會、提名委員會、企業管治委員會及執行委員會。

審核委員會、薪酬委員會及提名委員會大多數成員為獨立非執行董事。所有董事委員會之清晰書面職權範圍已提供予此等委員會之各自成員。董事委員會詳情載列如下：

1. 審核委員會(於2008年6月19日成立)

審核委員會由三名獨立非執行董事組成，其分別為廖慶雄先生(委員會主席)、陳煒玲女士及陳慧玲女士。

審核委員會之具體書面職權範圍可於聯交所及本公司網站查閱。審核委員會之主要職責為(a)就委任、重新委任及罷免外聘核數師提供意見；(b)檢討及監察外聘核數師之獨立性以及審核程序之客觀性及有效性；(c)批准外聘核數師之酬金及委聘條款；及(d)審閱財務資料及監察財務報告制度、風險管理及內部監控程序。審核委員會於本年度舉行了三次會議。

審核委員會於本年度內所履行之工作概要載列如下：

- i. 審批截至2016年12月31日止年度(「上年度」)之審核計劃、檢討外聘核數師之獨立性及批准委聘外聘核數師；
- ii. 與管理層／財務主管及／或外聘核數師審閱本集團所採納之審核程序及會計政策及實務之成效，以及上年度之年度財務報表及截至2017年6月30日止六個月之中期綜合財務報表之準確性及公平性；
- iii. 與高級管理層及財務主管檢討上年度本集團風險管理及內部監控系統之成效；
- iv. 對本集團於上年度之非豁免持續關連交易進行年度審閱；及
- v. 就於2017股東週年大會上重新委聘外聘核數師向董事會提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

2. Remuneration Committee (set up on 19 June 2008)

The Remuneration Committee consists of three members, namely Ms. Chan Wiling, Yvonne (*Chairperson of the Committee*) and Mr. Liu Hing Hung, both being INEDs, and Mr. Wong Chi Fai, an Executive Director.

The specific written terms of reference of the Remuneration Committee is available on the websites of the Stock Exchange and the Company. The Remuneration Committee is primarily responsible for making recommendation to the Board on (a) the Company's policy and structure of the remuneration of Directors and senior management; (b) the remuneration of INEDs; and (c) the specific remuneration packages of individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 8 to the consolidated financial statements. The Remuneration Committee held one meeting during the Year.

A summary of the work performed by the Remuneration Committee during the Year is set out as follows:

- i. reviewed the Directors' fee and made recommendation to the Board ;
- ii. reviewed the current remuneration structure/package of the Executive Directors and senior management and made recommendation to the Board on their specific packages; and
- iii. reviewed the remuneration policy for Directors and senior management and made recommendation to the Board.

3. Nomination Committee (set up on 19 March 2012)

The Nomination Committee consists of three members, namely Ms. Chan Sim Ling, Irene (*Chairperson of the Committee*) and Ms. Chan Wiling, Yvonne, both being INEDs, and Ms. Fan Man Seung, Vanessa, the Executive Director.

The specific written terms of reference of the Nomination Committee is available on the websites of the Stock Exchange and the Company. The Nomination Committee is primarily responsible for (a) reviewing the structure, size and diversity of the Board; (b) reviewing the Board Diversity Policy; (c) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (d) making recommendations to the Board on the appointment, re-appointment, re-election or re-designation of Directors and succession planning for Directors; (e) assessing the independence of INEDs; and (f) reviewing the time commitment of each Director. The Nomination Committee held one meeting during the Year.

董事會(續)

2. 薪酬委員會(於2008年6月19日成立)

薪酬委員會由三名成員組成，其分別為獨立非執行董事陳慧玲女士(委員會主席)與廖慶雄先生及執行董事黃志輝先生。

薪酬委員會之具體書面職權範圍可於聯交所及本公司網站查閱。薪酬委員會之主要職責為就(a)本公司之董事及高級管理層之薪酬政策及架構；(b)獨立非執行董事之薪酬；及(c)個別執行董事及高級管理層之特定薪酬待遇向董事會提供意見。本年度各董事之薪酬詳情載於綜合財務報表附註8。薪酬委員會於本年度舉行了一次會議。

薪酬委員會於本年度內所履行之工作概要載列如下：

- i. 檢討董事袍金，並向董事會提出建議；
- ii. 檢討執行董事及高級管理層之現時薪酬架構／待遇，並就批准彼等之具體薪酬待遇向董事會提出建議；及
- iii. 審閱董事及高級管理層之薪酬政策並向董事會提供意見。

3. 提名委員會(於2012年3月19日成立)

提名委員會由三名成員組成，其分別為獨立非執行董事陳嬋玲女士(委員會主席)與陳慧玲女士及執行董事范敏嫦女士。

提名委員會之具體書面職權範圍可於聯交所及本公司網站查閱。提名委員會之主要職責為(a)檢討董事會的架構、人數及成員多元性；(b)檢討董事會多元化政策；(c)釐定董事提名之政策及物色潛在董事候選人；(d)就董事會委任、重新委任、重選或調任董事及董事連任計劃向董事會提出建議；(e)評核獨立非執行董事的獨立性；及(f)檢討各董事所投入的時間。提名委員會於本年度舉行了一次會議。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

A summary of the work performed by the Nomination Committee during the Year is set out as follows:

- i. review the structure, size and diversity of the Board;
- ii. review the independence of the INEDs;
- iii. reviewed the confirmation from the Directors on their time commitment in performing their duties as Directors;
- iv. recommended the Board on the proposed re-election of Ms. Cindy Yeung as Director at the 2017 AGM; and
- v. recommended the Board on the nomination of Mr. Liu Hing Hung and Ms. Chan Wiling, Yvonne to stand for election as Directors at the 2017 AGM to fill the casual vacancies created by the respective retirement of Ms. Yip Kam Man and Ms. Lai Ka Fung, May.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on the Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, cultural and educational background, ethnicity, professional qualification and experience, skill, knowledge and length of service. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the Company's corporate strategy.

董事會(續)

提名委員會於本年度內履行之工作概要載列如下：

- i. 檢討董事會的架構、人數及多元化；
- ii. 檢討獨立非執行董事之獨立性；
- iii. 檢討董事就履行董事職責所投入時間之確認書；
- iv. 就建議楊諾思女士於2017股東週年大會上重選向董事會提供意見；及
- v. 就提名廖慶雄先生及陳慧玲女士於2017股東週年大會上參選董事以填補葉錦雯女士及黎家鳳女士退任所產生之臨時空缺向董事會提供意見。

誠如董事會所採納，董事會多元化政策旨在從最廣義角度實現董事會多元化，以達致適合本公司業務性質之均衡的技巧、經驗及多元觀點。甄選董事會候任董事乃基於多方面考慮，包括性別、年齡、文化及教育背景、種族、專業資格及經驗、技能、知識以及服務期。提名委員會亦評估任何建議重選的董事或獲提名委任為董事之候選人之優點及貢獻，並以客觀準則評選，充分考慮董事會多元化的裨益，從而對本公司企業策略提供互補作用。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

4. Corporate Governance Committee (set up on 19 March 2012)

The Corporate Governance Committee consists of five members, namely Ms. Fan Man Seung, Vanessa (*Chairperson of the Committee*), the Executive Director, Ms. Chan Sim Ling, Irene and Mr. Liu Hing Hung, both being INEDs, a representative from company secretarial function and a representative from finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. The Corporate Governance Committee is primarily responsible for (a) reviewing the policies and practices on corporate governance of the Company and making recommendations to the Board; (b) reviewing and monitoring the policies and practices of the Company on compliance with legal and regulatory requirements of the Company; (c) developing, reviewing and monitoring the code of conduct applicable to Directors and relevant employees of the Group on dealings with the Company's securities; (d) reviewing and monitoring the training and continuous professional development of Directors and senior management; and (e) reviewing the Company's compliance with the CG Code and disclosure in this report. The Corporate Governance Committee held one meeting during the Year.

A summary of the work performed by the Corporate Governance Committee during the Year is set out as follows:

- i. reviewed the Corporate Governance Policy and made recommendation to the Board;
- ii. reviewed the policies and practices on compliance with legal and regulatory requirements;
- iii. reviewed the training and continuous professional development of Directors and senior management;
- iv. reviewed the code of conduct applicable to Directors and relevant employees of the Group; and
- v. reviewed the Company's compliance with the CG Code and disclosure in Corporate Governance Report.

董事會(續)

4. 企業管治委員會(於2012年3月19日成立)

企業管治委員會由五名成員組成，其分別為執行董事范敏嫦女士(委員會主席)、獨立非執行董事陳嬋玲女士與廖慶雄先生、一名公司秘書職能代表及一名財務及會計職能代表。企業管治委員會之具體書面職權範圍可於本公司網站查閱。企業管治委員會之主要職責為(a)檢討本公司企業管治之政策及常規並向董事會提出建議；(b)檢討及監察本公司在遵守法律及監管規定方面之政策及常規；(c)制定、檢討及監察董事及本集團有關員工買賣本公司證券之適用行為守則；(d)檢討及監察董事及高級管理層之培訓及持續專業發展；及(e)檢討本公司遵守企業管治守則之情況及在本報告內之披露。企業管治委員會於本年度舉行了一次會議。

企業管治委員會於本年度內所履行之工作概要載列如下：

- i. 檢討企業管治政策及向董事會提出建議；
- ii. 檢討遵守法律及監管規定方面之政策及常規；
- iii. 檢討董事及高級管理層之培訓及持續專業發展；
- iv. 檢討董事及本集團有關員工之行為守則；及
- v. 檢討本公司遵守企業管治守則之情況及於企業管治報告內之披露。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD (Continued)

5. Executive Committee (set up on 22 October 2014)

The Executive Committee consists of all the Executive Directors, namely Ms. Cindy Yeung (*Chairperson of the Committee*), Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa. The primary duties of the Executive Committee are (a) formulating business policies and making decision on matters relating to the management and operations of the Group; and (b) having all power and authorities of the Board except those matters specifically reserved for the full Board as set out in the "Formal Schedule on matters reserved for and delegated by the Board" adopted by the Board from time to time.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Year.

ACCOUNTABILITY AND AUDIT

The Directors acknowledged their responsibilities to prepare the consolidated financial statements of the Group and other financial disclosures required under the Listing Rules and the management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believe that they have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and ensured the consolidated financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

The management has provided all members of the Board with monthly updates on internal financial statements so as to give the Directors a balanced and understandable assessment of the Group's performance, position and prospects.

董事會(續)

5. 執行委員會(於2014年10月22日成立)

執行委員會由全體執行董事組成，其分別為楊諾思女士(委員會主席)、黃志輝先生及范敏嫦女士。執行委員會之主要職責為(a)制定業務政策並就有關本集團管理及營運之事宜作出決定；及(b)擁有董事會之所有權力及授權，惟董事會不時採納之「特別需要董事會決定及由董事會授權之事項之正式預定計劃」所載指定由全體董事會作決定之事項除外。

董事之證券交易

本公司已採納上市規則附錄十所載之標準守則，作為董事進行證券交易之行為守則。經向所有董事作出特定查詢後，彼等全體確認於本年度內彼等一直遵守標準守則所載有關進行交易之標準規定。

問責及核數

董事知悉彼等負責編製本集團之綜合財務報表及上市規則所規定之其他財務披露事項，而管理層已向董事會提供解釋及資料以使其就財務及其他董事會決定作出知情評估。董事相信，彼等已選擇合適之會計政策，並貫徹應用該等政策、作出審慎及合理之判斷及估計，並確保綜合財務報表按「持續經營」基準編製。本公司之核數師已就彼等之匯報責任於獨立核數師報告內作出聲明。

管理層已每月向董事會全體成員提供最新之內部財務報表，以讓董事可平衡及易於理解地評估本集團之表現、狀況及前景。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists a company in achieving its business objectives. Internal control policies and procedures within the Group are with the primary objective of providing general guidance and recommendations on a basic framework of risk management and internal control systems.

A review has been conducted on (i) the internal control measures and procedures covering all material controls, including financial, operational and compliance controls; and (ii) risk management functions in its principal subsidiaries for the Year as follows:-

A. Goals and objectives

The Board acknowledged that it is its responsibility to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems ("Systems"). Such systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The key objectives of the Systems include:

- safeguarding assets
- ensuring completeness, accuracy and validity of financial records and reports
- promoting adherence to policies, procedures, regulations and laws
- promoting effectiveness and efficiency of operations

B. Governance Control

The control structure of the Systems is set out as follows:

The Board

- responsible for the Systems and reviewing their effectiveness
- oversee the Systems on an ongoing basis with the assistance of Audit Committee
- ensure maintenance of appropriate and effective Systems
- define management structure with clear lines of responsibility and limit of authority

風險管理及內部監控

內部監控對成功經營及日常業務營運至關重要，並能協助公司達成其業務目標。本集團之內部監控政策及程序的主要目標為就風險管理及內部監控系統之基本框架提供一般指引及意見。

本年度已就以下方面進行檢討：(i) 內部監控措施及程序，涵蓋所有重大監控，包括財務、營運及合規監控；及(ii) 其主要附屬公司內風險管理職能：—

A. 宗旨及目標

董事會知悉董事會之職責乃確保本公司設立及維持合適及有效之風險管理及內部監控系統(「該等系統」)。該等系統旨在管理而非消除未能達成業務目標之風險，並僅可就重大錯誤陳述或損失提供合理而非絕對保證。

該等系統的主要目標包括：

- 保障資產
- 確保財務記錄及報告之完整性、準確性及有效性
- 促進政策、程序、法規及法例之依循
- 促進營運之有效性及效率

B. 管治監控

該等系統的監控架構載列如下：

董事會

- 負責該等系統並審閱其有效性
- 在審核委員會協助下持續監督該等系統
- 確保該等系統維持合適及有效性
- 制定有明確責任及權限的管理架構

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

- determine the nature and extent of significant risk that the Company is willing to take in achieving the strategic objectives and formulate the Group's risk management strategies

Audit Committee

- review and discuss the Systems with the management annually to ensure that the management has performed its duty to have effective Systems. This discussion includes the adequacy of resources, staff qualification and experience, training programmes and budget of the company's accounting and financial reporting function
- consider major findings on internal control matters raised by internal or external auditor and make recommendations to the Board

The management (includes heads of business units, departments and divisions)

- design, implement and monitor the Systems properly and ensure the Systems are executed effectively
- monitor risks and take measures to mitigate risks in their day-to-day operations
- give prompt responses to, and follow up the findings on internal control matters raised by internal or external auditors
- provide confirmation to the Board on the effectiveness of the Systems

Internal Audit Department

- carry out the analysis and independent appraisal of adequacy and effectiveness of the Systems in respect of all material controls, including financial, operational and compliance aspects and alerted the management on the audit review findings or irregularities and advise them on the implementation of necessary steps and actions to enhance the internal controls of the Group. The result of internal audit reviews and agreed action plans are reported to the Audit Committee and the Board.

風險管理及內部監控(續)

- 釐定本公司就達致戰略目標所願承擔之重大風險之性質及程度，並制定本集團之風險管理策略

審核委員會

- 每年檢討並與管理層討論該等系統，以確保管理層履行其職責以維持該等系統之有效性。該討論包括本公司會計及財務申報職能之資源、員工資格及經驗以及彼等之培訓計劃及預算之充足性
- 考慮內部或外聘核數師提出有關內部監控事宜的重要發現並向董事會提出建議

管理層(包括業務單位、部門及分部主管)

- 妥善設計、實施及監督該等系統，並確保該等系統得到有效執行
- 監察風險並採取措施降低日常營運風險
- 對內部或外聘核數師提出有關內部監控事宜之發現作出及時的回應及跟進
- 就該等系統之有效性向董事會作出確認

內部審核部門

- 對該等系統所有重要監控(包括財務、營運及合規方面)之充足性及有效性進行分析及獨立評價，並向管理層報告審核檢討發現或不規範行為及就採取必要步驟及行動以提高本集團內部監控向彼等提供意見。內部審核檢討之結果及經協定之執行計劃乃向審核委員會及董事會匯報。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

C. Risk Management

(1) Risk Management Process

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. It endeavours to evaluate and compare the level of risk against the predetermined acceptable levels of risk.

Based on the risk evaluation, the Company will manage the risk as follows:-

- **Risk elimination** – management may identify and implement certain changes or controls that in effect eliminate the risk entirely.
- **Risk mitigation** – management may implement risk mitigation plan designed to reduce the likelihood, velocity or severity of the risk or contingency plan for possible loss scenarios.
- **Risk control and monitoring** – it involves making decisions regarding which risks are acceptable and how to address those that are not, accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.
- **Risk retention** – management may decide that the risk rating is low enough that the risk is acceptable level and no action is required. The risk will continue to be monitored as part of the risk management program to ensure the level of risk does not increase to an unacceptable level.

風險管理及內部監控(續)

C. 風險管理

(1) 風險管理程序

風險管理程序包括風險識別、風險評估、風險管理措施及風險監控及檢討。

管理層獲委派於其責任及權力範圍內識別、分析、評估、應對、監察及傳達與任何活動、職務或程序有關風險。董事會盡力評估風險水平及與事先釐定可接受風險水平對比。

根據風險評估，本公司將按以下方式管理風險：—

- **風險消除**—管理層可確定及實施若干變動或監控，完全排除風險。
- **減低風險水平**—管理層可實施風險緩解計劃，旨在使風險之可能性、速度或嚴重性降低或就潛在虧損情況預備應急方案。
- **風險監控及監察**—涉及作出有關各風險是否可接受之決定，而作為管理風險之一部份，將對涉及損失或接近損失事故及其他情況進行調查並妥為存檔，就如何應對並非有關事故及其他情況之情況作出決定。
- **維持風險水平**—管理層可確定基於風險評級屬於低而風險屬可接受水平，毋須採取任何措施。作為風險管理計劃的一部分，將繼續監察風險以確保風險不會上升至不可接受水平。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

風險管理及內部監控(續)

(2) Significant Risks and Strategies

Certain significant risks have been identified through the process of risk identification and assessment. Such significant risks of the Group and their respective key strategies/control measures are set out below:-

a) Decline in tourists' arrivals

The Group's revenue is mainly driven from Hong Kong where retail markets have heavy reliance on the Mainland tourists. Decline in visitor arrivals would have a negative impact on the Group's financial results. However, such decline of visitor arrivals was narrowed in the second half of 2016 and stabilized in the first half of 2017 and with gradual traffic improvement thereafter. To mitigate the risk associated,

- the Group proactively manages its geographical presence and evaluates alternative sales channels;
- instead of prime tourist areas, the Group opened three new jewellery shops outside prime tourist shopping areas (Yuen Long, Tsuen Wan and Tseung Kwan O) during the Year aiming to seize market opportunities at emerging shoppers in domestic areas; and
- more fashionable and affordable jewellery products for daily wearing are offered to cater for the trend of popularization of jewellery consumption and attract the ever-growing middle class customers.

b) Downturn in economic environment

The slowdown in global economies may result in decline in consumption demand. The strengthening of exchange rates in Reminbi, Singapore dollar and Ringgit have improved our sales opportunities. As a prominent retailer, the Group

- seeks to diversify away from the Hong Kong market;
- optimizes business operations in Mainland China and open or maintain shops in first-tier and second-tier cities in locations that can offer growth potential; and
- explores expansion opportunities in Asian markets and beyond.

(2) 主要風險及策略

本集團已透過風險識別及評估程序識別若干重大風險。本集團所面臨的該等重大風險以及其各自之主要策略/控制措施載列如下：—

a) 訪港旅客人數下降

本集團的收入主要來自香港，而香港零售市場高度依賴內地旅客。訪港人數下降會對本集團之財務業績產生負面影響。然而，該旅客人數之跌幅已於2016年下半年收窄並於2017年上半年趨於穩定及人流隨後逐漸改善。為減輕相關風險，

- 本集團積極管理其地理覆蓋並評估其他銷售渠道；
- 本年度內，本集團於新興購物區(元朗、荃灣及將軍澳)而非黃金旅遊區新開設三間珠寶店舖，以把握本地民生區新興購物者所帶來的市場機遇；及
- 提供更多適合日常佩戴的時尚且價格適中的珠寶產品，以迎合珠寶消費日益流行的趨勢並吸引不斷增長的中產階層客戶。

b) 經濟環境低迷

全球經濟放緩可能導致消費需求下降。人民幣、新加坡元和馬幣兌換率上升，增加我們的銷售機會。作為一間知名零售商，本集團

- 尋求從香港市場向多元化方向發展；
- 優化於中國內地的業務，以及在一線及二線城市中具增長潛力的地段開設或繼續經營店舖；及
- 於亞洲及以外的市場尋求擴展機遇。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

風險管理及內部監控(續)

(2) Significant Risks and Strategies (Continued)

(2) 主要風險及策略(續)

c) Reliance on major watch suppliers and watch brands

In fact, the Group's success largely rides on its relationship with the world's giant watch suppliers and top-tier brands. The loss of key brands may adversely affect the Group's business.

- with establishment for more than 70 years, the Group is keen to develop mutually beneficial and long-term relationships with all suppliers;
- the Group continues to explore opportunities with other watch suppliers by evaluating its market potential of other brands in both existing and potential new markets; and
- the Group continues to expand its jewellery business for widening the revenue base and expanding jewellery market exposure.

d) Cost control on shop rents

Shop rent is always the key cost component of the Group. The significant fluctuation of shop rents could affect the Group's profitability. However, such rental pressure has been lessened during the Year. Amid less tense rental market environment, the Group

- remains cautious in shop-lease renewal so as to ensure that the renewal is made in strategic and economic sense;
- continues to explore other locations of good potential at more reasonable level;
- monitors the individual brand performance and maximizes the shop rents efficiency by enhancing the brand portfolio at shop level;
- considers further rental savings by streamlining the retail network, if the market situation becomes worse; and
- expands shop network outside prime tourist districts when rental level is more proportionately reasonable to turnover.

c) 依賴主要鐘錶供應商及鐘錶品牌

事實上，本集團的成功極大依賴其與世界大型鐘錶供應商及頂級品牌的關係。失去主要品牌可對本集團的業務產生不利影響。

- 成立70餘年來，本集團一直致力與所有供應商發展互惠互利的長期關係；
- 本集團繼續透過評估本集團其他品牌於現有及潛在新市場之市場潛力尋求與其他鐘錶供應商合作之機會；及
- 本集團繼續擴展其珠寶業務以擴闊收入基礎及提升珠寶市場曝光度。

d) 店舖租金的成本控制

店舖租金一直為本集團的主要成本組成部分。店舖租金的大幅波動會影響本集團的盈利能力。然而，於本年度，相關租金壓力已有所減輕。在略為緩和的租賃市場環境中，本集團

- 在店舖續租方面保持審慎態度以確保續租符合策略及經濟角度；
- 繼續物色其他水平較合理的具潛力地段；
- 監察個別品牌表現並透過優化店舖的品牌組合推高店舖租金效率；
- 倘市場狀況惡化，則考慮透過精簡零售網絡以進一步節省租金；及
- 當租金水平相對營業額成合理水平，擴充店舖至黃金旅遊區外。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

e) Anti-money laundering (“AML”)

To effectively ensure that the existing AML policies of the Group are in compliance with the applicable AML law and that the policies in place could sufficiently prevent or detect the occurrence of any possible/suspected money laundering activities by

- reviewing the existing compliance policies regularly;
- enforcing the relevant internal control procedures in all shops and assist sales personnel to be familiar with “know your customers” (KYC) approach;
- staying alert to the industrial practices and co-operates with banks on case investigation; and
- giving regular training to the staff.

The Company has used its best endeavours to manage the above risks and continue to keep the focus on any new emerging risks that are likely to exist in the days to come.

D. Internal Controls

The Board acknowledged that the management had progressively implementing an adequate internal control system to ensure the effective functioning of the Group's operational, financial and compliance areas as follows:

(1) Operational

- Information flow:** The transparent information flow alerts us promptly of any deviations. Benchmarking with historical database and comparisons with the same also acts as a detecting device for spotting unusual activities.
- Approach taken:** The management conducted interviews with relevant staff members, reviewing relevant documentation of the Systems and evaluating findings of any deficiencies in the design of the Group's internal control system, providing recommendations for improvement and assessing the effectiveness of implementation of such recommendations, where appropriate. The scope and findings of review on the risk management and internal control will be reported to and reviewed by the Audit Committee annually.

風險管理及內部監控(續)

e) 防止洗黑錢（「防止洗黑錢」）

為有效保證本集團現有的防止洗黑錢政策符合適用的防止洗黑錢法律及該等政策可充分避免或偵察任何可能／疑似洗黑錢活動

- 定期審閱現有的合規政策；
- 於所有店舖執行相關內部監控程序並協助銷售人員熟悉「了解客戶」(了解客戶)方針；
- 留意行業常規及與銀行合作調查個案；及
- 定期為員工提供培訓。

本公司已盡最大努力管理上述風險，並繼續專注於任何可能於日後存在的新興風險。

D. 內部監控

董事會知悉，管理層已逐步實施充分內部監控系統以確保本集團之營運、財務及合規範疇之有效運作如下：

(1) 營運方面

- 信息流：**透明的信息流及時提醒我們任何偏差。以過往數據庫為基準及與之比較亦為發現不尋常活動之檢測工具。
- 所採取方法：**管理層與相關員工進行面談，並審閱該等系統相關文件及評估本集團內部監控系統設計中所發現之任何不足，就改善措施提出建議及評估實施有關建議之有效性(倘適用)。對風險管理及內部監控審閱的範圍及發現會每年呈報審核委員會並經其審核。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

風險管理及內部監控(續)

- iii. **Procedure manuals and operational guidelines:** They are in place to safeguard the assets against unauthorized use or disposition and ensuring maintenance of proper accounting records that are in compliance with the applicable laws, rules and regulations for the provision of reliable financial that are information for internal use and/or external publication.
 - iv. **Management information system and technology:** Such use to control over the business activities allows close tracking of various inputs and outputs of the Company's business such as raw materials, human resources, products and customer relationship. It also tracks audit trails in the authorization system, under which permissions and responsibility of authorization are clearly identified and adequate records can be maintained in the system.
 - v. **Reports and variance analysis:** Such reports and analysis of each segment in the upstream, midstream and downstream are conducted on regular basis such that the performance of each point of sales and each product category can be easily accessible.
 - vi. **Safeguarding of assets:** Insurance coverage on inventory is periodically reviewed by the management for sufficient coverage, and to ensure compliance with the terms and conditions of the insurance policies. To safeguard shops' assets, security systems are installed and properly maintained in good condition at each shop. In addition, tests are carried out on a daily basis to ensure the proper functioning of the security system.
 - vii. **Quality control:** Diamonds are either sent to authoritative and reliable organizations for assessment and certification or are tested internally with our own professional equipment to assure the quality fulfills good standard requirement. In order to provide assurance of high quality products and service and to enhance the protection of our customers' interest, the Company had joined several associations and schemes.
 - viii. **Proper authorization on sales discounts:** Discount policies are properly maintained and controlled by electronic point-of-sales systems. Discount policies and pricing strategy are reviewed from time to time.
- iii. **程序手冊及運作指引：**已制定該等手冊及指引以保障資產，以免未經授權使用或處置，並確保遵守適用法律、規則及法規存置適當會計記錄，以提供可靠財務資料供內部使用及／或對外刊發。
 - iv. **管理資訊系統及技術：**此用於控制業務活動，允許密切追蹤本集團業務之各項輸入及輸出，如原材料、人力資源、產品及客戶關係。其亦於授權系統追蹤審核程序，據此，授權許可及責任獲明確識別及該等系統可存置足夠記錄。
 - v. **報告及差異分析：**定期對上游、中游及下游各階段進行有關報告及分析，故可易於了解各銷售點及各產品類別之表現。
 - vi. **保障資產：**管理層定期就存貨的保險範圍是否充足進行檢討，並確保符合保險的條款及條件。為保障店舖資產，各店舖均安裝保安系統且維持妥善運作。此外，每日進行測試以確保保安系統維持良好運作。
 - vii. **品質監控：**鑽石送往法定及信譽可靠的機構進行評估及認證，或經由我們的專業儀器進行內部測試，以確保品質達致高水平。為提供高品質產品及服務及增強對我們客戶權益的保護，本公司已加入若干協會及計劃。
 - viii. **就銷售折扣作出適當授權：**折扣政策經電子銷售點系統妥善管理及控制，並不時檢討折扣政策及定價策略。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

(2) Financial

- i. proper controls are in place for the recording of complete, accurate and timely accounting and management information;
- ii. annual budget and quarterly forecast on all capital and revenue items are prepared and approved by the management before being adopted;
- iii. the management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast;
- iv. regular reports on revenue, trade receivables' ageing and debtors' ageing and internal financial reports are prepared to the management which give a balanced and understandable assessment of the Group's financial performance;
- v. monthly updates on internal financial statements are provided to all Directors which give a balanced and understandable assessment of the Group's performance, financial position and prospects in sufficient details;
- vi. annual audit by external auditor is carried out to ensure that the consolidated financial statements are prepared in accordance with generally accepted accounting principles, the Group's accounting policies and the applicable laws and regulations; and
- vii. daily available fund report is reviewed to monitor the cash flows against budgets/forecast.

風險管理及內部監控(續)

(2) 財務方面

- i. 已建立適當的監控程序，確保全面、準確及準時記錄會計及管理資料；
- ii. 所有資本及收入項目之年度預算及季度預測編製後，均須先獲管理層批准方可採納；
- iii. 管理層嚴密監控業務活動並每月將經營之財務業績與預算／預測進行對比檢討；
- iv. 為管理層編製收入、貿易應收款項賬齡及應收債項賬齡的定期報告以及內部財務報告，對本集團的財務表現給予平衡及可理解的評估；
- v. 每月向全體董事提供內部財務報表的更新，其中載有本集團表現、財務狀況及前景的持平及易於理解的評估，並具有充足詳情；
- vi. 外聘核數師進行年度審核以確保綜合財務報表乃根據公認會計原則、本集團之會計政策及適用的法律及法規編製；及
- vii. 審閱每日所得的資金報告，以就現金流量與預算／預測的對比進行監控。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

(3) Compliance

The following policies and procedures are in place to safeguard the compliance control:

- i. **Systems and Procedures on Disclosure of Inside Information** to ensure, with the assistance of an internal work team (if required), that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated, where appropriate, for the attention of the Board;
- ii. **Policies and practices on compliance with legal and regulatory requirements** which shall be reviewed and monitored regularly by the Corporate Governance Committee as delegated by the Board;
- iii. **CCT Compliance Committee** is established to monitor, control and regularly review connected transactions and continuing connected transactions of the Company and ensure proper compliance with all relevant laws and regulations, the Listing Rules and disclosure requirements; and
- iv. **Whistle-blowing policy** for the employees of the Group to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

The Board acknowledged that it has received a confirmation from the management on the effectiveness of the Systems of the Group. Based on such confirmation and discussion with the management, the Audit Committee and the Board had reviewed the Systems and were not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the Group's operational, financial and compliance areas of the Systems.

風險管理及內部監控(續)

(3) 合規方面

設有以下政策及程序以保障合規監控：

- i. 設有內幕資料披露機制及程序，以在內部工作小組(如需要)協助下確保任何一名或多名主要人員得悉的任何重大資料須予及時識別、評估及提交(倘適用)董事會；
- ii. 有關遵守法律及監管規定之政策與常規會由董事會委派之企業管治委員會定期檢討及監察；
- iii. 設有持續關連交易合規委員會以監察、監控及定期檢討本公司之關連交易及持續關連交易，並確保妥為符合一切相關法律及法規、上市規則及披露規定；及
- iv. 設有檢舉政策，可讓本集團僱員在保密的情況下就財務匯報、內部監控或其他事宜中的可能不當行為進行舉報。該等安排將由審核委員會檢討，確保有恰當安排就有關事項進行公平及獨立之調查。

董事會確認其已接獲管理層就本集團該等系統的有效性的確認。根據相關確認及與管理層之討論，審核委員會及董事會已審閱該等系統且並不知悉任何將對本集團該等系統於營運、財務及合規方面之有效運作及充足性所產生不利影響的重大事宜。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Company had established a shareholders' communication policy and the Board reviews it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meetings and extraordinary general meetings, if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases providing updated information of the Group; (iii) the availability of latest information of the Group in the Company's website at <http://www.emperorwatchjewellery.com>; (iv) the holding of press conference(s) from time to time; and (v) meeting with investors and analysts on a regular basis and participate investor road show and sector conference.

There is regular dialogue with institutional Shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website to raise enquiries through our Investor Relations Department whose contact details are available on the Company's website and the "Corporate Information and Key Dates" of this annual report.

Separate resolutions are proposed at the general meetings for substantial separate issues, including re-election of retiring Directors. The Company's notice to Shareholders for the 2017 AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of other general meetings were sent to Shareholders at least 10 clear business days before the meetings.

The Chairperson of the 2017 AGM, the chairperson/chairman of the Board Committees and the external auditor were available at the 2017 AGM to answer questions from the Shareholders. With the assistance of the Company Secretary, the Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

The forthcoming annual general meeting will be held on 23 May 2018 which will be conducted by way of poll.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the CG Code.

與股東之溝通

本公司已經制定股東溝通政策，且董事會定期檢討以確保其成效。本公司主要以下列方式與股東溝通：(i)舉行股東週年大會及就特定目的召開之股東特別大會(如有)，藉以提供機會讓股東直接與董事會溝通；(ii)根據上市規則之規定刊發公告、年報、中期報告及／或通函及提供本集團最新資料之新聞稿；(iii)發放本集團之最新資料於本公司網站<http://www.emperorwatchjewellery.com>；(iv)不時舉行記者招待會；及(v)定期與投資者及分析員會面，及參加投資者路演及業界大會。

本公司與機構股東定期對話，發佈財務業績時亦會舉行全面發佈會。歡迎股東及投資者瀏覽本公司網站及透過本公司投資者關係部門查詢，該部門之聯絡詳情可於本公司網站及本年報「公司資料及重要日期」一節查閱。

獨立事宜(包括重選退任董事)均會於股東大會上提呈個別決議案。本公司就2017股東週年大會致股東之通告已於大會舉行前至少足20個營業日向股東發送，而就其他股東大會而言，則在該大會舉行前至少足10個營業日向股東發送有關通知。

2017股東週年大會主席及董事委員會主席以及外聘核數師均有出席2017股東週年大會，以解答股東所提出之疑問。在公司秘書之協助下，大會主席已於大會上解釋以點票方式進行表決之程序。

應屆股東週年大會將於2018年5月23日舉行，並將以點票方式進行表決。

股東之權利

根據企業管治守則須予披露之若干股東權利之摘要如下：

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHTS (Continued)

Convening a General Meeting/ Right to call General Meeting

Shareholder(s) representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings may send a request to the Company pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("CO"). The request must state the general nature of the business to be dealt with at the meeting, and may include the text of resolution that may properly be moved and is intended to be moved at the meeting. Requests may consist of several documents in like form. A request may be sent to the Company for the attention of the Company Secretary in hard copy form or in electronic form and must be authenticated by the relevant Shareholder(s). Such request will be verified with the Company's share registrar and the Company Secretary will request the Board to convene a general meeting within 21 days upon its confirmation that the request is in order. Such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting and such notice must include notice of the resolution.

Section 568 of the CO provides that if the Directors do not within 21 days as stated above to call a general meeting, the Shareholders representing more than one half of the total voting rights of all of them, may themselves call a general meeting, but the meeting so convened must be called for a date not more than 3 months after the Directors become subject to the requirement to call a meeting. The meeting must be called in the same matter, as nearly as possible, as that in which that meeting is required to be called by Directors. The business that may be dealt with at the meeting includes a resolution to be dealt with at the meeting. All reasonable expenses incurred by the Shareholders of this purpose must be reimbursed by the Company.

Putting forward Proposals at General Meetings/ Right to Circulate Resolution at AGM

Section 615 of the CO provides that (i) shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders; or (ii) at least 50 Shareholders having a right to vote on the resolution at the annual general meeting ("AGM") may request the Company to circulate a notice of a resolution may properly moved or is intended to be moved at that meeting. Such request must identify the resolution to be moved at the AGM, must be authenticated by the relevant Shareholder(s) and sent to the registered office of the Company for the attention of the Company Secretary in hard copy form or in electronic form not later than six weeks before the relevant AGM or if later, the time when the notice of AGM is despatched.

股東之權利(續)

召開股東大會/ 召開股東大會之權利

根據公司條例(香港法例第622章)(「公司條例」)第566條，倘股東擁有佔全體有權於股東大會上投票之股東之總投票權最少5%，則可向本公司發出要求。要求須列明大會上將處理事項之一般性質，並可包含在該大會可能恰當地動議並擬於該大會動議之決議案文本。要求可包含多份格式相似之文件。要求可以列印本或電子版本送達本公司予公司秘書且必須經相關股東確認。該要求將由本公司股份過戶登記處核實且公司秘書將要求董事會於其確認相關要求符合程序後21日內召開股東大會。相關大會須於不超過召開大會通告日期後28日之日期舉行且相關通告必須包含決議案之通告。

公司條例第568條規定倘董事未按以上所述於21日內召開股東大會，則佔全體股東總投票權一半以上之股東，可自行召開股東大會，但如此召開之大會須在董事收到召開大會要求後不超過三個月舉行。該大會須以盡可能接近董事召開大會之相同方式召開。可能於大會上處理之事宜包括將於會上處理之決議案。股東就此產生的所有合理開支須由本公司償還。

於股東大會上提出建議/ 於股東週年大會上傳閱決議案之權利

公司條例第615條規定：(i)佔全體有投票權的股東最少2.5%之股東；或(ii)最少50名擁有權利於股東週年大會(「股東週年大會」)上就決議案投票之股東可要求本公司發出關於可在該會議上恰當地動議並擬在該會議上動議決議案的通告。該要求須指出有待於股東週年大會上動議之決議案，須經相關股東認證並不遲於相關股東週年大會或(如較後)寄發股東週年大會通告時間前六個星期以列印本或電子版送至本公司註冊辦事處予公司秘書。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHTS (Continued)

Proposing a Person for Election as a Director

The procedures for Shareholders to propose a person for election as a Director are available for viewing on the Company's website.

Enquires from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Secretaries Limited. Other Shareholders' enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on "Corporate Information and Key Dates" section of this Annual Report.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company's constitutional documents during the Year.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Audit Committee was of the view that the Company's auditor, Messrs. Deloitte Touche Tomatsu ("Deloitte") is independent and had recommended the Board to re-appoint it as the Company's auditor at the 2018 AGM. During the Year, Deloitte has rendered audit services and certain non-audit services to the Group and the remuneration paid/payable to it by the Group is set out as follows:

Service rendered	所提供服務	Fees paid/payable 已付／應付費用 HK\$'000 千港元
Audit services	核數服務	3,508
Non-audit services:	非核數服務：	
– Agreed-upon procedures for continuing connected transactions	– 就持續關連交易進行之議定程序	20
– Review of preliminary results announcement	– 審閱初步業績公告	10
– Transfer pricing documentation service	– 有關轉移價格之文件服務	71

股東之權利(續)

提名他人參選董事

股東提名他人參選董事之程序可於本公司網站查閱。

股東查詢

股東可向本公司之股份過戶登記處「卓佳秘書商務有限公司」查詢彼等之持股情況。股東之其他查詢可向本公司投資者關係部門作出，其聯絡資料已列載於本年報「公司資料及重要日期」一節。

組織章程文件

於本年度，本公司之組織章程文件並無任何重大變動。

核數師之獨立性及酬金

審核委員會獲授權根據適用之準則審閱及監督核數師之獨立性，以確保財務報表審計過程之客觀性及有效性。審核委員會成員認為，本公司之核數師德勤·關黃陳方會計師行（「德勤」）屬獨立人士並建議董事會於2018股東週年大會重新委任其為本公司之核數師。於本年度內，德勤曾向本集團提供核數服務及若干非核數服務，而本集團已付／應付予彼之酬金載列如下：

Deloitte.**德勤**

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
全體股東
(於香港註冊成立之有限公司)

Opinion

We have audited the consolidated financial statements of Emperor Watch & Jewellery Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) set out on pages 61 to 123, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

意見

本核數師行已審核載於第61頁至第123頁英皇鐘錶珠寶有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之綜合財務報表，此綜合財務報表包括於2017年12月31日之綜合財務狀況報表與截至該日止年度之綜合損益及其他全面收入報表、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。

本核數師行認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於2017年12月31日的綜合財務狀況及截至該日止年度貴集團的綜合財務表現及其綜合現金流量，並已按照香港《公司條例》妥為編製。

意見之基準

本核數師行已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。根據該等準則，本核數師行的責任於本報告「核數師就審核綜合財務報表的責任」一節中詳述。根據香港會計師公會香港職業會計師道德守則(「守則」)，本核數師行獨立於貴集團，並已遵循守則履行其他道德責任。本核數師行相信，本核數師行所獲得的審核憑證足夠及能適當地為本核數師行的意見提供基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
全體股東
(於香港註冊成立之有限公司)

Key Audit Matters

Key audit matters are the 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.

關鍵審核事項

關鍵審核事項為本核數師行的專業判斷中，審核本期綜合財務報表中最重要的事項。本核數師行於審核整體綜合財務報表處理此等事項及就此形成意見，而不會就此等事項單獨發表意見。

Key audit matters

關鍵審核事項

Valuation of inventories - Goods held for resale

存貨－持作轉售貨品之估值

We identified the valuation of inventories - goods held for resale as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgements associated with determining the amount of allowance for inventories.

本核數師行確定存貨－持作轉售貨品之估值為一項關鍵審核事項，原因在於其結餘對綜合財務報表整體而言十分重要，亦涉及與釐定存貨撥備金額有關之判斷。

In estimating the amount of allowance for inventories - goods held for resale, it is the Group's policy to review the net realisable value of inventories periodically with reference to the condition of the items and the market condition. The management reviews regularly the suitability of the allowance policy and the amount of allowance for inventories that are based on the estimation by considering factors as detailed in the note 4 to the consolidated financial statements in relation to the allowance for inventories.

於估計存貨－持作轉售貨品之撥備金額時，貴集團之政策為參考各項目狀況及市況定期檢討存貨之可變現淨值。管理層乃根據於綜合財務報表附註4詳載有關存貨撥備之考慮因素所作之估計，定期檢討撥備政策之適當性及存貨撥備金額。

How our audit addressed the key audit matters

本核數師行如何處理關鍵審核事項

Our procedures in relation to evaluating the appropriateness of valuation of inventories - goods held for resale included:

本核數師行評估存貨－持作轉售貨品之估值恰當性之程序包括：

- Assessing the management's process of reviewing and evaluating net realisable value of inventories, with reference to subsequent sales information and the external price data and performing testing on a sample basis, by tracing to the source documents;
參考其後銷售資料及外部價格數據並透過追溯源文件進行抽樣測試，評估管理層檢討及評估存貨可變現淨值之程序；
- Evaluating the allowance policy adopted by the management with reference to the current market condition, the historical and current sales information, pricing policy and strategies, inventory realisation plan, ageing and conditions of inventories;
參考現行市況、過往及當前銷售資料、定價政策及策略、存貨變現計劃、存貨的賬齡及狀況評估管理層所採納的撥備政策；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
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(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
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Key Audit Matters (Continued)

關鍵審核事項 (續)

Key audit matters 關鍵審核事項

How our audit addressed the key audit matters 本核數師行如何處理關鍵審核事項

Valuation of inventories - Goods held for resale (Continued) 存貨—持作轉售貨品之估值(續)

As disclosed in notes 4 and 13 to the consolidated financial statements, as at 31 December 2017, the carrying amount of inventories - goods held for resale is HK\$2,630,444,000, net of allowance of HK\$70,837,000. 如綜合財務報表附註4及13所披露，於2017年12月31日，存貨—持作轉售貨品之賬面值為2,630,444,000港元，已扣除撥備70,837,000港元。

- Understanding the management's process of review and evaluating the work of an independent external valuer of jewellery items; 瞭解管理層的審閱程序及評估珠寶項目獨立外部估值師的工作；
- Evaluating the competence, capabilities and objectivity of the independent external valuer and obtaining an understanding of the scope of work and the terms of engagement; and 評估獨立外部估值師之才幹、能力及客觀性，並瞭解其工作範圍及委聘條款；及
- Evaluating the reasonableness of valuation techniques and key inputs adopted by the independent external valuer by comparing these estimates to entity-specific information and market data to evaluate the reasonableness of these judgements. 為評估該等判斷之合理性，透過比較該等估計與實體特定之資料及市場數據評估獨立外部估值師所用估值技術及主要輸入數據之合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
全體股東
(於香港註冊成立之有限公司)

Key Audit Matters (Continued)

關鍵審核事項 (續)

Key audit matters 關鍵審核事項

How our audit addressed the key audit matters 本核數師行如何處理關鍵審核事項

Valuation on property, plant and equipment 物業、機器及設備之估值

We identified the valuation on property, plant and equipment as a key audit matter due to judgement and estimation is required in determining the recoverable amount for impairment assessment of an individual asset or the cash-generating unit to which the asset belongs. 本核數師行將物業、機器及設備之估值識別為一項關鍵審核事項，原因在於就一項個別資產或該資產所屬現金產生單位的減值評估釐定可收回金額時須作出判斷及估計。

As disclosed in the note 4 to the consolidated financial statements, when a review for impairment is conducted, the recoverable amount is based on the value-in-use calculations which rely on the management's assumptions. These assumptions relate to discount rates applied and forecast sales growth and margin figures which are subject to judgements. 如綜合財務報表附註4所披露，倘進行減值檢討，則根據基於管理層假設計算的使用價值計算可收回金額。該等假設與所應用的折現率及預計銷售增長及利潤數據(受相關判斷規限)有關。

As disclosed in the notes 4 and 12 to the consolidated financial statements, the Group held property, plant and equipment of HK\$73,047,000, net of impairment of HK\$7,842,000 as at 31 December 2017. 如綜合財務報表附註4及12所披露，貴集團於2017年12月31日持有73,047,000港元之物業、機器及設備，已扣除減值7,842,000港元。

Our procedures in relation to valuation on property, plant and equipment included:
本核數師行之物業、機器及設備相關估值程序包括：

- Assessing the management's process in identifying the impairment indicators of property, plant and equipment;
評估管理層識別物業、機器及設備減值跡象的程序；
- Challenging and assessing the reasonableness of the management's key assumptions including discount rates and forecast sales growth rate and margin adopted in future cash flows forecast by the management and checking its mathematical accuracy;
質詢及評估管理層的主要假設之合理性，包括折現率及管理層未來現金流量預測中採納的預期銷售增長及利潤率及檢查數學精進度；
- Evaluating future cash flows forecast with reference to historical financial performance, industry benchmarks and discussion with the management;
參考歷史財務表現、行業基準及與管理層之磋商，評估未來現金流量預測；
- Evaluating the accuracy of historical cash flows forecast prepared by the management by comparing the historical cash flows forecast with the actual performance; and
透過比較歷史現金流量預測與實際表現來評估管理層編製的歷史現金流量預測的準確性；及
- Assessing the sensitivity analysis performed by the management and the extent of the impact on the value-in-use calculations.
評估管理層所作出之敏感度分析及其對使用價值計算之影響。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

致：英皇鐘錶珠寶有限公司
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其他資料

貴公司董事就其他資料負責。其他資料包括已計入年報的資料，惟不包括綜合財務報表及相關核數師報告。

本核數師行就綜合財務報表的意見並不涵蓋其他資料且本核數師行並不就此發表任何形式的核證結論。

就本核數師行審核綜合財務報表而言，本核數師行負責閱讀其他資料，並在閱讀中考慮其他資料是否與綜合財務報表或本核數師行於審核中的瞭解存在重大不一致或可能存在重大錯誤陳述。倘根據本核數師行所進行的工作，本核數師行認為該其他資料存在重大錯誤申述，則本核數師行須報告該事實。本核數師行並無須就此作出報告之事項。

董事及治理層就綜合財務報表之責任

貴公司董事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編製真實公平的綜合財務報表，並負責董事認為就使綜合財務報表之編製不存在由於欺詐或錯誤而產生的重大錯誤陳述而言屬必要的相關內部監控。

於編製綜合財務報表時，董事負責評估 貴集團的持續經營能力、披露(如適用)與持續經營相關的事宜並採用持續經營基準的會計法，惟董事擬清盤貴集團或終止經營或除此之外並無其他切實可行的選擇則除外。

治理層負責監督 貴集團的財務報告程序。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional 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.

核數師就審核綜合財務報表之責任

本核數師行的目標為合理確保綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述，並出具載有本核數師行意見的核數師報告，該報告乃根據香港公司條例第405條僅向閣下(作為整體)作出而並無其他目的。本核數師行不就本報告的內容向任何其他人士負責或承擔責任。合理確保為高水平的確保，惟並不保證根據香港審計準則進行的審核總能發現所存在的重大錯誤陳述。錯誤陳述可能由欺詐或錯誤而產生，倘其個別或整體可合理預期將影響使用者根據該等綜合財務報表作出的經濟決定，則被視為重大。

根據香港審計準則進行審核時，本核數師行運用專業判斷，於整個審核過程中抱持專業懷疑態度。本核數師行亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應此等風險設計及執行審核程序，獲得充足及適當審核憑證為本核數師行的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部監控，因此未能發現由此造成的重大錯誤陳述風險較未能發現由於錯誤而導致的重大錯誤陳述風險更高。
- 了解與審核有關的內部監控，以設計恰當的審核程序，但並非旨在對貴集團內部監控的有效性發表意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
全體股東
(於香港註冊成立之有限公司)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

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

核數師就審核綜合財務報表之責任 (續)

- 評估所用會計政策是否恰當，以及董事所作會計估算及相關披露是否合理。
- 總結董事採用持續經營基準的會計法是否恰當，並根據已獲取的審核憑證，總結是否有對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘本核數師行認為存在重大不確定因素，本核數師行需於核數師報告中提請注意綜合財務報表內的相關披露，或如果相關披露不足，則修訂本核數師行的意見。本核數師行的結論以截至核數師報告日期所獲得的審核憑證為基礎。惟未來事件或情況可能導致 貴集團不再具有持續經營的能力。
- 評估綜合財務報表(包括披露)的整體列報、架構及內容，以及綜合財務報表是否已公允列報相關交易及事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足的審核憑證，以就綜合財務報表發表意見。本核數師行負責指導、監督及執行集團的審核工作。本核數師行僅為本核數師行的審核意見承擔責任。

本核數師行與治理層就(其中包括)審核工作的計劃範圍及時間安排及重大審核發現，包括本核數師行於審核期間識別出內部監控的任何重大缺陷溝通。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE MEMBERS OF
EMPEROR WATCH & JEWELLERY LIMITED**
(incorporated in Hong Kong with limited liability)

致：英皇鐘錶珠寶有限公司
全體股東
(於香港註冊成立之有限公司)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

核數師就審核綜合財務報表之責任 (續)

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

本核數師行亦向治理層提交聲明，說明本核數師行已遵守有關獨立性的道德要求，並就所有被合理認為可能影響本核數師行的獨立性的關係及其他事宜及相關防範措施(如適用)與治理層溝通。

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

本核數師行從與治理層溝通的事項中，確定對本期間綜合財務報表的審核工作最為重要的事項，因而構成關鍵審核事項。除非法律或法規不容許公開披露此等事項，或於極罕有的情況下，本核數師行認為披露此等事項可合理預期的不良後果將超越公眾知悉此等事項的利益而不應於報告中披露，否則本核數師行會於核數師報告中描述此等事項。

The engagement partner on the audit resulting in the independent auditor's report is Ka-Lai Man.

出具本獨立核數師報告的審核項目合夥人為文嘉麗。

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

德勤 • 關黃陳方會計師行
執業會計師
香港

14 March 2018

2018年3月14日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收入報表

For the year ended 31 December 2017

截至2017年12月31日止年度

		Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Revenue	收入	5	4,075,124	3,641,845
Cost of sales	銷售成本		(2,985,880)	(2,732,872)
Gross profit	毛利		1,089,244	908,973
Other income	其他收入	6	7,793	6,100
Selling and distribution expenses	銷售及分銷開支		(776,232)	(812,396)
Administrative and other expenses	行政及其他開支		(147,568)	(162,520)
Profit (loss) before tax	除稅前溢利(虧損)	7	173,237	(59,843)
Taxation	稅項	9	(13,546)	(4,978)
Profit (loss) for the year	年度溢利(虧損)		159,691	(64,821)
Other comprehensive income (expense) for the year	年度其他全面收入(開支)			
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益的項目：</i>			
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		44,584	(36,265)
Total comprehensive income (expense) for the year and attributable to owners of the Company	本公司擁有人應佔年度全面收入(開支)總額		204,275	(101,086)
Profit (loss) per share - basic	每股溢利(虧損) – 基本	11	HK2.3 cents 港仙	HK(0.9) cent 港仙

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況報表

At 31 December 2017

於2017年12月31日

		Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	12	73,047	75,632
Deferred tax asset	遞延稅項資產	18	8,662	10,862
Rental deposits	租金按金		135,793	142,934
Deposit paid for acquisition of property, plant and equipment	購置物業、機器及 設備之已付按金		5,643	1,786
			223,145	231,214
Current assets	流動資產			
Inventories	存貨	13	2,651,111	2,646,702
Receivables, deposits and prepayments	應收款項、按金及預付款項	14	186,148	176,707
Taxation recoverable	可退回稅項		—	28,990
Bank balances and cash	銀行結餘及現金	15	1,613,080	1,324,419
			4,450,339	4,176,818
Current liabilities	流動負債			
Payables, deposits received and accrued charges	應付款項、已收訂金及 應計費用	16	283,823	221,994
Amounts due to related companies	應付關連公司款項	17	4,146	3,678
Taxation payable	應付稅項		17,780	8,207
			305,749	233,879
Net current assets	流動資產淨值		4,144,590	3,942,939
Non-current liability	非流動負債			
Deferred tax liability	遞延稅項負債	18	1,050	43
Net assets	資產淨值		4,366,685	4,174,110
Capital and reserves	資本及儲備			
Share capital	股本	19	3,484,152	3,484,152
Reserves	儲備	20	882,533	689,958
Total equity	總權益		4,366,685	4,174,110

The consolidated financial statements on pages 61 to 123 were approved and authorised for issue by the Board of Directors on 14 March 2018 and are signed on its behalf by:

第61頁至第123頁之綜合財務報表已於2018年3月14日獲董事會批准及授權刊發，並由下列董事代為簽署：

CINDY YEUNG

楊諾思

DIRECTOR

董事

WONG CHI FAI

黃志輝

DIRECTOR

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2017

截至2017年12月31日止年度

		Share capital	Merger reserve	Other reserve	Capital reserve	Translation reserve	Retained profits	Total
		股本	合併儲備	其他儲備	資本儲備	匯兌儲備	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(note 20(a))	(note 20(b))	(note 20(c))			
			(附註20(a))	(附註20(b))	(附註20(c))			
At 1 January 2016	於2016年1月1日	3,484,152	(373,003)	(26,195)	2,529	(5,810)	1,193,523	4,275,196
Loss for the year	年度虧損	-	-	-	-	-	(64,821)	(64,821)
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	-	(36,265)	-	(36,265)
Total comprehensive expense for the year	年度全面開支總額	-	-	-	-	(36,265)	(64,821)	(101,086)
At 31 December 2016	於2016年12月31日	3,484,152	(373,003)	(26,195)	2,529	(42,075)	1,128,702	4,174,110
Profit for the year	年度溢利	-	-	-	-	-	159,691	159,691
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	-	44,584	-	44,584
Total comprehensive income for the year	年度全面收入總額	-	-	-	-	44,584	159,691	204,275
Interim dividend paid for 2017 (note 10)	2017年中期股息(附註10)	-	-	-	-	-	(11,700)	(11,700)
At 31 December 2017	於2017年12月31日	3,484,152	(373,003)	(26,195)	2,529	2,509	1,276,693	4,366,685

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017

截至2017年12月31日止年度

		2017	2016
		HK\$'000	HK\$'000
		千港元	千港元
OPERATING ACTIVITIES	經營業務		
Profit (loss) before tax	除稅前溢利(虧損)	173,237	(59,843)
Adjustments for:	調整：		
(Reversal of) allowance for inventories	存貨(撥回)撥備	(20,109)	32,985
Depreciation of property, plant and equipment	物業、機器及設備折舊	33,070	51,319
Impairment loss recognised in respect of property, plant and equipment	就物業、機器及設備確認之減值虧損	1,135	6,707
Loss on disposal/written off of property, plant and equipment	出售/註銷物業、機器及設備之虧損	3,249	2,344
Interest income	利息收入	(5,951)	(5,173)
Operating cash flows before movements in working capital	未計營運資金變動前之經營現金流量	184,631	28,339
Decrease in inventories	存貨之減少	47,689	514,713
Increase in receivables, deposits and prepayments	應收款項、按金及預付款項增加	(2,300)	(26,902)
Increase in payables, deposits received and accrued charges	應付款項、已收按金及應計費用增加	54,092	40,961
Increase (decrease) in amounts due to related companies	應付關連公司款項增加(減少)	468	(358)
Net cash generated from operations	經營所得之現金淨額	284,580	556,753
Income tax refunded	退回所得稅	28,986	658
Income taxes paid	已付所得稅	(847)	-
NET CASH FROM OPERATING ACTIVITIES	經營活動所得之現金淨額	312,719	557,411

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2017

截至2017年12月31日止年度

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
INVESTING ACTIVITIES	投資活動		
Deposit paid for acquisition of property, plant and equipment	購置物業、機器及設備之已付按金	(14,965)	(1,786)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備之所得款項	84	13
Purchase of property, plant and equipment	購置物業、機器及設備	(14,866)	(35,803)
Placement of time deposits with original maturity over three months	存入原到期日為三個月以上的定期存款	(17,644)	(408,583)
Withdrawal of time deposits with original maturity over three months	提取原到期日為三個月以上的定期存款	106,635	238,563
Interest received	已收利息	5,951	5,173
NET CASH FROM (USED IN) INVESTING ACTIVITIES	所得(用於)投資活動之現金淨額	65,195	(202,423)
CASH USED IN A FINANCING ACTIVITY	用於融資活動之現金		
Dividends paid	已付股息	(11,700)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	366,214	354,988
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初之現金及現金等價物	1,154,399	809,516
Effect of foreign exchange rate changes	外匯匯率變動之影響	11,438	(10,105)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	年終之現金及現金等價物	1,532,051	1,154,399
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘之分析		
Bank balances and cash	銀行結餘及現金	1,613,080	1,324,419
Less: Time deposits with original maturity over three months	減：原到期日為三個月以上的定期存款	(81,029)	(170,020)
		1,532,051	1,154,399

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

1. General

Emperor Watch & Jewellery Limited (the “Company”) is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Emperor Watch & Jewellery Group Holdings Limited (“Emperor W&J Holdings”) which was incorporated in the British Virgin Islands (“BVI”) with limited liability. The directors of the Company (the “Directors”) consider that its ultimate holding company is Albert Yeung Holdings Limited, a company incorporated in the BVI with limited liability which is in turn held by STC International Limited (“STC International”), being the trustee of The Albert Yeung Discretionary Trust (“AY Trust”), the settlor and founder of which is Dr. Yeung Sau Shing, Albert. The address of the registered office and principal place of business of the Company is 25/F, Emperor Group Centre, 288 Hennessey Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 29.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as “the Group”) have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

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

1. 一般事項

英皇鐘錶珠寶有限公司(「本公司」)為一間於香港註冊成立之上市有限公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。其直接控股公司為英皇鐘錶珠寶集團控股有限公司(「英皇鐘錶珠寶控股」)，於英屬處女群島(「英屬處女群島」)註冊成立之有限公司。本公司董事(「董事」)認為本公司之最終控股公司為楊受成產業控股有限公司，於英屬處女群島註冊成立之有限公司，而楊受成產業控股有限公司由STC International Limited(「STC International」)(即The Albert Yeung Discretionary Trust(「AY Trust」(楊受成博士為該信託之財產授予人及創立人))之受託人)持有。本公司之註冊辦事處及主要營業地點之地址是香港灣仔軒尼詩道288號英皇集團中心25樓。

本公司為一間投資控股公司。其主要附屬公司之業務載於附註29。

綜合財務報表以港元(「港元」)呈報，港元亦為本公司之功能貨幣。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

本年度強制生效的香港財務報告準則修訂

本公司及其附屬公司(統稱「本集團」)已於本年度首次應用下列由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則之修訂：

香港會計準則第7號之修訂本	披露計劃
香港會計準則第12號之修訂本	就未實現虧損確認遞延稅項資產
香港財務報告準則第12號之修訂本	作為香港財務報告準則2014年至2016年週期之年度改進之一部份

於本年度應用該等香港財務報告準則之修訂本對本集團於目前及以往年度之財務表現及狀況及／或該等綜合財務報表所載之披露並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹	香港財務報告準則第9號	金融工具 ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹	香港財務報告準則第15號	來自客戶合約之收入及相關修訂 ¹
HKFRS 16	Leases ²	香港財務報告準則第16號	租賃 ²
HKFRS 17	Insurance Contracts ⁴	香港財務報告準則第17號	保險合約 ⁴
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹	香港(國際財務報告詮釋委員會) – 詮釋第22號	外匯交易及預付代價 ¹
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments ²	香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理之不確定性 ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹	香港財務報告準則第2號之修訂本	以股份為基礎之付款交易之分類及計量 ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹	香港財務報告準則第4號之修訂本	就香港財務報告準則第4號保險合約應用香港財務報告準則第9號金融工具 ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²	香港財務報告準則第9號之修訂本	提早還款特性及負補償 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³	香港財務報告準則第10號及香港會計準則第28號之修訂本	投資者與其聯營公司或合營企業間出售或注入資產 ³

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

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2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle ²

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

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2021

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港會計準則第28號之修訂本	於聯營公司或合營公司之長期權益 ²
香港會計準則第28號之修訂本	作為香港財務報告準則2014年至2016年週期之年度改進之一部份 ¹
香港會計準則第40號之修訂本	轉讓投資物業 ¹
香港財務報告準則之修訂本	香港財務報告準則2015年至2017年週期之年度改進 ²

¹ 於2018年1月1日或之後開始之年度期間生效

² 於2019年1月1日或之後開始之年度期間生效

³ 於將釐定日期或之後開始之年度期間生效

⁴ 於2021年1月1日或之後開始之年度期間生效

除下文所述新訂香港財務報告準則外，本公司董事預期應用所有其他新訂及經修訂香港財務報告準則及詮釋於可見未來對綜合財務報表並無重大影響。

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2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號引入有關金融資產、金融負債之分類及計量之新規定、金融資產對沖通用會計法及減值規定。

香港財務報告準則第9號與本集團有關之主要規定：

- 所有屬香港財務報告準則第9號範圍內之已確認金融資產其後均須按攤銷成本或公允價值計量。具體而言，目的為收取合約現金流量之業務模式內持有之債務投資，及合約現金流量僅為支付本金及尚未償還本金利息之債務投資，一般於其後會計期間結算日按攤銷成本計量。於目的為同時收取合約現金流量及出售金融資產之業務模式中持有之債務工具，以及具備合約條款令於特定日期產生之現金流純粹為支付本金及尚未償還本金利息之債務工具，通常按透過其他全面收益按公允價值列賬之方式計量。所有其他金融資產均於其後會計期間按其公允價值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回之選擇，以於其他全面收益呈列權益投資(並非持作買賣者)公允價值之其後變動，僅股息收入一般於損益賬確認。
- 就金融資產之減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各匯報日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。

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2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 *Financial Instruments* (Continued)

Based on the Group’s financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

All financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, there would be no material impact on the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 as compared to the accumulated amount recognised under HKAS 39.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

根據本集團於2017年12月31日之金融工具及風險管理政策，本公司董事預期初步應用香港財務報告準則第9號可能會產生以下潛在影響：

所有其他金融資產及金融負債將繼續按照目前根據香港會計準則第39號相同的基礎進行計量。

大致上，本公司董事預計應用香港財務報告準則第9號的預期信貸損失模式，將導致提早就有關集團按經攤銷成本計量的金融資產，以及於本集團應用香港財務報告準則第9號時須作出減值撥備的其他項目而尚未產生的信貸損失作撥備。

根據本公司董事的評估，倘本集團將應用預期信貸虧損模式，與根據香港會計準則第39號確認的累計金額相比，本集團於2018年1月1日將確認的減值虧損累計金額將不會產生重大影響。

香港財務報告準則第15號客戶合約收入

香港財務報告準則第15號已頒佈，並建立了一項單一的綜合模式供實體用作將來自客戶合約所產生之收入之會計處理。於香港財務報告準則第15號生效後，其將取代現時之收入確認指引，包括香港會計準則第18號收入、香港會計準則第11號建造合約及相關詮釋。

香港財務報告準則第15號的核心原則為實體所確認描述向客戶轉讓承諾貨品或服務的收入金額，應為能反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收入的五個步驟：

- 第1步：識別與客戶的合約
- 第2步：識別合約中的履約責任
- 第3步：釐定交易價
- 第4步：將交易價分配至合約中的履約責任
- 第5步：於實體完成履約責任時(或就此)確認收入

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2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

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

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

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

HKFRS 16 Leases

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

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

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號客戶合約收入(續)

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

於2016年，香港會計師公會頒佈對香港財務報告準則第15號之澄清，內容有關識別履約責任、主體對代理代價及發牌的應用指引。

本公司董事預期日後應用香港財務報告準則第15號可能會作出更多披露，然而，本公司董事預期應用香港財務報告準則第15號於各報告期將不會對收益確認的金額及時性產生重大影響。

香港財務報告準則第16號租賃

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

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

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2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 16 Leases (Continued)

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK\$848,700,000 as disclosed in note 23. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$147,120,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第16號租賃(續)

使用權資產初步按成本計量，而其後乃按成本(若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債初步按並非於該日支付之租賃付款現值計量。其後，租賃負債會就利息及租賃付款以及(其中包括)租賃修訂的影響而作出調整。就現金流量分類而言，本集團現時將其他經營租賃付款呈列為營運現金流量。自應用香港財務報告準則第16號，本集團將有關租賃負債之租賃付款分配為本金及利息部分，呈列為融資現金流量。

與承租人會計處理相反，香港財務報告準則第16號充分推進香港會計準則第17號之出租人會計處理規定，並繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求更詳盡的披露。

如於附註23所披露，於2017年12月31日，本集團擁有不可撤銷經營租賃承擔848,700,000港元。初步評估顯示，該等安排將符合香港財務報告準則第16號項下租賃之定義。自應用香港財務報告準則第16號後，本集團將就所有該等租賃確認使用權資產及相應的負債，除非有關租賃符合低價值或短期租賃。

此外，本集團目前將已付可退回租賃按金147,120,000港元視為香港會計準則第17號適用的租賃下的權利。根據香港財務報告準則第16號租賃款項的定義，有關按金並非與相關資產使用權有關的款項，因此，該等按金的賬面值可能會調整為攤銷成本，有關調整被視為額外租賃款項。已付可退回租賃按金的調整會計入有使用權的資產的賬面值內。

此外，應用新規定可能導致計量、呈列及披露會出現如上所述的變動。

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3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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

3. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表亦包括香港聯合交易所有限公司證券上市規則（「上市規則」）及香港公司條例（「公司條例」）規定之適用披露。

誠如下文在會計政策所述，綜合財務報表乃於每個匯報期末根據歷史成本基準編製。

歷史成本一般基於用作交換貨品之代價之公允價值計算。

公允價值乃於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付之價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債之特徵，則本集團於估計資產或負債之公允價值時會考慮該資產或負債之特徵。此等綜合財務報表中作計量及／或披露用途之公允價值乃按此基準釐定，惟屬於香港財務報告準則第2號以股份為基礎之付款範圍之以股份為基礎之付款交易、屬於香港會計準則第17號租賃範圍內之租賃交易，以及與公允價值部份相似但並非公允價值之計量（如香港會計準則第2號存貨內之可變現淨值或香港會計準則第36號資產減值之使用價值）除外。

此外，就財務報告而言，公允價值計量根據公允價值計量輸入數據之可觀察程度及公允價值計量之輸入數據對其整體之重要性分類為一級、二級及三級，詳情如下：

- 一級輸入數據是實體於計量日期可以取得之可識別資產或負債於活躍市場之報價（未經調整）；
- 二級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（包括在一級內之報價除外）；及
- 三級輸入數據是資產或負債的不可觀察之輸入數據。

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3. Significant Accounting Policies (Continued)

The principal accounting policies are set out below:

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and trade discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from sales of goods is recognised when the goods are delivered and titles have passed.

3. 主要會計政策(續)

主要會計政策載列於下文：

綜合賬目基準

綜合財務報表包括本公司及本公司控制之實體及其附屬公司之財務報表。倘屬以下情況，則本公司獲得控制權：

- 可對投資對象行使權力；
- 因參與投資對象之業務而可獲得或有權獲得可變回報；及
- 有能力藉行使其權力而影響該等回報。

倘有事實或情況顯示上述三項控制因素中，有一項或以上出現變數，本集團會重新評估其是否控制投資對象。

本集團於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止綜合入賬。具體而言，於本年度內購入或出售之附屬公司之收入及開支，按自本集團獲得控制權當日起至本集團失去附屬公司控制權當日止，計入綜合損益及其他全面收入報表內。

附屬公司之財務報表於有需要情況下作出調整，以使其會計政策與本集團會計政策一致。

所有集團內公司間資產及負債、權益、收入、支出及現金流(與本集團成員公司間之交易有關)均於綜合賬目時予以全數對銷。

收入確認

收入乃按已收或應收代價之公允價值計算。收入會就估計顧客退貨及貿易折扣作出扣減。

收入於收入之金額能夠可靠計量；可能會有未來經濟利益流入本集團且符合本集團下文所述各項活動的特定標準時確認。

貨品的銷售收入於貨品交付且所有權已轉移時確認。

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3. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit (loss) before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. 主要會計政策(續)

收入確認(續)

利息收入乃參照尚未償還的本金額按適用實際利率以時間基準累計，實際利率為以金融資產的預期年期將估計未來現金收入準確貼現至該資產初始確認時的賬面淨值的利率。

租約

凡租約條款規定擁有權之一切風險及回報大部分轉往承租人，即歸類為融資租約。所有其他租約均歸類為經營租約。

本集團作為承租人

經營租約付款以直線法按租期確認為開支。經營租約下之或然租金於產生期間確認為開支。

倘訂立經營租約時收取租金優惠，則有關優惠確認為負債。優惠總利益以直線法攤銷為租金開支減少。

稅項

稅項指本期應繳稅項及遞延稅項之總和。

本期應繳稅項按年內應課稅溢利計算。應課稅溢利有別於綜合損益及其他全面收入報表呈報之「除稅前溢利(虧損)」，源於其他年度需要課稅或可扣稅之收入或支出且其毋須課稅或從不獲扣稅之項目。本集團之本期稅項負債按匯報期間結算日已頒佈或實質頒佈之稅率計算。

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3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. 主要會計政策(續)

稅項(續)

遞延稅項按綜合財務報表中資產及負債之賬面金額與計算應課稅溢利所用相應稅基間之暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額進行確認。遞延稅項資產一般於預期應課稅溢利可用作抵銷可予扣稅暫時差額時，確認所有可扣稅暫時差額。如因初次確認交易(業務合併除外)中之資產及負債而出現暫時差異，但並未對應課稅溢利或會計溢利造成影響，該遞延稅項資產及負債將不予確認。

遞延稅項負債按附屬公司投資相關之應課稅暫時差額確認，惟若本集團可控制該暫時差額之撥回，而該暫時差額又可能不會在可見將來撥回則不在此限。可扣減暫時差額產生之遞延稅項資產(與該等投資有關)可確認，惟僅以可能將有足夠應課稅溢利可動用暫時差額之利益，且彼等預期於可預見將來撥回為限。

遞延稅項資產之賬面值於各匯報期間結束時進行檢討，並調低至預期將不可能有充裕的應課稅溢利以收回所有或部份資產。

倘負債可結算或資產可變現，遞延稅項資產及負債按預期於期間內可應用之稅率以於匯報期間結束時已施行或大部份施行之稅率(及稅法)之稅率為基準。

遞延稅項負債及資產之計量反映稅務影響，可由本集團於匯報期間結束時預期之方式以收回或結算其資產及負債之賬面值。

即期及遞延稅項於損益確認，惟倘其與其他全面收益或直接於權益確認之項目有關為限，於此情況下，即期及遞延稅項資產亦分別於其他全面收益或直接於權益確認。

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3. Significant Accounting Policies (Continued)

Retirement benefit costs

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes, are recognised as an expense when employees have rendered service entitling them to contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. 主要會計政策(續)

退休福利成本

界定供款退休福利計劃、強制性公積金計劃及國家管理之退休福利計劃付款於僱員提供服務而有權獲得供款時列作開支。

短期僱員福利

短期僱員福利乃按僱員提供服務時預期將予支付之未貼現福利金額確認。所有短期僱員福利均確認為開支。

僱員之應計福利(例如工資及薪金及年假)乃於扣減任何已付金額後確認負債。

外幣

於編製各個集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)結算之交易按交易日期當時之匯率確認。於匯報期間結算日，以外幣結算之貨幣項目均按該日當時之匯率重新換算。按歷史成本法按外幣計量之非貨幣項目毋須重新換算。

結算貨幣項目及重新換算貨幣項目產生之匯兌差額乃於其產生期間於損益確認，惟應收或應付海外業務而結算並無計劃亦不可能發生(因此構成海外業務投資淨額之一部分)之貨幣項目之匯兌差額除外，該等匯兌差額初步於其他全面收益內確認，並於出售時自權益重新分類至損益。

就呈列綜合財務報表而言，本集團海外業務之資產及負債按各匯報期間結算日當時之匯率換算為本集團之呈列貨幣(即港元)，而收支項目則按年內平均匯率換算，除非匯率於期間內大幅波動，於此情況下，則使用交易日當時之匯率換算。所產生之匯兌差額(如有)於其他全面收益內確認，並於匯兌儲備項下之權益累計。

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3. Significant Accounting Policies (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Impairment on assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, (if any). When it is not possible to estimate the recoverable amount of an individual asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. 主要會計政策(續)

外幣(續)

於出售海外業務(即出售本集團於海外業務之全部權益,或出售涉及失去包含海外業務附屬公司之控制權)時,就本公司擁有人應佔之業務於權益累計之所有匯兌差額重新分類至損益。

物業、機器及設備

物業、機器及設備按成本減去其後累計折舊及累計減值虧損(如有)於綜合財務狀況報表入賬。

折舊採用直線法按資產的估計可使用年期撇銷其成本減剩餘價值確認。估計可使用年期、剩餘價值和折舊方法會在各匯報期間結算時復核,估計的任何變動影響按預先計提基準入賬。

當出售物業、機器及設備項目時或預期繼續使用有關資產不會產生日後經濟利益時,該資產予以剔除確認。出售或廢棄物業、機器及設備項目產生之任何收益或虧損,按出售所得款項與該資產賬面值間之差額計算,並於損益內確認。

資產減值

本集團會於匯報期間結算日審閱其具有有限使用年期之資產之賬面值,確定是否有任何跡象顯示該等資產已蒙受減值虧損。倘出現任何有關跡象,則估計有關資產之可收回金額,以釐定減值虧損程度(如有)。倘無法單獨估計個別資產之可收回金額,則本集團估計該項資產所屬之現金產生單位之可收回金額。倘有可識別之合理一致分配基準,企業資產亦會分配至個別現金產生單位,或分配至有可識別之合理一致分配基準之現金產生單位之最小組別。

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3. Significant Accounting Policies (Continued)

Impairment on assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a cash-generating unit for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined on a weighted average basis for gold and specific identification basis for watches and other jewellery items depending on the nature of the inventory. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

3. 主要會計政策(續)

資產減值(續)

可收回金額為公允價值減銷售成本及使用價值兩者之較高者。於評估使用價值時，估計未來現金流量利用稅前折現率折現至其現值，以反映當前市場對貨幣時間價值及估計未來現金流量未經調整之資產之特定風險之評估。

倘一項資產之可收回金額估計低於其賬面值，則該資產之賬面值扣減至其可收回金額。一項資產的賬面值不會減至其公允價值減出售成本(如可計量)、其使用價值(如可釐定)及零中最高者。本將分配至該資產的減值虧損之金額按比例分配至該單位的其他資產。減值虧損即時於損益確認。

倘減值虧損其後撥回，則該資產之賬面值須增加至其經修訂之估計可收回金額，惟增加後之賬面值數額不得超過倘若於過往年度未有就該項資產確認減值虧損之原有賬面值。資產減值虧損撥回會即時於損益確認。

存貨

存貨按成本與可變現淨值之較低者入賬。黃金之存貨成本根據加權平均值基準釐定，而鐘錶及其他珠寶項目成本則根據指定識別基準釐定，視乎存貨之性質。可變現淨值指存貨估計售價減所有估計完成成本及進行出售所需成本。

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3. Significant Accounting Policies (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are all classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. 主要會計政策(續)

撥備

當本集團因過往事件而承擔現有責任(不論屬法律或推定責任)，而本集團可能須償付該責任時及就承擔責任之金額可作出可靠估計時，則確認撥備。

計及有關責任的風險及不明朗因素後，確認為撥備的金額為清償於報告期末的現時責任所需代價的最佳估計。倘使用估計用以清償現時責任的現金流量計算撥備，則該撥備賬面值為該等現金流量現值(倘金錢時間值的影響屬重大)。

金融工具

當集團實體成為工具合約條文的一方時，金融資產及金融負債會予以確認。

金融資產及金融負債初步按公允價值計量。收購或發行金融資產及金融負債直接產生的交易成本乃於初步確認時加入金融資產或金融負債之公允價值或自金融資產或金融負債之公允價值扣除(視適用情況而定)。

金融資產

本集團之金融資產全部分類為貸款及應收款項。分類視乎金融資產之性質及目的於初步確認時釐定。所有以常規方式購入或出售之金融資產均按買賣日期基準確認及剔除確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產之金融資產購入或出售。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

實際利率法

實際利率法是一種在相關期間內用於計算債務工具之已攤銷成本以及分配利息收入的方法。實際利率是將債務工具於預計年期或(如適當)較短期間之估計未來現金收入(包括所有構成實際利率整體部分之已付或已收費用及支出、交易成本及其他溢價或折讓)準確貼現至初步確認賬面淨額之利率。

債務工具之利息收入按實際利率基準確認。

貸款及應收款項

貸款及應收款項為固定或可釐定款項，且並無在活躍市場上報價的非衍生金融資產。於初步確認後，貸款及應收款項(包括貿易應收款項、其他應收款項及銀行結餘及現金)均採用實際利率法減任何減值(見下文有關金融資產減值虧損之會計政策)。

利息收入採用實際利率基準確認，惟短期應收賬款因其利息微不足道，故不予確認。

金融資產減值

金融資產會於各匯報期間結算日評定是否有減值跡象。金融資產於有客觀證據顯示金融資產之預期未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時，被視為出現減值。

減值之客觀證據可能包括：

- 發行人或對方出現重大財政困難；或
- 違反合約，如未能繳付或拖欠利息及本金；或
- 借款人有可能面臨破產或財務重組。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

應收款項組合出現減值之客觀證據包括本集團過往收款經驗、組合內超過平均信貸期之逾期付款數目上升、國家或地區經濟狀況出現明顯變動導致未能收回應收款項。

就按攤銷成本列賬之金融資產而言，已確認之減值虧損金額為資產賬面值與估計未來現金流量之現值間之差額，按金融資產之原有實際利率貼現。

與所有金融資產有關之減值虧損會直接於金融資產之賬面值中扣減，惟貿易應收款項除外，其賬面值會透過使用撥備賬扣減。撥備賬內之賬面值變動於損益確認。當應收貿易款項被視為不可收回時，其將於撥備賬內撇銷。先前撇銷但隨後收回之金額計入損益。

以攤銷成本計量之金融資產而言，倘於隨後期間減值虧損之數額減少，而此項減少可客觀地與確認減值虧損後之某一事件發生聯繫，則先前確認之減值虧損於損益中撥回，惟以撥回減值當日之投資賬面值不得超過假設未確認減值時之已攤銷成本為限。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables and amounts due to related companies) are subsequently measured at amortised cost, using the effective interest method.

3. 主要會計政策(續)

金融工具(續)

金融負債及權益工具

集團實體發行之債務及權益工具乃根據所訂立合約安排之內容與金融負債及股本工具之定義作為金融負債或權益工具分類。

權益工具

權益工具為證明實體於扣減所有負債後在資產中有剩餘權益之任何合同。本公司發行之權益工具經扣除直接發行成本後按已收所得款項確認。

實際利率法

實際利率法是一種在相關期間內用於計算金融負債之已攤銷成本以及分配利息開支之方法。實際利率是將金融負債預計年期或(如適用)較短期間之估計未來現金付款(包括屬於實際利率整體部分的所有已付或已收費用、交易成本及其他溢價或折讓)精確貼現至首次確認的賬面淨值之利率。

利息開支按實際利率基準確認。

按攤銷成本計量的金融負債

金融負債(包括貿易應收款項、其他應付款項以及應付關連公司款項)其後採用實際利率法按攤銷成本計量。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

3. 主要會計政策(續)

金融工具(續)

終止確認

僅於資產現金流量之合約權利屆滿時，或將金融資產所有權之絕大部分風險及回報轉讓予另一實體時，本集團方會終止確認金融資產。

於剔除確認全部金融資產時，資產賬面值與已收及應收代價與已於其他全面收益確認及於權益累計的累計損益之和之差額，會於損益表確認。

僅當本集團之義務獲解除、取消或到期時，本集團方會終止確認金融負債。已剔除確認之金融負債賬面值與已付及應付代價之差額，會於損益表確認。

4. 估計不確定因素之主要來源

於應用附註3所載之本集團會計政策時，本公司董事須就從其他來源不顯而易見之資產及負債賬面值作出估計及假設。估計及相關假設乃以過往經驗及認為屬有關之其他因素為基礎。實際結果可能有別於該等估計。

估計及相關假設會持續檢討。倘若會計估計修訂只影響該期間，則有關修訂會在修訂估計期間確認。倘若有關修訂既影響當期，亦影響未來期間，則有關修訂會在修訂期間及未來期間確認。

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4. Key Sources of Estimation Uncertainty (Continued)

Allowance for inventories

The management of the Company reviews regularly the suitability of allowance policy and estimates the net realisable value of inventories based primarily on condition of the inventories, current market conditions, historical and current sales information, pricing policy and strategies, inventory realisation plan, as well as the ageing of inventories to identify slow-moving items to ascertain the amount of inventory allowance. In addition, the management also appoints an independent external valuer to perform valuation on certain jewellery items as reference for allowance consideration. The Group carries out an inventory review at the end of the reporting period and makes allowance when the subsequent estimated net realisable value of inventories is less than the original cost, a material allowance may arise. As at 31 December 2017, the carrying amount of inventories for goods held for resale is HK\$2,630,444,000 (net of allowance for inventories of HK\$70,837,000) (31 December 2016: HK\$2,629,679,000 (net of allowance for inventories of HK\$89,442,000)).

Impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires the management's estimate of future cash flows generated by each asset or group of assets, of which key assumptions include discount rates, sales growth rate and margin. For any instance where this evaluation process indicates impairment, the appropriate asset's carrying values are written down to the recoverable amount which is based on the value-in-use calculations and the amount of the write-down is charged against the results of operations. As at 31 December 2017, the carrying value of property, plant and equipment is HK\$73,047,000 (2016: HK\$75,632,000), net of impairment of HK\$7,842,000 (2016: HK\$6,707,000).

Income taxes

As at 31 December 2017, no deferred tax asset has been recognised on the tax losses of HK\$204,775,000 (2016: HK\$347,929,000) for certain operating subsidiaries due to the unpredictability of future profit streams for these subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the future profit streams become predictable in the future, a deferred tax asset will be recognised to the extent that future taxable profits will be available in the future.

4. 估計不確定因素之主要來源(續)

存貨撥備

本公司管理層定期審閱撥備政策之適當性並初步根據存貨之狀況、當前市況、過往及現時銷售資料、定價政策及策略、存貨變現計劃以及存貨賬齡分析以識別滯銷項目從而估計存貨的可變現淨值以確定存貨撥備金額。此外，管理層亦委聘一名獨立外部估值師以對若干珠寶項目進行估值作為撥備考慮之參考。本集團於匯報期末進行存貨檢討並在其後存貨之估計可變現淨值少於其原有估計時作出撥備，可能產生重大撥備。於2017年12月31日，持作轉售貨品之存貨賬面值為2,630,444,000港元(扣除存貨撥備70,837,000港元)(2016年12月31日：2,629,679,000港元，扣除存貨撥備89,442,000港元)。

物業、機器及設備之減值評估

物業、機器及設備按成本減其後累計折舊及累計減值虧損列賬。物業、機器及設備按個別資產基準或按類似資產組別(倘適用)評估可能之減值。此程序要求管理層按主要假設(包括折現率、銷售增長及利潤率)估計各項資產或資產組別產生的未來現金流量。倘該評估程序出現任何減值跡象，則將適當資產賬面值撇減至其以使用價值計算為基礎可收回金額，而該撇減金額自營運業績扣除。於2017年12月31日，物業、機器及設備之賬面值為73,047,000港元(2016年：75,632,000港元)及扣除減值7,842,000港元(2016年：6,707,000港元)。

所得稅

於2017年12月31日，由於未能預計若干營運附屬公司未來溢利來源，因此並無就該等附屬公司稅項虧損204,775,000港元(2016年：347,929,000港元)確認遞延稅項資產。變現遞延稅項資產主要有賴是否有足夠未來溢利或將來可供利用之應課稅暫時差異而定。倘於日後可預計未來溢利來源，則確認遞延稅項資產，惟以可用作抵銷未來應課稅溢利為限。

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5. Revenue and Segment Information

Revenue represents the net amounts received and receivable for goods sold less returns and net of trade discounts.

Information reported to the chief operating decision maker (“CODM”), the executive director and chief executive of the Group, for the purposes of resource allocation and assessment of segment performance focuses on the locations of the operations. This is also the basis upon which the Group is arranged and organised. The Group’s operating segments under HKFRS 8 Operating Segments are operations located in Hong Kong, Macau and other regions in Asia Pacific. The revenue generated by each of the operating segments is mainly derived from sales of watch and jewellery. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group’s revenue and results by reportable and operating segment:

For the year ended 31 December 2017

5. 收入及分部資料

收入指已收及應收售出商品款項減退貨及交易折扣之淨額。

本集團主要營運決策者(「主營運決策者」)，即本集團執行董事及最高行政人員，就資源分配及評估分部表現所獲匯報之資料主要集中於業務所在地。此亦為本集團進行安排及籌劃之基準。根據香港財務報告準則第8號營運分部，本集團之營運分部為位於香港、澳門及亞太其他地區。各經營分部所產生之收益主要來自銷售鐘錶及珠寶。主要營運決策者於得出本集團之可呈報分部時，概無將已識別之任何經營分部作合併處理。

以下為本集團收入及業績之可呈報及經營分部分析：

截至2017年12月31日止年度

		Hong Kong 香港 HK\$'000 千港元	Macau 澳門 HK\$'000 千港元	Other regions in Asia Pacific 亞太其他地區 HK\$'000 千港元	Elimination 撇銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	收入					
External sales	外界銷售	3,046,688	234,296	794,140	-	4,075,124
Inter-segment sales*	分部間銷售*	116,421	23,068	-	(139,489)	-
		3,163,109	257,364	794,140	(139,489)	4,075,124
* Inter-segment sales are charged at cost	* 分部間銷售按成本支銷					
Segment profit	分部溢利	237,350	17,679	57,983	-	313,012
Unallocated other income	未分配其他收入					7,793
Unallocated administrative and other expenses	未分配行政及其他開支					(147,568)
Profit before tax	除稅前溢利					173,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2017
截至2017年12月31日止年度

5. Revenue and Segment Information (Continued)

For the year ended 31 December 2016

5. 收入及分部資料(續)

截至2016年12月31日止年度

		Hong Kong 香港	Macau 澳門	Other regions in Asia Pacific 亞太其他地區	Elimination 撤銷	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Revenue	收入					
External sales	外界銷售	2,796,602	211,021	634,222	-	3,641,845
Inter-segment sales*	分部間銷售*	52,221	15,000	-	(67,221)	-
		2,848,823	226,021	634,222	(67,221)	3,641,845
* Inter-segment sales are charged at cost *分部間銷售按成本支銷						
Segment profit (loss)	分部溢利(虧損)	106,171	7,989	(17,583)	-	96,577
Unallocated other income	未分配其他收入					6,100
Unallocated administrative and other expenses	未分配行政及其他開支					(162,520)
Loss before tax	除稅前虧損					(59,843)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the gross profit (loss) generated from each segment including gross profit (loss) directly attributable to each segment, net of selling and distribution expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are regularly reviewed by the CODM. Accordingly, no segment assets and liabilities are presented.

可呈報及經營分部之會計政策與附註3所述之本集團會計政策相同。分部溢利(虧損)指各分部所產生之毛利(虧損)，包括各分部直接應佔毛利(虧損)，並扣除銷售及分銷開支。此為向主要營運決策者進行匯報，以作資源分配及評估分部表現之計量基準。

分部資產及負債

於主要營運決策者定期審閱的本集團分部呈報的計量概無計入資產及負債。因此，並無呈報分部資產及負債。

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綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

5. Revenue and Segment Information (Continued)

Other segment information

Amounts included in the measure of segment profit (loss):

For the year ended 31 December 2017

		Hong Kong 香港	Macau 澳門	Other regions in Asia Pacific 亞太其他地區	Unallocated 未分配	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Operating lease payments	經營租賃付款	330,597	12,583	79,847	8,638	431,665

For the year ended 31 December 2016

		Hong Kong 香港	Macau 澳門	Other regions in Asia Pacific 亞太其他地區	Unallocated 未分配	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Operating lease payments	經營租賃付款	377,583	12,735	78,894	8,638	477,850

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Watch	鐘錶	3,238,603	2,856,719
Jewellery	珠寶	836,521	785,126
		4,075,124	3,641,845

5. 收入及分部資料(續)

其他分部資料

計量分部溢利(虧損)之金額：

截至2017年12月31日止年度

截至2016年12月31日止年度

主要產品之收入

本集團來自主要產品之收入分析如下：

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For the year ended 31 December 2017

截至2017年12月31日止年度

5. Revenue and Segment Information (Continued)

Geographical information

Information about the Group's non-current assets, excluding deferred tax asset, presented based on the geographical location of the assets are detailed below:

As at 31 December 2017

		Hong Kong 香港	Macau 澳門	Other regions in Asia Pacific 亞太其他地區	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產	160,902	20,113	33,468	214,483

As at 31 December 2016

		Hong Kong 香港	Macau 澳門	Other regions in Asia Pacific 亞太其他地區	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Non-current assets	非流動資產	170,756	13,001	36,595	220,352

No revenue from a single customer amounted to 10 percent or more of the Group's total revenue for both years.

於兩個年度，概無來自本集團單一客戶之收益佔本集團收益總額10%或以上。

6. Other Income

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Interest income from bank deposits	銀行存款利息收入	5,951	5,173
Others	其他	1,842	927
		7,793	6,100

5. 收入及分部資料(續)

地區資料

有關按資產所在地域位置呈報之本集團非流動資產(遞延稅項資產除外)之資料詳情載列如下：

於2017年12月31日

於2016年12月31日

6. 其他收入

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7. Profit (Loss) Before Tax

7. 除稅前溢利(虧損)

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit (loss) before tax has been arrived at after charging (crediting):	除稅前溢利(虧損)已扣除(計入)下列項目：		
Auditor's remuneration	核數師酬金	3,609	3,285
Cost of inventories included in cost of sales (included net reversal of allowance for inventories of HK\$20,109,000 (2016: allowance for inventories HK\$32,985,000)) (note a)	計入銷售成本之存貨成本(包括存貨撥備撥回淨額20,109,000港元(2016年：存貨撥備32,985,000港元))(附註a)	2,972,858	2,718,875
Depreciation of property, plant and equipment	物業、機器及設備折舊	33,070	51,319
Impairment loss recognised in respect of property, plant and equipment (included in administrative and other expenses) (note b)	就物業、機器及設備確認之減值虧損(計入行政及其他開支)(附註b)	1,135	6,707
Loss on disposal/written off of property, plant and equipment	出售/註銷物業、機器及設備之虧損	3,249	2,344
Net exchange (gain) loss	匯兌(收益)虧損淨額	(1,472)	1,457
Operating lease payments in respect of rented premises	有關租賃物業之經營租賃付款		
– minimum lease payments	– 最低租賃付款	401,144	450,303
– contingent rent	– 或然租金	30,524	27,547
Staff costs, including Directors' remuneration (note 8(a))	員工成本，包括董事酬金(附註8(a))		
– salaries and other benefits costs	– 薪金及其他福利費用	235,876	211,870
– retirement benefits scheme contributions	– 退休福利計劃供款	20,574	19,854

Notes:

- (a) During the year, a reversal of allowance for inventories recognised in profit or loss was attributable to the upswing of the watches and jewellery business.
- (b) Impairment loss of approximately HK\$1,135,000 (2016: approximately HK\$6,707,000) was recognised in respect of property, plant and equipment in other regions in Asia Pacific segments during the year ended 31 December 2017 as part of administrative and other expenses in profit or loss with reference to the estimated value-in-use of the cash generating units as certain shops in the other regions in Asia Pacific segment did not perform as expected.

附註：

- (a) 於年內，於損益確認的撥備撥回乃由於手錶及珠寶業務上升所致。
- (b) 由於亞太分部的其他地區若干店舖的表現未如預期，因此於截至2017年12月31日止年度經參考現金產生單位的估計使用價值於損益中確認物業、機器及設備之減值虧損約1,135,000港元(2016年：約6,707,000港元)作為行政及其他開支的一部分。

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For the year ended 31 December 2017

截至2017年12月31日止年度

8. Directors', Chief Executive's and Employees' Emoluments

(a) Directors and Chief Executive

Details of the emoluments paid and payable to the Directors and Chief Executive for the year ended 31 December 2017 and 2016 are as follows:

For the year ended 31 December 2017

		Fees	Salaries and allowance	Performance related incentive payment	Retirement benefits scheme contributions	Total
		袍金 HK\$'000 千港元	薪金及津貼 HK\$'000 千港元	表現獎勵開支 HK\$'000 千港元	退休福利計劃供款 HK\$'000 千港元	總計 HK\$'000 千港元
Executive Director and Chief Executive	執行董事及最高行政人員					
Ms. Cindy Yeung	楊諾思女士	150	3,198	230	18	3,596
Executive Directors	執行董事					
Mr. Chan Hung Ming (resigned on 1 March 2018)	陳鴻明先生 (於2018年3月1日辭任)	150	1,440	120	-	1,710
Mr. Wong Chi Fai	黃志輝先生	150	-	-	-	150
Ms. Fan Man Seung, Vanessa	范敏端女士	150	-	-	-	150
Independent Non-executive Directors	獨立非執行董事					
Ms. Yip Kam Man (retired on 24 May 2017)	葉錦雯女士 (於2017年5月24日退任)	80	-	-	-	80
Ms. Lai Ka Fung, May (retired on 24 May 2017)	黎家鳳女士 (於2017年5月24日退任)	80	-	-	-	80
Ms. Chan Sim Ling, Irene	陳嫻玲女士	200	-	-	-	200
Mr. Liu Hing Hung (elected on 24 May 2017)	廖慶雄先生 (於2017年5月24日獲任命)	122	-	-	-	122
Ms. Chan Wiling, Yvonne (elected on 24 May 2017)	陳慧玲女士 (於2017年5月24日獲任命)	122	-	-	-	122
		1,204	4,638	350	18	6,210

8. 董事、最高行政人員及僱員酬金

(a) 董事及最高行政人員

截至2017年及2016年12月31日止年度之已付及應付董事及最高行政人員之酬金詳情如下：

截至2017年12月31日止年度

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For the year ended 31 December 2017

截至2017年12月31日止年度

8. Directors', Chief Executive's and Employees' Emoluments (Continued)

(a) Directors and Chief Executive (Continued)

For the year ended 31 December 2016

8. 董事、最高行政人員及僱員酬金 (續)

(a) 董事及最高行政人員 (續)

截至2016年12月31日止年度

	Fees	Salaries and allowance	Performance related incentive payment	Retirement benefits scheme contributions	Total
	袍金	薪金及津貼	表現獎勵開支	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元
Executive Director and Chief Executive 執行董事及最高行政人員					
Ms. Cindy Yeung 楊諾思女士	150	3,178	288	18	3,634
Executive Directors 執行董事					
Mr. Chan Hung Ming 陳鴻明先生	150	1,526	151	-	1,827
Mr. Wong Chi Fai 黃志輝先生	150	-	-	-	150
Ms. Fan Man Seung, Vanessa 范敏嫦女士	150	-	-	-	150
Independent Non-executive Directors 獨立非執行董事					
Ms. Yip Kam Man 葉錦雯女士	200	-	-	-	200
Mr. Chan Hou Piu (retired on 25 May 2016) 陳漢標先生 (於2016年5月25日退任)	80	-	-	-	80
Ms. Lai Ka Fung, May 黎家鳳女士	200	-	-	-	200
Ms. Chan Sim Ling, Irene (elected on 25 May 2016) 陳嬋玲女士 (於2016年5月25日獲任命)	121	-	-	-	121
	1,201	4,704	439	18	6,362

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For the year ended 31 December 2017

截至2017年12月31日止年度

8. Directors', Chief Executive's and Employees' Emoluments (Continued)

(b) Employees

Of the five individuals with the highest emoluments in the Group, two (2016: two) were Directors and Chief Executive whose emoluments are included in note 8(a) above. The emoluments of the remaining three (2016: three) individuals were as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Salaries and allowance	薪金及津貼	3,525	3,224
Performance related incentive payment	表現獎勵開支	610	343
Retirement benefits scheme contributions	退休福利計劃供款	45	56
		4,180	3,623

Their emoluments were within the following bands:

彼等之薪酬範圍如下：

		Number of employees 僱員人數	
		2017	2016
HK\$1,000,001 to HK\$1,500,000	1,000,001 港元至 1,500,000 港元	2	3
HK\$1,500,001 to HK\$2,000,000	1,500,001 港元至 2,000,000 港元	1	–

8. 董事、最高行政人員及僱員酬金 (續)

(b) 僱員

本集團之五位最高薪酬僱員，其中兩位(2016年：兩位)為董事及最高行政人員。彼等之薪酬載列於上述附註8(a)。餘下三位(2016年：三位)之薪酬如下：

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8. Directors', Chief Executive's and Employees' Emoluments (Continued)

(b) Employees (Continued)

Notes:

- (i) The fees paid or payable to the Executive Directors, Chief Executive and Independent Non-executive Directors shown above were for their services in connection with their services as directors of the Company.
- (ii) The salaries and allowance, performance relative incentive payment and retirement benefits scheme contributions paid or payable to the Executive Directors and Chief Executive shown above were for their services in connection with the management of the affairs of the Group.
- (iii) The performance related incentive payment is a discretionary bonus determined based on the financial performance of the Group.
- (iv) No Directors or Chief Executive waived any emoluments in the years ended 31 December 2017 and 31 December 2016.
- (v) During the years ended 31 December 2017 and 31 December 2016, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8. 董事、最高行政人員及僱員酬金 (續)

(b) 僱員 (續)

附註：

- (i) 已付或應付執行董事、最高行政人員及獨立非執行董事之袍金乃與彼等就擔任本公司董事而提供之服務有關。
- (ii) 已付或應付執行董事及最高行政人員之薪金及津貼、表現獎勵開支及退休福利計劃供款乃與彼等就管理本集團事務而提供之服務有關。
- (iii) 表現獎勵開支乃按本集團之財務表現釐定之酌情花紅。
- (iv) 截至2017年12月31日及2016年12月31日止年度，概無董事放棄任何酬金。
- (v) 截至2017年12月31日及2016年12月31日止年度，本集團概無向董事或五位最高薪酬僱員支付任何酬金，作為加入本集團或於加入本集團後的獎勵，或作為離職時的補償。

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截至2017年12月31日止年度

9. Taxation

9. 稅項

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
The tax charge (credit) for the year comprises:	年內稅項支出(抵免)包括:		
Current year:	本年度:		
Hong Kong	香港	5,935	(3,005)
Macau	澳門	2,575	2,193
Singapore	新加坡	1,444	951
		9,954	139
Under(over) provision in prior years:	過往年度撥備不足(超額撥備):		
Hong Kong	香港	-	2,985
Macau	澳門	-	(227)
Singapore	新加坡	389	-
		389	2,758
Deferred taxation (note 18)	遞延稅項(附註18)	3,203	2,081
		13,546	4,978

No provision for taxation in Hong Kong has been made as the Group has no assessable profits for the year ended 31 December 2016 while Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2017.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company's subsidiaries in the PRC is 25% for both years.

The Macau Complementary Income Tax is calculated at 12% of the estimated assessable profits for both years.

Singapore Income Tax is calculated at 17% of the estimated assessable profits for both years.

Details of deferred taxation are set out in note 18.

由於本集團截至2016年12月31日止年度並無應課稅溢利，故並未就香港稅項作出撥備，而香港利得稅乃根據截至2017年12月31日止年度之估計應課稅溢利按稅率16.5%計算。

根據中華人民共和國(「中國」)企業所得稅法(「企業所得稅法」)及企業所得稅法之實施規定，本公司在中國之附屬公司於兩個年度之稅率為25%。

澳門所得補充稅乃根據兩個年度之估計應課稅溢利按稅率12%計算。

新加坡所得稅根據兩個年度之估計應課稅溢利按稅率17%計算。

遞延稅項之詳情載列於附註18。

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9. Taxation (Continued)

Taxation for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit (loss) before tax	除稅前溢利(虧損)	173,237	(59,843)
Tax charge at Hong Kong Profits Tax rate of 16.5%	按16.5%之香港利得稅稅率徵收之稅項	28,584	(9,874)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅務影響	8,264	3,721
Tax effect of income not taxable for tax purpose	無須課稅收入之稅務影響	(8,030)	(4,223)
Effect of different tax rates of subsidiaries operating in other jurisdictions	附屬公司於其他司法權區經營之不同稅率之影響	(792)	(730)
Tax effect of tax losses not recognised	尚未確認稅項虧損之稅務影響	1,604	14,145
Utilisation of tax losses previously not recognised	動用先前未確認之稅項虧損	(17,899)	(484)
Underprovision in respect of prior years	過往年度之撥備不足	389	2,758
Others	其他	1,426	(335)
Taxation for the year	年度稅項	13,546	4,978

The Hong Kong Profits Tax rate is used as this is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

9. 稅項(續)

本年度稅項與綜合損益及其他全面收入報表所示之除稅前溢利(虧損)對賬如下：

所採用之香港利得稅率乃本集團業務主要所在司法權區之當地稅率。於其他司法權區產生之稅項乃按相關司法權區之適用稅率計算。

10. Dividends

During the year ended 31 December 2017, an interim dividend of HK0.17 cent (2016: Nil) per share in respect of the year ended 31 December 2017 amounting to approximately HK\$11,700,000 (2016: Nil) was paid in September 2017. Subsequent to the end of the reporting period, the directors of the Company have recommended the payment of a final dividend of HK0.58 cent per share in respect of the year ended 31 December 2017 (2016: Nil) in an aggregate amount of HK0.75 cent (2016: Nil) and is subject to approval by the shareholders in the forthcoming annual general meeting.

10. 股息

於截至2017年12月31日止年度，已於2017年9月派付截至2017年12月31日止年度之每股0.17港仙(2016年：無)之中期股息，合共約為11,700,000港元(2016年：無)。於報告期末後，本公司董事已建議派付截至2017年12月31日止年度之每股0.58港仙(2016年：無)之末期股息，合共0.75港仙(2016年：無)，並須於應屆週年股東大會上獲股東批准。

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截至2017年12月31日止年度

11. Profit (Loss) per Share - Basic

The calculation of the basic profit (loss) per share attributable to the owners of the Company is based on the following data:

Profit (loss)

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit (loss) for the year attributable to the owners of the Company for the purpose of basic profit (loss) per share	就計算每股基本溢利(虧損)之本公司擁有人應佔年度溢利(虧損)	159,691	(64,821)

Number of shares

		2017	2016
Number of ordinary shares for the purpose of basic profit (loss) per share	計算每股基本溢利(虧損)的普通股數目	6,882,448,129	6,882,448,129

No diluted profit (loss) per share in both years was presented as there were no potential dilutive ordinary shares in issue during both years.

11. 每股溢利(虧損) – 基本

本公司擁有人應佔每股基本溢利(虧損)乃根據下列數據計算：

溢利(虧損)

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit (loss) for the year attributable to the owners of the Company for the purpose of basic profit (loss) per share	就計算每股基本溢利(虧損)之本公司擁有人應佔年度溢利(虧損)	159,691	(64,821)

股份數目

		2017	2016
Number of ordinary shares for the purpose of basic profit (loss) per share	計算每股基本溢利(虧損)的普通股數目	6,882,448,129	6,882,448,129

由於兩個年度並無已發行潛在攤薄普通股，因此於兩個年度內並無呈報每股攤薄溢利(虧損)。

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12. Property, Plant and Equipment

12. 物業、機器及設備

		Leasehold improvements 租賃物業 改善工程 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本				
At 1 January 2016	於2016年1月1日	301,034	68,707	885	370,626
Exchange realignment	匯兌調整	(2,180)	(1,076)	(12)	(3,268)
Additions	添置	27,596	8,762	-	36,358
Disposals/written off	出售/註銷	(20,903)	(985)	-	(21,888)
At 31 December 2016	於2016年12月31日	305,547	75,408	873	381,828
Exchange realignment	匯兌調整	3,134	1,011	13	4,158
Additions	添置	21,000	12,043	668	33,711
Disposals/written off	出售/註銷	(32,596)	(3,026)	(638)	(36,260)
At 31 December 2017	於2017年12月31日	297,085	85,436	916	383,437
DEPRECIATION AND IMPAIRMENT	折舊及減值				
At 1 January 2016	於2016年1月1日	225,245	43,592	726	269,563
Exchange realignment	匯兌調整	(1,517)	(341)	(4)	(1,862)
Provided for the year	年內撥備	43,461	7,815	43	51,319
Impairment loss recognised in profit or loss	於損益確認之減值虧損	6,707	-	-	6,707
Eliminated on disposals/written off	出售/註銷時撇銷	(18,951)	(580)	-	(19,531)
At 31 December 2016	於2016年12月31日	254,945	50,486	765	306,196
Exchange realignment	匯兌調整	2,412	497	7	2,916
Provided for the year	年內撥備	24,697	8,283	90	33,070
Impairment loss recognised in profit or loss	於損益確認之減值虧損	653	482	-	1,135
Eliminated on disposals/written off	出售/註銷時撇銷	(29,562)	(2,727)	(638)	(32,927)
At 31 December 2017	於2017年12月31日	253,145	57,021	224	310,390
CARRYING VALUES	賬面值				
At 31 December 2017	於2017年12月31日	43,940	28,415	692	73,047
At 31 December 2016	於2016年12月31日	50,602	24,922	108	75,632

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12. Property, Plant and Equipment (Continued)

The items of property, plant and equipment above are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Shorter of lease term or 16.7% - 33.3%
Furniture, fixtures and equipment	9% - 33.3%
Motor vehicles	18% - 20%

Impairment loss of approximately HK\$1,135,000 (2016: approximately HK\$6,707,000) was recognised in respect of property, plant and equipment in other regions in Asia Pacific segments during the year ended 31 December 2017 as part of administrative and other expenses in profit or loss with reference to the estimated value-in-use of the cash generating units as certain shops in the other regions in Asia Pacific segment did not perform as expected.

12. 物業、機器及設備(續)

上述物業、機器及設備項目以直線基準按下列年率折舊：

租賃物業改善工程	租賃期較短或 16.7% 至 33.3%
傢俬、裝置及設備	9% 至 33.3%
汽車	18% 至 20%

由於亞太分部的其他地區若干店舖的表現未如預期，因此於截至2017年12月31日止年度經參考現金產生單位的估計使用價值於損益中確認物業、機器及設備之減值虧損約1,135,000港元(2016年：約6,707,000港元)作為行政及其他開支的一部分。

13. Inventories

13. 存貨

		2017	2016
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原料	20,667	17,023
Goods held for resale	持作轉售貨品	2,630,444	2,629,679
		2,651,111	2,646,702

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14. Receivables, Deposits and Prepayments

14. 應收款項、按金及預付款項

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Trade receivables	貿易應收款項	79,334	75,334
Other receivables, deposits and prepayments	其他應收款項、按金 及預付款項	99,378	93,803
Other PRC tax recoverable	其他中國可收回稅項	6,318	5,166
Other Singapore tax recoverable	其他新加坡可收回稅項	1,118	2,404
		186,148	176,707

Retail sales are normally settled in cash or by credit cards with the settlement from the corresponding banks or other financial institutions within seven days. Receivables from retail sales in department stores are normally collected within one month.

Included in other receivables, deposits and prepayments as at 31 December 2017 were advance to suppliers of HK\$29,878,000 (2016: HK\$26,369,000) and rebate receivables of HK\$39,891,000 (2016: HK\$38,622,000). The remaining are individually insignificant.

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

零售銷售一般以現金或相關銀行或其他金融機構支付之信用卡於七日內償付。於百貨公司零售銷售之應收款項一般於一個月內收取。

已計入其他應收款項、按金及預付款項於2017年12月31日向供應商墊款29,878,000港元(2016年: 26,369,000港元)及應收回扣39,891,000港元(2016年: 38,622,000港元)。其餘的均為單項不重大金額。

下列為貿易應收款項於匯報期末按發票日期(與各相應收入確認日期臨近)呈列之賬齡分析。

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Within 30 days	30日內	65,253	60,577
31 - 60 days	31至60日	12,821	10,368
61 - 90 days	61至90日	488	896
Over 90 days	超過90日	772	3,493
		79,334	75,334

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14. Receivables, Deposits and Prepayments (Continued)

Trade receivables that are neither past due nor impaired relate to receivables from credit card sales and department stores sales for whom there were no history of default.

Included in the trade receivables balance were receivables from department stores with aggregate carrying amount of HK\$4,763,000 (2016: HK\$5,426,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over nor charge any interest on these balances.

Ageing of trade receivables which are past due but not impaired

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Overdue 1 - 30 day(s)	逾期1至30日	3,386	949
Overdue 31 - 60 days	逾期31至60日	457	2,541
Overdue 61 - 90 days	逾期61至90日	148	329
Overdue more than 90 days	逾期超過90日	772	1,607
		4,763	5,426

Trade receivables that are past due but not impaired relate to department stores sales that have continuous settlements subsequent to reporting date. The Directors are of opinion that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Trade receivables that are not denominated in the functional currencies of the respective group entities are as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Macau Pataca ("MOP")	澳門元 (「澳門元」)	1,529	416

14. 應收款項、按金及預付款項(續)

既無逾期亦沒有減值之貿易應收款項與並無拖欠記錄之信用卡銷售及百貨公司銷售之應收貿易款項相關。

貿易應收款項結餘中包括賬面總值為4,763,000港元(2016年: 5,426,000港元)之應收某些百貨公司賬款, 於匯報日期, 該等款項已逾期, 而本集團並無作出減值虧損撥備。本集團並無就此等結餘取得任何抵押品或收取任何利息。

已逾期但未作減值之貿易應收款項賬齡

百貨公司銷售相關之已逾期但未減值貿易應收款項於匯報日期後將繼續清償。董事認為, 由於該等結餘之信貸質素並無重大變動, 而有關結餘仍被視為可全數收回, 故對該等結餘並無任何減值。

並非以各集團實體之功能貨幣計值之貿易應收款項如下:

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15. Bank Balances and Cash

As at 31 December 2017, bank balances included time deposits of HK\$81,029,000 (2016: HK\$170,020,000) with maturity over three months that carried interest at prevailing interest rate which ranged from 1.0000% to 1.7550% (2016: 0.8000% to 1.8200%) per annum. Remaining bank balances carried interest at market rates which ranged from 0.0098% to 1.7550% (2016: 0.0098% to 5.0000%) per annum with maturity three months or less.

Bank balances and cash that are not denominated in the functional currencies of the respective group entities are as follow:

		2017	2016
		HK\$'000	HK\$'000
		千港元	千港元
HK\$	港元	1,909	98
MOP	澳門元	32,084	33,854
United States dollars ("USD")	美元(「美元」)	1,213	602
Renminbi ("RMB")	人民幣(「人民幣」)	4	286

15. 銀行結餘及現金

於2017年12月31日，銀行結餘包括按每年1.0000%至1.7550%(2016年：0.8000%至1.8200%)的現行利率計息屆滿期超過三個月定期存款81,029,000港元(2016年：170,020,000港元)。銀行結餘包括按每年0.0098%至1.7550%(2016年：0.0098%至5.0000%)的市場利率計息於不超過三個月到期的定期存款。

並非以各集團實體之功能貨幣列值之銀行結餘及現金如下：

16. Payables, Deposits Received and Accrued Charges

		2017	2016
		HK\$'000	HK\$'000
		千港元	千港元
Trade payables	貿易應付款項	139,170	93,553
Other payables, deposits received and accrued charges	其他應付款項、已收訂金及應計費用	139,497	114,595
Other PRC tax payables	其他中國稅項應付款項	5,156	13,846
		283,823	221,994

16. 應付款項、已收訂金及應計費用

Included in other payables, deposits received and accrued charges as at 31 December 2017 were accrued bonus and incentive of HK\$18,980,000 (2016: HK\$6,495,000) and accrued rental expense of HK\$37,500,000 (2016: HK\$35,375,000). The remaining are individually insignificant.

已計入其他應付款項，已收訂金及應計費用於2017年12月31日為累計花紅及獎金18,980,000港元(2016年：6,495,000港元)及應計租賃開支37,500,000港元(2016年：35,375,000港元)。其餘的均為單項不重大金額。

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16. Payables, Deposits Received and Accrued Charges (Continued)

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period are as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Within 30 days	30日內	134,090	86,362
31 - 60 days	31至60日	4,154	6,385
61 - 90 days	61至90日	194	806
Over 90 days	超過90日	732	–
		139,170	93,553

The Group normally receives credit terms of 30 to 60 days.

Trade payables that are not denominated in the functional currencies of the respective group entities are as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
MOP	澳門元	4,252	4,252
USD	美元	6,988	14,002

17. Amounts Due to Related Companies

The amounts due to related companies mainly represent the rental, electricity and air-conditioning expenses payable and service charge payable to related companies. These amounts are unsecured, interest-free and repayable on demand. The related companies represent companies controlled by the AY Trust of which STC International is the trustee.

16. 應付款項、已收訂金及應計費用 (續)

貿易應付款項於匯報期末按發票日期呈列之賬齡分析如下：

本集團一般獲授之信貸期為30至60日。

並非以各集團實體之功能貨幣計值之貿易應付款項如下：

17. 應付關連公司款項

應付關連公司款項主要為應付關連公司之租金、電費及空調費支出，以及服務費，為無抵押、免息及按要求償還。關連公司指由AY Trust (STC International為其受託人)控制之公司。

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18. Deferred Taxation

The following are the deferred tax assets (liabilities) recognised by the Group and the movements thereon during the current and prior years:

		Accelerated accounting depreciation 加速會計 折舊 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2016	於2016年1月1日	13,319	(444)	12,875
Exchange realignment	匯兌調整	12	13	25
(Charge) credit to profit or loss for the year	於年內損益(扣除)計入	(2,512)	431	(2,081)
At 31 December 2016	於2016年12月31日	10,819	-	10,819
Exchange realignment	匯兌調整	(4)	-	(4)
Charge to profit or loss for the year	於年內損益扣除	(3,203)	-	(3,203)
At 31 December 2017	於2017年12月31日	7,612	-	7,612

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 the deferred tax balances for financial reporting purpose:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	8,662	10,862
Deferred tax liabilities	遞延稅項負債	(1,050)	(43)
		7,612	10,819

At the end of the reporting period, the Group has unused tax losses of approximately HK\$204,775,000 (2016: HK\$347,929,000) available for offset against future profits. No deferred taxation asset has been recognised in respect of tax losses due to unpredictability of future profit streams. Included in unrecognised tax losses are losses incurred by subsidiaries in other jurisdictions of HK\$204,615,000 (2016: HK\$246,049,000) that will expire in the coming years (please see the table below). Other losses may be carried forward indefinitely. Tax losses of HK\$44,398,000 (2016: HK\$25,772,000) have been expired during the year.

18. 遞延稅項

本集團確認之遞延稅項資產(負債)及其於本年度及過往年度之變動如下:

就呈列於綜合財務狀況表而言，若干遞延稅項資產及負債已予抵銷。以下為就財務申報而言的遞延稅項結餘的分析：

於匯報期間結算日，本集團擁有可供抵銷未來溢利之未動用稅項虧損約204,775,000港元(2016年：347,929,000港元)。由於未來溢利來源難以預計，故未就稅項虧損確認遞延稅項資產。於其他司法權區經營之附屬公司所產生尚未確認稅項虧損包括將於未來數年屆滿之204,615,000港元(2016年：246,049,000港元)之虧損(見下表)。其他虧損可無限期結轉。年內已屆滿之稅項虧損達44,398,000港元(2016年：25,772,000港元)。

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18. Deferred Taxation (Continued)

The unused tax losses available for offset against future profits are analysed as follows:

18. 遞延稅項(續)

可用作抵銷未來溢利之未動用稅項虧損分析如下：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Will expire on:	將於下列日期屆滿：		
31 December 2017	2017年12月31日	–	51,156
31 December 2018	2018年12月31日	55,152	55,152
31 December 2019	2019年12月31日	33,780	26,249
31 December 2020	2020年12月31日	41,287	41,287
31 December 2021	2021年12月31日	72,205	72,205
31 December 2022	2022年12月31日	2,191	–
		204,615	246,049
Unrecognised tax losses that may carry forward indefinitely	可無限期結轉之尚未確認稅項虧損	160	101,880
		204,775	347,929

19. Share Capital

19. 股本

		Number of shares 股份數目	Amount 金額 HK\$'000 千港元
Issued and fully paid	已發行及繳足		
At 1 January 2016,	於2016年1月1日、		
31 December 2016 and	2016年12月31日及		
31 December 2017	2017年12月31日	6,882,448,129	3,484,152

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20. Reserves

- (a) Merger reserve arose from the group reorganisation scheme (the “Group Reorganisation”) undertaken by the Company to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the Stock Exchange in 2008.
- (b) Other reserve represented the aggregate amount of:
 - (i) the difference between the nominal value of share capital and the amount due to Emperor W&J Holdings capitalised for issue of 344 ordinary shares of US\$1 each in a subsidiary of HK\$343,997,000 prior to the Group Reorganisation;
 - (ii) the capital contribution of HK\$6,000 by Emperor W&J Holdings in Emperor Watch and Jewellery Company Limited (subsequently renamed as Prime Sharp Limited, a then fellow subsidiary of the Company) (“EWJCL”) prior to the Group Reorganisation;
 - (iii) promissory notes in aggregate of HK\$373,006,000 issued in exchange for shares in the subsidiaries as a part of Group Reorganisation;
 - (iv) the excess of the consideration paid for acquisition of additional interest in a subsidiary from a non-controlling shareholder over the carrying amount of non-controlling interest of HK\$927,000 during the year ended 31 December 2010;
 - (v) the shortfall of the consideration paid for acquisition of additional interest in a subsidiary from a non-controlling interest of HK\$4,063,000 during the year ended 31 December 2010;
 - (vi) the reversal of reserve of HK\$295,000 arising from the deregistration of a non-wholly owned subsidiary during the year ended 31 December 2011; and
 - (vii) the reversal of HK\$28,000 and HK\$5,000 arising from the deregistration of a wholly owned subsidiary during the year ended 31 December 2015 and 31 December 2014 respectively.
- (c) Capital reserve represented the excess of the value of net assets acquired over purchase consideration paid to EWJCL by Emperor Watch & Jewellery (HK) Company Limited in 1987.

20. 儲備

- (a) 合併儲備因本公司為籌備本公司股份於2008年在聯交所上市而精簡本集團架構之集團重組計劃(「集團重組」)所產生。
- (b) 其他儲備指下列各項之總額：
 - (i) 於集團重組前，股本面值與應付英皇鐘錶珠寶控股款項資本化(發行344股附屬公司每股面值1美元之普通股股份)之間的差額343,997,000港元；
 - (ii) 英皇鐘錶珠寶控股在集團重組前對英皇鐘錶珠寶有限公司(其後稱為Prime Sharp Limited，當時為本公司之同母系附屬公司)(「EWJCL」)之出資6,000港元；
 - (iii) 作為集團重組之部份，就交換附屬公司之股份而發行之承兌票據合共373,006,000港元；
 - (iv) 向一名非控股股東收購一間附屬公司額外權益之已付代價超過非控股權益於截至2010年12月31日止年度之賬面值927,000港元；
 - (v) 於截至2010年12月31日止年度向一名非控股權益收購一間附屬公司額外權益之已付代價不足金額4,063,000港元；
 - (vi) 截至2011年12月31日止年度，剔除註冊一間非全資附屬公司而撥回之儲備295,000港元；及
 - (vii) 截至2015年12月31日及2014年12月31日止年度，剔除註冊一間全資附屬公司而分別撥回28,000港元及5,000港元。
- (c) 資本儲備指英皇鐘錶珠寶(香港)有限公司於1987年收購EWJCL之資產淨值超逾購買代價之部份。

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21. Capital Risk Management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure periodically. As part of this review, the Group considers the cost of capital and risks associated with the capital, and will balance its overall capital structure through new share issues of the Company as well as raising of bank borrowings.

21. 資本風險管理

本集團管理資本以確保集團內各實體均可持續經營，同時透過優化債務及股本結餘為股東謀求最大回報。本集團之整體策略與過往年度相比並無改變。

本集團之資本結構包括現金及現金等價物以及本公司擁有人應佔權益(包括已發行股本及儲備)。

董事定期檢討資本結構。檢討時，本集團考慮資本成本及資本相關風險，並將透過本公司發行新股及籌措銀行借貸平衡整體資本結構。

22. Financial Instruments

a. Categories of financial instruments

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
<i>Financial assets</i>	<i>金融資產</i>		
Loans and receivables (including cash and cash equivalent)	貸款及應收款項(包括現金 及現金等價物)	1,739,008	1,438,375
<i>Financial liabilities</i>	<i>金融負債</i>		
At amortised cost	按攤銷成本	193,431	124,177

b. Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables, bank balances and cash, trade payables, other payables and amounts due to related companies. Details of these financial instruments are disclosed in their respective notes. The risks associated with these financial instruments include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

22. 金融工具

a. 金融工具類別

b. 財務風險管理目標及政策

本集團之金融工具包括貿易應收款項、其他應收款項、銀行結餘及現金、貿易應付款項、其他應付款項以及應付關連公司款項。該等金融工具詳情於各附註披露。與該等金融工具相連之風險包括市場風險(包括外匯風險及利率風險)、信貸風險及流動資金風險。下文載列減低該等風險之政策。本公司管理層管理及監察該等風險，以確保及時有效地採取適當措施。

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22. Financial Instruments (*Continued*)

b. Financial risk management objectives and policies (*Continued*)

Market risk

The Group's activities are exposed primarily to the financial risks of changes in interest rates and foreign currency exchange rates (see below).

(i) Interest rate risk

The Group has exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (note 15). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Company will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of the Directors, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances since the interest rates did not fluctuate significantly during the year and the impact on the Group's results for the year is not significant.

(ii) Foreign currency risk

The Group undertakes certain sales and purchases transactions denominated in MOP, USD, RMB and SGD which are the currencies other than the functional currencies of respective group entities. As the foreign exchange rate of HK\$ is closed to MOP and HK\$ is pegged with USD, the Directors consider the Group's exposure to foreign currency risk of these currencies is minimal. The Group is mainly exposed to foreign currency fluctuation of HK\$, RMB and HK\$, as these group entities, whose functional currencies are RMB, HK\$ and SGD hold certain bank balances and inter-group balances denominated in HK\$, RMB and HK\$ respectively. The Group manages its foreign currency risk by closely monitoring the movements of the foreign currency rates. The Directors conduct periodical review of foreign currency exposure and will consider hedging significant foreign exchange exposure should the need arise.

22. 金融工具(續)

b. 財務風險管理目標及政策(續)

市場風險

本集團業務主要面臨來自利率及外幣匯率變動之財務風險(見下文)。

(i) 利率風險

由於銀行結餘之現行市場利率波動，本集團面對現金流量利率風險(附註15)。本集團現時並無使用任何衍生工具合約對沖利率風險。然而，本公司管理層將於需要時考慮對沖重大利率風險。

敏感度分析

董事認為，因利率於年內未見大幅度波動，而其對本集團年內之業績影響不大，故並無編製浮息銀行結餘利率風險之敏感度分析。

(ii) 外匯風險

本集團以澳門元、美元、人民幣及新加坡元(即各集團實體功能貨幣以外之貨幣)為單位進行若干買賣交易。由於港元兌澳門元之匯率相近，而港元與美元掛鈎，董事認為，本集團就該等貨幣面對之外匯風險輕微。本集團之主要風險來自港元、人民幣及港元之外幣匯率波動，乃由於相關集團實體之功能貨幣為人民幣、港元及新加坡元，而該等集團實體持有若干分別以港元、人民幣及港元計值之銀行結餘及集團間結餘。本集團透過緊密監察外幣匯率變動管理其外幣風險。董事定期審閱外匯風險，並於需要時考慮對沖重大外匯風險。

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22. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities and the foreign currency denominated inter-group balances at the respective reporting dates are as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Assets	資產		
<i>Third parties</i>	<i>第三方</i>		
HK\$	港元	1,909	102
MOP	澳門元	33,613	34,270
USD	美元	1,213	602
RMB	人民幣	4	286
<i>Inter-group balances</i>	<i>集團間結餘</i>		
SGD	新加坡元	160,780	136,692
Liabilities	負債		
<i>Third parties</i>	<i>第三方</i>		
MOP	澳門元	4,252	4,252
USD	美元	6,988	14,002
<i>Inter-group balances</i>	<i>集團間結餘</i>		
HK\$	港元	858,395	858,395

22. 金融工具(續)

b. 財務風險管理目標及政策(續)

市場風險(續)

(ii) 外匯風險(續)

本集團於各匯報日期以外幣結算之貨幣資產及負債以及以外幣結算之集團間結餘賬面值如下：

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22. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis

The sensitivity analysis below details the Group's sensitivity to a 6% (2016: 6%) increase in the functional currencies of the relevant group entities, HK\$ and RMB, relative to respective foreign currencies, HK\$, MOP, RMB and SGD. The sensitivity analysis of the Group also includes foreign currency exposure on inter-group balances. 6% (2016: 6%) is the sensitivity rate used in the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only foreign currencies denominated monetary items and adjusts their translation at the end of the reporting period for a 6% (2016: 6%) change in the foreign currency rates. If the functional currencies of the relevant group entities strengthen/weaken 6% against respective foreign currencies:

Translation reserve would have increased/decreased by HK\$41,857,000 (2016: HK\$43,302,000) as a result of change in foreign currency rates of inter-group balances, as the inter-group balances form part of the Group's net investments in subsidiaries.

Post-tax profit for the year would have decreased/increased by HK\$1,567,000 (2016: Post-tax loss for the year would have increased/decreased by HK\$1,523,000) as a result of change in foreign currency rates of third parties' assets and liabilities.

22. 金融工具(續)

b. 財務風險管理目標及政策(續)

市場風險(續)

(ii) 外匯風險(續)

敏感度分析

下列敏感度分析詳述本集團對相關集團公司之功能貨幣港元及人民幣，兌各自之外幣(即港元、澳門元、人民幣及新加坡元)升值6%(2016年:6%)之敏感度。本集團之敏感度分析亦包括集團間結餘所承擔之外幣風險。敏感度比率6%(2016年:6%)乃管理層就外幣匯率可能合理出現之變動所作出之評估。敏感度分析僅包括以外幣結算之貨幣項目，並於匯報期末按6%(2016年:6%)外幣匯率變動調整換算。倘若相關集團公司之功能貨幣兌各自之外幣升值/貶值6%:

由於集團間結餘(乃本集團於附屬公司投資淨值中之集團間結餘部分)之外幣匯率變動，匯兌儲備或增加/減少41,857,000港元(2016年:43,302,000港元)。

由於第三方人士之資產及負債外幣匯率變動，本年度之除稅後溢利將減少/增加1,567,000港元(2016年:該年度除稅後虧損將增加/減少1,523,000港元)。

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22. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2017, the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position best represent the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

In order to minimise the credit risk, the Group has delegated a team responsible for the determination of credit limits and credit approvals. The Group manages the process for each individual debtor from execution until collection and overdue debts, based on the assessment of credit quality of customer. In addition, the management of the Group reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the Directors consider that the credit risk of the Group is significantly reduced.

The Group has concentration of credit risk as 13% (2016: 13%) of total trade receivables was due from the Group's largest trade debtor. The Group's largest trade debtor is a department store located in the PRC with good repayment history.

The Group has no other significant concentration of credit risk, with exposure spread over a large number of counterparties. Retail sales are settled in either cash or via credit cards issued by banks or other financial institutions. The credit risk on liquid funds and credit card sales are limited because the counterparties are either banks or other financial institutions with high credit rankings assigned by credit-rating agencies, or state-owned banks. The credit risk on receivables from department stores are limited because all department stores have good repayment record.

22. 金融工具(續)

b. 財務風險管理目標及政策(續)

信貸風險

於2017年12月31日，本集團之最高信貸風險源自於綜合財務狀況報表列賬之各項已確認金融資產賬面值，將導致本集團因交易對方未能履行其責任而出現財務虧損。

為盡可能減低信貸風險，本集團指派團隊負責釐定信貸額及信貸批核。本集團自簽訂起直至收回及逾期債項根據客戶之信貸質素評估以管理各個別應收債項。此外，本集團管理層定期審閱各個別債務之可收回金額，以確保就不可收回金額確認足夠減值虧損。就此，董事認為本集團之信貸風險已大大減低。

本集團承受集中信貸風險，因為貿易應收款項總額之13% (2016年：13%)由本集團之最大貿易債務人結欠。本集團之最大貿易債務人為一家位於中國之百貨公司，其還款記錄良好。

本集團並無其他信貸風險過分集中之情況，因風險乃分散於多名交易對方。零售銷售以現金或銀行或其他財務機構發出之信用卡償付。流動資金及信用卡銷售之信貸風險有限，原因為交易對方均為由信貸評級機構給予高信貸評級之銀行或其他財務機構，或國有銀行。由於所有百貨公司還款記錄良好，因此應收百貨公司款項之信貸風險有限。

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22. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

22. 金融工具(續)

b. 財務風險管理目標及政策(續)

流動資金風險

本集團之流動資金狀況由本公司管理層密切監察。於管理流動資金風險時，本集團監督及維持足夠的現金及現金等價物水平，以撥付本集團業務及減低現金流量波動影響。

下表詳列本集團金融負債根據議定還款期之剩餘合約年期。下表乃根據本集團可被要求還款之最早日期按照金融負債之未貼現現金流量編製。下表已載入利息及本金現金流量。就浮動利率之利息現金流而言，未貼現款額來自於匯報期末之利率曲線。

		On demand or less than 3 months 應要求或3個月內 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金流量總額 HK\$'000 千港元	Carrying amount at the end of the reporting period 於匯報期末之賬面值 HK\$'000 千港元
At 31 December 2017	於2017年12月31日			
Payables	應付款項	189,285	189,285	189,285
Amounts due to related companies	應付關連公司款項	4,146	4,146	4,146
		193,431	193,431	193,431
At 31 December 2016	於2016年12月31日			
Payables	應付款項	120,499	120,499	120,499
Amounts due to related companies	應付關連公司款項	3,678	3,678	3,678
		124,177	124,177	124,177

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22. Financial Instruments (Continued)

c. Fair value measurements of financial assets and liabilities

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

23. Operating Lease Arrangements

At the end of the reporting period, the Group had commitments for the future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Within one year	一年內	375,615	337,809
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	473,085	280,440
		848,700	618,249

Operating lease payments represent rentals payable by the Group for its offices and shops. Leases are negotiated for terms ranging from one month to four years (2016: one month to four years) with fixed monthly rentals and certain operating leases are subject to contingent rents based on a fixed percentage of the monthly gross turnover in excess of the monthly minimum lease payments.

Included in the above is future lease payments with related companies of approximately HK\$475,347,000 (2016: HK\$135,638,000) which fall due as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Within one year	一年內	178,926	117,081
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	296,421	18,557
		475,347	135,638

The related companies are companies controlled by the AY Trust of which STC International is the trustee.

22. 金融工具(續)

c. 金融資產及負債之公允價值計量

董事認為，按攤銷成本於綜合財務報表所記錄之金融資產及金融負債之賬面值與彼等之公允價值相若。

23. 經營租約安排

於匯報期末，本集團根據不可撤銷經營租約，承諾就租用物業支付之未來最低租金的到期日如下：

經營租約付款指本集團就其辦公室及商舖應付之租金。經協商之物業租賃期介乎一個月至四年（2016年：一個月至四年），月租固定，而若干經營租賃須受按每月營業總額與每月最低租賃付款之差額之固定百分比計算之或然租金所規限。

上述款項包括於下列到期之應付予關連公司之未來租金開支約475,347,000港元（2016年：135,638,000港元）：

關連公司指由AY Trust（STC International為其受託人）控制之公司。

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24. Capital Commitment

24. 資本承擔

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	有關購買已訂約但未於綜合財務報表撥備之物業、機器及設備之資本開支	4,260	2,567

25. Share Option Scheme

The Company has adopted a share option scheme (the "Scheme") on 19 June 2008. A summary of the Scheme is set out as follows:

- Purpose of the Scheme:* To enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.
- Eligibility:* Eligible participants include employee (whether full-time or part time, including any Executive Director, Non-executive Director or Independent Non-executive Director) and such other eligible participants.
- Total number of Shares available for issue as at the date of this Annual Report under the Scheme:* 688,244,812 Shares; and
 - Percentage of the issued shares that it represents as at the date of this Annual Report:* 10%.
- Maximum entitlement of each eligible participant under the Scheme:*
 - in aggregate not to exceed 1% of the Shares in issue in any 12-month period unless approved by the Shareholders;
 - options granted to substantial shareholders or Independent Non-executive Directors or their respective associates in any 12-month period exceeding the higher of 0.1% of the Shares in issue and with a value in excess of HK\$5,000,000 must be approved by the Shareholders.

25. 購股權計劃

本公司已於2008年6月19日採納一項購股權計劃（「該計劃」）。該計劃之概要載列如下：

- 該計劃之目的：*讓本集團向指定參與者授予購股權，以作為其對本集團所作貢獻之獎勵或獎賞。
- 參與資格：*合資格參與者包括僱員（無論為全職或兼職，包括任何執行董事、非執行董事及獨立非執行董事）及其他合資格參與者。
- 根據該計劃於本年報日期可發行股份總數：*688,244,812股；及
 - 於本年報日期佔已發行股份之百分比：*10%。
- 該計劃項下每名合資格參與者可獲授權益上限：*
 - 除非獲股東批准，否則在任何12個月內總計不得超過已發行股份之1%；
 - 於任何12個月期間向主要股東或獨立非執行董事或彼等各自之聯繫人授出之購股權，若超過已發行股份之0.1%及價值超過5,000,000港元則須經股東批准。

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25. Share Option Scheme (Continued)

5. *Period within which the Shares must be taken up under an option:* Subject to the condition that may be set by the Board upon granting of share options, an option may be exercised at any time from the date of issue of the relevant options.
6. *Minimum period for which an option must be held before it can be exercised:* Unless otherwise determined by the directors of the Company and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Scheme for the holding of a share option before it can be exercised.
7. (a) Price payable on application or acceptance of the option: HK\$1.00;
(b) The period within which payments or calls must or may be made: Within 28 days from the date of grant; and
(c) Period within which loans for such purposes of the payments or calls must be repaid: No applicable.
8. *Basis for determining the exercise price:* The exercise price is determined by the Board and will not be less than the highest of (a) the closing price of the Share on the date of grant; (b) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share (not applicable due to the abolition of par value upon implementation of the new CO on 3 March 2014).
9. *The remaining life of the Scheme:* Approximately 0.5 years (expiring on 18 June 2018).

No option was granted by the Company under the Scheme since its adoption and up to 31 December 2017.

25. 購股權計劃(續)

5. 行使購股權認購股份之期限：在董事會於授出購股權時可設定之條件之規限下，購股權可於相關購股權發行之日起任何時間獲行使。
6. 購股權行使前必須持有之最短期限：的最短期間：除非本公司董事另行決定並在向承授人發出的購股權授出要約內列明，否則該計劃概無規定於可行使購股權之前須持有購股權的最短期間。
7. (a) 申請或接納購股權時所須繳付的代價：1.00港元；
(b) 付款或通知付款之期限：授出日期起計28日內；及
(c) 償還作付款或通知付款用途的貸款期限：不適用。
8. 釐定行使價之基準：行使價乃由董事會釐定，惟不得低於下列最高者：(a) 股份於授出日期之收市價；(b) 緊接授出日期前5個營業日之股份平均收市價；及(c) 股份面值（不適用，因2014年3月3日實施新《公司條例》後，票面值已被廢除）。
9. 該計劃尚餘之年期：約0.5年（於2018年6月18日屆滿）。

自購股權採納日期起及截至2017年12月31日止，本公司概無根據該計劃授出購股權。

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26. Retirement Benefits Schemes

The Group participates in both a defined contribution schemes which are registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The retirement benefit costs charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by the employee. The maximum amount of contribution is limited to HK\$1,500 per each employee.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employee's basic salary.

The eligible employees of the Company's subsidiaries in the PRC, Macau, Singapore are members of pension schemes operated respective local governments. The subsidiaries in the PRC are required to contribute a certain percentage ranging from 38% to 44% of the relevant cost of the payroll of these employees to the pension schemes to fund the benefits. The subsidiary in Macau is required to contribute MOP60 for every employee per month while the subsidiary in Singapore is required to contribute 16% of the employee's monthly gross salary. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contribution under the schemes.

The total expense recognised in profit or loss of HK\$20,574,000 (2016: HK\$19,854,000) represents contributions, payable to those plans by the Group at the rate specified in the rules of the plans.

26. 退休福利計劃

本集團參與根據香港職業退休計劃條例註冊之界定供款計劃（「職業退休計劃條例計劃」）及於2000年12月根據香港強制性公積金條例成立之強制性公積金計劃（「強積金計劃」）。該等計劃資產與本集團之資產分開處理，由獨立受託人控制之基金持有。凡於成立強積金計劃前已參與職業退休計劃條例計劃之僱員可選擇繼續留用職業退休計劃條例計劃或轉用強積金計劃，而所有於2000年12月1日或之後加入本集團之新僱員則須參加強積金計劃。

自綜合損益及其他全面收入報表扣除之退休福利成本指本集團按計劃規則指定之比率應付予基金之供款。倘員工於供款全數歸屬前退出職業退休計劃，本集團應付供款將按已沒收供款扣減。

就強積金計劃之成員而言，本集團須向該計劃就相關工資成本作5%供款，該筆供款與僱員之供款額一致。供款之最高金額不得超過每位僱員1,500港元。

職業退休計劃之資金來自僱員及本集團雙方按僱員底薪之5%計算之每月供款。

本公司於中國、澳門及新加坡之附屬公司之合資格僱員為各當地政府管理之退休金計劃成員，中國之附屬公司須按有關僱員薪金相關成本之若干百分比（介乎38%至44%）就彼等退休金計劃供款，為福利提供資金，澳門之附屬公司須每月就每名僱員供款60澳門元，而新加坡附屬公司須就僱員月薪總金額作出16%供款。本集團有關退休福利計劃之唯一責任為根據計劃作出所須供款。

於損益確認的總開支20,574,000港元（2016年：19,854,000港元）為本集團按該等計劃規則所規定的費率應向該等計劃作出的供款。

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27. Related Party Transactions

The terms and balances with related companies at the end of the reporting periods are set out in consolidated statements of financial position and note 17.

During the year, the Group had the following transactions with related parties:

27. 關連方交易

於匯報期末之關連公司條款及結餘載列於綜合財務狀況表及附註17。

於年內，本集團與關連方之交易如下：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
(1)	Sales of goods to Directors, their close family members and related companies (notes a and b)	9,239	10,864
(2)	Purchase of goods from a company controlled by a Director's close family member/a Director's close family member (note c)	—	6,420
(3)	Rental, electricity and air-conditioning expenses paid and payable to related companies (notes a and d)	157,089	168,249
(4)	Service charge in respect of information system and administrative work paid and payable to related companies (notes a and b)	14,951	14,837
(5)	Advertising expenses paid and payable to related companies (notes a and b)	173	1,106
(6)	Financial advisory fee paid and payable to a related company (notes a and b)	420	420

As at 31 December 2017, deposits paid to related companies, which are companies controlled by the AY Trust of which STC International is the trustee amounting to HK\$66,410,000 (2016: HK\$68,797,000) were included in rental deposits under non-current assets.

於2017年12月31日，已支付予關連公司(由AY Trust(STC International為其受託人)控制之公司)之按金已列入非流動資產之租賃按金，金額為66,410,000港元(2016年：68,797,000港元)。

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27. Related Party Transactions (Continued)

Notes:

- (a) The related company/companies is/are controlled by directors of the Company/their associates or the AY Trust of which a Director is one of the eligible beneficiaries.
- (b) These transactions are connected transactions exempt from announcement, reporting and independent shareholders' requirements under Rule 14A.33 of the Listing Rules.
- (c) The transaction was a connected transaction subject to the announcement and reporting requirements but exempt from the approval of the independent shareholders of the Company under Chapter 14A of the Listing Rules.
- (d) The expenses paid are in relation to the tenancy agreements entered into with the related companies of the Company. Some of these transactions are discloseable continuing connected transactions (as defined under Chapter 14A of the Listing Rules) of the Company which details are disclosed under the section headed "Continuing Connected Transactions" under "Directors' Interests in Transactions, Arrangements or Contracts and Continuing Connected Transactions" of the Directors' Report.

The compensation to the Directors and key management personnel of the Group are disclosed in note 8.

27. 關連方交易(續)

附註：

- (a) 關連公司由本公司董事／彼等聯繫人或AY Trust(一名董事為其合資格受益人)控制。
- (b) 該等交易為根據上市規則第14A.33條獲豁免遵守公告、匯報及獨立股東批准之規定的關連交易。
- (c) 該交易為關連交易，須遵守上市規則第14A章項下公告及匯報之規定，惟獲豁免取得本公司獨立股東批准之規定。
- (d) 已付支出乃關於與本公司關連公司訂立之租賃協議。其中某些交易乃本公司之須予披露持續關連交易(定義見上市規則第14A章)，其詳情於董事會報告「董事於交易、安排或合約之權益及持續關連交易」項下「持續關連交易」一節披露。

本集團董事及主要管理人員之酬金乃於附註8披露。

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綜合財務報表附註

For the year ended 31 December 2017

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28. Statement of Financial Position and Reserves of the Company

28. 本公司之財務狀況表及儲備

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	1,583,094	1,583,094
Amount due from a subsidiary	應收一間附屬公司款項	2,713,137	2,583,986
		4,296,231	4,167,080
Current assets	流動資產		
Deposits and prepayments	按金及預付款項	541	541
Amount due from a subsidiary	應收一間附屬公司款項	—	856
Bank balances and cash	銀行結餘及現金	957	344
		1,498	1,741
Current liabilities	流動負債		
Other payables and accrued charges	其他應付款項及預提費用	300	300
Amount due to a subsidiary	應付一間附屬公司款項	11,089	—
Amount due to a related company	應付一間關連公司款項	35	35
		11,424	335
Net current (liabilities) assets	流動資產(負債)淨值	(9,926)	1,406
Net assets	資產淨值	4,286,305	4,168,486
Capital and reserves	資本及儲備		
Share capital	股本	3,484,152	3,484,152
Reserves	儲備	802,153	684,334
Total equity	總權益	4,286,305	4,168,486

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 14 March 2018 and are signed on its behalf by:

本公司之財務狀況表於2018年3月14日經董事會批准及授權刊發，並由下列董事代表簽署：

CINDY YEUNG
楊諾思
DIRECTOR
董事

WONG CHI FAI
黃志輝
DIRECTOR
董事

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綜合財務報表附註

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28. Statement of Financial Position and Reserves of the Company (Continued)

Movement in the Company's reserves

		Retained profits 保留溢利 HK\$'000 千港元
At 1 January 2016	於2016年1月1日	560,912
Profit and total comprehensive income for the year	年內溢利及全面收益總額	123,422
At 31 December 2016	於2016年12月31日	684,334
Profit and total comprehensive income for the year	年內溢利及全面收益總額	129,519
Interim dividend paid for 2017	就2017年已付的中期股息	(11,700)
At 31 December 2017	於2017年12月31日	802,153

28. 本公司之財務狀況表及儲備(續)

本公司之儲備變動

29. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2017 and 2016 are as follows:

29. 主要附屬公司之詳情

於2017年及2016年12月31日，本公司主要附屬公司之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立/註冊/ 營運地點	Issued ordinary share capital/ registered capital 已發行 普通股股本/ 註冊資本	Proportion of issued share capital held by the Group 本集團持有 已發行股本之比例		Principal activities 主要業務
			2017	2016	
Direct subsidiaries 直接附屬公司					
Emperor Watch & Jewellery (China) Holdings Limited 英皇鐘錶珠寶(中國)有限公司	Hong Kong ("HK") 香港	HK\$1 1港元	100%	100%	Investment holding 投資控股
Emperor Watch & Jewellery (China) Holdings Limited 英皇鐘錶珠寶(中國)有限公司	BVI 英屬處女群島	US\$1 1美元	100%	100%	Investment holding 投資控股
Emperor Watch & Jewellery Overseas Holdings Limited 英皇鐘錶珠寶海外控股有限公司	HK 香港	HK\$1 1港元	100%	100%	Investment holding 投資控股
Emperor Watch & Jewellery (HK & Macau) Holdings Limited 英皇鐘錶珠寶(港澳)有限公司	BVI 英屬處女群島	US\$1 1美元	100%	100%	Investment holding 投資控股

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29. Particulars of Principal Subsidiaries (Continued)

29. 主要附屬公司之詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立/註冊/ 營運地點	Issued ordinary share capital/ registered capital 已發行 普通股股本/ 註冊資本	Proportion of issued share capital held by the Group 本集團持有 已發行股本之比例		Principal activities 主要業務
			2017	2016	
Indirect subsidiaries 間接附屬公司					
Beauty Royal Limited 麗盟有限公司	HK 香港	HK\$2 2港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Charter Loyal Limited 耀仁有限公司	HK 香港	HK\$2 2港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Crescent Gold Limited 耀昱有限公司	HK 香港	HK\$1 1港元	100%	100%	Investment holding 投資控股
Esteem Step Limited 譽階有限公司	Macau 澳門	MOP25,000 25,000澳門元	100%	100%	Provision of group administration services 提供集團行政管理服務
Emperor Watch & Jewellery (HK) Company Limited 英皇鐘錶珠寶(香港)有限公司	HK 香港	HK\$100 100港元	100%	100%	Sales of watches & jewellery 銷售鐘錶及珠寶
Emperor Watch & Jewellery (Singapore) Pte. Ltd.	Singapore 新加坡	SGD1,000,000 1,000,000 新加坡元	100%	100%	Sales of watches & jewellery 銷售鐘錶及珠寶
Emperor Watch & Jewellery Management Limited 英皇鐘錶珠寶管理服務有限公司	BVI 英屬處女群島	US\$1 1美元	100%	100%	Holding trademarks, logo and domain names of the Group 持有本集團之商標、標誌 及域名
EWJ Macau Company Limited EWJ澳門有限公司	Macau 澳門	MOP25,000 25,000澳門元	100%	100%	Sales of watches and jewellery 銷售鐘錶及珠寶

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29. Particulars of Principal Subsidiaries (Continued)

29. 主要附屬公司之詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立/註冊/ 營運地點	Issued ordinary share capital/ registered capital 已發行 普通股股本/ 註冊資本	Proportion of issued share capital held by the Group 本集團持有 已發行股本之比例		Principal activities 主要業務
			2017	2016	
Indirect subsidiaries (Continued) 間接附屬公司(續)					
Foremost Resources Limited 富茂資源有限公司	HK 香港	HK\$1 1港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Gold Gatherable Limited 金聚行有限公司	HK 香港	HK\$1 1港元	100%	100%	Investment holding 投資控股
Mount Win Limited 嶺耀有限公司	HK 香港	HK\$1,000,000 1,000,000港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Phoenix Noble Limited 鳳樂有限公司	Macau 澳門	MOP25,000 25,000澳門元	100%	100%	Provision of group marketing services 提供集團市場推廣服務
Shine Air Limited 煥輝有限公司	HK 香港	HK\$1 1港元	100%	100%	Investment holding 投資控股
Success Wealthy Limited 隆寶有限公司	HK 香港	HK\$1 1港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Trillion Winner Limited 亨士奧有限公司	HK 香港	HK\$1 1港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Uni-Champ Limited 祐成有限公司	HK 香港	HK\$1 1港元	100%	100%	Investment holding 投資控股
Up Success Limited 雄揚有限公司	HK 香港	HK\$300,000 300,000港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務

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29. Particulars of Principal Subsidiaries (Continued)

29. 主要附屬公司之詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operation 成立/註冊/ 營運地點	Issued ordinary share capital/ registered capital 已發行 普通股股本/ 註冊資本	Proportion of issued share capital held by the Group 本集團持有 已發行股本之比例		Principal activities 主要業務
			2017	2016	
Indirect subsidiaries (Continued) 間接附屬公司(續)					
Vision Wing Limited 景翔有限公司	Macau 澳門	MOP25,000 25,000澳門元	100%	100%	Provision of group sourcing services 提供集團採購服務
Wealthy Able Limited 財領有限公司	HK 香港	HK\$1 1港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
Zeal Team Limited 潔渝有限公司	HK 香港	HK\$1 1港元	100%	100%	Provision of group tenancy agent services 提供集團租賃代理服務
英皇鐘錶珠寶(北京)有限公司#	PRC 中國	HK\$160,000,000 160,000,000港元	100%	100%	Sales of watches & jewellery 銷售鐘錶及珠寶
英皇鐘錶珠寶(深圳)有限公司#	PRC 中國	HK\$100,500,000 100,500,000港元	100%	100%	Sales of watches & jewellery 銷售鐘錶及珠寶
北京富嘉佳美鐘錶貿易有限公司#	PRC 中國	HK\$73,000,000 73,000,000港元	100%	100%	Sales of watches & jewellery 銷售鐘錶及珠寶

The subsidiaries are wholly foreign owned enterprises.

該等附屬公司為外商獨資企業。

None of the subsidiaries had issued any debt securities at the end of the year.

在年結日並無附屬公司發行任何債務證券。

The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Group will be of excessive length and therefore the list above contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

董事認為列出本集團所有附屬公司之詳情會使名單過度冗長，故上表僅列出對本集團業績或資產有重大影響之附屬公司詳情。

FINANCIAL SUMMARY

財務概要

		For the year ended 31 December 截至12月31日止年度				
		2013	2014	2015	2016	2017
		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
RESULT	業績					
Revenue	收入	6,624,372	5,924,947	4,430,846	3,641,845	4,075,124
Profit/(loss) before taxation	除稅前溢利／(虧損)	355,830	168,690	(116,609)	(59,843)	173,237
Taxation	稅項	(65,513)	(30,548)	(3,473)	(4,978)	(13,546)
Profit/(loss) for the year attributable to owners of the Company	本公司擁有人應佔年度溢利／(虧損)	290,317	138,142	(120,082)	(64,821)	159,691

		As at 31 December 於12月31日				
		2013	2014	2015	2016	2017
		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
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	4,795,977	4,796,332	4,466,392	4,408,032	4,673,484
Total liabilities	總負債	(388,567)	(338,527)	(191,196)	(233,922)	(306,799)
Net Assets	資產淨值	4,407,410	4,457,805	4,275,196	4,174,110	4,366,685
Equity attributable to owners of the Company and total equity	本公司擁有人應佔權益及總權益	4,407,410	4,457,805	4,275,196	4,174,110	4,366,685

