

REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 555)



ANNUAL
REPORT
年報

2017



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Corporate Information

公司資料

DIRECTORS

Executive Directors

Chan How Chung, Victor

Boo Chun Lon

Independent Non-executive Directors

Yuen Wai Ho

Chow Siu Ngor

Lee Ka Lun

AUDIT COMMITTEE

Yuen Wai Ho (*Chairman*)

Chow Siu Ngor

Lee Ka Lun

REMUNERATION COMMITTEE

Chow Siu Ngor (*Chairman*)

Yuen Wai Ho

Lee Ka Lun

NOMINATION COMMITTEE

Lee Ka Lun (*Chairman*)

Yuen Wai Ho

Chow Siu Ngor

Chan How Chung, Victor

SECRETARIES

Company Secretary

Ng Yuen Yee

Assistant Secretaries

Estera Services (Bermuda) Limited

RESIDENT REPRESENTATIVE

Estera Services (Bermuda) Limited

AUDITOR

Ting Ho Kwan & Chan CPA Limited

LEGAL ADVISERS

Baker & McKenzie

PRINCIPAL BANKERS

Chong Hing Bank Limited

DBS Bank (Hong Kong) Limited

董事

執行董事

陳孝聰

巫峻龍

獨立非執行董事

阮煒豪

鄒小岳

李家麟

審核委員會

阮煒豪 (*主席*)

鄒小岳

李家麟

薪酬委員會

鄒小岳 (*主席*)

阮煒豪

李家麟

提名委員會

李家麟 (*主席*)

阮煒豪

鄒小岳

陳孝聰

秘書

公司秘書

吳婉儀

助理秘書

Estera Services (Bermuda) Limited

居駐代表

Estera Services (Bermuda) Limited

核數師

丁何關陳會計師事務所有限公司

法律顧問

貝克•麥堅時律師事務所

主要往來銀行

創興銀行有限公司

星展銀行(香港)有限公司

Corporate Information (continued) 公司資料 (續)

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Office A, 32/F., YHC Tower
No. 1 Sheung Yuet Road
Kowloon Bay, Kowloon, Hong Kong
Tel: (852) 2532 0088
Fax: (852) 2532 5229
Websites: <http://www.aplushk.com/clients/00555rexlot/index.html>
<http://www.rexlot.com.hk>

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

註冊辦事處

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

總辦事處及主要營業地點

香港九龍九龍灣
常悅道1號
恩浩國際中心32樓A室
電話：(852) 2532 0088
傳真：(852) 2532 5229
網站：<http://www.aplushk.com/clients/00555rexlot/index.html>
<http://www.rexlot.com.hk>

百慕達股份過戶登記總處

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

股份過戶登記處香港分處

卓佳標準有限公司
香港
皇后大道東183號
合和中心22樓

Directors' Report 董事會報告

The board of directors (the "Board") of REXLot Holdings Limited (the "Company") submit herewith their report together with the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries and joint ventures are principally engaged in lottery system and games development business and distribution and marketing of lottery products in China.

JOINT VENTURES AND SUBSIDIARIES

Particulars of the Company's joint ventures and principal subsidiaries are set out in Notes 19 and 47 to the consolidated financial statements respectively.

RESULTS

The results of the Group for the year ended 31 December 2017 and the state of the Group's affairs as at that date are set out in the financial statements on pages 82 to 231.

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2017, the Group (including the Kingsail Group and Sinodata Group as defined in Note 14 to the consolidated financial statements) had additions of approximately HK\$14,888,000 (2016: approximately HK\$25,683,000) to property, plant and equipment for the Group's operations. Details of movements in property, plant and equipment during the year are set out in Note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2017, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to approximately HK\$437,522,000 (2016: approximately HK\$355,955,000).

御泰中彩控股有限公司（「本公司」）董事會（「董事會」）謹將本公司及其附屬公司（統稱「本集團」）截至二零一七年十二月三十一日止年度之報告及經審核財務報表呈覽。

主要業務

本公司之主要業務為投資控股。其附屬公司及合營企業主要於中國從事彩票系統與遊戲開發業務及彩票產品配送與市場推廣業務。

合營企業及附屬公司

本公司之合營企業及主要附屬公司詳情分別載於綜合財務報表附註19及47。

業績

本集團截至二零一七年十二月三十一日止年度之業績及本集團於該日之財政狀況載於第82頁至第231頁之財務報表。

物業、廠房及設備

於截至二零一七年十二月三十一日止年度，本集團（包括綜合財務報表附註14所界定之金帆集團及思樂集團）為業務所需添置約14,888,000港元（二零一六年：約25,683,000港元）之物業、廠房及設備。年內，物業、廠房及設備之變動詳情載於綜合財務報表附註15。

可供分派儲備

本公司於二零一七年十二月三十一日按照香港公司條例（第622章）第6部計算之可供分派儲備約為437,522,000港元（二零一六年：約355,955,000港元）。

Directors' Report (continued)

董事會報告 (續)

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company (the "Bye-laws") or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company (the "Shareholders").

FIVE YEAR FINANCIAL SUMMARY

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

RETIREMENT BENEFITS SCHEME

Particulars of the retirement benefits scheme of the Group are set out in Note 37 to the consolidated financial statements.

SHARE OPTIONS

On 28 June 2012, the Company adopted a share option scheme (the "2012 Scheme") which, unless otherwise terminated, will remain valid and effective for a period of 10 years from 28 June 2012.

The purpose of the 2012 Scheme is to enable the Company to grant options to eligible participants as incentives and/or rewards for their contribution to, and continuing efforts to promote the interests of, the Group.

According to the 2012 Scheme, the Board may grant options to the eligible participants as defined in the 2012 Scheme to subscribe for such number of shares as the Board may determine. Options granted should be accepted within 30 days from the date of the letter of grant. Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Subject to the terms of the 2012 Scheme and all applicable laws, the Board has the power to determine the period within which payments or calls must or may be made.

The exercise price of options shall be determined by the Board, which shall be at least the highest of (i) the closing price of the shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share.

優先認購權

本公司之公司細則(「公司細則」)或百慕達法例並無有關本公司須按比例向現有本公司股東(「股東」)發售新股之優先認購權條文。

五年財務摘要

本集團於過去五個財政年度之綜合業績及資產與負債概要載於第232頁。

退休福利計劃

本集團退休福利計劃之詳情載於綜合財務報表附註37。

購股權

於二零一二年六月二十八日，本公司採納一項購股權計劃(「二零一二年計劃」)，除非另行終止，否則自二零一二年六月二十八日起計十年內持續有效及生效。

二零一二年計劃旨在使本公司可向合資格參與人士授出購股權，作為彼等對本集團所作出之貢獻及為提升本集團利益所作出之不懈努力之獎勵及／或回報。

根據二零一二年計劃，董事會可向二零一二年計劃所界定之合資格參與人士授出購股權，以認購董事會所釐定數目之股份。授出之購股權須自授出函件日期起計30日內接納。接納購股權時，承授人須向本公司支付1.00港元作為獲授購股權之代價。受二零一二年計劃之條款及所有適用法律所規限，董事會有權釐定必須或可能作出付款或通知付款之期限。

購股權之行使價由董事會釐定，須至少為下列之最高者：(i)於授出日期(必須為營業日)香港聯合交易所有限公司(「聯交所」)每日報價表所報股份之收市價；(ii)於緊接授出日期前五個營業日聯交所每日報價表所報股份之平均收市價；及(iii)股份之面值。

Directors' Report (continued) 董事會報告 (續)

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2012 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the 2012 Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the Shareholders in general meeting where such limit is refreshed. Options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2012 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant unless such grant has been duly approved by ordinary resolution of the Shareholders in general meeting at which the relevant eligible participant and his associates abstained from voting. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in any 12-month period in excess of 0.1% of the Company's issued share capital on the date of grant or with a value in excess of HK\$5,000,000 must be approved in advance by the Shareholders.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no options can be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised. The 2012 Scheme will expire on 28 June 2022.

No share option has been granted under the 2012 Scheme during the year ended 31 December 2017.

因根據二零一二年計劃及本公司任何其他購股權計劃授出之所有購股權獲行使而可發行之股份上限，不得超過批准及採納二零一二年計劃當日本公司已發行股本之10%，惟本公司可隨時徵求股東批准將上限重新釐定為股東於更新該上限之股東大會上批准重新釐定上限當日之已發行股份之10%。計算重新釐定之上限時，先前根據本公司任何購股權計劃授出之購股權（包括根據該等計劃尚未行使、已註銷、已失效或已行使之購股權）將不會計算在內。

於截至及包括授出購股權日期前任何12個月內，因根據二零一二年計劃及本公司任何其他購股權計劃授出之購股權（包括已行使、已註銷及尚未行使之購股權）獲行使而已發行及可能須發行予每名合資格參與人士之股份總數，不得超過授出購股權當日之已發行股份之1%，除非有關授出已於股東大會上獲股東以普通決議案正式批准（相關合資格參與人士及其聯繫人須於會上放棄投票），則作別論。倘於任何12個月期間向主要股東或獨立非執行董事或彼等各自之任何聯繫人授出超逾本公司於授出日期已發行股本之0.1%或價值超出5,000,000港元之購股權，則須先經股東批准。

購股權行使期將由董事會全權酌情釐定，惟授出購股權日期起計10年後不可行使購股權。本公司並無限制行使前必須持有購股權之最短期限之一般規定。二零一二年計劃將於二零二二年六月二十八日屆滿。

於截至二零一七年十二月三十一日止年度，概無根據二零一二年計劃授出任何購股權。

Directors' Report (continued)

董事會報告 (續)

The following table discloses details of the movements in the share options granted under the 2012 Scheme during the year ended 31 December 2017.

下表披露於截至二零一七年十二月三十一日止年度根據二零一二年計劃授出之購股權變動詳情。

| Category of participant | Number of share options 購股權數目 | | | | At 31 December 2017 於二零一七年 十二月 三十一日 | Date of grant | Exercise price per share | Exercisable period |
|--|---|---------------------------------------|---|--------------------------------------|--|------------------|--------------------------------|----------------------------|
| | At 1 January 2017 於二零一七年 一月一日 | Granted during the year 年內授出 | Exercised during the year 年內行使 | Lapsed during the year 年內失效 | | | | |
| Directors/substantial shareholder | | | | | | | | |
| 董事/主要股東 | | | | | | | | |
| Chan How Chung, Victor 陳孝聰 | 5,000,000 | - | - | - | 5,000,000 | 29/09/2016 | 0.1082 | 29/09/2016 – 28/09/2018 |
| Boo Chun Lon 巫峻龍 | 5,000,000 | - | - | - | 5,000,000 | 29/09/2016 | 0.1082 | 29/09/2016 – 28/09/2018 |
| Yuen Wai Ho 阮煒豪 | 5,000,000 | - | - | - | 5,000,000 | 29/09/2016 | 0.1082 | 29/09/2016 – 28/09/2018 |
| Chow Siu Ngor 鄒小岳 | 5,000,000 | - | - | - | 5,000,000 | 29/09/2016 | 0.1082 | 29/09/2016 – 28/09/2018 |
| Lee Ka Lun 李家麟 | 5,000,000 | - | - | - | 5,000,000 | 29/09/2016 | 0.1082 | 29/09/2016 – 28/09/2018 |
| Employees 僱員 | 285,000,000 | - | - | - | 285,000,000 | 29/09/2016 | 0.1082 | 29/09/2016 – 28/09/2018 |
| Total 總計 | <u>310,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>310,000,000</u> | | | |

Directors' Report (continued)

董事會報告 (續)

As a result of the Rights Issue (as defined in the section headed "Rights Issue" in this report), the exercise price of the outstanding share options has been adjusted from HK\$0.1082 per share to HK\$0.1068 per share and the number of shares issuable upon exercise of the outstanding share options has been adjusted from 310,000,000 to 313,949,090. As at the date of this report, the total number of shares available for issue upon exercise of the options outstanding under 2012 scheme was 313,949,090 shares (representing approximately 2.09% of the shares in issue as at the date of this report).

DIRECTORS

The directors of the Company (the "Directors") during the financial year and up to the date of this report were:

Executive Directors

Chan How Chung, Victor
Boo Chun Lon

Independent Non-executive Directors

Yuen Wai Ho
Chow Siu Ngor
Lee Ka Lun

In accordance with bye-law 99 of the Bye-laws, Mr. Yuen Wai Ho shall retire by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting. Mr. Lee Ka Lun shall retire by rotation in accordance with bye-law 99 of the Bye-laws and shall not offer himself for re-election at the forthcoming annual general meeting. The Company is identifying suitable candidate to fill the above vacancy. Announcement will be made by the Company in this regard when appropriate.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election and re-appointment at the forthcoming annual general meeting has an unexpired service contract, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

因進行供股(定義見本報告「供股」一節),未獲行使購股權之行使價已由每股股份0.1082港元調整為每股股份0.1068港元,而於未獲行使之購股權獲行使時可發行之股份數目則由310,000,000股調整為313,949,090股。於本報告日期,於根據二零一二年計劃尚未行使之購股權獲行使時可供發行之股份總數為313,949,090股(相當於本報告日期已發行股份約2.09%)。

董事

於本財政年度及截至本報告日期,本公司之董事(「董事」)如下:

執行董事

陳孝聰
巫峻龍

獨立非執行董事

阮煒豪
鄒小岳
李家麟

根據公司細則第99條,阮煒豪先生須於應屆股東週年大會上輪值退任,並符合資格及願意重選連任。根據公司細則第99條,李家麟先生須於應屆股東週年大會上輪值退任,惟無意重選連任。本公司正物色合適候選人填補上述空缺。本公司將於適當時候就此作出公布。

董事之服務合約

擬於應屆股東週年大會上重選及續聘之董事概無與本公司或其任何附屬公司訂立如不作出賠償(一般法定賠償除外)則不能於一年內終止之未屆滿服務合約。

**DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS,
ARRANGEMENTS OR CONTRACTS**

- (i) On 4 January 2016, the Group entered into a sale and purchase agreement (as supplemented and amended) (the "Sale and Purchase Agreement") with Sunjet Investments Limited (the "Purchaser"), in relation to, among other things, the sale and purchase of the entire issued share capital of Multi Glory Limited (the "Disposal"). Mr. Chan How Chung, Victor ("Mr. Chan"), a Director and a substantial shareholder of the Company, is also a director of the Purchaser and its controlling shareholder. In consideration of the Purchaser entering into the Sale and Purchase Agreement, on 2 August 2016, the Company executed a deed of guarantee pursuant to which the Company agreed to guarantee in favor of the Purchaser the due performance and observance by the seller of all its obligations under or pursuant to the Sale and Purchase Agreement. The Disposal was completed in February 2017. The Purchaser has withheld HK\$350,000,000 pursuant to the Sale and Purchase Agreement for tax payments if the PRC tax authority makes additional demands.
- (ii) As disclosed in the announcement of the Company dated 29 March 2017, Kingly Profits Corporation ("Kingly Profits") has agreed and undertaken to the Company, among other things, to (a) provide a valid block voting instruction in favor of the relevant extraordinary resolution in relation to the 4.5% convertible bonds due 2019 (the "2019 Bonds"); and (b) that its holding of the 2019 Bonds that are subject to the 3rd anniversary put option notice would not need to be repaid: (i) until the aggregate outstanding principal amount, together with any accrued but unpaid interest thereon, of the Put Bonds (as defined in the announcement of the Company dated 29 March 2016) and the 6% convertible bonds originally due 2016 and extended to 2017 (the "2017 Bonds") have been repaid in full; and (ii) unless the 2019 Bonds held by other bondholders that have given 3rd anniversary put option notices, if any, are being repaid in full at the same time. Kingly Profits also agreed to grant an unsecured shareholder's loan to the Company in an amount equivalent to its entitlement under the partial repayment in respect of the 2019 Bonds. Accordingly, an unsecured shareholder's loan in the principal amount of approximately HK\$133,583,000 with an interest rate equal to the coupon rate of the 2019 Bonds has been granted by Kingly Profits to the Company with an initial term of one year for the Company's general working capital. Kingly Profits is indirectly wholly-owned by Mr. Chan, who is also its director.

董事所佔交易、安排或合約重大權益

- (i) 於二零一六年一月四日，本集團與Sunjet Investments Limited (「買方」)就(其中包括)買賣Multi Glory Limited全部已發行股本(「出售事項」)訂立買賣協議(「買賣協議」，經補充及修訂)。董事兼本公司主要股東陳孝聰先生(「陳先生」)亦為買方之董事及其控股股東。作為買方訂立買賣協議之代價，於二零一六年八月二日，本公司簽立擔保契據，據此，本公司同意按照擔保契據之條款以買方為受益人擔保賣方妥為履行及遵守其於買賣協議項下及根據買賣協議之全部責任。出售事項已於二零一七年二月完成。買家已根據買賣協議預扣350,000,000港元，以於中國稅務機關提出補加稅款要求時作為稅款。
- (ii) 誠如本公司日期為二零一七年三月二十九日之公布所披露，Kingly Profits Corporation (「Kingly Profits」)已同意並向本公司承諾(其中包括)(a)其將發出有效凍結投票指示投票贊成於二零一九年到期之4.5厘可換股債券(「二零一九年債券」)之相關特別決議案；及(b)其所持有受第三週年認沽期權通知所規限之二零一九年債券將毋須償還：(i)直至認沽債券(定義見本公司日期為二零一六年三月二十九日之公布)及原於二零一六年到期而已延長至二零一七年到期之6厘可換股債券(「二零一七年債券」)之尚未償還本金總額連同其任何應計但未付之利息已獲悉數償還為止；及(ii)除非已發出第三週年認沽期權通知之其他債券持有人(如有)所持有之二零一九年債券同時獲悉數償還。Kingly Profits亦同意向本公司授出無抵押股東貸款，金額相當於其就二零一九年債券所享之部分還款。因此，Kingly Profits已向本公司授出本金額約為133,583,000港元之無抵押股東貸款，其利率相等於二零一九年債券之票面利率，初步為期一年，以供本公司用作一般營運資金。Kingly Profits由身兼其董事之陳先生間接全資擁有。

Directors' Report (continued) 董事會報告 (續)

- (iii) On 2 August 2016, Mega Market Assets Limited ("Mega Market") provided an interest-free unsecured loan to the Company in an amount of approximately HK\$357,867,000 (the "Mega Market Loan"), which was due for repayment upon completion of the Disposal, to finance the Company's partial redemption of the convertible bonds. Mega Market is directly wholly-owned by Mr. Chan, who is also its director. The Mega Market Loan has been repaid in February 2017 upon completion of the Disposal.
- (iv) During the year, Kingly Profits continued to provide interest-free unsecured and repayment on demand loans to the Company for the Company's general working capital. As at 31 December 2017, the outstanding principal amount of loans were approximately HK\$279,194,000.
- (v) In April 2017, the Company entered into a conditional subscription agreement with Keen Start Limited ("Keen Start") for the proposed subscription of shares and convertible bonds by Keen Start (the "Subscription Agreement"). As the conditions to the completion of the transaction contemplated under the Subscription Agreement have not been fully satisfied, the Company and Keen Start have agreed to terminate the Subscription Agreement and the related undertaking has been released and discharged. Keen Start is indirectly wholly-owned by Mr. Chan, who is also its director.
- (vi) In November 2017, the Company entered into the underwriting agreement (as supplemented and amended) (the "Underwriting Agreement") with, among others, Keen Start in relation to the Rights Issue. Mr. Chan, Keen Start and Kingly Profits have given irrevocable undertaking in relation to the subscription for the Rights Shares (as defined in the section headed "Rights Issue" in this report). The Rights Issue has been completed in March 2018.
- (iii) 於二零一六年八月二日，Mega Market Assets Limited (「Mega Market」)向本公司提供於出售事項完成時到期償還之免息無抵押貸款約357,867,000港元(「Mega Market貸款」)，以為本公司贖回部分可換股債券撥資。Mega Market由身兼其董事之陳先生直接全資擁有。Mega Market貸款已於出售事項完成時在二零一七年二月獲悉數償還。
- (iv) 年內，Kingly Profits繼續向本公司提供免息無抵押及須按要求償還之貸款，以供本公司用作一般營運資金。於二零一七年十二月三十一日，該等貸款之尚未償還本金額約為279,194,000港元。
- (v) 於二零一七年四月，本公司與Keen Start Limited (「Keen Start」)就建議Keen Start認購股份及可換股債券訂立有條件認購協議(「認購協議」)。由於完成認購協議項下擬進行之交易的條件尚未全面達成，本公司與Keen Start已協定終止認購協議，而相關承諾已獲免除及解除。Keen Start由身兼其董事之陳先生間接全資擁有。
- (vi) 於二零一七年十一月，本公司與(其中包括)Keen Start就供股訂立包銷協議(「包銷協議」，經補充及修訂)。陳先生、Keen Start及Kingly Profits已就認購供股股份(定義見本報告「供股」一節)作出不可撤回承諾。供股已於二零一八年三月完成。

Directors' Report (continued) 董事會報告 (續)

(vii) In November 2017, the Company entered into the conditional agreement (as supplemented and amended) with Keen Start for the proposed subscription of convertible bonds in the principal amount of HK\$167,500,000 by Keen Start (the "CB Subscription Agreement").

(viii) During the year, the Company's PRC subsidiaries (the "PRC Subsidiaries") had the following transactions with a PRC entity (the "PRC Entity") indirectly controlled by Mr. Chan: (1) processing fees for machineries and equipment in the amount of HK\$960,000 was charged to one of the PRC Subsidiaries; (2) one of the PRC Subsidiaries sold parts to the PRC Entity for the consideration of HK\$18,000; and (3) the PRC Entity advanced interest-free unsecured and repayable on demand loans in the amount of HK\$13,475,000 to the PRC Subsidiaries for operation under ordinary course of business.

Particulars of Directors' interest in other transactions are also set out in the section headed "Connected Transactions and Related Party Transactions" in this Directors' Report.

Save as disclosed above, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company's subsidiaries or any of its holding companies and fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(vii) 於二零一七年十一月，本公司與Keen Start就建議Keen Start認購本金額為167,500,000港元之可換股債券訂立有條件協議（「可換股債券認購協議」，經補充及修訂）。

(viii) 年內，本公司之中國附屬公司（「該等中國附屬公司」）與一間受陳先生間接控制之中國實體（「該中國實體」）進行以下交易：(1)向該等中國附屬公司其中一間收取機器及設備加工費960,000港元；(2)該等中國附屬公司其中一間以代價18,000港元向該中國實體出售部件；及(3)該中國實體就於日常業務過程中之業務營運向該等中國附屬公司墊付免息無抵押及須按要求償還之貸款13,475,000港元。

董事所佔其他交易權益詳情亦載於本董事會報告「關連交易及關聯方交易」一節。

除上文所披露者外，本公司附屬公司或其任何控股公司及同系附屬公司在年終時或年內任何時間，概無就本集團業務訂立任何本公司董事直接或間接於其中擁有重大權益之其他重要交易、安排或合約。

Directors' Report (continued)

董事會報告 (續)

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2017, the interests or short positions of the Directors and chief executives and their associates in the shares, underlying shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 (the "Model Code"), were as follows:

Long position in the ordinary shares of HK\$0.01 each (the "Shares") and underlying Shares in the Company

董事及最高行政人員之權益

於二零一七年十二月三十一日，董事及最高行政人員以及彼等之聯繫人於本公司或其任何相聯法團之股份、相關股份或債券中擁有記錄在本公司根據證券及期貨條例（「證券及期貨條例」）第352條須存置之名冊上之權益或淡倉，或根據上市發行人董事進行證券交易的標準守則（「標準守則」）已知會本公司及聯交所之權益或淡倉如下：

於本公司每股面值0.01港元普通股（「股份」）及相關股份之好倉

| Name of Director | Nature of interest | Number of Shares held | Number of underlying Shares held | Total | Approximate percentage of issued share capital of the Company |
|-------------------------------|--|------------------------------------|------------------------------------|---------------|---|
| 董事姓名 | 權益性質 | 所持股份數目 | 所持相關股份數目 | 總計 | 佔已發行股本概約百分比 |
| Chan How Chung, Victor 陳孝聰 | Interest of controlled corporation/beneficial owner 受控制公司權益/ 實益擁有人 | 4,442,412,782 (Note 1) (附註1) | 2,942,230,289 (Note 1) (附註1) | 7,384,643,071 | 73.64% |
| Boo Chun Lon 巫峻龍 | Beneficial owner 實益擁有人 | – | 5,000,000 (Note 2) (附註2) | 5,000,000 | 0.05% |
| Yuen Wai Ho 阮煒豪 | Beneficial owner 實益擁有人 | – | 5,000,000 (Note 2) (附註2) | 5,000,000 | 0.05% |
| Chow Siu Ngor 鄒小岳 | Beneficial owner 實益擁有人 | – | 5,000,000 (Note 2) (附註2) | 5,000,000 | 0.05% |
| Lee Ka Lun 李家麟 | Beneficial owner 實益擁有人 | – | 5,000,000 (Note 2) (附註2) | 5,000,000 | 0.05% |

Directors' Report (continued)

董事會報告 (續)

Notes:

- (1) Mr. Chan is taken to be interested in (i) 1,187,640,997 Shares held by, 593,820,498 Shares to be taken up, and up to 2,200,000,000 Shares to be underwritten by Keen Start and (ii) 307,300,858 Shares held by and 153,650,429 Shares to be taken up by Kingly Profits. Each of Keen Start and Kingly Profits is wholly-owned by Smart Ease Corporation, which in turn, is wholly-owned by Mr. Chan. Mr. Chan is a director of Keen Start, Kingly Profits and Smart Ease Corporation.

Mr. Chan is beneficially interested in 5,000,000 underlying Shares to be derived from the share options granted by the Company on 29 September 2016. Keen Start agreed to subscribe for the convertible bonds in an aggregate principal amount of HK\$167,500,000 (the "New CB") at the initial conversion price of HK\$0.067 per Share in accordance with the terms of the CB Subscription Agreement. Keen Start also agreed to purchase certain bonds, details of which are set out in the section headed "The Offer" in this report. Accordingly, Mr. Chan is also deemed to be interested in, through Keen Start, 437,230,289 underlying Shares to be derived from conversion of the 2017 Bonds and the 2019 Bonds at their respective applicable conversion price, and 2,500,000,000 underlying Shares to be derived from conversion of the New CB at the initial conversion price of HK\$0.067 per Shares.

- (2) The underlying Shares to be derived from the share options granted under the 2012 Scheme.

Save as disclosed above, at no time during the year under review, the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its other associated corporations (within the meaning of Part XV of the SFO and the Hong Kong Companies Ordinance (Cap. 622)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Other than the 2012 Scheme as disclosed in the "Share Options" and the convertible bonds as disclosed in the "The 2017 and 2019 Convertible Bonds", "Subscription Agreement in relation to New Shares and New Bonds" and "CB Subscription Agreement in relation to New CB" set out in this Directors' Report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2017.

附註:

- (1) 陳先生被視為於(i) Keen Start所持有之1,187,640,997股股份、所承購之593,820,498股股份及所包銷之最多2,200,000,000股股份；及(ii) Kingly Profits所持有之307,300,858股股份及所承購之153,650,429股股份中擁有權益。Keen Start及Kingly Profits各自均由Smart Ease Corporation全資擁有，而Smart Ease Corporation則由陳先生全資擁有。陳先生為Keen Start、Kingly Profits及Smart Ease Corporation之董事。

陳先生於5,000,000股相關股份中擁有實益權益，該等相關股份產生自本公司於二零一六年九月二十九日授出之購股權。Keen Start同意按照可換股債券認購協議之條款按初步轉換價每股0.067港元認購本金總額為167,500,000港元之可換股債券（「新可換股債券」）。Keen Start亦同意購買若干債券，詳情載於本報告「要約」一節。因此，陳先生亦被視為透過Keen Start於437,230,289股相關股份（產生自按其各自之適用轉換價轉換之二零一七年債券及二零一九年債券）及2,500,000,000股相關股份（產生自按初步轉換價每股0.067港元轉換之新可換股債券）中擁有權益。

- (2) 相關股份產生自根據二零一二年計劃授出之購股權。

除上文所披露者外，於回顧年內任何時間，董事或最高行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部及香港公司條例（第622章））之股份、相關股份或債券中擁有記錄在根據證券及期貨條例第352條須存置之名冊上之任何權益或淡倉，或根據標準守則已知會本公司及聯交所之任何權益或淡倉。

股票掛鈎協議

除本董事會報告「購股權」一節所披露之二零一二年計劃及「二零一七年及二零一九年可換股債券」、「有關新股份及新債券之認購協議」及「有關新可換股債券之可換股債券認購協議」各節所披露之可換股債券外，本公司於年內概無訂立或於截至二零一七年十二月三十一日止年度終結時概無存續任何股票掛鈎協議將會或可能導致本公司發行股份，或規定本公司訂立任何協議將會或可能導致本公司發行股份。

Directors' Report (continued)

董事會報告 (續)

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Directors' report, at no time during the year under review was the Company, its holding companies, its fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors 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

Mr. Chan is a director and deemed to be the substantial shareholder of RPI Finance Limited ("RPI"). RPI is principally engaged in the money lending business. The terms and conditions of the financing loans of RPI are market driven and agreed at arm's length between the borrowers and the financiers. When making decisions on the money lending business of the Group, the relevant director, in the performance of his duty as a director of the Company, has acted and will continue to act in the best commercial interest of the Group.

Mr. Chan is a director and deemed to be the substantial shareholder of 深圳市思樂數據技術有限公司 (Shenzhen Sinodata Technology Co. Ltd.*) ("Sinodata"). Sinodata and its subsidiaries (hereinafter collectively referred to as the "Sinodata Group") are principally engaged in the business of design and provision of lottery systems and equipment for lottery in the PRC for traditional Welfare Computer Ticket Games operations. Apart from Mr. Chan, the other members of the board of directors of Sinodata do not overlap with the members of the Board. The day-to-day business operations, financial management and administration of Sinodata are responsible by a management team consists of full time senior officers of Sinodata, and reports to the board of directors of Sinodata. Mr. Chan has confirmed that he does not involve in the daily operations of Sinodata Group. When making decisions on its lottery business, the Group has been operating independently of, and at arm's length from, the business of Sinodata, and is able to ensure that the interests of the Shareholders as a whole will be adequately represented.

Save as disclosed above, as at 31 December 2017, so far as the Directors were aware, none of the Directors and his respective close associates (as defined in the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules")) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

購買股份或債券之安排

除本董事會報告所披露者外，本公司、其控股公司、其同系附屬公司或其任何附屬公司於回顧年內任何時間概無參與任何安排，致使各董事可藉購入本公司或任何其他公司之股份或債券而獲益。

董事於競爭性業務中之權益

陳先生為御泰財務有限公司（「御泰財務」）之董事，亦被視為該公司之主要股東。御泰財務主要從事貸款業務。御泰財務之財務貸款之條款及條件由市場導向，並由借貸雙方經公平協商協定。於制訂本集團貸款業務之決策時，有關董事（於履行彼作為本公司董事之職務時）已經並將會繼續採取為本集團帶來最佳商業利益之行動。

陳先生為深圳市思樂數據技術有限公司（「思樂」）之董事，亦被視為該公司之主要股東。思樂及其附屬公司（以下統稱「思樂集團」）之主要業務為於中國為傳統福彩電腦票營運進行彩票設計及提供彩票系統及設備業務。除陳先生外，思樂董事會其他成員與董事會成員之間並無重疊。思樂之日常業務營運、財務管理及行政工作均由一支包括多名思樂全職高級職員在內之管理團隊負責，並向思樂董事會匯報。陳先生已確認，彼並無參與思樂集團之日常營運。本集團就其彩票業務作決策時，一直能獨立於思樂之業務按公平原則進行，並能確保股東之整體利益得到充分考量。

除上文所披露者外，於二零一七年十二月三十一日，就董事所深知，董事及其緊密聯繫人（按聯交所證券上市規則（「上市規則」）之定義）概無於與或可能與本集團業務有直接或間接競爭之業務中擁有任何權益。

Directors' Report (continued)

董事會報告 (續)

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that every Director or other officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of their duties in their respective offices or otherwise in relation thereto.

A permitted indemnity provision that meets the requirements specified in section 469(2) of the Hong Kong Companies Ordinance (Cap. 622) for the benefits of the Directors is currently in force and was in force throughout the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 47 to 48 of this report.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2017, the interests or short positions of the following parties (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in the Shares and underlying Shares in the Company

| Name of Shareholder 股東名稱/姓名 | Nature of interest 權益性質 | Number of Shares held 所持股份數目 | Number of underlying Shares held 所持相關股份數目 | Total 總計 | Percentage of issued share capital 佔已發行股本百分比 |
|--------------------------------|---|------------------------------------|--|---|--|
| Smart Ease Corporation | Interest of controlled corporation 受控制公司權益 | 4,442,412,782 | 2,937,230,289 | 7,379,643,071 (Notes A and B) (附註A及B) | 73.59% |
| Keen Start | Beneficial owner 實益擁有人 | 3,981,461,495 | 2,937,230,289 | 6,918,691,784 (Note A) (附註A) | 68.99% |
| Kingly Profits | Beneficial owner 實益擁有人 | 460,951,287 | - | 460,951,287 (Note B) (附註B) | 4.60% |

獲准許的彌償條文

公司細則訂明，每名董事或其他高級職員均有權就彼等因執行彼等各自之職務之職責或就此而將會或可能承擔或蒙受之所有訴訟、成本、費用、虧損、損害及開支獲得以本公司之資產作出之彌償保證及免受損害。

目前及於年內任何時間，本公司均為董事之利益訂有符合香港《公司條例》(第622章)第469(2)條列明之規定之獲准許的彌償條文。

董事及高級管理人員履歷

董事及高級管理人員履歷概要載於本報告第47至第48頁。

主要股東權益

於二零一七年十二月三十一日，按本公司根據證券及期貨條例第336條須存置之登記冊所載，下列各方(除本公司董事或最高行政人員外)於本公司股份及相關股份中擁有之權益或淡倉如下：

於本公司股份及相關股份之好倉

Directors' Report (continued)

董事會報告 (續)

Notes:

- A. These Shares and underlying Shares are held by Keen Start as beneficial owner. Keen Start is wholly-owned by Smart Ease Corporation, which in turn, is wholly-owned by Mr. Chan. The interest disclosed herein was included in the interest of Mr. Chan as disclosed in the section headed "Interests of Directors and Chief Executives" in this report.
- B. These Shares are held by Kingly Profits as beneficial owner. Kingly Profits is wholly-owned by Smart Ease Corporation, which in turn, is wholly-owned by Mr. Chan. The interest disclosed herein was included in the interest of Mr. Chan as disclosed in the section headed "Interests of Directors and Chief Executives" in this report.

Save as disclosed above, the register required to be kept under Section 336 of the SFO shows that as at 31 December 2017, the Company had not been notified of any other person who had an interest or short position in the Shares and underlying Shares of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

The Sale and Purchase Agreement and the transactions contemplated thereunder, as detailed in this report, constituted a non-exempt connected transaction under Chapter 14A of the Listing Rules. Details of the transactions are set out in the circulars of the Company dated 29 February 2016 and 30 September 2016.

The CB Subscription Agreement and the transactions contemplated thereunder, as detailed in this report, constituted a non-exempt connected transaction under Chapter 14A of the Listing Rules. Details of the transactions are set out in the announcements of the Company dated 19 November 2017, 29 January 2018 and 21 March 2018.

The subscription of the 2019 Bonds by Kingly Profits, as detailed in Note 35 to the consolidated financial statements, and the transactions contemplated thereunder constitute a non-exempt connected transaction under Chapter 14A of the Listing Rules.

附註:

- A. 該等股份及相關股份由Keen Start作為實益擁有人持有。Keen Start由Smart Ease Corporation全資擁有，而Smart Ease Corporation則由陳先生全資擁有。誠如本報告「董事及最高行政人員之權益」一節所披露，於此披露之權益計入陳先生之權益內。
- B. 該等股份由Kingly Profits作為實益擁有人持有。Kingly Profits由Smart Ease Corporation全資擁有，而Smart Ease Corporation則由陳先生全資擁有。誠如本報告「董事及最高行政人員之權益」一節所披露，於此披露之權益計入陳先生之權益內。

除上文所披露者外，根據證券及期貨條例第336條須存置之登記冊所顯示，於二零一七年十二月三十一日，本公司並無獲知會任何其他人士於本公司股份及相關股份中擁有權益或淡倉。

管理合約

年內並無訂立或存在有關本公司全部或任何重大部分業務管理及行政之合約。

關連交易及關聯方交易

根據上市規則第十四A章，買賣協議及據此擬進行之交易（詳情請參閱本報告）構成一項不獲豁免關連交易。該等交易之詳情載於本公司日期為二零一六年二月二十九日及二零一六年九月三十日之通函。

根據上市規則第十四A章，可換股債券認購協議及據此擬進行之交易（詳情請參閱本報告）構成一項不獲豁免關連交易。該等交易之詳情載於本公司日期為二零一七年十一月十九日、二零一八年一月二十九日及二零一八年三月二十一日之公布。

根據上市規則第十四A章，Kingly Profits認購二零一九年債券（詳情請參閱綜合財務報表附註35）及據此擬進行之交易構成一項不獲豁免關連交易。

Directors' Report (continued) 董事會報告 (續)

All the shareholders' loans made by Kingly Profits to the Company, the loans advanced by the PRC Entity to the subsidiaries of the Company and the Mega Market Loan as disclosed in section headed "Directors' Material Interests in Transactions, Arrangements or Contracts" in this report were fully exempted connected transactions under Chapter 14A of the Listing Rules.

As disclosed in the announcements of the Company dated 29 March 2017, during the year, the Company paid the consent fees in an aggregate amount of approximately HK\$131,000 to Kingly Profits in relation to the 2019 Bonds. The payment of the consent fee to Kingly Profits was regarded as a connected transaction under the Listing Rules, which was not subject to the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the Underwriting Agreement, Kingly Profits and Keen Start agreed to take up their respective pro rata entitlement of Rights Shares. Keen Start agreed to take up additional Rights Shares in the capacity of an underwriter. The allotment of Rights Shares to Kingly Profits and Keen Start was regarded as a fully exempted connected transaction under the Listing Rules. In addition, pursuant to the Underwriting Agreement, the Company would pay an underwriting commission to Keen Start, which amount shall not in any event exceed HK\$3,000,000. The payment of the underwriting commission to Keen Start was regarded as a connected transaction under the Listing Rules, which was not subject to the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the year, processing fees for machineries and equipment in the amount of HK\$960,000 was charged to one of the PRC Subsidiaries by a PRC Entity indirectly controlled by Mr. Chan. Meanwhile, one of the PRC Subsidiaries made sales of parts to the PRC Entity for the consideration of HK\$18,000. The Directors, including the independent non-executive Directors, considered that the above transactions were on normal commercial terms and the applicable percentage ratios for each of the above transactions are less than 5% and the total consideration are less than HK\$3,000,000. As such the transactions were regarded as a fully exempted connected transactions under Chapter 14A of the Listing Rules.

Particulars of other transactions and balances with related parties of the Group during the year ended 31 December 2017 are set out in Note 45 to the consolidated financial statements.

The Company confirms that it has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules.

根據上市規則第十四A章，Kingly Profits向本公司作出之所有股東貸款、該中國實體墊付予本公司之附屬公司之貸款以及Mega Market貸款（於本報告內「董事所佔交易、安排或合約重大權益」一節披露）均為全面豁免關連交易。

誠如本公司日期為二零一七年三月二十九日之公布所披露，本公司於年內就二零一九年債券向Kingly Profits支付同意費合共約131,000港元。根據上市規則，向Kingly Profits支付同意費被視為一項關連交易，惟毋須遵守上市規則第十四A章之獨立股東批准規定。

根據包銷協議，Kingly Profits及Keen Start同意承購彼等各自所佔之供股股份配額比例。Keen Start同意以包銷商之身份承購額外供股股份。根據上市規則，向Kingly Profits及Keen Start配發供股股份被視為一項全面豁免關連交易。此外，根據包銷協議，本公司將向Keen Start支付包銷佣金，金額無論如何將不得超過3,000,000港元。根據上市規則，向Keen Start支付包銷佣金被視為一項關連交易，惟毋須遵守上市規則第十四A章之獨立股東批准規定。

年內，一間受陳先生間接控制之該中國實體向該等中國附屬公司其中一間收取機器及設備加工費960,000港元。與此同時，該等中國附屬公司其中一間以代價18,000港元向中國實體銷售部件。董事（包括獨立非執行董事）認為，上述交易乃按一般商業條款進行，而上述各項交易之適用百分比率及代價總額分別少於5%及少於3,000,000港元。因此，根據上市規則第十四A章，該等交易被視為全面豁免關連交易。

本集團於截至二零一七年十二月三十一日止年度之其他關聯方交易及結餘詳情載於綜合財務報表附註45。

本公司確認其已遵守上市規則第十四A章之適用規定。

Directors' Report (continued)

董事會報告 (續)

Save as disclosed above, the other transactions with related parties did not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

BANK BORROWING

Details of bank borrowing of the Group as at 31 December 2017 are set out in Note 34 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

BUSINESS REVIEW AND PROSPECTS

During the year under review, the Group was principally engaged in lottery system and games development business and distribution and marketing of lottery products in China.

The Chinese lottery market comprises two lotteries, namely, the China Welfare Lottery and the China Sports Lottery. The Group provides services to both lotteries.

Lottery Business

The Group's lottery business can be broadly divided into System and Games Development Business ("SGDB") and Distribution and Marketing Business ("DMB"). Revenue of the lottery business accounted for 100% of the Group's total revenue.

For the year ended 31 December 2017, revenue of the Group amounted to approximately HK\$402,305,000, representing a decrease of 67.87% over the same period last year (2016: approximately HK\$1,252,144,000). The Group recorded a loss before taxation of approximately HK\$520,355,000 (2016: approximately HK\$416,091,000).

除上文所披露者外，其他關聯方交易並不符合上市規則第十四A章內「關連交易」或「持續關連交易」之定義。

銀行借貸

本集團於二零一七年十二月三十一日之銀行借貸詳情載於綜合財務報表附註34。

公眾持股量

根據本公司可得之公開資料及就各董事所知，於本報告日期，本公司已發行股本總額中至少25%由公眾持有。

業務回顧及展望

於回顧年內，本集團主要於中國從事彩票系統與遊戲開發業務及彩票產品的配送與市場業務。

中國彩票市場有兩類彩票，即中國福利彩票及中國體育彩票。本集團同時為兩類彩票提供服務。

彩票業務

本集團的彩票業務大致分為系統及遊戲開發業務（「系統及遊戲開發業務」）及配送與市場業務（「配送及市場業務」）。彩票業務的收入佔本集團總收入的100%。

截至二零一七年十二月三十一日止年度，本集團的收入約為402,305,000港元，較去年同期減少67.87%（二零一六年：約1,252,144,000港元）。本集團錄得除稅前虧損約520,355,000港元（二零一六年：約416,091,000港元）。

Directors' Report (continued) 董事會報告 (續)

The decrease in revenue in the year reflected a macro driven sales decline in parts of the Chinese lottery market, multifaceted challenges faced by the Group in the industry and an one-off impact related to the restructuring of the Group's SGDB. The Group's core operations continued to experience strong pressure from the unfavorable operating environment, especially in scratch cards market where the effect of marketing efforts did not live up to expectations. With no meaningful progress made in the development of paperless lottery during the year under review, uncertainties in the regulatory environment continued to hinder the Group from benefiting its solid infrastructure in paperless lottery operations. In particular, the operations of mobile lottery business was adversely affected.

There were a number of one time events that impacted the Group's revenue and earnings in 2017. In February 2017, the Group completed the restructuring of SGDB and the disposal of its subsidiaries operating in the traditional Welfare Computer Ticket Games ("CTG") market. As a result, there was a substantial decrease in the Group's revenue as the revenue of the Sinodata Group was not consolidated into the Group's consolidated account after completion of the Disposal. In addition, loss on disposal of subsidiaries after taxation of approximately HK\$49,910,000 was recorded in relation to the Disposal. Furthermore, as required by applicable accounting standards, impairments on goodwill of a total of approximately HK\$301,283,000 and an impairment of an investment of approximately HK\$67,617,000 were recorded for the year under review. The impairments on goodwill were made in relation to the Group's business units engaged in the provision of Sports CTG equipment, Welfare Scratch Cards printing and Sports VLT to reflect the lower value in the assets of these business units, which was due to the continued decline in revenue attributable to a slowdown in Sports CTG equipment replacement cycle, keen competition among industry players and the unfavorable operating environment in scratch cards and Sports VLT markets. The impairment of approximately HK\$67,617,000 was made in relation to the Group's investment engaged in paperless lottery operations.

Despite challenges in the lottery market, the Group made progress towards its long-term strategy to improve and transform the Group's business portfolio. In light of the uncertainties in regulatory development and increased competition in the lottery market, the Group commenced evaluation of various investment opportunities to alleviate these challenges and seize new opportunities to deliver shareholder value.

本年度的收入減少反映部分中國彩票市場的銷量受宏觀因素影響下跌，本集團面對業內多方面的挑戰，以及本集團重組系統及遊戲開發業務的一次性影響。本集團的核心業務仍然承受來自不景氣環境的龐大壓力，尤其是市場推廣成效未如理想的即開票市場。無紙化彩票的發展於回顧年內裹足不前，監管環境的不確定性繼續牽絆本集團從無紙化彩票業務的雄厚基礎中獲益。當中，手機彩票業務營運已受到不利影響。

二零一七年發生多項一次性事件影響本集團的收入及盈利。於二零一七年二月，本集團完成重組系統及遊戲開發業務，並出售其經營傳統福彩電腦票市場的附屬公司。因此，於出售事項完成後，思樂集團的收入並無與本集團的綜合賬目綜合入賬，導致本集團的收入大幅減少。再者，有關出售事項錄得出售附屬公司的除稅後虧損約49,910,000港元。另外，按照適用會計準則的規定，於回顧年內錄得商譽減值合計約301,283,000港元及投資減值約67,617,000港元。商譽減值乃就本集團從事提供體彩電腦票設備、福彩即開票印刷及體育視頻彩票終端的業務單位作出，以反映該業務單位的資產價值下跌，而有關下跌乃由於體彩電腦票設備重置週期減慢，業內競爭激烈，即開票及體育視頻彩票終端市場營商環境不景氣，令收入持續下跌所致。約67,617,000港元之減值乃就本集團投資無紙化彩票營運而作出。

儘管彩票市場滿布挑戰，本集團積極籌劃長遠策略，以期將本集團的業務組合提升及轉型。面對監管發展的不確定性及彩票市場的競爭日增，本集團已開始評估不同投資機會應付該等挑戰及為創造股東價值抓緊新機遇。

Directors' Report (continued)

董事會報告 (續)

During the year under review, the Company announced proposed fund raising plans (i.e. a Rights Issue which was completed in March 2018 and a proposed CB Subscription), which would provide an overall solution to the financing of the Group. Through the proposed fund raising plans, the Company shall be able to raise sufficient offshore funds to settle the Group's current offshore liabilities, including the 2017 Bonds and the 2019 Bonds (collectively, the "Bonds") and shareholder's loans. Following the successful completion of the Rights Issue, the CB Subscription is expected to be completed in mid-May 2018, subject to obtaining shareholders' approval at the special general meeting of the Company. The Company believes that after the completion of the proposed fund raising plans and repayment of the existing offshore liabilities, the Company will be able to strengthen its capital structure and resume its sound financial position, and will be poised to focus on growing its business.

Chinese Lottery Market

Chinese lottery market registered total lottery sales of approximately RMB426.7 billion in 2017, increased by 8% compared with 2016.

Total sales of Welfare Lottery was approximately RMB217.0 billion, increased by 5% compared with 2016. Welfare CTG accounted for about 73% of total Welfare Lottery sales; Welfare Scratch Cards was about 6% and Video Lottery Terminals ("VLT") took about 21%.

Welfare CTG sales in 2017 was approximately RMB158.0 billion, increased by 8%. Welfare Scratch Cards sales was approximately RMB12.6 billion, down 15%. VLT sales increased 4% to approximately RMB46.2 billion. Sales of Keno was approximately RMB180 million, decreased 31%.

Total sales of Sports Lottery was approximately RMB209.7 billion. Sports CTG accounted for about 94% of total Sports Lottery sales and Sports Scratch Cards was about 6%.

Sales of Sports CTG, including Single Match Games ("SMG"), increased by 13% to approximately RMB197.7 billion. Sports Scratch Cards sales was approximately RMB12.0 billion, down by 12%. Total sales of Sports VLT was approximately RMB7.9 million.

於回顧年內，本公司宣布建議集資計劃（包括已於二零一八年三月完成的供股及建議可換股債券認購事項），為本集團融資提供一個總體解決方案。本公司可藉建議集資計劃籌集足夠國外資金，以結清本集團之國外流動負債，尤其是包括二零一七年債券及二零一九年債券（統稱「該等債券」）及股東貸款。於成功完成供股後，可換股債券認購事項預期於二零一八年五月中完成，惟有待股東於本公司股東特別大會上批准。本公司相信，於建議集資計劃完成及償還現有國外負債後，本公司將可增強其資本架構，恢復穩健的財務狀況，從而使本公司能夠集中精力發展業務。

中國彩票市場

中國彩票市場於二零一七年錄得彩票總銷售額約人民幣4,267億元，較二零一六年上升8%。

福利彩票的總銷售額約為人民幣2,170億元，較二零一六年上升5%。福彩電腦票約佔福利彩票總銷售額的73%；福彩即開票約佔6%；而中福在線則約佔21%。

於二零一七年，福彩電腦票的銷售額約為人民幣1,580億元，上升8%。福彩即開票的銷售額約為人民幣126億元，下跌15%。中福在線的銷售額上升4%至約人民幣462億元。基諾的銷售額約為人民幣1.8億元，下跌31%。

體育彩票的總銷售額約為人民幣2,097億元。體彩電腦票約佔體育彩票總銷售額的94%，而體彩即開票約佔6%。

體彩電腦票（包括單場競猜遊戲（「競彩」））的銷售額上升13%至約人民幣1,977億元。體彩即開票的銷售額約為人民幣120億元，下跌12%。體育視頻彩票終端的總銷售額約為人民幣790萬元。

Directors' Report (continued) 董事會報告 (續)

System and Games Development Business

The Group's SGDB is an active participant in the provision of lottery system and specialized equipments for both CTG and scratch card products in China. During the year under review, the Group's SGDB continued to actively participate in the upstream and mid-stream lottery market by providing various lottery system and specialized equipment for both Welfare and Sports lottery markets.

Welfare CTG Business

2017 was a transformational year for the Group's SGDB. During the year under review, the Group completed the restructuring of its Welfare CTG business and disposed part of this operations which covered the manufacturing and provision of Welfare CTG machines and supporting system for traditional lottery market. After completion of the Disposal in February 2017, operating results of the Sinodata Group were no longer consolidated under the Group's Welfare CTG business unit. As a result, performance of this unit was adversely affected. After the completion of the Disposal, the Group focused its business on the non-traditional market segment for Welfare CTG. Despite the one-time impact on operating results resulting from the restructuring, the Group is confident in the growth potential of the non-traditional market given consumer preferences for relevant lottery products in this particular market segment remains strong.

In 2017, market performance of the traditional Welfare CTG market (national draw based games) remained stable while the non-traditional market (regional and high frequency games) continued to maintain a fast comparable growth. It is expected that market players will put more focus and resources on the regional and high frequency games market. In particular, the Group's Welfare CTG business is foreseen to experience strong competition from these players in the market. Given the above development, maintaining or improving the earnings performance of the Group's Welfare CTG business is expected to become more challenging. The Group adopted a number of important actions in the second half of 2017 to improve the execution of the streamlined Welfare CTG business unit in preparation for the competition ahead.

Welfare Scratch Cards Business

The Group is involved in the validation and printing business of Welfare Scratch Cards in China. Total sales of Welfare Scratch Cards in 2017 declined by 15% when compared with 2016. Performance of the Group's validation and printing operations were adversely affected by the lackluster sales performance of Welfare Scratch Cards market.

系統及遊戲開發業務

本集團的系統及遊戲開發業務積極為中國電腦票及即開票產品提供彩票系統及專用設備。於回顧年內，本集團的系統及遊戲開發業務一直積極參與上游及中游彩票市場，為福利及體育彩票市場提供各類彩票系統及專用設備。

福彩電腦票業務

二零一七年乃本集團系統及遊戲開發業務的蛻變之年。於回顧年內，本集團完成重組其福彩電腦票業務，並出售部分業務營運，涵蓋為傳統彩票市場製造及提供福彩電腦票機及支援系統。於二零一七年二月完成出售事項後，思樂集團的經營業績不再於本集團的福彩電腦票業務單位綜合入賬。因此，此單位的表現受到不利影響。於出售事項完成後，本集團專注於非傳統福彩電腦票市場分部的業務。即使重組對經營業績構成一次性影響，有鑑於消費者仍然熱捧此市場分部的相關彩票產品，本集團對於非傳統市場的增長潛力充滿信心。

於二零一七年，傳統福彩電腦票市場（全國性抽獎遊戲）的表現平穩，而非傳統市場（地區性及高頻遊戲）繼續維持較快速度增長。預期市場參與者將投放更多精力及資源於地區性及高頻遊戲市場。其中，本集團預計其福彩電腦票業務將面對市場上眾多參與者的激烈競爭。有見上述發展，本集團預期福彩電腦票要維持甚或改善其盈利表現將更具挑戰。本集團於二零一七年下半年已採納多項重要舉措，務求改善經精簡後福彩電腦票業務單位的執行力，為未來的競爭做好準備。

福彩即開票業務

本集團於中國參與福彩即開票的認證及印刷業務。二零一七年福彩即開票的總銷售額較二零一六年下跌15%。福彩即開票市場銷售表現疲弱對本集團認證及印刷業務的表現造成不利影響。

Directors' Report (continued) 董事會報告 (續)

The Group has jointly controlled interests in a validation system and specialized equipment provider which provide validation services for the Welfare Scratch Cards market. During the year under review, the Group rolled out relevant systems and equipment of validation services to support the revitalisation initiatives taken by lottery authorities. Meanwhile, the Group's printing operations focused on delivering various seasonal and thematic games to the market through its cooperative venture with Shijiazhuang Offset Printing House.

Sports CTG Business

The Group's Sports CTG business is engaged in the manufacturing and sales of CTG/SMG terminals to provincial Sports Lottery Centres across China serving the needs of traditional CTG segment and supporting the development of SMG.

Replacement demand for new Sports CTG/SMG terminals has been driven by the needs to modernize sales equipment in the physical lottery distribution network. Despite the new tenders secured by the Group, continued declines in revenue were recorded due to a slowdown in equipment replacement cycle and keen market competition over the years. Consequently, with a view to reduce the ongoing operation cost of this business unit by streamlining its operating structure, the Group has entered into a memorandum of understanding to dispose a group of subsidiaries, the Kingsail Group. While agreement has not been reached, the Group will continue the negotiation with the third party under the memorandum of understanding on this matter.

Distribution and Marketing Business

The Group's DMB is a major participant in lottery distribution in China. It has successfully established a comprehensive distribution platform which consists of a widely diversified and recognized physical retail network and a portfolio of innovative and advanced electronic lottery platforms.

The Group's downstream lottery operations pledge to provide reliable, efficient and innovative lottery services to address the needs of end consumers in lottery market and assist lottery authorities to promote and develop the Chinese Lottery market in sustainable manner.

本集團在為福彩即開票市場提供認證服務的認證系統及專用設備供應商擁有共同控制權益。於回顧年內，本集團推出與認證服務有關的系統及設備，支持彩票機關推行的振興措施。與此同時，本集團的印刷業務透過與石家莊市膠印廠成立的合作企業，專注向市場交付不同的季節性及主題遊戲。

體彩電腦票業務

本集團的體彩電腦票業務參與製造及銷售電腦票／競彩終端予國內各省的體育彩票中心，以滿足傳統電腦票業務所需及支持競彩業務發展。

實體彩票配送網絡需要將銷售設備現代化，帶動新型體彩電腦票／競彩終端的重置需求。由於設備的重置週期減慢，加上近年市場競爭日益激烈，儘管本集團已投得新標書，所錄得的收入仍持續下跌。因此，為通過精簡營運架構降低此業務單位的持續經營成本，本集團已訂立一份諒解備忘錄出售附屬公司集團（即金帆集團）。雖然仍未達成任何協議，本集團將繼續就此與諒解備忘錄的第三方進行磋商。

配送及市場業務

本集團的配送及市場業務為中國彩票配送的主要參與者，成功建立了全面的配送平台，當中包括一個多元化並經認可的實體零售網絡，以及創新而先進的電子彩票平台組合。

本集團下游彩票業務致力提供可靠、高效及創新的彩票服務，以滿足彩票市場最終消費者的需要，協助彩票機關以可持續方式促進和發展中國彩票市場。

During the year under review, the unsatisfactory sales performance of the scratch cards market in China continued to hamper the performance of the Group's DMB. While the uncertainties in the regulatory environment remain, the Company considers that paperless lottery will present long term growth opportunities when it resumes. The Group has reserved adequate financial resources so that it may respond swiftly to the development opportunities in paperless lottery once relevant regulations are formalized.

Scratch Cards Distribution Business

The Group's scratch cards distribution business focuses on the distribution and sales of scratch cards through a physical lottery distribution network. This network comprises selective prime locations that have diversified and recognized sales distribution channels.

In 2017, the aggregate sales of Welfare Scratch Cards and Sports Scratch Cards in China was approximately RMB24.6 billion, decreased by 14% as compared to 2016. Despite actions taken by the lottery industry to reinvigorate the scratch cards market, the anticipated improvements in overall scratch cards market did not materialize during the year. The performance of the Group's operations has been adversely affected under this challenging environment. Additionally, the Group experienced increased competition in this market segment with the appearance of new market players. The increased competition intensified market pressure against the backdrop of macro headwinds in the scratch cards market. Although it is expected that the operating environment in the 2018 may not experience any notable improvements, the Group has been making progress to improve its operation management in order to mitigate the negative impacts created by the above impediments in the market.

Single Match Games Business

SMG achieved record-breaking sales in 2017 and reached another new height of RMB80 billion, increased by 19% year over year. The extraordinary performance of SMG was achieved despite the absence of sizeable international soccer tournament comparable with the UEFA European Championship in 2016. This clearly demonstrates that the ongoing developments, such as increased options of game play and enhanced prize payout, have successfully turned SMG into a predominant lottery product in China enjoying wide support from lottery players.

於回顧年內，中國即開票市場的銷售表現未如理想，繼續拖累本集團配送及市場業務的表現。雖然監管環境依然未明，本公司認為無紙化彩票重回市場時將帶來長遠增長機遇。本集團已預留充裕的財務資源，以期相關規例落實時能迅速抓緊無紙化彩票的發展機遇。

即開票配送業務

本集團的即開票配送業務透過實體彩票配送網絡，專注從事即開票配送與銷售。此網絡包含已有多元化及認可銷售配送渠道的特選優越地區。

於二零一七年，中國的福彩即開票及體彩即開票的總銷售額約為人民幣246億元，較二零一六年減少14%。儘管彩票業已採取振興即開票市場的行動，年內有關行動未能發揮其對總體即開票市場的預期成效。面對艱難的環境，本集團的業務表現受到不利影響。再者，此市場分部的新市場參與者輩出，令本集團面對的競爭日趨激烈。競爭升溫令本已不景氣的即開票市場壓力加深。儘管預期二零一八年營商環境未必有明顯改善，本集團一直在營運管理上深耕細作，冀能減輕上述市場環境帶來的負面影響。

單場竞猜遊戲業務

於二零一七年，競彩實現破紀錄的銷售額，創下人民幣800億元新高，按年增長19%。即使缺少媲美二零一六年歐洲足球錦標賽的大型國際足球賽事，競彩依然錄得驕人成績，足證增加遊戲選擇及派彩金額等持續發展，使競彩成為獨當一面的中國彩票產品，深受一眾彩票玩家支持。

Directors' Report (continued) 董事會報告 (續)

The Group operates the SMG business through its physical retail network since paperless electronic lottery distribution has been suspended since early 2015. During the year under review, the Group's distribution network engaged customers with enhanced marketing efforts to take advantage of the opportunities arising from the rapid market growth.

While it is undeniable that the SMG has achieved a great success through the physical distribution network, performance of SMG could have been taken to the next level with the assistance of paperless distribution channel. During the year under review, the Group noticed that People.cn divested its investment in the company under the Okooo platform. Despite that, the Group remains positive on the long-term prospect of paperless distribution platform as when the market is reopened, and will continue to reserve and invest resources in paperless lottery platform to capture the future growth opportunities.

Mobile Lottery Business and Mobile Electronic Lottery Platform

The Group self developed a Mobile Electronic Lottery Platform ("Mobile ELP") for its mobile lottery business. The Mobile ELP offers a multi-functional back-end system with convenience interface to facilitate lottery distribution over mobile devices. Mobile ELP was designed to improve the convenience of lottery purchase by connecting players directly to the centralized system of provincial lottery centre, enabling a safe and reliable lottery purchase experience.

During the year under review, the regulatory environment for operating Mobile ELP remained uncertain, as signified by the suspension of a trial mobile operation in the market. Although the Group's mobile lottery business has been brought to a halt by the regulatory uncertainty, the Group remains cautiously optimistic about its future and will continue to monitor market development closely and review its business strategy during a challenging transition period.

Sports Video Lottery

The Group has participated in Sports VLT operations in support of Hainan Province's local tourism development since 2015. Currently, it offers four distinctive lottery games for local lottery consumers and tourist in Hainan. Overall, sales of Sports VLT in the market was unsatisfactory during the year under review, but the Group will continue to play its part in fostering the development of this lottery product and contributing the local lottery market.

自二零一五年初無紙化電子彩票配送暫停以來，本集團一直透過其實體零售網絡經營競彩業務。於回顧年內，本集團的配送網絡加強市場推廣工作以吸引客戶參與，藉此受惠於市場快速增長所帶來的機遇。

雖然無可否認競彩透過實體配送網絡已取得空前成功，惟競彩如有無紙化配送渠道之協助，其表現定當更上層樓。於回顧年內，本集團注意到人民網已撤出其於Okooo平台旗下公司的投資。儘管如此，本集團仍然看好於市場重開後，無紙化配送渠道的長遠前景，並繼續預留及投放資源於無紙化彩票平台，以期把握未來增長機會。

手機彩票業務及手機電子彩票平台

本集團為其手機彩票業務自行開發手機電子彩票平台。手機電子彩票平台提供多功能後端系統及便捷的界面，有助於透過流動裝置配送彩票。手機電子彩票平台的設計旨在令玩家可直接連結各省彩票中心的中央系統，打造更為方便及安全可靠的購彩體驗。

於回顧年內，經營手機電子彩票平台的監管環境仍未明朗，從市場暫停手機試運行便可見一斑。儘管本集團的手機彩票業務因監管不確定性而停頓，本集團對其前景仍然審慎樂觀，並將繼續於艱難的過渡期內密切留意市場發展並審視其業務策略。

體育視頻彩票

本集團自二零一五年起參與經營體育視頻彩票終端，以支持海南省的地方旅遊業發展。目前，此業務為海南省的地方彩票消費者及遊客提供四個獨特彩票遊戲。於回顧年內，體育視頻彩票終端的市場整體銷售額未如理想，惟本集團將繼續參與發展此彩票產品，為當地彩票市場作出貢獻。

Outlook

During the year under review, the Group has been redoubling its efforts to drive improvement in various areas of operations at a time of strong headwinds in the lottery market. All the painstaking work laid the foundation for the Group to overcome challenges in the evolving lottery industry. Looking ahead to 2018, it is anticipated that the Group's lottery business will continue to face a difficult operating environment due to uncertainties in the regulatory framework, particularly in the paperless lottery segment.

However, the Group still believes that paperless lottery will operate under a transparent and well regulated model when it is relaunched in the future. Whilst the PRC authorities have yet to announce the schedule for formalizing paperless lottery regulations, the Group expects paperless lottery to present long term growth opportunities for the lottery industry and the Group. Our ability to stay competitive in the industry and respond swiftly to relevant development holds the key to future success. Therefore, retaining adequate resources in order to swiftly respond to the development opportunities appear in the lottery market once paperless lottery is formalized in the PRC will be among the Group's top priorities.

It is a critical part of our core business strategy to support the lottery authorities in modernizing the customer experience and staying relevant to lottery consumers via different means. Being a leading player in the lottery market, the Group has always been a desirable partner of the lottery authorities since our growth priorities are aligned with evolving consumer needs in the lottery market. Going forward, the Group will continue to focus on growing and investing in sectors where we believe we can drive long-term sustainable growth.

The Group's financial position is expected to improve substantially after proposed fund raising plans have been completed and the financial challenge posed by the Bonds redemption obligation has been addressed. With that, the Group is confident of making further progress underpinned by the exciting growth opportunities ahead.

With strengthened capital structure and sound financial position, the Group not only will continue to strive to remain competitive in the lottery market and seek to capture its future growth opportunities, but also it will proactively looking for opportunities to diversify its business portfolio in order to tapping into other potential opportunities that can provide attractive returns on capital.

展望

於回顧年內，面對彩票市場的強勁阻力，本集團一直在各個範疇不遺餘力，精益求精，為克服彩票市場不斷演變所帶來的挑戰奠下穩固根基。展望二零一八年，由於監管框架（尤其是無紙化彩票分部）的不確定性，預期本集團的彩票業務將繼續面對艱難的營商環境。

然而，本集團相信無紙化彩票於他日重新推出之時，將以具透明度及良好規範的模式運作。儘管中國當局尚未公布制訂無紙化彩票法規的時間表，惟本集團預期無紙化彩票將會為行業及本集團帶來長遠發展機會。維持本集團於業內的競爭力及迅速回應相關發展的能力，乃未來成功的關鍵。因此，保留足夠資源，以便於國內落實規範無紙化彩票時，能夠迅速就彩票市場的發展機會作出回應，將會是本集團的首要任務。

作為我們的核心業務策略，本公司支持彩票機關為客戶提供現代化體驗，循不同渠道與彩票消費者保持聯繫。作為彩票市場的領先參與者，本集團的成長與彩票市場消費者不斷演變的需要息息相關，因此本集團一直以夥伴角色與彩票機關緊密合作。展望將來，本集團將繼續重點培育及投資於能夠推動長遠可持續增長的領域。

於完成建議集資計劃及解決該等債券贖回責任帶來之財政挑戰後，本集團的財務狀況預期將會顯著改善，故本集團有信心迎接當前的增長機遇，長足發展。

憑藉穩固的資本架構及穩定的財務狀況，本集團將不單銳意維持於彩票市場的競爭力，把握其未來增長機遇，更會積極探求分散業務組合的機會，以期進軍能夠帶來可觀資本回報的其他潛在商機。

Directors' Report (continued)

董事會報告 (續)

The Group has tentative plans to diversify its business into the computer gaming business and is actively searching for investment opportunities in the entertainment business. Dedicated taskforce has been commissioned to undertake an in-depth evaluation and strategic review over these important strategic moves. In addition, in order to further enhance the Group's profile and finance capability, it intends to introduce and establish strategic partnership with renowned financial institutions, active discussion and negotiation are underway.

With the right vision in place, it is envisaged that the execution of our ongoing strategies will allow the Group to weather through the challenging environments and to resume healthy profitable growth beyond.

FINANCIAL REVIEW

Financial Results

For the year ended 31 December 2017, the Group recorded a revenue of approximately HK\$402,305,000 (2016: approximately HK\$1,252,144,000), representing a decrease of 67.87% over that of the last year. The decrease was resulted from the disposal of subsidiaries in February 2017 and the continuing unfavorable operating environment of the PRC lottery market since the second half of 2016, especially in the scratch cards market and paperless electronic lottery distribution market.

Loss attributable to equity shareholders of the Company was approximately HK\$704,265,000 (2016: approximately HK\$393,007,000). The loss per share was 6.93 HK cents (Adjusted 2016: 3.88 HK cent). Diluted loss per share for the years ended 31 December 2017 and 31 December 2016 are the same as the basic loss per share as both the share options and the Bonds outstanding during the years had an anti-dilutive effect on the basic loss per share. The basic and diluted loss per share for current and prior reporting periods have been adjusted as a result of rights issue completed on 20 March 2018 as set out in Note 49 to the consolidated financial statements. Cost of sales reduced as in line with revenue. However, administrative expenses and selling expenses remained at similar level as last year excluding Sinodata Group mainly due to general cost increase in China and reposition of the Group's business in light of the challenging competitive landscape in the Chinese lottery market.

本集團暫時計劃將業務分散至電腦遊戲業務，並正積極物色娛樂業務的投資機會。本集團已委任專責小組，就此等重要策略舉措進行深入評估及策略檢討。此外，為進一步增強其業務及財政實力，本集團擬引入知名金融機構並與其建立策略夥伴關係，現正積極進行討論及磋商。

本集團相信只要目標正確，貫徹其持續策略，將帶領本集團於往後的日子乘風破浪，重回健康溢利增長的正軌。

財務回顧

財務業績

截至二零一七年十二月三十一日止年度，本集團錄得收入約402,305,000港元（二零一六年：約1,252,144,000港元），較去年下跌67.87%。減少乃來自於二零一七年二月出售附屬公司，以及中國彩票市場，尤其是即開票市場及無紙化電子彩票配送市場的經營環境自二零一六年下半年起持續不景氣所致。

本公司權益股東應佔虧損約為704,265,000港元（二零一六年：約393,007,000港元）。每股虧損為6.93港仙（二零一六年經調整：3.88港仙）。由於年內尚未行使之購股權及未獲轉換之該等債券對每股基本虧損具有反攤薄影響，故截至二零一七年十二月三十一日及二零一六年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同。由於供股已於二零一八年三月二十日完成（如綜合財務報表附註49所載），故本報告期及過往報告期之每股基本及攤薄虧損已經調整。銷售成本隨收入減少。然而，與去年比較，除思樂集團外，行政費用及銷售費用持平，主要是由於中國整體成本上升，且本集團因應中國彩票市場競爭挑戰重整業務所致。

Directors' Report (continued) 董事會報告 (續)

A loss on disposal of subsidiaries after taxation of approximately HK\$49,910,000 was recorded. It was mainly due to the increase in the net asset value of the Sinodata Group and the exchange difference created by the release of exchange reserve as at completion of the Disposal. As disclosed in the Company's circular dated 30 September 2016, with reference to the terms of the Sales and Purchase Agreement, the Group would not be entitled to the profit/loss of the Sinodata Group after 1 January 2016. As a result, the net asset value of the Sinodata Group increased as at completion of the Disposal.

Liquidity, Financial Resources and Funding

At 31 December 2017, the Group's total equity amounted to approximately HK\$4,942,084,000 as compared to approximately HK\$5,511,177,000 at the end of the previous year.

At 31 December 2017, the Group (including the assets of the disposal group classified as held for sale) had cash and bank balances of approximately HK\$1,841,419,000 (2016: approximately HK\$2,237,048,000).

The decrease in cash and bank balance was mainly due to the net cash outflow for operating activities and partial repayment of the Bonds.

In 2011 and 2012, the Company issued the 2017 Bonds in principal amount of HK\$964,700,000 and HK\$429,000,000 respectively. Each 2017 Bond is convertible into fully paid Shares at the applicable conversion price of HK\$0.5600 per Share as at 31 December 2017. The 2017 Bonds bear interest at the rate of 6% per annum payable semi-annually in arrears. During the year under review, there was no conversion of the 2017 Bonds into Shares by the bondholders. On 29 March 2017, the Company made a partial payment of all the 2017 Bonds for the principal amount of HK\$154,823,091.06. As at 31 December 2017, the principal amount of the 2017 Bonds remaining outstanding was HK\$100,906,642.86 (2016: HK\$255,729,733.92).

出售附屬公司之除稅後虧損約為49,910,000港元，主要來自思樂集團之資產淨值上升以及於完成出售事項時解除匯兌儲備所產生之匯兌差額。誠如本公司日期為二零一六年九月三十日之通函所披露，參照買賣協議之條款，本集團將無權享有思樂集團於二零一六年一月一日後之溢利／虧損。因此，思樂集團於出售事項完成時之資產淨值有所上升。

流動資金、財務資源及融資

於二零一七年十二月三十一日，本集團之權益總額約為4,942,084,000港元，去年年終則約為5,511,177,000港元。

於二零一七年十二月三十一日，本集團（包括分類為持作出售之出售組別之資產）持有現金及銀行結餘約1,841,419,000港元（二零一六年：約2,237,048,000港元）。

現金及銀行結餘減少主要由於經營業務現金流出淨額及償還部分該等債券所致。

於二零一一年及二零一二年，本公司發行本金額分別為964,700,000港元及429,000,000港元之二零一七年債券。每份二零一七年債券可按於二零一七年十二月三十一日之適用轉換價每股0.5600港元轉換為股份。二零一七年債券按年利率6厘計息，利息須每半年期末支付。於回顧年內，並無債券持有人將二零一七年債券轉換為股份。於二零一七年三月二十九日，本公司就所有二零一七年債券支付部分本金額154,823,091.06港元。於二零一七年十二月三十一日，尚未償還之二零一七年債券之本金額為100,906,642.86港元（二零一六年：255,729,733.92港元）。

Directors' Report (continued) 董事會報告 (續)

In 2014, the Company issued the 2019 Bonds in principal amount of HK\$1,900,000,000. Each 2019 Bond is convertible into fully paid Shares at the applicable conversion price of HK\$1.3700 per Share as at 31 December 2017. The 2019 Bonds bear interest at the rate of 4.5% per annum payable semi-annually in arrears. During the year under review, there was no conversion of the 2019 Bonds into Shares by the bondholders. On 29 March 2017, the Company made a partial payment of all the 2019 Bonds for the principal amount of HK\$846,027,772.50. As at 31 December 2017, the principal amount of the 2019 Bonds outstanding was HK\$551,402,486.50 (2016: HK\$1,397,430,259).

The gearing ratio as at 31 December 2017 was 13.31% (2016: 32.36%). The gearing ratio was derived by dividing the total borrowings including the Bonds, obligation under finance leases and bank borrowing of approximately HK\$657,671,000 (2016: approximately HK\$1,783,405,000 (includes those classified as part of liabilities associated with assets classified as held for sale)) by the amount of total equity. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 458% (2016: 260%), reflecting adequacy of financial resources. The liquidity ratio increased mainly due to the partial payment of the Bonds during the year ended 31 December 2017.

The Group had outstanding bank borrowings of approximately HK\$5,362,000 as at 31 December 2017 (2016: approximately HK\$142,357,000), of which bank borrowings of HK\$Nil (2016: approximately HK\$137,456,000) was loaned to the Sinodata Group. As at 31 December 2017, the bank borrowings were denominated in Renminbi and interest bearing at prevailing commercial lending rates. The Group's trade receivables were pledged to secure the bank borrowings.

Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present operational requirements.

Impairment Loss on Goodwill

For the year ended 31 December 2017, the Group made a provision of approximately HK\$301,283,000 (2016: approximately HK\$226,319,000) and HK\$Nil (2016: approximately HK\$58,823,000) for impairment losses on goodwill and intangible assets respectively.

於二零一四年，本公司發行本金額為1,900,000,000港元之二零一九年債券。每份二零一九年債券可按於二零一七年十二月三十一日之適用轉換價每股1.3700港元轉換為繳足股份。二零一九年債券按年利率4.5厘計息，利息須每半年期末支付。於回顧年內，並無債券持有人將二零一九年債券轉換為股份。於二零一七年三月二十九日，本公司就所有二零一九年債券支付部分本金額846,027,772.50港元。於二零一七年十二月三十一日，尚未償還之二零一九年債券之本金額為551,402,486.50港元（二零一六年：1,397,430,259港元）。

於二零一七年十二月三十一日之負債比率為13.31%（二零一六年：32.36%）。負債比率為將借貸總額（包括該等債券、融資租賃債務及銀行借貸約657,671,000港元（二零一六年：約1,783,405,000港元（包括歸入與分類為持作出售之資產有關之負債一部份者））除以權益總額。本集團以流動資產除以流動負債計算之流動資金比率為458%（二零一六年：260%），反映財務資源充裕。流動資金比率上升主要是源於截至二零一七年十二月三十一日止年度支付部分該等債券。

本集團於二零一七年十二月三十一日之未償還銀行借貸約為5,362,000港元（二零一六年：約142,357,000港元），其中零港元（二零一六年：約137,456,000港元）之銀行借貸乃授予思樂集團。於二零一七年十二月三十一日，銀行借貸以人民幣為單位，並按現行商業貸款利率計息。本集團之應收貿易賬款已作抵押，作為銀行借貸之擔保。

連同本集團可動用之財務資源，包括內部資金及可動用銀行信貸，本集團具備充足營運資金應付現時之營運需要。

商譽減值虧損

截至二零一七年十二月三十一日止年度，本集團就商譽及無形資產減值虧損分別作出約301,283,000港元（二零一六年：約226,319,000港元）及零港元（二零一六年：約58,823,000港元）撥備。

Directors' Report (continued) 董事會報告 (續)

The impairment loss on goodwill recognized for year ended 31 December 2017 was in respect of three business units: (i) approximately HK\$185,505,000 for the business unit engaged in lottery machine production; (ii) approximately HK\$108,826,000 for the business unit engaged in scratch cards printing; and (iii) approximately HK\$6,952,000 for the business unit engaged in the provision of Sports video lottery terminals and related services.

According to Hong Kong Accounting Standard 36, an impairment loss is the amount by which the carrying amount of a business unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

Impairment in relation to lottery machine production business unit

The overall operating environment of the market for lottery machine production has been worsening since 2016. For the financial year ended 31 December 2017, the performance of this business unit was unsatisfactory due to the continuous slowdown in equipment replacement cycle, keen market competition and strong pricing pressure. This business unit recorded a decline in total number of units sold, average unit price and profit margins during the year under review.

The Company engaged an independent valuer to prepare a valuation of this business unit. The independent valuer determined the recoverable amount by calculating the value in use of this business unit based on the budget prepared and approved by the management, applying the discounted cash flow valuation method. It applied a pre-tax discount rate of 17.8% per annum and the terminal value growth rate of 3%.

For the purposes of the valuation, the management prepared financial budgets for 2018 to 2023 based on (i) the market conditions and performance of this business unit in 2017 and (ii) the expected market trend. Due to the difficult operating environment in 2017, the projected cash flow forecasted to be generated from this business unit was lower than that forecasted in previous years and this in turn affected the recoverable amount of this business unit. The Company recognized full impairment loss on goodwill of approximately HK\$185,505,000.

截至二零一七年十二月三十一日止年度已確認之全數商譽減值虧損涉及三個業務單位：(i)就從事彩票機生產之業務單位作出商譽減值虧損約185,505,000港元；(ii)就從事即開票印刷之業務單位作出商譽減值虧損約108,826,000港元；及(iii)就從事提供體育視頻彩票終端及相關服務之業務單位作出商譽減值虧損約6,952,000港元。

根據香港會計準則第36號，減值虧損乃某一業務單位之賬面值超出其可收回金額之金額。某一資產或現金產生單位之可收回金額乃其公允值減處置成本與其使用價值之較高者。

關於彩票機生產業務單位之減值

彩票機生產市場整體經營環境自二零一六年以來一直轉差。截至二零一七年十二月三十一日止財政年度，由於設備重置週期持續減慢，市場競爭激烈及定價壓力加深，故此業務單位之表現未如理想。此業務單位於回顧年內之已出售單位總數、平均單位價格及利潤率均錄得下跌。

本公司已委聘一名獨立估值師編製此業務單位之估值。該獨立估值師已透過應用貼現現金流量估值法，基於管理層編製及批准之預算計算此業務單位之使用價值，以釐定可收回金額。該估值師已應用每年17.8%之稅前貼現率及3%之永久價值增長率。

就估值而言，管理層已基於(i)二零一七年之市況及此業務單位表現；及(ii)預期市場趨勢編製二零一八年至二零二三年之財政預算。由於二零一七年經營環境困難，故此業務單位將產生之推算現金流量預測低於過往年度之預測，繼而影響此業務單位之可收回金額。本公司已確認全數商譽減值虧損約185,505,000港元。

Directors' Report (continued)

董事會報告 (續)

Impairment in relation to scratch cards printing business unit

The national Welfare Scratch Cards sales dropped for the third year in a row in 2017. The year-on-year decrease in national Welfare Scratch Cards sales further widened from 8.4% in 2016 to 15.3% in 2017. National Welfare Scratch Cards sales in 2017 had decreased by approximately RMB3.65 billion compared to that in 2015. The performance of the Group's scratch cards printing business unit was affected by the unsatisfactory performance of the national Welfare Scratch Cards market.

In the impairment review on goodwill attributable to this business unit, the Company engaged an independent valuer to prepare a valuation of this business unit. The independent valuer calculated the value in use of this business unit based on the budget prepared and approved by the management, applying the discounted cash flow method. It applied a pre-tax discount rate of 22.24% per annum.

The management prepared a financial budget for this business unit for nine years, up to 2026 as the Group has the printing contract which is valid until 2026. As a result of the further deterioration of the scratch cards market in 2017, the projected cashflow forecasted to be generated from this business unit was lower than that forecasted in previous years. This led to a decrease in the recoverable amount. The Company recognized full impairment loss on goodwill of approximately HK\$108,826,000 of this business unit.

Impairment in relation to Sports video lottery business unit

The Sports video lottery business unit commenced business in 2015, and is engaged in the provision of Sports video lottery terminals and related services.

The performance of this business unit did not grow as expected during the financial year ended 31 December 2017 and recorded a loss. This was due to the unfavorable operating environment of the PRC lottery market since last year, the slowdown of the Sports video lottery market and the increase in operating costs.

The Company considered these factors in the impairment review of the goodwill attributable to this business unit and forecasted that its performance would continue to be unsatisfactory in the coming years. The Company considered that it is appropriate to recognize full impairment loss on goodwill of approximately HK\$6,952,000 of this business unit.

關於即開票印刷業務單位之減值

全國福彩即開票銷售額於二零一七年連續第三年下跌。全國福彩即開票銷售額按年跌幅由二零一六年之8.4%擴大至二零一七年之15.3%。二零一七年之全國即開票銷售額較二零一五年減少約人民幣3,650,000,000元。全國福彩即開票市場表現未如理想影響本集團即開票印刷業務單位之表現。

在此業務單位應佔商譽之減值檢討中，本公司已委聘一名獨立估值師編製此業務單位之估值。該名獨立估值師已應用貼現現金流量法，基於管理層編製及批准之預算計算此業務單位之使用價值。該估值師已應用每年22.24%之稅前貼現率。

鑑於本集團已訂立之印刷合約有效期至二零二六年為止，管理層已為此業務單位編製直至二零二六年止之九年財政預算。由於即開票市場於二零一七年進一步轉差，故此業務單位將產生之推算現金流量預測遠低於過往年度之預測，導致可收回金額下跌。本公司已確認此業務單位之全數商譽減值虧損約108,826,000港元。

關於體育視頻彩票業務單位之減值

體育視頻彩票業務單位於二零一五年開展業務，從事提供體育視頻彩票終端及相關服務。

於截至二零一七年十二月三十一日止財政年度，此業務單位之表現未能達到預期增長並錄得虧損。此乃由於中國彩票市場經營環境自去年開始不景氣，體育視頻彩票市場放緩，以及營運成本增加所致。

本公司於就此業務單位應佔商譽進行減值檢討時已考慮該等因素，並預測其表現於未來數年應持續不景氣。本公司認為，就此業務單位確認全數商譽減值虧損約6,952,000港元實屬恰當。

Pledge of Assets

As at 31 December 2017, trade receivables of approximately HK\$19,351,000 (2016: approximately HK\$15,052,000) was pledged to a bank to secure general banking facilities granted to the Group.

As at 31 December 2016, the Sinodata Group's land and building with total market value of approximately HK\$118,667,000 was pledged to banks to secure the bank borrowings granted to the Sinodata Group.

Share Capital

There was no change in the Company's share capital structure during the year. As at 31 December 2017, the total number of issued Shares was 10,028,495,338.

Upon completion of the Rights Issue, 5,014,247,669 Rights Shares were issued on 20 March 2018. The total number of issued Shares as at the date hereof is 15,042,743,007.

Exposure to Fluctuation in Exchange Rate Risk and Interest Rate Risk

The Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollar or Renminbi. The exchange rate of RMB fluctuated significantly in recent years, the Directors are aware that the fluctuations in exchange rate between Hong Kong dollar and Renminbi may give rise to potential foreign currency risk. The Group currently does not have a foreign currency hedging policy and will continue to monitor and evaluate the Group's foreign currency exposure and take actions as appropriate.

In terms of the interest rate risk exposures, the Group does not have any significant interest rate risk as the interest rates currently remain at low levels.

Capital Commitments

For the year ended 31 December 2017, the Company had capital commitments contracted for but not provided for in the consolidated financial statements of HK\$Nil (2016: HK\$Nil) for purchase of property, plant and equipment and approximately HK\$84,597,000 (2016: approximately HK\$84,000,000) for increase in registered capital of subsidiaries respectively.

資產抵押

於二零一七年十二月三十一日，約19,351,000港元（二零一六年：約15,052,000港元）之應收貿易賬款已抵押予一間銀行，作為本集團獲授之一般銀行融資之擔保。

於二零一六年十二月三十一日，思樂集團總市值約118,667,000港元之土地及樓宇已抵押予銀行，作為思樂集團獲授銀行借貸之擔保。

股本

本公司之股本架構於年內並無變動。於二零一七年十二月三十一日，已發行股份總數為10,028,495,338股。

於供股完成後，5,014,247,669股供股股份已於二零一八年三月二十日發行。於本報告日期之已發行股份總數為15,042,743,007股。

匯率波動風險及利率風險

本集團之資產、負債及交易主要以港元或人民幣計算。人民幣匯率於近年大幅波動。董事注意到港元兌人民幣之匯率出現波動而可能引致潛在外匯風險。本集團現時並無制訂外匯對沖政策，惟將繼續密切監察及評估本集團之外匯風險，並採取適當行動。

於利率風險方面，由於現時利率維持於低水平，故本集團並無任何重大利率風險。

資本承擔

截至二零一七年十二月三十一日止年度，本公司就購買物業、廠房及設備以及附屬公司之註冊資本增加有已訂約但未於綜合財務報表內撥備之資本承擔分別零港元（二零一六年：零港元）及約84,597,000港元（二零一六年：約84,000,000港元）。

Directors' Report (continued)

董事會報告 (續)

Contingent Liabilities

(a) *Contingent liability in respect of default under the Bonds*

During the year ended 31 December 2017, the Company has not fulfilled its redemption obligation of 2017 Bonds in the principal amount of approximately HK\$100,907,000 and the redemption obligation of 2019 Bonds in the principal amount of approximately HK\$551,402,000 on 28 April 2017 and 31 May 2017 respectively. The amounts under the 2017 Bonds and 2019 Bonds have been outstanding since 28 April 2017 and are currently due to be repaid to the holders of the Bonds (the "Bondholders"). The trustee or the Bondholders through the trustee may take legal actions against the Company in respect of the outstanding Bonds. The Company does not expect the possible courses of action to materially impact the Group, as the Company has sufficient offshore financial resources to fulfill repayment obligations under the outstanding Bonds.

As disclosed in the Company's announcements dated 19 November 2017, 6 December 2017, 29 January 2018, 19 March 2018 and 21 March 2018 and the Company's prospectus dated on 23 February 2018, in relation to, among other things, the Rights Issue and the CB Subscription of the proposed fund raising plans, upon completion of the proposed fund raising plans, the Company expects it will fully repay the 2017 Bonds and 2019 Bonds on or before 31 May 2018. Accordingly, the directors of the Company do not consider it probable that a claim will be made against the Company.

(b) *Financial guarantees issued*

As at 31 December 2017 and 31 December 2016, a subsidiary of the Group has issued a corporate guarantee in respect of the secured bank borrowing granted to a subsidiary of the Group which will expire when the bank borrowing is repaid.

As at 31 December 2016, certain subsidiaries of the Group have issued corporate guarantees in respect of the finance lease obligation under a sales and leaseback arrangement granted to a subsidiary of the Group which had expired when the lease is terminated during the year ended 31 December 2017.

或然負債

(a) *有關該等債券違約之或然負債*

於截至二零一七年十二月三十一日止年度，本公司未能於二零一七年四月二十八日及二零一七年五月三十一日分別履行本金額約100,907,000港元之二零一七年債券之贖回責任及本金額約551,402,000港元之二零一九年債券之贖回責任。二零一七年債券及二零一九年債券下之款項自二零一七年四月二十八日起一直尚未償還，目前已到期償還予該等債券之持有人（「債券持有人」）。受託人或透過受託人行事之債券持有人可就尚未償還之該等債券向本公司採取法律行動。由於本公司具備足夠國外財務資源履行尚未償還之該等債券下的還款責任，故本公司預期潛在的行動不會對本集團造成重大影響。

誠如本公司日期為二零一七年十一月十九日、二零一七年十二月六日、二零一八年一月二十九日、二零一八年三月十九日及二零一八年三月二十一日之公布以及日期為二零一八年二月二十三日之供股章程（內容有關（其中包括）建議集資計劃中之供股及可換股債券認購事項）所披露，於建議集資計劃完成後，本公司預期將於二零一八年五月三十一日或之前悉數償還二零一七年債券及二零一九年債券。因此，本公司董事認為向本公司提出申索之機會不大。

(b) *已發出之財務擔保*

於二零一七年十二月三十一日及二零一六年十二月三十一日，本集團其中一間附屬公司已就本集團一間附屬公司獲授之有抵押銀行借貸發出公司擔保。有關擔保將於償還銀行借貸時到期。

於二零一六年十二月三十一日，本集團若干附屬公司已就本集團一間附屬公司獲授之售後租回安排下之融資租賃債務發出公司擔保。該等公司擔保已於截至二零一七年十二月三十一日止年度租賃終止時到期。

Directors' Report (continued) 董事會報告 (續)

The Group has not recognized any deferred income and the related expenses in respect of such guarantees, as in the opinion of the Directors, their fair values cannot be reliably measured using observable market data and their transaction price was nil.

As at 31 December 2017 and 2016, the Directors do not consider it probable that a claim will be made against these subsidiaries under any of the guarantees.

HUMAN RESOURCES

At 31 December 2017, the Group had 559 employees.

The Group remunerated its employees mainly based on the individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as the individual's performance.

The Group will continue to place emphasis on staff training and total quality management to better prepare its staff members for the upcoming changes and challenges in the market and industry.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: HK\$Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

In February 2017, the Group completed the disposal of the entire issued share capital of Multi Glory Limited and the assignment of the entire amount owing from Multi Glory Limited to the Group, at the cash consideration of HK\$2,150,000,000. The net proceeds from the Disposal was approximately HK\$1,925,000,000. As at 31 December 2017 and up to the date of this report, approximately HK\$975,000,000 has been used for partial redemption of the outstanding Bonds and interest. The Purchaser has withheld HK\$350,000,000 pursuant to Sale and Purchase Agreement in order to apply this amount to tax payments if the PRC tax authority makes additional demands. Approximately HK\$600,000,000 of the net proceed from the Disposal remains unutilized. The Company intends to apply the unutilized amount of the net proceeds from the Disposal to redeem the outstanding Bonds in around end of May 2018.

由於董事認為，有關擔保之公允值無法使用可觀察市場數據可靠計量，且交易價為零，故本集團並無就有關擔保確認任何遞延收入及相關開支。

於二零一七年及二零一六年十二月三十一日，董事認為根據任何該等擔保向該等附屬公司提出申索之機會不大。

人力資源

於二零一七年十二月三十一日，本集團共有559名僱員。

本集團主要按個別員工之表現及經驗酬報其僱員。除基本薪酬外，本集團亦會按其表現及個別員工表現向合資格僱員發放酌情花紅及授出購股權。

本集團將繼續重視員工培訓及全面品質管理，使員工能作好充分準備，面對市場及行業未來之轉變及挑戰。

末期股息

董事會不建議派付截至二零一七年十二月三十一日止年度之末期股息（二零一六年：零港元）。

附屬公司之重大收購及出售

於二零一七年二月，本集團已完成出售Multi Glory Limited全部已發行股本及轉讓Multi Glory Limited結欠本集團之全部款項，現金代價為2,150,000,000港元。出售事項所得款項淨額約為1,925,000,000港元。於二零一七年十二月三十一日及截至本報告日期，約975,000,000港元已用作贖回該等債券之部分未獲轉換本金額及利息。買家已根據買賣協議預扣350,000,000港元，以於中國稅務機關提出補加稅款要求時作為稅款。出售事項所得款項淨額約600,000,000港元仍未動用。本公司計劃將出售事項所得款項淨額之未動用款項用於在二零一八年五月底或前後贖回未獲轉換之該等債券。

Directors' Report (continued)

董事會報告 (續)

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries during the year ended 31 December 2017.

THE PROPOSED FUND RAISING PLANS

Rights Issue

On 19 November 2017, the Company announced that it proposed to raise not less than approximately HK\$255,726,631 but not more than approximately HK\$276,741,792 before expense by way of a rights issue, on the basis of 1 new rights share (the "Rights Share") for every 2 existing shares held on the record date at the subscription price of HK\$0.051 per Rights Shares payable in full on acceptance by qualifying shareholders of the Company (the "Rights Issue").

The Rights Issue has been completed and 5,014,247,669 Rights Shares were issued and allotted on 20 March 2018. The gross proceeds and net proceeds from the Rights Issue were approximately HK\$255,727,000 and HK\$249,747,000 respectively. The net proceeds will form part of the Group's offshore financial resources for the repayment of the Group's existing offshore liabilities. Details of the Rights Issue are set out in the Company's announcements dated 19 November 2017, 6 December 2017, 29 January 2018 and 19 March 2018 and the Company's prospectus dated 23 February 2018.

CB Subscription Agreement in relation to New CB

On 17 November 2017, the Company and Keen Start entered into a conditional subscription agreement (as supplemented on 14 February 2018 and 21 March 2018) (the "CB Subscription Agreement"), pursuant to which, the Company has conditionally agreed to allot and issue to Keen Start, and Keen Start has conditionally agreed to subscribe for the convertible bonds in an aggregate principal amount of HK\$167,500,000 (the "New CB") at the initial conversion price of HK\$0.067 per Share (the "CB Subscription"). The aggregate principal amount of the New CB is HK\$167,500,000. The CB Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to the Company's independent shareholders' approval. In order to allow sufficient authorized share capital after completion of the CB Subscription, the Board has proposed and will seek approval from the shareholders to increase the authorized share capital of the Company from HK\$200,000,000 divided into 20,000,000,000 Shares to HK\$500,000,000 divided into 50,000,000,000 Shares, by the creation of an additional 30,000,000,000 Shares which shall rank pari passu with the existing Shares in all respects upon allotment and issue.

除上文所披露者外，於截至二零一七年十二月三十一日止年度，本集團並無附屬公司之重大收購及出售。

建議集資計劃

供股

於二零一七年十一月十九日，本公司宣布建議透過按認購價每股新供股股份（「供股股份」）0.051港元進行供股（基準為於記錄日期每持有2股現有股份獲發1股供股股份），籌集不少於約255,726,631港元但不多於約276,741,792港元（扣除開支前），股款須於本公司合資格股東接納時全數支付（「供股」）。

供股已經完成，而5,014,247,669股供股股份已於二零一八年三月二十日發行及配發。供股之所得款項總額及所得款項淨額分別約為255,727,000港元及249,747,000港元。所得款項淨額將構成本集團部分國外財務資源，用以償還本集團的現有國外負債。供股詳情載於本公司日期為二零一七年十一月十九日、二零一七年十二月六日、二零一八年一月二十九日及二零一八年三月十九日之公布以及日期為二零一八年二月二十三日之供股章程。

有關新可換股債券之可換股債券認購協議

於二零一七年十一月十七日，本公司與Keen Start訂立一份有條件認購協議（於二零一八年二月十四日及二零一八年三月二十一日補充）（「可換股債券認購協議」），據此，本公司有條件同意按初步轉換價每股股份0.067港元向Keen Start配發及發行，而Keen Start有條件同意認購本金總額為167,500,000港元之可換股債券（「新可換股債券」）（「可換股債券認購事項」）。新可換股債券之本金總額為167,500,000港元。根據上市規則，可換股債券認購事項構成本公司之關連交易，須遵守本公司獨立股東批准規定。為了於完成可換股債券認購事項後有充足之法定股本，董事會建議並將尋求股東批准藉增設30,000,000,000股股份，將本公司法定股本由200,000,000港元（分為20,000,000,000股股份）增至500,000,000港元（分為50,000,000,000股股份），而所增設股份於配發及發行時將於各方面與現有股份享有同等地位。

Directors' Report (continued) 董事會報告 (續)

As at 31 December 2017 and the date of this report, the CB Subscription and the proposed increase in authorized share capital have not yet been completed.

SUBSCRIPTION AGREEMENT IN RELATION TO NEW SHARES AND NEW BONDS

On 7 April 2017, the Company and Keen Start entered into a conditional subscription agreement (the "Subscription Agreement"), pursuant to which, among other things, the Company has conditionally agreed to allot and issue to Keen Start, and Keen Start has conditionally agreed to subscribe for (i) 1,900,000,000 new Shares at the subscription price of HK\$0.134 per Share (the "Share Subscription") and (ii) the convertible bonds in an aggregate principal amount of HK\$348,000,000 (the "New Bonds") at the initial conversion price of HK\$0.145 per Share (the "New Bond Subscription"). The aggregate subscription price of the Share Subscription is HK\$254,600,000 and the aggregate principal amount of the New Bonds is HK\$348,000,000. The Shares Subscription and the New Bonds Subscription constitute connected transactions of the Company under the Listing Rules.

As disclosed in the announcement of the Company dated 19 November 2017, as the conditions to the completion of the transaction contemplated under the Subscription Agreement have not been fully satisfied, the Company and Keen Start have agreed to terminate the Subscription Agreement and the related undertaking has been released and discharged.

THE 2017 AND 2019 CONVERTIBLE BONDS

The 2017 Bonds

The Company issued the 2017 Bonds in 2011 and 2012 respectively in an aggregate principal amount of HK\$1,393,700,000 which was convertible into fully paid Shares at an initial conversion price of HK\$0.6175 per Share. As at 31 December 2017, the conversion price of the 2017 Bonds was HK\$0.5600 per Share.

During the year ended 31 December 2017, there was no conversion of the 2017 Bonds. On 29 March 2017, the Company made a partial payment of the 2017 Bonds for the amount of HK\$154,823,091.06. On 28 April 2017, the maturity date of the 2017 Bonds has been extended from 28 February 2017 to 28 April 2017. As at 31 December 2017, the principal amount of the 2017 Bonds outstanding was HK\$100,906,642.86 (2016: HK\$255,729,733.92). Each 2017 Bond is convertible into fully paid Shares at the applicable conversion price of HK\$0.5600 per Share.

於二零一七年十二月三十一日及本報告日期，可換股債券認購事項及建議增加法定股本尚未完成。

有關新股份及新債券之認購協議

於二零一七年四月七日，本公司與Keen Start訂立一份有條件認購協議（「認購協議」），據此（其中包括），本公司有條件同意向Keen Start配發及發行，而Keen Start有條件同意認購(i) 1,900,000,000股新股份，認購價為每股股份0.134港元（「股份認購事項」）；及(ii)本金總額為348,000,000港元之可換股債券（「新債券」），初步轉換價為每股股份0.145港元（「新債券認購事項」）。股份認購事項之認購價總額為254,600,000港元，而新債券之本金總額為348,000,000港元。根據上市規則，股份認購事項及新債券認購事項構成本公司之關連交易。

誠如本公司日期為二零一七年十一月十九日之公布所披露，由於完成認購協議項下擬進行之交易的條件尚未全面達成，本公司與Keen Start已同意終止認購協議，而相關承諾已獲免除及解除。

二零一七年及二零一九年可換股債券

二零一七年債券

本公司分別於二零一一年及二零一二年發行本金總額為1,393,700,000港元之二零一七年債券，可按每股股份0.6175港元之初步轉換價轉換為繳足股份。於二零一七年十二月三十一日，二零一七年債券之轉換價為每股股份0.5600港元。

於截至二零一七年十二月三十一日止年度，二零一七年債券並無獲轉換。本公司已於二零一七年三月二十九日作出部分付款，以償付為數154,823,091.06港元之二零一七年債券。於二零一七年四月二十八日，二零一七年債券之到期日已由二零一七年二月二十八日押後至二零一七年四月二十八日。於二零一七年十二月三十一日，尚未償還之二零一七年債券之本金總額為100,906,642.86港元（二零一六年：255,729,733.92港元）。每份二零一七年債券可按每股股份0.5600港元之適用轉換價轉換為繳足股份。

Directors' Report (continued)

董事會報告 (續)

As a result of the Rights Issue, the conversion price of the 2017 Bonds has been adjusted from HK\$0.5600 per Share to HK\$0.5200 per Share, effective from 12 February 2018.

The 2019 Bonds

The Company issued the 2019 Bonds in 2014 in the principal amount of HK\$1,900,000,000. Each 2019 Bond was convertible into fully paid Shares at an initial conversion price of HK\$1.4070 per Share. As at 31 December 2017, the conversion price of the 2019 Bonds was HK\$1.3700 per Share. The 2019 Bonds are listed on the Singapore Exchange Securities Trading Limited.

There was no conversion of any 2019 Bonds since their issuance and during the year ended 31 December 2017. On 29 March 2017, the Company made partial payments of the 2019 Bonds in the amount of HK\$846,027,772.50. As at 31 December 2017, the principal amount of the 2019 Bonds outstanding was HK\$551,402,486.50 (2016: HK\$1,397,430,259). Each 2019 Bond is convertible into fully paid Shares at the applicable conversion price of HK\$1.3700 per Share. During the year ended 31 December 2017, there was no conversion of the 2019 Bonds.

As a result of the Rights Issue, the conversion price of the 2019 Bonds has been adjusted from HK\$1.3700 per Share to HK\$1.2900 per Share, effective from 12 February 2018.

Relevant Event and Consent Solicitation Proposals in relation to the Bonds

As stated in the announcement of the Company dated 20 August 2015, pursuant to the terms and conditions of each of the 2017 Bonds and the 2019 Bonds, a "Relevant Event" occurs when, among other things, the Shares are suspended for trading for a period equal to or exceeding 30 consecutive trading days on The Stock Exchange of Hong Kong Limited. Notice has been given by the Company to the Bondholders that a "Relevant Event" occurred. Each Bondholder had the right at such Bondholder's option, to require the Company to redeem all or some only of such Bondholder's Bonds on 2 November 2015 (the "Relevant Event Redemption Date") at their principal amount together with interest accrued to such redemption date, in each case in accordance with the respective terms and conditions of the 2017 Bonds and the 2019 Bonds. Upon redemption of any of the Bonds, such redeemed Bonds will be cancelled.

由於進行供股，二零一七年債券之轉換價已由每股股份0.5600港元調整為每股股份0.5200港元，由二零一八年二月十二日起生效。

二零一九年債券

本公司於二零一四年發行本金額為1,900,000,000港元之二零一九年債券。每份二零一九年債券可按每股股份1.4070港元之初步轉換價轉換為繳足股份。於二零一七年十二月三十一日，二零一九年債券之轉換價為每股股份1.3700港元。二零一九年債券於新加坡證券交易所上市。

自發行以來及於截至二零一七年十二月三十一日止年度，二零一九年債券並無獲轉換。本公司已於二零一七年三月二十九日作出部分付款，以償付為數846,027,772.50港元之二零一九年債券。於二零一七年十二月三十一日，尚未償還之二零一九年債券之本金額為551,402,486.50港元（二零一六年：1,397,430,259港元）。每份二零一九年債券可按每股股份1.3700港元之適用轉換價轉換為繳足股份。於截至二零一七年十二月三十一日止年度，二零一九年債券並無獲轉換。

由於進行供股，二零一九年債券之轉換價已由每股股份1.3700港元調整為每股股份1.2900港元，由二零一八年二月十二日起生效。

該等債券之相關事件及同意徵求建議

誠如本公司日期為二零一五年八月二十日之公布所述，根據二零一七年債券及二零一九年債券各自之條款及條件，在出現（其中包括）股份於香港聯合交易所有限公司暫停買賣為期相等於或超過30個連續交易日之情況時，即發生「相關事件」。本公司已向債券持有人發出已發生「相關事件」之通知。根據二零一七年債券及二零一九年債券各自之條款及條件，每名債券持有人有權按其選擇，要求本公司於二零一五年十一月二日（「相關事件贖回日」）按本金額（連同累計至相關贖回日之利息）贖回相關債券持有人全部或僅部分該等債券。於贖回任何該等債券時，被贖回之該等債券將被註銷。

Directors' Report (continued) 董事會報告 (續)

Given the occurrence of the "Relevant Event", the Company had formulated various consent solicitation proposals (the "Proposals") to the Bondholders to, among other things, (a) delay the maturity date of the 2017 Bonds; (b) delay the original Relevant Event Redemption Date and extend the relevant put period end date; (c) extended the original 3rd Anniversary Put Option Redemption Date (as defined in the Company's announcement dated 29 March 2017) of the 2019 Bonds; and (d) to waive the events of default for the respective Bonds. On 29 March 2017, the Company has made a partial repayment to satisfy part of the principal amount of the outstanding Bonds and the accrued but unpaid interest thereon and default interest. Subsequent to the passing of the extraordinary resolutions by the Bondholders and the execution of the supplemental trust deed, (i) the maturity date in relation to the 2017 Bonds was delayed to 28 February 2017 and further extended to 28 April 2017; (ii) the Relevant Event Redemption Date in relation to each series of the Bonds was delayed to 28 April 2017 in relation to the Relevant Delisting Event (as defined in the Company's announcement dated 29 March 2017); (iii) the 3rd Anniversary Put Option Redemption Date of the 2019 Bonds was extended to 31 May 2017; and (iv) any breach of the terms and conditions or the trust deed of each series of the Bonds in respect of any non-payment of any amount otherwise payable was waived on 28 April 2017. The Company has not made payment of the outstanding Bonds on 28 April 2017, and the Bonds have been in default since then. The Bonds were still outstanding as at 31 December 2017 and the date of this report. The trustee or the Bondholders through the trustee may take legal actions against the Company in respect of the outstanding Bonds. The Company does not expect the possible courses of action to materially impact the Group, as the Company has sufficient offshore financial resources to fulfill repayment obligations under the outstanding Bonds.

Detailed information regarding the Proposals and the relevant meetings/resolutions (as the case may be) of the Bondholders are set out in the announcements of the Company dated 22 September 2015, 7 October 2015, 29 October 2015, 29 March 2016, 8 April 2016, 3 May 2016, 3 June 2016, 2 August 2016, 9 September 2016, 15 September 2016, 14 February 2017, 14 March 2017, 24 March 2017, 29 March 2017, 21 April 2017, 27 April 2017 and 28 April 2017 respectively.

鑑於發生「相關事件」，本公司制訂多項同意徵求建議（「建議」）向債券持有人提出，以（其中包括）(a)押後二零一七年債券之到期日；(b)押後原相關事件贖回日，而相關認沽期結束日亦相應押後；(c)延遲二零一九年債券之原第三週年認沽期權贖回日（定義見本公司日期為二零一七年三月二十九日之公布）；及(d)豁免各該等債券之違約事件。於二零一七年三月二十九日，本公司已作出部分還款以支付部分尚未償還該等債券之本金額及其應計但未付之利息及違約利息。於債券持有人通過特別決議案及補充信託契據簽立後，(i)有關二零一七年債券之到期日已押後至二零一七年二月二十八日，並進一步延遲至二零一七年四月二十八日；(ii)該等債券各系列之相關事件贖回日已就相關除牌事件（定義見本公司日期為二零一七年三月二十九日之公布）押後至二零一七年四月二十八日；(iii)將二零一九年債券之第三週年認沽期權贖回日押後至二零一七年五月三十一日；及(iv)就未支付之任何應付款項所涉及及該等債券各系列之條款及條件或信託契據之任何違反於二零一七年四月二十八日獲豁免。本公司於二零一七年四月二十八日並無償付尚未償還之該等債券，故該等債券自此一直違約。該等債券於二零一七年十二月三十一日及本報告日期仍未償還。受託人或透過受託人行事之債券持有人可就尚未償還之該等債券向本公司採取法律行動。由於本公司具備足夠國外財務資源履行尚未償還之該等債券下的還款責任，故本公司預期潛在的行動不會對本集團造成重大影響。

有關建議及相關債券持有人會議／決議案（視情況而定）之詳細資料，載於本公司日期分別為二零一五年九月二十二日、二零一五年十月七日、二零一五年十月二十九日、二零一六年三月二十九日、二零一六年四月八日、二零一六年五月三日、二零一六年六月三日、二零一六年八月二日、二零一六年九月九日、二零一六年九月十五日、二零一七年二月十四日、二零一七年三月十四日、二零一七年三月二十四日、二零一七年三月二十九日、二零一七年四月二十一日、二零一七年四月二十七日及二零一七年四月二十八日之公布。

Directors' Report (continued) 董事會報告 (續)

THE OFFER

As disclosed in the Company's announcement dated 11 May 2017, the Company understood from Keen Start that Keen Start would invite holders of any and all of its outstanding Bonds to tender such Bonds for purchase by Keen Start at an amount equal to the aggregate outstanding principal amount of such Bonds plus any accrued but unpaid interest and default interest of such Bonds up to but excluding the settlement date (the "Offer"). Keen Start would purchase all, part or none of the Bonds tendered by any Bondholder pursuant to the Offer subject to certain conditions, including the aggregate principal amount of the Bonds being tendered by the Bondholders for purchase by Keen Start in the Offer shall exceed 75% of the aggregate outstanding principal amount of each of the 2017 Bonds and the 2019 Bonds.

Amongst others, Keen Start has expressed to the Company that, subject to completion of the purchase of the Bonds in the Offer, it is Keen Start's intention to discuss with the Company in good faith as to when the Company would be in a position to repay the outstanding Bonds and to discuss alternative proposals, if necessary, and it is also its intention to waive the default of the Company under the outstanding Bonds, subject to the terms of any proposal that may be agreed between Keen Start and the Company.

As disclosed in the Company's announcement dated 26 July 2017, Keen Start has received from the participating Bondholders holding more than 75% of the aggregate outstanding principal amount of each of the 2017 Bonds and the 2019 Bonds, respectively, sufficient email confirmations together with evidentiary support details that their relevant Bonds have been un-put and are ready to be traded. As at 31 December 2017 and the date of this report, the Offer has not yet been completed.

要約

誠如本公司日期為二零一七年五月十一日之公布所披露，本公司從Keen Start獲悉，Keen Start將邀請任何及所有其尚未償還該等債券之持有人提交該等債券，以供Keen Start按相等於該等債券之尚未償還本金總額另加該等債券直至結算日（不包括該日）之任何應計但尚未支付之利息及違約利息之金額購買（「要約」）。在若干條件（包括債券持有人所提交以供Keen Start根據要約購買之該等債券之本金總額需超過二零一七年債券及二零一九年債券各自之尚未償還本金總額之75%）之規限下，Keen Start可根據要約購買任何債券持有人所提交之全部或部分該等債券，或概不購買該等債券。

Keen Start已（其中包括）向本公司表示，待完成購買要約項下之該等債券後，Keen Start擬與本公司真誠商討本公司何時能償付尚未償還之該等債券，並討論有關替代方案（倘必要），此外，彼亦擬豁免本公司於尚未償還之該等債券項下之違約責任，惟須受Keen Start與本公司可能協定之任何方案之條款所規限。

誠如本公司日期為二零一七年七月二十六日之公布所披露，Keen Start已分別從持有超過二零一七年債券及二零一九年債券各自之尚未償還本金總額75%之參與債券持有人收到足夠之確認電郵連同證據支持詳情，以確認彼等之相關該等債券未予認沽及可供買賣。於二零一七年十二月三十一日及本報告日期，要約尚未完成。

Directors' Report (continued) 董事會報告 (續)

As disclosed in the Company's announcements dated 19 November 2017, 29 January 2018 and 20 April 2018 respectively, Keen Start has revised the settlement date for the purchase of the Bonds to be on a date falling on or around the 5th business day after the day on which an announcement (or, if more than one announcement is made, the latest announcement) is made by the Company on the finalization of the subscription of Shares by a strategic investor. In the event that the subscription of Shares by a strategic investor cannot be materialized by around end of April 2018 and the strategic investor has decided to put on hold the subscription of Shares, Keen Start would reschedule the settlement date of the purchase of the Bonds to around mid-May 2018. The Company has been informed and confirmed by Keen Start of its intention to proceed with the purchase of the Bonds after the publication of all the inside information (if any) with respect to the Company. In light of the above, the Company understands from Keen Start that the settlement date would be fixed: (i) after the publication of the announcement on the finalization of the subscription of Shares by a strategic investor, or (ii) in around mid-May 2018 if eventually the Company is not able to conclude the subscription of Shares with the strategic investor by around end of April 2018 and the strategic investor decides to put the subscription of Shares on hold.

誠如本公司日期分別為二零一七年十一月十九日、二零一八年一月二十九日及二零一八年四月二十日之公布所披露，Keen Start已將購買該等債券之結算日期修訂為本公司就落實一名策略投資者認購股份作出公布（倘作出超過一份公布，則為最後一份公布）日期後第五個營業日或前後之日。倘由一名策略投資者認購股份一事未能於二零一八年四月底前後落實，而該策略投資者決定擱置認購股份，則Keen Start會將購買該等債券之結算日期重訂為二零一八年五月中旬前後。本公司已獲知會及確認，Keen Start擬於有關本公司所有內幕消息（如有）公布後繼續購買該等債券。鑑於上文所述，本公司從Keen Start得悉，結算日期將於以下時間訂定：(i) 刊發落實由一名策略投資者認購股份一事之公布後，或(ii) 二零一八年五月中旬前後（倘本公司最終無法於二零一八年四月底前後落實與策略投資者進行股份認購，而策略投資者決定擱置認購股份）。

Directors' Report (continued)

董事會報告 (續)

USE OF PROCEEDS

The net proceeds from the Disposal is approximately HK\$1,925,000,000. As at the date of hereof, the Group has utilized approximately HK\$975,000,000 of the net proceeds as follows:

所得款項用途

出售事項之所得款項淨額約為1,925,000,000港元。於本報告日期，本集團已動用所得款項淨額中約975,000,000港元如下：

| Date of documents 文件日期 | Project 項目 | Net proceeds 所得款項淨額 | Actual use of proceeds 所得款項實際用途 |
|--|---|---|--|
| Company's circulars dated 29 February 2016 and 30 September 2016, and announcement dated 14 February 2017 本公司日期為二零一六年二月二十九日及二零一六年九月三十日之通函以及日期為二零一七年二月十四日之公布 | Disposal of the entire issued share capital of Multi Glory Limited 出售Multi Glory Limited 全部已發行股本 | Approximately HK\$1,925,000,000 約1,925,000,000港元 | Approximately HK\$310,000,000 used for the partial redemption of the Bonds and interest payment in September 2016 於二零一六年九月，約310,000,000港元用於贖回部分該等債券及支付利息 Approximately HK\$665,000,000 used for the partial redemption of the Bonds and interest payment in March 2017 於二零一七年三月，約665,000,000港元用於贖回部分該等債券及支付利息 |

The Purchaser has withheld HK\$350,000,000 pursuant to the Sale and Purchase Agreement. The Purchaser will apply this amount to tax payments if the PRC tax authority makes additional demands. Insofar as the Company is aware, the PRC tax authority has not made any additional demands. The Company is advised by its PRC legal advisers that in the normal course of events, the PRC tax authority has power to review the amount of tax payable after 3 to 5 years of the completion of the Disposal. The Purchaser will refund any excess amount that has not been applied to pay additional tax payments to the Group. The Company is negotiating with the Purchaser as to when the amount will be refunded and expects to receive payment next year.

買方已根據買賣協議預扣350,000,000港元。買方將於中國稅務機關提出補加稅款要求時動用該筆款項作為稅款。據本公司所知，中國稅務機關未有提出任何補加稅款要求。本公司獲其中國法律顧問告知，在正常情況下，中國稅務機關有權於出售事項完成後三至五年覆核應繳稅款。買方將向本集團退還未有用作額外稅款超出金額。本公司現正與買方商討退還款項之時間，預期來年會收到付款。

The Company intends to apply the unutilized amount of the net proceeds from the Disposal to redeem the outstanding Bonds after completion of the CB Subscription in the end of May. The outstanding Bonds will continue to incur default interest up to the date of payment.

本公司計劃將出售事項所得款項淨額之未動用款項用於在二零一八年五月底可換股債券認購事項完成後贖回尚未償還之該等債券。尚未償還之該等債券將繼續產生違約利息，直至支付日期為止。

ENVIRONMENTAL POLICY

The Group supports environmental protection programs and is constantly looking to reduce the impact of business activities on the environment. We also encourages the efficient utilization of resources through the use of energy-saving lightings and recycled paper, minimizing the use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances. In order to enhance environment preservation, the Group gives careful consideration to various operational aspects and activities within the Group to minimize any environmental impact. The Group will also discuss and understand better the Group's suppliers and take into account their environmental and social responsibility practices in the selection process.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is incorporated in Bermuda, whereas its Shares are listed on the Stock Exchange. The Group's operations are mainly carried out by the Company's subsidiaries in China. The establishment and operations accordingly shall be subject to the relevant laws of Bermuda, Hong Kong, China and the British Virgin Islands. During the year ended 31 December 2017 and up to the date of this report, to the best knowledge and belief of the Board, the Group has complied in material respects with the relevant laws and regulations of Bermuda, Hong Kong, China and the British Virgin Islands.

RELATIONSHIP WITH EMPLOYEES, MAJOR CUSTOMERS AND SUPPLIERS

Employees

Employees are regarded as the greatest and valuable assets and core competitive advantage of the Group. In order to provide a good and fair working environment and safeguards the well-being of the employees, the Group seriously considers all those valuable opinions from the employees for enhancing workplace productivity and harmony. Meanwhile, it retains talents and constantly improves policies including remuneration and benefits, trainings and occupational health and safety with regular reviews and updates.

Major Customers

For the year ended 31 December 2017, the Group made approximately 66% of its entire sales to five largest customers and sales to the largest customer included therein amounted to approximately 18%.

環境政策

本集團支持不同環保計劃，不斷設法減輕其業務活動對環境之影響。本集團亦鼓勵透過使用節能照明產品及再用紙、儘量少用紙張、關上閒置照明、電腦及電器減少耗電等措施以有效使用資源。為加強環境保育，本集團審慎考慮集團上下各個營運層面及活動，儘量減輕對環境之影響。本集團亦將與其供應商討論，加深對彼等之瞭解，並於甄選過程中考慮彼等之環境及社會責任常規。

遵守法律及法規

本公司於百慕達註冊成立，而其股份於聯交所上市。本集團之營運主要由本公司位於中國之附屬公司進行。因此，其企業及營運須受百慕達、香港、中國及英屬處女群島之相關法律規限。於截至二零一七年十二月三十一日止年度及截至本報告日期，就董事所深知及確信，本集團已在各重大方面遵守百慕達、香港、中國及英屬處女群島之相關法律及法規。

與僱員、主要客戶及供應商之關係

僱員

本集團視僱員為最重要和寶貴之資產，並為本集團之核心競爭優勢。為向僱員提供良好公平之工作環境，維護僱員福祉，本集團慎重考慮僱員就提升工作場所生產力及促進職場和諧提出之所有寶貴意見。與此同時，本集團挽留人才，持續改善薪酬及福利、培訓及職業健康與安全等方面之政策，並定期予以檢討及更新。

主要客戶

截至二零一七年十二月三十一日止年度，本集團對五大客戶之銷售額佔其總銷售額約66%，其中對最大客戶之銷售額約佔18%。

Directors' Report (continued)

董事會報告 (續)

None of the Directors, or any of their respective associates or any other Shareholders, which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers during the year.

Major Suppliers

For the year ended 31 December 2017, purchases from the Group's five largest suppliers accounted for approximately 57% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 19%.

None of the Directors, or any of their respective associates or any other Shareholders, which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest suppliers during the year.

MAJOR RISKS AND UNCERTAINTIES OF THE GROUP

The followings were the major risk and uncertainties of the Group during the year under review.

Macroeconomic Environment

The gross turnover of lotteries in PRC is closely related to consumers' lottery purchase behavior. Any change in consumers' lottery purchase behavior resulting from changes in global and domestic economic conditions could materially and adversely affect the Group's business, results of operations and financial condition.

Impact of Lottery Related Regulatory Requirement in China

The Group's lottery business is subject to regulations and measures promulgated by the relevant authorities in the PRC. Any change in these regulations and measures in PRC could materially and adversely affect the Group's business, results of operations and financial condition.

Uncertainty in the Implementation of Internet and Telephone Lottery Sales Services

The rules and regulations on internet and telephone lottery sales services in PRC are subject to interpretation by the relevant authorities and may involve uncertainties in their implementation. Any unfavorable new regulatory requirements, amendments or interpretations could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

年內，董事或彼等各自之任何聯繫人或任何其他股東（就董事所深知擁有本公司已發行股本5%以上者）概無於本集團之五大客戶中擁有任何實益權益。

主要供應商

截至二零一七年十二月三十一日止年度，本集團向五大供應商之採購額佔其總採購額約57%，其中向最大供應商之採購額約佔19%。

年內，董事或彼等各自之任何聯繫人或任何其他股東（就董事所深知擁有本公司已發行股本5%以上者）概無於本集團之五大供應商中擁有任何實益權益。

本集團之重大風險及不明朗因素

以下為本集團於回顧年內之重大風險及不明朗因素。

宏觀經濟環境

中國彩票營業總額與彩民購彩行為密切相關。彩民購彩行為如因全球及國內經濟狀況變化而有變，可能會對本集團之業務、經營業績及財務狀況造成重大不利影響。

中國彩票相關監管規定之影響

本集團之彩票業務須遵守中國有關當局頒布之規例及措施。中國有關規例及措施如有任何變動，可能會對本集團之業務、經營業績及財務狀況造成重大不利影響。

落實互聯網及電話彩票銷售服務之不明朗因素

中國有關互聯網及電話彩票銷售服務之規則及規例由有關當局詮釋，於落實時可能涉及不明朗因素。如有不利之新監管規定、修訂或詮釋，可能會對本集團之業務、財務狀況、經營業績及前景造成重大不利影響。

Industry Trends

The Group's business operations are affected by trends in the lottery industry in China. For example, the Group's business operations have been negatively impacted by declines in scratch cards purchases among lottery consumers and the prolonged suspension of the internet distribution channel. There can be no assurance that the industry trends experienced by the Group in the future will not adversely affect its financial condition and results of operations.

Competitive Markets

The Group's lottery business faces significant competition across the diverse segments in the lottery market. Any of the following competitive risks could adversely affect the Group's financial condition and results of operations. The new market entrants and intensified competition among existing market players of the Group's scratch cards distribution business. The risk of competition with respect to secure new or extend existing business contracts required for SGDB. The risk of competition with respect to gain access or to get required licenses to newly developed market and business, for example, paperless lottery. The risk of competition from attracting and retaining specialized staff members in certain areas of the Group's lottery operations.

Renewal of cooperation agreements

The Group operates part of its lottery business pursuant to fixed-term cooperation agreements with provincial lottery centres and strategic partners. The Group's reputation among customers and partners as a leading reliable and trustworthy lottery services provider is of significant importance to the success of entering into such agreements, which is subject to the combination of the track record and scale of operation of the Group in the industry. There is no assurance that these cooperation agreements will be extended or renewed on favorable terms or at all. The occurrence of any of the above situations may materially and adversely affect the Group's business, results of operations and financial condition.

Business Strategy and Future Growth

Over the last decade, lottery business has been the principal operation of the Group. While the Group believes that its diverse operations in the entire value chain of the lottery industry and provision of services to both Welfare Lottery and Sports Lottery reduce its exposure to particular industry trends and cycles, its operating results have been adversely affected by macro driven industry trends and development.

行業趨勢

本集團之業務營運受中國彩票行業趨勢所影響。例如，彩票消費者之即開票購買量下滑以及互聯網配送渠道延長暫停，均已損害本集團之業務營運。概無保證本集團之財務狀況及經營業績不會受到日後行業趨勢之不利影響。

競爭市場

本集團之彩票業務面對來自彩票市場多方面之激烈競爭。下列任何一項競爭風險，皆可能對本集團之財務狀況及經營業績造成不利影響：即開票配送業務新市場參與者湧現，現有市場參與者之競爭日趨熾烈；系統及遊戲開發業務在爭取新合約，或延續現有業務合約方面面對競爭風險；在進入或開拓新開發市場及業務（例如無紙化彩票）或取得所需之許可方面面對競爭風險；在吸納及挽留本集團彩票營運若干範疇之專門人員方面面對競爭風險。

續新合作協議

本集團根據與各省彩票中心及策略性夥伴訂立之定期合作協議經營其部分彩票業務。本集團在客戶與夥伴中所建立的可靠、值得信賴之彩票服務翹楚之聲譽，對本集團成功訂立該等協議乃至關重要，當中結合了對本集團於業內的往績記錄及經營規模之考量。概無保證該等合作協議將可以按有利條款延長或續新，甚至無法延長或續新。發生上述任何狀況或會對本集團之業務、經營業績及財務狀況造成重大不利影響。

業務策略及未來增長

過去十年，彩票業務一直為本集團之主要業務。儘管本集團相信其於整個彩票行業價值鏈內經營多元化業務以及同時提供福利彩票及體育彩票服務可減輕其於特定行業趨勢和周期所承受之風險，惟其經營業績仍然受到宏觀環境所帶動之行業趨勢及發展的衝擊。

Directors' Report (continued) 董事會報告 (續)

As a measure to address the above concentration risk and increasing uncertainties on the industry trends, particularly on regulatory development, the Group will cautiously expand its businesses through investment in organic growth and diversify its business if appropriate opportunities in the market arise. These businesses opportunities may require significant investment and the commitment of executive management time and other resources. There can be no assurance that the merged or acquired businesses will operate successfully and as a result may have a material adverse effect on the Group's financial condition, results of operations and prospects.

Weather

Extreme weather conditions in regions where the Group's lottery distribution network, suppliers, customers and lottery consumers are located could adversely affect the business and results of operations of the Group.

Risks Mitigations

The Group understands that it faces a number of discussed risks and uncertainties that if not properly managed could create an exposure for the Group. It is believed that thorough risk assessment and mitigation could help to ensure these risks are well managed and governed effectively. Key measures for risks mitigations are adopted by the Group, and they include: proactive monitoring of lottery industry trends, competitors and innovations; working closely and constructively with lottery centers and relevant regulators to provide relevant input from industry player perspective on regulatory matters; mobilizing internal resources to ensure timely response to regulatory changes and maintaining regulatory compliance; responsive investment controls to allow strategic flexibility and dedicated strategy resources; and investment capital at risk limited by investment policies, restrictions and guidelines.

CORPORATE ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The Group is committed to the long-term sustainability of its various businesses and the local communities where we operate. Further information on the environmental policies and performance of the Company is set out in the Environmental, Social and Governance Report on pages 64 to 70.

為減低上述之集中風險及日益增加之行業趨勢不明朗因素(尤其於監管發展方面),本集團將透過投資於內部增長,並於市場出現適當時機時發展多元化業務,審慎擴展其業務。此等業務機遇可能需要大量投資及投入行政管理時間與其他資源。概無保證所合併或收購之業務將能經營成功,因此可能對本集團之財務狀況、經營業績及前景造成重大負面影響。

天氣

本集團彩票配送網絡、供應商、客戶及彩民所在各個地區如出現極端天氣情況,可能會對本集團業務及經營業績造成不利影響。

風險紓減措施

本集團了解其面對多項已討論之風險及不明朗因素,倘沒有妥善管理,則可能會為本集團帶來風險。本集團相信,徹底的風險評估及紓減風險措施有助確保該等風險得到適當管理及有效控制。本集團已採納多項關鍵紓減風險措施,包括:積極監察彩票行業趨勢、競爭對手及創新產品;與彩票中心及相關監管機構保持積極緊密合作,從業界參與者之角度就監管事宜提供意見;動員內部資源以確保能及時回應各項監管變動及維持合規監控;實施對應投資監控,增加戰略靈活性及戰略特備資源;及透過投資政策、限制及指引控制資金投資風險。

企業環境及社會責任

本集團堅持追求各項業務及經營所在社區之長期可持續發展。有關本公司之環境政策及表現之進一步資料載於第64至第70頁之環境、社會及管治報告。

Directors' Report (continued)

董事會報告 (續)

CORPORATE GOVERNANCE

The Company is committed to maintain high standard of corporate governance practices. Further information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 50 to 63.

AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the consolidated financial statements for the year ended 31 December 2017.

AUDITOR

By a resolution passed at the annual general meeting of the Company held on 11 June 2015, Ting Ho Kwan & Chan CPA Limited ("THKC CPA Ltd.") has been appointed as the auditor of the Company to fill the vacancy arising from the retirement of Messrs. Ting Ho Kwan & Chan as a result of their internal corporate structure reorganisation.

THKC CPA Ltd. will retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for re-appointment of THKC CPA Ltd. as auditor of the Company is to be proposed at the forthcoming annual general meeting.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2017, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year.

企業管治

本公司致力維持高水平之企業管治常規。有關本公司採納之企業管治常規之進一步資料載於第50至第63頁之企業管治報告。

審核委員會

審核委員會已會同管理層審閱本集團採納之會計原則及慣例，並討論內部監控及財務申報事宜，包括審閱截至二零一七年十二月三十一日止年度之綜合財務報表。

核數師

根據本公司於二零一五年六月十一日舉行之股東週年大會上通過之決議案，丁何關陳會計師事務所有限公司已獲委任為本公司之核數師，以填補丁何關陳會計師行因內部企業架構重組而退任所產生之空缺。

丁何關陳會計師事務所有限公司將於本公司之應屆股東週年大會上退任及符合資格且願意獲續聘。應屆股東週年大會上將提呈決議案，續聘丁何關陳會計師事務所有限公司為本公司核數師。

購買、出售或贖回本公司之上市證券

於截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事進行證券交易之標準守則

於截至二零一七年十二月三十一日止年度，本公司已採納上市規則附錄十所載之標準守則，作為董事進行本公司證券交易之準則。經作出明確查詢後，全體董事均已確認彼等已於年內一直遵守標準守則所規定之標準。

Directors' Report (continued) 董事會報告 (續)

APPRECIATION

The Board expresses its sincere thanks to all the shareholders, bondholders, business partners and professional advisors for their support throughout the year, and to our management and staff for their ongoing dedication to the Group.

For and on behalf of the Board

Chan How Chung, Victor
Executive Director

Hong Kong, 29 March 2018

致謝

董事會衷心感謝全體股東、債券持有人、業務夥伴及專業顧問於本年度一直之支持，亦對管理層及員工不斷為本集團盡心工作深表謝意。

代表董事會

執行董事
陳孝聰

香港，二零一八年三月二十九日

* *The English translation of Chinese names or words are for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

* 中文名稱或詞彙之英文翻譯僅供參考，不應視為該等中文名稱或詞彙之正式英文翻譯。

Biographical Details of Directors and Senior Management 董事及高級管理人員履歷

EXECUTIVE DIRECTORS

CHAN How Chung, Victor, aged 56, was appointed as an executive Director on 4 July 2002. Mr. Chan is responsible for the strategic development and overall operations of the Group. He holds a LLB degree and is a professionally qualified accountant. Mr. Chan has over 28 years of experience in corporate restructurings and reorganizations, mergers and acquisitions, primary and secondary capital raisings, wealth management and corporate finance.

BOO Chun Lon, aged 53, was appointed as an executive Director on 14 September 2004 and is responsible for the development of the Group. He holds a bachelor's degree of arts from the University of Winnipeg in Canada. Prior to joining the Company, he has been the marketing manager of Great Tone Limited, an international manufacturing company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

YUEN Wai Ho, aged 58, was appointed as an independent non-executive Director on 8 April 2004. Mr. Yuen obtained a master of business administration from the University of Bath in England in 1988. Mr. Yuen is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries & Administrators. Mr. Yuen has more than 28 years of experience in auditing and commercial fields, 10 of which were working in multinational companies. He is currently a partner of a firm of certified public accountants.

CHOW Siu Ngor, aged 62, was appointed as an independent non-executive Director on 14 October 2004. Mr. Chow is a practicing solicitor in Hong Kong. Mr. Chow graduated from The Chinese University of Hong Kong in 1981 with an honors degree in Social Science. He then obtained an honors degree in Laws from the University of Birmingham in England in 1987. Mr. Chow was admitted as a solicitor of the Supreme Court of Hong Kong in 1990 and has been in private practice since then. Currently, Mr. Chow is a Partner of King & Wood Mallesons, Solicitors. He also serves as an independent non-executive director of CCT Land Holdings Limited and CCT Fortis Holdings Limited, both of which are listed companies in Hong Kong. Mr. Chow was a non-executive director of China Baoli Technologies Holdings Limited, which is a listed company in Hong Kong, from April 2006 to September 2015.

執行董事

陳孝聰，56歲，於二零零二年七月四日獲委任為執行董事，負責本集團策略發展及整體營運。陳先生為專業會計師，彼同時亦持有英國法律學士學位。陳先生擁有逾28年企業重組、合併收購、主要及次要集資、財富管理及企業融資方面之經驗。

巫峻龍，53歲，於二零零四年九月十四日獲委任為執行董事，負責本集團之發展。彼持有加拿大University of Winnipeg之文學士學位。彼於加入本公司前，曾為一間國際生產商鉅同有限公司之市場經理。

獨立非執行董事

阮煒豪，58歲，於二零零四年四月八日獲委任為獨立非執行董事。阮先生於一九八八年畢業於英國University of Bath，持有工商管理學碩士學位。阮先生為香港會計師公會及英國特許公認會計師公會之資深會員，並為英國特許管理會計師公會及英國特許秘書及行政人員公會之會員。阮先生於審核及商業方面擁有逾28年經驗，其中10年為任職於跨國企業。彼現時為一家執業會計師行之合夥人。

鄒小岳，62歲，於二零零四年十月十四日獲委任為獨立非執行董事。鄒先生為香港執業律師。鄒先生於一九八一年在香港中文大學畢業，獲得社會科學榮譽學位。彼其後於一九八七年取得英國伯明翰大學法律榮譽學位。鄒先生於一九九零年獲錄取為香港高等法院律師，自此起已私人執業。目前，鄒先生為金杜律師事務所之合夥人。彼亦為中建置地集團有限公司及中建富通集團有限公司之獨立非執行董事，兩間公司均為香港上市公司。於二零零六年四月至二零一五年九月期間，鄒先生曾為中國寶力科技控股有限公司之非執行董事，該公司為香港上市公司。

Biographical Details of Directors and Senior Management (continued) 董事及高級管理人員履歷(續)

LEE Ka Lun, aged 63, was appointed as an independent non-executive Director on 17 April 2007. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Lee has over 21 years experience in banking and auditing. He had been the Deputy Chief Executive of Lloyds TSB Bank plc, Hong Kong Branch and Regional Director – Finance and Operation of Lloyds TSB's operations in Asia for over 15 years and has extensive experience on corporate banking, private banking, treasury, operations, IT developments and general management. Mr. Lee also serves as an independent non-executive director of Chow Sang Sang Holdings International Limited, Yuexiu Property Company Limited, Chong Hing Bank Limited, Medicskin Holdings Limited and Ever Harvest Group Holdings Limited, all of which are listed companies in Hong Kong.

SENIOR MANAGEMENT

WOO Ming Wah, aged 47, is the Chief Financial Officer of the Group. Mr. Woo is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Woo has over 21 years of experience in the field of auditing and financial management.

NG Yuen Yee, aged 48, is the Company Secretary of the Company. Ms. Ng is an associate member of The Hong Kong Institute of Chartered Secretaries. She has over 25 years of experience in the field of company secretaryship.

YAU Sheung Nei, aged 45, is the Director – Corporate Development and Investor Relations of the Group. Ms. Yau has over 22 years of experience in the field of investor relations and equity research. Prior to joining the Group, she had worked for a number of Hong Kong listed red chip companies and a global asset management company.

李家麟，63歲，於二零零七年四月十七日獲委任為獨立非執行董事。李先生為英國特許公認會計師公會資深會員。李先生在銀行及審計界擁有超過21年經驗。他曾出任萊斯銀行香港分行副行政總裁及亞洲區域財務及營運董事超過15年，具豐富企業銀行、私人銀行、財務、營運、資訊科技發展及管理經驗。李先生亦為周生生集團國際有限公司、越秀地產股份有限公司、創興銀行有限公司、密迪斯肌控股有限公司及永豐集團控股有限公司之獨立非執行董事，該等公司均為香港上市公司。

高級管理人員

胡明華，47歲，為本集團之首席財務總監。胡先生為香港會計師公會及美國執業會計師協會之會員。胡先生於審核及財務管理方面擁有逾21年經驗。

吳婉儀，48歲，為本公司之公司秘書。吳女士為香港特許秘書公會會員。彼於公司秘書方面擁有逾25年經驗。

尤霜妮，45歲，為本集團之企業發展及投資者關係部董事。尤女士於投資者關係和證券研究方面擁有逾22年經驗。於加入本集團前，彼曾受聘於多間於香港上市之紅籌企業及一間全球資產管理公司。

Management for Lottery Business 彩票業務管理人員

ZHANG Beiguang, aged 48, is the Executive Vice President (Lottery Operation and Overseas Markets) of the Group. Mr. Zhang graduated from the Peking University with a bachelor's degree in arts. He has over 16 years of experience in strategic development and management.

JIANG Libin, aged 45, is the general manager of 廣州市樂得瑞科技有限公司 (Guangzhou Latech Technology Co. Ltd.*) ("Guangzhou Latech"). Mr. Jiang joined Guangzhou Latech in 2000 and has extensive experience in mechanical and electronic engineering research and related business operations. He graduated from the faculty of power control in Beihang University.

TSANG Lung Fai, aged 54, the Chief Executive Officer of 北京信安中彩科技有限公司 (Beijing Xinan Sino-lottery Technology Co. Ltd.*) and is responsible for the overall management of the printing of lottery tickets. Mr. Tsang holds a master's degree in Business Administration from Massey University in New Zealand. He has worked in C & C Security Printing Company Limited for around 20 years and was experienced in security printing. He was formerly the general manager of Hong Kong and Dongguan plants of RR Donnelley, an international printing firm.

ZHONG Wu, aged 54, is the Chief Operating Officer of 北京信安中彩科技有限公司 (Beijing Xinan Sino-lottery Technology Co. Ltd.*) and is responsible for the overall operation of the printing of lottery tickets of the Group. Mr. Zhong graduated from Beihang University – School of Economics and Management, with a master's degree in business administration. He has over 10 years of experience in product development and logistic management and business planning.

TUNG Wai Ching, aged 53, is the general manager of 北京樂和贏營銷顧問有限公司 (Beijing Lohowin Marketing Co. Ltd.*) and is responsible for the overall management of the sales of lottery tickets of the Group. Mr. Tung holds a master's degree in Business Administration from The Hong Kong Polytechnic University. He has over 11 years of experience in sales & marketing and management and has thorough understanding to the Chinese market.

張北光，48歲，為本集團之彩票業務及海外市場執行副總裁。張先生畢業於北京大學，獲文學士學位。彼擁有逾16年之策略發展及管理經驗。

姜立斌，45歲，為廣州市樂得瑞科技有限公司（「廣州樂得瑞」）之總經理。姜先生於二零零零年加入廣州樂得瑞，擁有廣泛之機械、電子工程研究及相關業務運作經驗。彼畢業於北京航空航天大學動力控制系。

曾龍輝，54歲，為北京信安中彩科技有限公司之行政總裁，負責集團之彩票印刷業務之全面管理。曾先生持有紐西蘭梅西大學的工商管理碩士學位。彼曾於中華商務安全印務有限公司工作接近20年，擁有豐富之安全印刷經驗。彼亦曾於一間國際印務公司當納利之香港及東莞工廠擔任總經理。

鍾武，54歲，為北京信安中彩科技有限公司之營運總裁，負責本集團之彩票印刷業務之整體營運事宜。鍾先生畢業於北京航空航天大學經濟管理學院，持有工商管理碩士學位。彼擁有十多年產品開發、物流管理及經營計劃制定之經驗。

董偉程，53歲，為北京樂和贏營銷顧問有限公司之總經理，負責本集團之彩票銷售業務之全面管理。董先生持有香港理工大學之工商管理碩士學位。彼擁有11年市場銷售及管理經驗，並對中國市場有深入之認識。

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Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices as set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 of the Listing Rules.

The corporate governance principles of the Company emphasize a quality board of directors, sound internal control, principles and transparency and accountability to all shareholders of the Company. The Company has complied with the code provisions (the “Code Provision(s)”) under the CG Code throughout the accounting period covered by this report except in certain circumstances which are provided and discussed in the latter part of this report.

BOARD OF DIRECTORS

The Directors are collectively responsible for the oversight of the management of business and affairs of the Group of the best interest of the shareholders of the Company.

The Board currently comprises a total of five Directors, with two executive Directors namely Mr. Chan How Chung, Victor and Mr. Boo Chun Lon and three independent non-executive Directors namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun. A list containing the names of the Directors and their roles and functions is published on the websites of the Company and the Stock Exchange.

The biographical details of the Directors are set out on pages 47 to 48. To the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships between members of the Board.

Throughout the year under review, the Board at all times met the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules respectively relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive Directors represent at least one-third of the Board.

企業管治常規

本公司根據上市規則附錄14內企業管治守則（「企管守則」）所載之規定，致力維持高水平之企業管治常規。

本公司之企業管治原則著重高質素之董事會、健全之內部監控、良好之原則以及對本公司全體股東之透明度及問責性。本公司在本年報所覆蓋之整個會計期間內一直遵守企管守則之守則條文（「守則條文」），惟於本報告稍後部分列載及討論之若干情況則除外。

董事會

董事共同負責監察本集團業務及事務之管理工作，以符合本公司股東之最佳利益。

董事會目前由合共五名董事組成，包括兩名執行董事陳孝聰先生及巫峻龍先生，以及三名獨立非執行董事阮煒豪先生、鄒小岳先生及李家麟先生。載有各董事姓名及其角色與職能之名單登載於本公司及聯交所之網站。

各董事之履歷詳情載於第47頁至第48頁。就本公司所深知，董事會成員之間概無財務、業務、家屬或其他重大或相關關係。

於整個回顧年度內，董事會一直符合上市規則第3.10(1)條、第3.10(2)條及第3.10A條之規定，其內容分別有關至少須委任三名獨立非執行董事，其中至少一名獨立非執行董事必須具備適當之專業資格，或具備適當之會計或相關財務管理專長，以及獨立非執行董事必須佔董事會成員人數至少三分之一。

Corporate Governance Report (continued)

企業管治報告 (續)

All independent non-executive Directors are financially independent from the Group. The Company has received the annual confirmation of independence from each of the independent non-executive Directors and confirmed with all independent non-executive Directors as to their independence with reference to the factors as set out in Rule 3.13 of the Listing Rules.

The Board is collectively responsible for formulating of the Group's overall strategy, reviewing and monitoring the business performance of the Group, preparing and approving financial statements, recommending the Directors' appointment or re-appointment, considering and approving material contracts and transactions (in particular those may involve conflict of interests) as well as other significant policy and financial matters. The Board also gives clear directions as to the powers delegated to the management for the day-to-day operation, management and administration functions of the Group. Approval has to be obtained from the Board prior to any significant transactions entered into by the management and the Board has the full support of them to discharge its responsibilities.

There were seven Board meetings and one general meeting held for the year ended 31 December 2017. The following was an attendance record of the Board meetings and general meeting during the year:

所有獨立非執行董事在財政上均獨立於本集團。本公司已接獲各獨立非執行董事發出之年度獨立性確認，並於參考上市規則第3.13條所載之因素後，確認全體獨立非執行董事之獨立性。

董事會共同負責制訂本集團之整體策略、檢討及監察本集團之業務表現、編製及批准財務報表、就委任或重新委任董事提出推薦意見、考慮及批准重大合約及交易（尤其是可能存在利益衝突者）以及其他重大政策及財務事宜。董事會亦會就授予管理層於本集團日常營運、管理及行政職能之權力給予清晰指引。管理層於訂立任何重大交易前，必須取得董事會批准，而董事會在管理層全力支持下履行其責任。

截至二零一七年十二月三十一日止年度，本公司曾舉行七次董事會會議及一次股東大會。以下為於年內舉行之董事會會議及股東大會之出席紀錄：

| Name of Directors | 董事姓名 | Number of Board meetings attended/held 出席／舉行 董事會會議次數 | Number of general meeting attended/held 出席／舉行 股東大會次數 |
|--|------|--|--|
| <i>Executive Directors</i> | | | |
| Chan How Chung, Victor | 陳孝聰 | 7/7 | 0/1 |
| Boo Chun Lon | 巫峻龍 | 7/7 | 1/1 |
| <i>Independent Non-executive Directors</i> | | | |
| Yuen Wai Ho | 阮煒豪 | 7/7 | 1/1 |
| Chow Siu Ngor | 鄒小岳 | 7/7 | 1/1 |
| Lee Ka Lun | 李家麟 | 7/7 | 1/1 |

Corporate Governance Report (continued)

企業管治報告 (續)

The Directors have disclosed to the Company the number and nature of offices held in other public companies or organization and other significant commitments in a timely manner and will provide updates to the Company on any subsequent changes.

All Directors have been provided with monthly updates by the Group's management, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE

Under the Code Provision A.2.1, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not at present have a Chairman nor a Chief Executive. Nevertheless, the main duties and responsibilities of a Chairman and a Chief Executive are currently held by separate individuals with written guidelines for the division of responsibilities with a view to maintain an effective segregation of duties between the management of the Board and the day-to-day management of the Group's business and operations.

The Company will continue to review the effectiveness of the Group's corporate governance structure and consider the appointment of a Chairman of the Board and a Chief Executive if candidates with suitable leadership, knowledge, skills and experience can be identified within or outside the Group.

NON-EXECUTIVE DIRECTORS

Code Provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election. Currently, the independent non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting as specified in the Bye-laws.

各董事已適時地向本公司披露彼等於其他公眾公司或組織擔任之職務及其他重要承擔之數目及性質，其後如有變動，亦將向本公司提供更新資料。

全體董事已獲由本集團管理層提供之每月更新資料，當中載有對本集團之表現、狀況、近期發展及前景之公正而易於理解之評估，內容足以讓彼等緊貼本集團事務，並有助彼等履行上市規則相關規定之職責。

主席及行政總裁

根據守則條文A.2.1，主席與行政總裁之角色應有區分，並不應由一人同時兼任。主席及行政總裁之責任應作清晰區分，並以書面載列。

本公司目前並無主席或行政總裁。然而，為繼續有效區分董事會管理與本集團業務及營運之日常管理職責，主席及行政總裁之主要職務及責任目前由獨立之個別人士根據有關區別責任之書面指引擔任。

本公司將繼續檢討本集團企業管治架構之成效，並考慮於本集團內部或以外物色具備合適領導才能、知識、技能及經驗之人選分別擔任董事會主席及行政總裁職位。

非執行董事

守則條文A.4.1規定，非執行董事之委任應有指定任期，並須接受重新選舉。現時，獨立非執行董事並無指定任期，惟須按公司細則所指定於本公司之股東週年大會上輪值告退。

Corporate Governance Report (continued)

企業管治報告 (續)

The Company has complied with the requirement of the Code Provision on considering the independency of an independent non-executive Director who has served more than nine years for his further appointment. Mr. Chow Siu Ngor, who has served on the Board for more than nine years, was re-elected as independent non-executive Director at the annual general meeting held on 29 June 2017 (the "2017 AGM") by passing separate resolution at the 2017 AGM. The Board's view on Mr. Chow's independent status was set out in the 2017 AGM circular. The re-election of Mr. Yuen Wai Ho, independent non-executive Director who has served the Board for more than nine years, will be considered by a vote on a separate resolution in the forthcoming annual general meeting.

BOARD COMMITTEES

The Board has established relevant board committees to assist in discharging its responsibilities.

Nomination Committee

The Nomination Committee was established on 29 March 2012. It currently consists of three independent non-executive Directors namely Mr. Lee Ka Lun (as Chairman), Mr. Yuen Wai Ho and Mr. Chow Siu Ngor and one executive Director namely Mr. Chan How Chung, Victor.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board, making recommendations to the Board on the selection of candidates for directorship, appointment or re-appointment and succession of Directors, and assessing the independence of independent non-executive Directors. Details of the duties and powers of the Nomination Committee are set out in its written terms of reference which are available on the websites of the Company and the Stock Exchange.

The Company has adopted a board diversity policy since August 2013 which sets out the approach to achieve diversity in the Board. The Company recognizes and embraces the benefits of having a diverse Board, and sees board diversity is an essential element in achieving a sustainable and balanced development. In reviewing Board composition, the Nomination Committee will consider balance of a number of factors, including but not limited to age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on merit, having due regard to the overall effective function of the Board as a whole.

於再度委任在任超過九年之獨立非執行董事時，本公司已依照守則條文之規定考慮該獨立非執行董事之獨立性。鄒小岳先生於董事會在任超過九年，彼於二零一七年六月二十九日舉行之股東週年大會（「二零一七年股東週年大會」）上以通過獨立決議案之方式獲重選為獨立非執行董事。董事會就鄒先生之獨立性之意見載於二零一七年股東週年大會通函。獨立非執行董事阮煒豪先生於董事會在任超過九年，其重選亦將於應屆股東週年大會上以獨立決議案方式表決。

董事委員會

董事會已成立相關董事委員會，助其履行責任。

提名委員會

提名委員會於二零一二年三月二十九日成立，目前由三名獨立非執行董事李家麟先生（主席）、阮煒豪先生及鄒小岳先生以及一名執行董事陳孝聰先生組成。

提名委員會主要負責檢討董事會之架構、人數及組成，就挑選董事人選、董事委任或重新委任及繼任向董事會提出推薦意見，以及評核獨立非執行董事之獨立性。提名委員會之職責及權力詳情載於其書面職權範圍，有關職權範圍可於本公司及聯交所之網站查閱。

本公司自二零一三年八月起已採納董事會成員多元化政策。該政策載列董事會為達致成員多元化所採取之方針。本公司肯定及確信董事會成員多元化帶來之裨益，並視董事會成員多元化為實現可持續及均衡發展之重要關鍵。在檢討董事會組成時，提名委員會將平衡多項因素，包括但不限於年齡、文化及教育背景、專業經驗、技能、知識及服務年資。所有董事會成員之任命均以用人唯才為原則，且顧及到董事會整體之職能可有效地發揮。

Corporate Governance Report (continued)

企業管治報告 (續)

There was one Nomination Committee meeting held for the year ended 31 December 2017. The following was an attendance record of the Nomination Committee meeting held during the year:

截至二零一七年十二月三十一日止年度，提名委員會曾舉行一次會議。以下為於年內舉行之提名委員會會議之出席紀錄：

| Nomination Committee Members | 提名委員會成員 | Number of meeting attended/held 出席／舉行會議次數 |
|------------------------------|---------|--|
| Lee Ka Lun | 李家麟 | 1/1 |
| Yuen Wai Ho | 阮煒豪 | 1/1 |
| Chow Siu Ngor | 鄒小岳 | 1/1 |
| Chan How Chung, Victor | 陳孝聰 | 1/1 |

During the year under review, work performed by the Nomination Committee included (i) determining the policy for the nomination of directors with reference to the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) reviewing the annual confirmation of independence submitted by the independent non-executive Directors and assessed their independence; and (iii) reviewing the board diversity policy of the Company. Nomination procedures and the process and criteria will be determined by the Nomination Committee should there be the need to select and recommend candidates for directorship.

於回顧年內，提名委員會進行之工作包括(i)參照董事會之架構、人數及組成(包括技能、知識及經驗)釐定董事提名政策；(ii)審閱獨立非執行董事提交之年度獨立性確認，並評核彼等之獨立性；及(iii)審閱本公司董事會成員多元化政策。如有需要挑選及建議董事人選，提名委員會將制訂提名步驟及程序以及準則。

Remuneration Committee

The Remuneration Committee was established on 23 September 2005. It currently consists of three independent non-executive Directors namely Mr. Chow Siu Ngor (as Chairman), Mr. Yuen Wai Ho and Mr. Lee Ka Lun.

薪酬委員會

薪酬委員會於二零零五年九月二十三日成立，目前由三名獨立非執行董事組成，包括鄒小岳先生(主席)、阮煒豪先生及李家麟先生。

The Remuneration Committee is mainly responsible for reviewing the management's remuneration proposals, and making recommendations to the Board on remuneration policy of the Company and remuneration packages of Directors and senior management. Details of the duties and powers of the Remuneration Committee are set out in its written terms of reference which are available on the websites of the Company and the Stock Exchange.

薪酬委員會主要負責檢討管理人員之薪酬方案，就本公司之薪酬政策以及董事及高級管理人員之薪酬待遇向董事會提出推薦意見。薪酬委員會之職責及權力詳情載於其書面職權範圍，有關職權範圍可於本公司及聯交所之網站查閱。

Corporate Governance Report (continued)

企業管治報告 (續)

There were two Remuneration Committee meetings held for the year ended 31 December 2017. The following was an attendance record of the Remuneration Committee meetings held during the year:

截至二零一七年十二月三十一日止年度，薪酬委員會曾舉行兩次會議。以下為於年內舉行之薪酬委員會會議之出席紀錄：

| Remuneration Committee Members | 薪酬委員會成員 | Number of meetings attended/held 出席／舉行會議次數 |
|--------------------------------|---------|---|
| Chow Siu Ngor | 鄒小岳 | 2/2 |
| Yuen Wai Ho | 阮煒豪 | 2/2 |
| Lee Ka Lun | 李家麟 | 2/2 |

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of individual executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

薪酬委員會已採納一套工作模式，先由其檢討管理層就個別執行董事及高級管理人員提出之薪酬方案，再向董事會提出推薦意見。董事會擁有最終權力，批准薪酬委員會提出之推薦意見。

During the year under review, work performed by the Remuneration Committee included (i) assessing performance of executive Directors and senior management and, where applicable, approving their terms of services including the directors' fees and the emoluments of executive Directors; and (ii) reviewing and determining on policy and structure of the remuneration package of Directors and senior management.

於回顧年內，薪酬委員會進行之工作包括(i)評核執行董事及高級管理人員之表現，以及(如適用)批准彼等之服務條款，包括董事袍金及執行董事之酬金；及(ii)檢討及決定董事及高級管理人員薪酬待遇之政策及架構。

The remuneration packages of the Board for the year ended 31 December 2017 had been reviewed by the Remuneration Committee and approved by the Board by taking into consideration factors such as salaries paid by comparable companies, time commitment, responsibility, market conditions elsewhere in the Group and desirability of performance-based remuneration. Details of the remuneration of each of the Directors for the year under review are set out in Note 10 to the consolidated financial statements.

截至二零一七年十二月三十一日止年度之董事會薪酬待遇已由薪酬委員會作出檢討，並獲董事會批准，當中已考慮多項因素，如相類公司所給予之薪金、時間之投入、職責、本集團在其他方面之市場狀況及按表現計薪制是否可取。各董事於回顧年內之薪酬詳情載於綜合財務報表附註10。

Corporate Governance Report (continued)

企業管治報告 (續)

Pursuant to Code Provision B.1.5 of the CG Code, details of the annual remuneration of the members of the senior management by band for the year ended 31 December 2017 is as follows:

根據企管守則之守則條文B.1.5，截至二零一七年十二月三十一日止年度之高級管理人員年薪等級詳情如下：

| | | Number of employees 僱員人數 |
|-------------------------------|-------------------------|-----------------------------|
| HK\$1,000,001 – HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 1 |
| HK\$1,500,001 – HK\$2,000,000 | 1,500,001港元至2,000,000港元 | 1 |
| HK\$2,000,001 – HK\$2,500,000 | 2,000,001港元至2,500,000港元 | – |
| HK\$2,500,001 – HK\$3,000,000 | 2,500,001港元至3,000,000港元 | 1 |
| | | <u>3</u> |

Audit Committee

The Audit Committee was established on 28 September 2000. It currently consists of three independent non-executive Directors namely Mr. Yuen Wai Ho (as Chairman), Mr. Chow Siu Ngor and Mr. Lee Ka Lun. The committee members possess appropriate professional qualifications, business or accounting and related financial management expertise and experience to provide relevant advice and recommendations to the Company.

The Audit Committee is mainly responsible for reviewing and monitoring the financial reporting, risk management and internal control system of the Company, and assist the Board to fulfill its responsibility over the audit. Details of the duties and powers of the Audit Committee are set out in its written terms of reference which are available on the websites of the Company and the Stock Exchange.

The Audit Committee is also responsible for performing the corporate governance duties which include: (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

審核委員會

審核委員會於二零零零年九月二十八日成立，目前由三名獨立非執行董事組成，包括阮煒豪先生（主席）、鄒小岳先生及李家麟先生。委員會成員均具備適當之專業資格、商業或會計及相關財務管理專長與經驗，可為本公司提供相關意見及推薦意見。

審核委員會主要負責檢討及監察本公司之財務申報、風險管理及內部監控系統，並協助董事會履行其審計職責。審核委員會之職責及權力詳情載於其書面職權範圍，有關職權範圍可於本公司及聯交所之網站查閱。

審核委員會亦負責履行企業管治職責，包括：(i)制訂及檢討本公司之企業管治政策及常規；(ii)檢討及監察董事及高級管理人員之培訓及持續專業發展；(iii)檢討及監察本公司遵守法律及監管規定方面之政策及常規；(iv)制訂、檢討及監察適用於董事及僱員之操守及合規守則（如有）；及(v)檢討本公司遵守企管守則之情況以及於企業管治報告內之披露。

Corporate Governance Report (continued)

企業管治報告 (續)

There were five Audit Committee meetings held for the year ended 31 December 2017, two of which were held with the external auditor. The following was an attendance record of the Audit Committee meetings held during the year:

截至二零一七年十二月三十一日止年度，審核委員會曾舉五次會議，其中兩次與外聘核數師舉行。以下為於年內舉行之審核委員會會議之出席紀錄：

| Audit Committee Members | 審核委員會成員 | Number of meetings attended/held 出席／舉行會議次數 |
|-------------------------|---------|---|
| Yuen Wai Ho | 阮煒豪 | 5/5 |
| Chow Siu Ngor | 鄒小岳 | 5/5 |
| Lee Ka Lun | 李家麟 | 5/5 |

The Audit Committee reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee met and discussed with the external auditor on their audit strategy and assessment of the sufficiency of the internal control of the Group.

審核委員會已檢討外聘核數師之獨立性及客觀性、審核服務範疇及應付外聘核數師之相關審核費用，以呈交董事會批准。審核委員會亦曾與外聘核數師舉行會議，商討其審核策略及評估本集團內部監控之充足性。

During the year under review, work performed by the Audit Committee included (i) reviewing the audited annual results and the unaudited interim results of the Group; (ii) reviewing the compliance and internal audit reports and the compliance and corporate governance issues of the Group; (iii) discussing with external auditor the audit planning work (including the nature and scope of the audit and reporting obligations) in respect of the audit of the annual results of the Group; and (iv) reviewing the independence and objectivity of the external auditor.

於回顧年內，審核委員會進行之工作包括(i)審閱本集團之經審核全年業績及未經審核中期業績；(ii)審閱合規及內部審核報告，以及檢討本集團之合規及企業管治事宜；(iii)與外聘核數師討論有關審核本集團全年業績之審核計劃工作（包括審核及報告責任之性質及範圍）；及(iv)檢討外聘核數師之獨立性及客觀性。

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

於回顧年內，董事會與審核委員會於外聘核數師挑選及委任方面並無意見分歧。

AUDITOR'S REMUNERATION

During the year, the remuneration payable to the Company's external auditor, Ting Ho Kwan & Chan CPA Limited, represents the provision of audit fees for statutory audit and other non-statutory audit services related to advisory service amounting to approximately HK\$3,198,000 and HK\$400,000 respectively. The remuneration payable to the Company's subsidiaries auditors in the PRC for statutory audit and other non-statutory audit services amounted to approximately HK\$64,000 and HK\$Nil respectively.

核數師之酬金

年內，應付本公司外聘核數師丁何關陳會計師事務所有限公司之酬金乃提供法定審核及與顧問服務相關之其他非法定審核服務之核數費用分別約3,198,000港元及400,000港元。應付本公司位於中國之附屬公司外聘核數師之酬金乃提供法定審核及其他非法定審核服務之核數費用分別約64,000港元及零港元。

Corporate Governance Report (continued)

企業管治報告 (續)

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. In preparing the financial statements for the year ended 31 December 2017, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and have made prudent and reasonable judgments and estimates that are relevant to the financial statements.

The Company has not been able to fulfill its redemption obligations under the Bonds. As of 31 December 2017, 2017 Bonds in the principal amount of approximately HK\$100,907,000 and 2019 Bonds in the principal amount of approximately HK\$551,402,000 were outstanding. The Company has proposed fund raising plans to repay all the Group's offshore liabilities, including the outstanding Bonds. The details of the proposed fund raising plans are outlined in the Directors' Report. As the outcome of these matters cannot be presently assessed, the auditors are of the opinion that this indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Directors have assessed the liquidity position of the Group. The Group's offshore resources exceeds the amounts due under the Bonds. Upon the completion of the CB Subscription under the fund raising plans, the Group will be able to fully repay all its offshore liabilities. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis. Please also refer to Notes 4B(a) and 38a to the consolidated financial statements.

The responsibilities of the Directors for the financial statements and those for the auditor to the shareholders of the Company are set out on pages 78 to 81.

董事及核數師就財務報表須承擔之責任

董事知悉編製真實而中肯地反映本集團事務狀況之各財政年度財務報表，乃彼等之責任。於編製截至二零一七年十二月三十一日止年度之財務報表時，董事已採納涉及本集團業務之適當會計政策，就財務報表作出審慎及合理之判斷及估計。

本公司未能履行其於該等債券之贖回責任。於二零一七年十二月三十一日，本金額約100,907,000港元之二零一七年債券及本金額約551,402,000港元之二零一九年債券尚未償還。本公司已建議進行集資計劃，以償還本集團之所有國外負債，包括尚未償還之該等債券。建議集資計劃詳情於董事會報告內概述。由於現時無法評估該等事件之結果，核數師認為該等事件顯示存在重大不確定性，可能對本集團持續經營之能力構成重大疑問。董事已評估本集團之流動資金水平。本集團之國外資源超出該等債券之應付款項。於建議集資計劃項下之可換股債券認購事項完成後，本集團將能悉數償還其所有國外負債。因此，董事認為按持續經營基準編製綜合財務報表屬恰當之舉。請同時參閱綜合財務報表附註4B(a)及38(a)。

董事就財務報表須承擔之責任及核數師對本公司股東所負之責任載於第78頁至第81頁。

Corporate Governance Report (continued)

企業管治報告 (續)

INTERNAL CONTROL

In order to comply with the applicable code provisions set out in the CG Code and to protect the assets and to ensure the accuracy and reliability of the financial information that the Company employs in its business or releases to the public, the Company conducts regular reviews of the effectiveness of the Group's risk management and internal control system. The scope of these reviews includes, among others, strategy, finance, operations and regulation compliance.

The Group maintained the risk management and internal control systems aiming to manage rather than eliminate the risk of failure to achieve business objectives, provide reasonable and not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities.

During the year, the Board has continued to retain an independent professional firm, to facilitate adequacy of resources and quality of review to satisfy the Group's internal audit function as required by the Stock Exchange and to assist the Board to perform an annual internal audit environment review and risk assessment on the effectiveness of the Group's risk management and internal control systems for the year 31 December 2017 following the CG Code. The Group has reviewed an internal audit charter, conducted an annual risk assessment and updated a continuous three-year audit plan under a risk-based approach. An annual audit was performed according to the audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control mechanism.

The Board has reviewed the effectiveness of the Group's risk management and internal control system, covering strategic, financial, operational and compliance controls. Based on the monitoring of the Group on an ongoing basis and the results of the risk assessments and the outcome of the annual audit review, the Board is of the view that the Group has maintained sound and effective risk management and internal control system during the year ended 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

During the year ended 31 December 2017, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year.

內部監控

本公司定期檢討本集團風險管理及內部監控系統之成效，以符合企管守則所載之適用守則條文及保障資產及確保其業務上使用或向外公布之財務資料準確可靠。有關檢討涵蓋範圍包括策略、財務、營運及規例遵守。

本集團維持風險管理及內部監控系統之目的，在於管理而非抵銷未能達致業務目標之風險，以及合理（而非絕對地）保證並無因決策過程中所作之判斷、人為錯誤、欺詐或其他違規行為而出現重大錯誤陳述或損失。

年內，董事會繼續委聘了一間獨立專業公司協助促進本集團資源充足及提高檢討質素，以符合聯交所對本集團內部審核職能之規定，並協助董事會遵從企管守則，就本集團截至二零一七年十二月三十一日止年度之風險管理及內部監控系統之成效進行年度內部審核環境檢討及風險評估。本集團已檢討內部審核約章、進行年度風險評估及按風險為本方法更新連續三年之審核計劃。為協助董事會及審核委員會評估本集團風險管理及內部監控機制之成效，每年均會按照該審核計劃進行審核。

審核委員會已檢討本集團風險管理及內部監控系統之成效，範圍涵蓋策略、財務、營運及合規監控。基於對本集團之持續監管以及風險評估及年度審核檢討之結果，董事會認為本集團於截至二零一七年十二月三十一日止年度一直維持穩健有效之風險管理及內部監控系統。

董事進行之證券交易

於截至二零一七年十二月三十一日止年度，本公司已採納上市規則附錄十所載之標準守則，作為董事進行本公司證券交易之守則。經作出明確查詢後，全體董事均已確認彼等已於年內一直遵守標準守則所規定之標準。

Corporate Governance Report (continued)

企業管治報告 (續)

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director will be given a comprehensive, formal and tailored induction on his/her first appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and of his/her duties, responsibilities and obligations under the Listing Rules and the relevant statutory and regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

The Directors are continuously updated on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by them.

The Directors are committed to comply with Code Provision A.6.5 of the CG Code on directors' training to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board will be informed and relevant.

According to the records provided by the Directors to the Company pursuant to the CG Code, all Directors have participated in appropriate continuous professional development activities during the year under review. The individual training record of each Director for the year ended 31 December 2017 is summarized below:

董事之持續專業發展

每位新委任之董事將於首次獲委任時獲得全面、正式兼專為其而設的就任須知，確保新任董事對本集團業務及營運，以及其於上市規則與相關法定及監管規定下之職責、職務及責任有適當理解。

本公司亦訂有各項安排，於必要時為董事提供持續簡報及專業發展。

董事持續獲得有關上市規則及其他適用監管規定之最新發展資料，確保彼等加以遵守。

董事致力遵守企管守則之守則條文A.6.5，內容有關董事發展並更新其知識及技能之培訓，以確保在具備全面資訊及切合所需情況下對董事會作出貢獻。

根據董事按照企管守則向本公司提供之紀錄，全體董事於回顧年度均有參與合適持續專業發展活動。截至二零一七年十二月三十一日止年度各董事之個人培訓紀錄概列如下：

| | Directors' duties and responsibilities/ Corporate Governance/ Updates on Laws, Rules and Regulations 董事職責及職務／企業管治／ 法律、規則及規例最新資料 | | | Business related/ Accounting/Financial/ Management or other professional skills 業務相關／會計／財務／ 管理或其他專業技能 | |
|--|---|--|----------------------------|--|--|
| | Reading materials 閱讀材料 | Attending seminars/ conferences 出席研討會／ 會議 | In-house briefings 內部簡報 | Reading materials 閱讀材料 | Attending seminars/ conferences 出席研討會／ 會議 |
| <i>Executive Directors</i> | <i>執行董事</i> | | | | |
| Chan How Chung, Victor | 陳孝聰 | ✓ | ✓ | ✓ | ✓ |
| Boo Chun Lon | 巫峻龍 | ✓ | ✓ | ✓ | ✓ |
| <i>Independent Non-executive Directors</i> | <i>獨立非執行董事</i> | | | | |
| Yuen Wai Ho | 阮煒豪 | ✓ | ✓ | ✓ | ✓ |
| Chow Siu Ngor | 鄧小岳 | ✓ | ✓ | ✓ | ✓ |
| Lee Ka Lun | 李家麟 | ✓ | ✓ | ✓ | ✓ |

Corporate Governance Report (continued)

企業管治報告 (續)

DIRECTORS' LIABILITIES INSURANCE

During the year under review, the Company has arranged appropriate insurance cover for Directors' liabilities in respect of potential legal actions against the Directors arising out of corporate activities of the Group pursuant to Code Provision A.1.8 of the CG Code. Such directors' liability insurance will be reviewed and renewed annually.

Throughout the year ended 31 December 2017, no claim has been made against the Directors.

COMPANY SECRETARY

The Company Secretary of the Company is Ms. Ng Yuen Yee, who was appointed by the Board on 27 April 2006.

During the year, Ms. Ng has undertaken sufficient hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene a special general meeting

Pursuant to Section 74(1) of the Bermuda Companies Act and the bye-law 62 of the Bye-laws, the shareholder(s) of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company with the right of voting at general meetings of the Company may request the Board to convene a special general meeting.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda for the attention of the Company Secretary and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

董事責任保險

於回顧年內，本公司已按照企管守則之守則條文A.1.8，就董事可能因本集團企業活動而面對之法律行動作適當董事責任投保安排。有關董事責任保險將每年檢討及續保。

於截至二零一七年十二月三十一日止整個年度內並無針對董事之申索。

公司秘書

本公司之公司秘書為吳婉儀女士，彼於二零零六年四月二十七日獲董事會委任。

年內，吳女士已遵守上市規則第3.29條，接受足夠時數之相關專業培訓。

股東權利

股東召開股東特別大會之程序

根據百慕達公司法第74(1)條及公司細則第62條，本公司股東可要求董事會召開股東特別大會，惟有關股東於遞交要求當日須持有不少於十分之一附有本公司股東大會投票權之本公司繳足股本。

有關要求必須述明大會目的及經呈請人簽署，並送達本公司之註冊辦事處（地址為Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda），註明收件人為公司秘書。有關要求可由多份格式相近之文件組成，惟每份均須經由一名或以上呈請人簽署。

倘於由遞交要求日期起計二十一日內，董事未有正式安排召開大會，則呈請人（或當中代表彼等全體總投票權一半以上之任何人士）可自行召開大會，惟任何據此召開之大會不得於由上述日期起計三個月期間屆滿後舉行。

Corporate Governance Report (continued)

企業管治報告 (續)

Procedures for directing Shareholders' enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Other shareholders' enquiries can be directed in writing with contact details (including name, address, telephone number and email address) to the principal office of the Company at Office A, 32/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong for the attention of the Company Secretary.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for putting forward proposals at a general meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at general meetings. Proposals shall be directed in writing with contact details (including name, address, telephone number and email address) to the principal office of the Company at Office A, 32/F., YHC Tower, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong for the attention of the Company Secretary.

The procedures for proposing a person for election as a Director are available on the websites of the Company.

The Board may, in its sole discretion, consider if such proposals are appropriate and shall be put forward to the Shareholders for approval at the next general meeting to be convened by the Board.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company communicates with its shareholders and investors through various channels including publication of interim and annual reports, announcements, circulars, press releases and other corporate communications and publications available on the websites of the Stock Exchange and the Company.

股東向董事會作出查詢之程序

股東如欲查詢有關持股事宜，可向本公司股份過戶登記處香港分處卓佳標準有限公司（地址為香港皇后大道東183號合和中心22樓）查詢。

股東如欲查詢其他事宜，可以書面方式連同詳細聯絡資料（包括姓名／名稱、地址、電話號碼及電郵地址）送交本公司之主要辦事處（地址為香港九龍九龍灣常悅道1號恩浩國際中心32樓A室），請註明收件人為公司秘書。

股東亦可於本公司之股東大會上向董事會提出查詢。

於股東大會上提呈建議之程序

本公司歡迎股東提出有關本集團業務、策略及／或管理方面之建議於股東大會上討論。有關建議須以書面方式連同詳細聯絡資料（包括姓名／名稱、地址、電話號碼及電郵地址）送交本公司之主要辦事處（地址為香港九龍九龍灣常悅道1號恩浩國際中心32樓A室），請註明收件人為公司秘書。

股東建議董事候選人之程序可於本公司網站查閱。

董事會可全權酌情決定考慮該等建議是否恰當，並於董事會召開下次股東大會時於會上提呈股東批准。

與股東之溝通及投資者關係

本公司透過多個渠道（包括刊發中期報告及年報、公布、通函、新聞稿以及可於聯交所及本公司之網站查閱之其他企業通訊及刊物）與其股東及投資者溝通。

Corporate Governance Report (continued) 企業管治報告 (續)

The general meetings of the Company provide an opportunity for direct communication between the Board and the Shareholders. The Company encourages their participation through general meetings where the Shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings.

To promote the communication between the Company and its shareholders, the Company has established a shareholders' communication policy which shall be reviewed on a regular basis to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

An up-to-date consolidated version of the Memorandum of Association of the Company and Bye-laws is published on the websites of the Company and the Stock Exchange. There have been no changes to such constitutional documents during the year under review.

本公司之股東大會提供機會讓董事會與股東直接溝通。本公司鼓勵彼等透過參加股東大會，讓彼等於會上與董事會面及交流意見，以及於會上行使投票權。

為促進本公司與其股東之溝通，本公司已制訂股東通訊政策，並將定期檢討有關政策以確保其行之有效且符合當時之監管及其他規定。

本公司組織章程大綱及公司細則之最新綜合版本已登載於本公司及聯交所之網站。於回顧年內，有關憲章文件並無變動。

Environmental, Social and Governance Report

環境、社會及管治報告

We are pleased to present this report covering certain environmental and social responsibility aspects underlying the Group's business operations for the year ended 31 December 2017 with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules (the "ESG Reporting Guide"). The Company has complied with the "comply or explain" provisions set out in the ESG Reporting Guide throughout the year.

The Group is committed to the long-term sustainability of its business and the local communities where we operate. The Group also recognizes the importance of the views and interests of its stakeholders such as shareholders, regulators, employees and the public in making business decisions. The Group aims at making constant efforts in areas such as environmental protection and general social welfare.

A. ENVIRONMENTAL

The Group supports environmental protection programs and is constantly looking to reduce the impact of business activities on the environment.

A1: Emissions

The direct and indirect emissions are mainly generated from the Group's business operations, i.e. the provision of lottery machines and equipment, provision of lottery printing service and distribution of lottery products in the PRC. Lottery printing service in Shijiazhuang is one of the major businesses, in terms of turnover amount generated during the year, to the Group.

本公司參照上市規則附錄二十七所載環境、社會及管治報告指引（「環境、社會及管治報告指引」），欣然提呈涵蓋截至二零一七年十二月三十一日止年度本集團業務營運若干環境及社會責任層面之本報告。本公司於年內一直遵守環境、社會及管治報告指引所載之「不遵守就解釋」條文。

本集團致力謀求旗下業務及經營所在社區之長期可持續發展。本集團於作出商業決定時，亦重視其股東、監管人、僱員及公眾人士等權益人之意見及利益。本集團於環境保護及社會福祉等領域一直不遺餘力。

A. 環境

本集團支持不同環保計劃，不斷設法減輕其業務活動對環境之影響。

A1：排放物

直接及間接排放物主要來自本集團業務營運，即於中國提供彩票機及設備、提供彩票印刷服務及配送彩票產品。按年內產生之營業額計，於石家莊市之彩票印刷服務乃本集團主要業務之一。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

In order to comply with the regulations and standards under Ministry of Environmental Protection of the People's Republic of China in Shijiazhuang for the printing business, the Group recognized the following emission volumes in an environmental testing and assessment by a third-party consultant during the year. The Group is committed to achieving emission reduction and wastewater under the regulations and standards on environmental protection in PRC.

為遵守中華人民共和國環境保護部在石家莊市有關印刷業務之法規及標準，本集團於年內在一名第三方諮詢人出具之環境測試及評估中，確認以下排放量。本集團致力根據中國環保法規及標準實現減少排放物及廢水。

| Emission Volume | 排放量 | Tonnes over the year 本年度噸數 |
|--------------------------------|----------------|----------------------------------|
| 1. Air emissions | 1. 廢氣排放 | |
| Sulfur dioxide | 二氧化硫 | 0.369 |
| Nitrogen oxides | 氮氧化物 | 0.454 |
| Non-methane hydrocarbon | 非甲烷總烴 | 0.053 |
| Benzene series | 苯系物 | 0.027 |
| 2. Wastewater emissions | 2. 廢水排放 | |
| Wastewater | 廢水 | 4,800 |
| Chemical oxygen demand | 化學需氧量 | 1.68 |
| Ammonia nitrogen | 氨氮 | 0.056 |

The greenhouse gas emissions data directly generated from lottery distribution during the year is unavailable to the Group as shipments of goods have been outsourced to third-party transportation providers.

由於運送貨品已分包予第三方運輸供應商，故本集團未能取得年內直接來自彩票配送之溫室氣體排放數據。

In addition to the above direct gas emissions, the use of electricity by the Group is indirectly attributable to production of greenhouse gases, most notably carbon dioxide generated from purchased electricity in lottery printing business. The data of indirect gas emissions generated from purchased electricity is unavailable as the electricity consumption data is a lump sum and inseparable from other party for the year.

除上述直接廢氣排放外，本集團用電間接產生溫室氣體，最主要為彩票印刷業務購電產生之二氧化碳。於本年度，由於耗電數據乃一總量，未能與其他人士分開計算，故本集團未能取得購電產生之間接廢氣排放數據。

Despite that the non-hazardous waste data during the year is unavailable to the Group, the Group considers only limited non-hazardous were produced during assembling and printing processes.

儘管本集團未能取得年內之無害廢棄物數據，本集團認為組裝及印刷過程僅產生有限之無害廢棄物。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

A2: Use of Resources

The Group also encourages employees to save energy, water and improve efficient utilization of resources through the use of energy-saving lightings, recycled paper and e-statement, minimizing the use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances.

Lottery printing business contributes a major use of resource, which mainly include paper, electricity and water, to the Group. No significant use of resources are attributable to the provision of lottery machines and equipment and lottery distribution. During the year, the energy and water consumption in the lottery printing business is unavailable as the data is a lump sum and inseparable from other party.

The Group believes that there is no significant packaging material involved and use of resource attributable by the Group.

A3: The Environment and Natural Resources

In order to enhance environment preservation, the Group gives careful consideration to various operational aspects and activities within the Group to minimize any environmental impact. The Group will also discuss and understand better the Group's suppliers and take into account their environmental and social responsibility practices in the selection process.

The Group is committed to reducing its environmental impact generated by its business operations.

A2 : 資源使用

本集團亦鼓勵僱員節約能源及用水，並透過使用節能照明、再用紙及電子結單，儘量減少用紙，關上閒置照明、電腦及電器減少耗電，提高資源使用效益。

彩票印刷業務乃本集團資源使用之一大來源，主要包括紙張、電力及水。提供彩票機及設備以及彩票配送並無使用大量資源。於年內，由於彩票印刷業務之耗能及耗水數據乃一總量，未能與其他人士分開計算，故未能提供有關數據。

本集團相信，涉及之包裝物料及本集團使用之資源並不重大。

A3 : 環境及天然資源

為加強環境保育，本集團審慎考慮集團上下各個營運層面及活動，儘量減輕對環境之影響。本集團亦將與供應商討論，加深對彼等之瞭解，並於甄選過程中考慮彼等之環境及社會責任常規。

本集團致力減少其業務營運對環境之影響。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

B. SOCIAL

Employment and Labour Practices

B1: Employment

Employees are regarded as the greatest and valuable assets and core competitive advantage of the Group. In order to provide a good and fair working environment and safeguards the well-being of the employees, the Group seriously considers all those valuable opinions from the employees for enhancing workplace productivity and harmony.

The Group creates an optimal working environment in which all employees are treated with fairness and respect, paying attention to employee benefits and career development, protecting employees' interest such as occupational and health. During the year, there were no material and significant dispute between the Group and the employees.

The Group offers competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retains talents. Salaries are reviewed and adjusted on an annual basis based on performance appraisals and the market trend. Employees are entitled to discretionary bonus, mandatory provident fund, medical insurance, allowance for transportation, annual leave, sick leave, maternity leave, paternity leave, compassionate leave, marriage leave, jury duty leave and examination and study leave. The Group also adopted a share option scheme under which options are granted to eligible staff based on individual performance.

The Group strictly complies with applicable laws and regulations in the localities of its operation, and the relevant administrative rules and measures are strictly enforced. These rules and regulations specify the requirements relating to employment, labour relations, employees' remuneration, social insurances, housing fund and mandatory provident fund and welfare to protect the rights of employees.

B. 社會

僱傭及勞工常規

B1: 僱傭

本集團視僱員為最重要和寶貴之資產，並為本集團之核心競爭優勢。為向僱員提供良好公平之工作環境，維護僱員福祉，本集團慎重考慮僱員就提升工作場所生產力及促進職場和諧提出之所有寶貴意見。

本集團建立全體僱員均獲公平及尊重對待之良好工作環境，關注僱員福利及事業發展，保障職業與健康等僱員利益。於年內，本集團與僱員之間並無重大糾紛。

本集團提供具競爭力之薪酬、晉升機會、補償及福利待遇，以吸引及挽留人才。本集團每年均按照表現評核及市場趨勢檢討及調整薪金。僱員享有酌情花紅、強制性公積金、醫療保險、交通津貼、年假、病假、產假、侍產假、恩恤假、婚假、陪審員假以及考試及進修休假。本集團亦採納購股權計劃，據此可按個人表現向合資格員工授出購股權。

本集團嚴格遵守營運所在地之適用法律及法規，而相關行政規則及措施亦嚴格執行。該等規則及規例訂明有關僱傭、勞資關係、僱員薪酬、社會保險、住房公積金及強制性公積金及福利之規定，以保障僱員權利。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

B2: Health and Safety

The Group strives to provide a safe and congenial workplace for all employees. The Group also encourages employees to take part in work-life balance activities and community service.

To safeguard employees' occupational health and safety, we work hard to provide a safe, healthy and comfortable working environment and have strictly complied with regulations on occupational health and safety in Hong Kong and the PRC. Employees are asked to stringently abide by all safety rules and regulations, and utilize available and applicable protection measures at all times to avoid accidents and protect themselves and co-workers from safety risks in accordance with the relevant laws and regulations. The Company offers its employees comprehensive health care coverage.

B3: Development and Training

The Group promotes the personal development and professional growth of its employees. The Group aims to offer a learning atmosphere to its staff in enriching their work practices. The Group also encourages the employees to identify their own personal objectives for development, allowing them to grow together with the Group.

In daily operations, the Group provides induction training for new employees. Experienced employees will act as mentors to guide the new comers on jobs. Such arrangements can enhance the communication and team spirit, also improve their technical skills and managerial capability and encourage the learning and further development of the employees at all levels. The Group arranges the trainings designated according to the roles and responsibilities of the employees. The Group also updates the latest information of the industry and laws and regulations which is essential to the Group's operation and their job responsibilities from time to time.

B2 : 健康與安全

本集團致力為全體僱員提供安全及友善之工作場所。本集團亦鼓勵僱員參與工餘活動及社區服務。

為保障僱員職業健康與安全，本公司盡力提供安全、健康及舒適之工作環境，並嚴格遵守香港及中國之職業健康與安全規例。本集團要求僱員時刻嚴格遵行所有安全規則及規例，並根據相關法律及法規採取一切可用及適用保護措施以避免意外，確保彼等及同事安全。本公司為其僱員提供全面健康護理保障。

B3 : 發展及培訓

本集團提倡僱員個人發展及專業水平提升。本集團致力為其員工營造進修氛圍，讓彼等增進工作技能。本集團亦鼓勵僱員認清個人發展目標，讓彼等與本集團一同成長。

本集團於日常營運中為新僱員提供入職培訓。資深僱員會擔任導師，為新人提供工作指導。有關安排可增強溝通及團隊精神，同時提升彼等之技術技能及管理能力，並鼓勵各階層僱員進修及作進一步發展。本集團按照僱員崗位及職責安排特定培訓。本集團亦不時提供有關最新行業資訊及法律及法規之最新資料，有關資料對本集團營運及僱員職責極為重要。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

B4: Labour Standards

Review and verification of applicant's identity information is required during the recruitment process, and recruitment of child labor is strictly prohibited. Every applicant is also required to provide document proofs of academic qualifications and working experience for verifications. The Group enters employment contract with each of its employee in accordance with relevant laws and regulations in the PRC and Hong Kong and also prohibits forced labor.

Operating Practices

B5: Supply Chain Management

To ensure the Group's product quality, only those approved suppliers who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery were selected. To achieve this, all personnel with supply chain management responsibilities are trained to ensure, to the extent practicable, that selected suppliers are legally compliant in respect of materials and products provided to the Group.

Apart from continuously monitoring the quality of products and materials procured with suppliers, the Group will also review suppliers' environmental and social responsibility related practices through, for example, site inspections and interviews.

B6: Product Responsibility

The Company complies with various PRC regulations relevant to the operation of its business in areas such as health and safety, advertising, labelling and privacy matters relating to its products and services. In addition to following relevant laws and regulations, the Company follows its own operating policies and rules including the pre-installation checklist, client and contractor guide to installing system and governs installation and maintenance and after-sale service.

The Group has arranged sufficient channels and staffs for customers to communicate and provide the solutions to the problems as soon as possible.

B4: 勞工準則

招聘程序中須覆核申請人之身份資料，嚴禁聘用童工。每名申請人亦須提供學歷及工作經驗之文件證明，以供查核。本集團根據中國及香港相關法律及法規與各僱員訂立僱傭合約，亦嚴禁強制勞工。

營運慣例

B5: 供應鏈管理

為確保本集團產品品質，只有通過本集團品質監控測試，品質紀錄令人滿意，並且交貨準時之供應商方獲選用。為此，所有肩負供應鏈管理責任之人員均已受訓，盡可能確保所選供應商已就向本集團供應之材料及產品符合法律規定。

除持續監察向供應商採購之產品及材料之品質外，本集團亦將透過實地查察及訪問等途徑檢討供應商之環境及社會責任相關常規。

B6: 產品責任

本公司遵守有關其業務營運之不同中國法規，範圍涉及與其產品及服務相關之健康與安全、廣告、標籤及私穩事宜。除跟隨相關法律及法規外，本公司遵循其自訂經營政策及規則，包括預裝清單、客戶及承包商之系統安裝指引，同時監管安裝及保養以及售後服務。

本集團已安排足夠渠道及員工，與客戶溝通及儘快提供問題解決方案。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告 (續)

Employees are encouraged to report any suspected infringement. The Company will take corresponding anti-infringement actions.

The Company employees are obligated to retain in confidence any and all information obtained in connection with their employment, including, but not limited to, trade secrets, know how, client information, supplier information and other proprietary information.

B7: Anti-corruption

All of the Group's operations comply with local and national legislation on standards of conduct, such as with the Prevention of Bribery Ordinance in Hong Kong and relevant legislation on anti-corruption and bribery in mainland China.

The Group requires employees to strictly conform to code of business ethics and put any corruption bribe behavior to an end as stipulated in the employment contracts.

B8: Community Investment

The Group is committed to being a responsible member of the community and aims to make a positive impact on the local community. The Group encourages employees to participate in various voluntary events, creating a strong social network and providing assistance and supports for the people in need, which could provide an opportunity for them to connect outside the workplace, and inspire teambuilding experiences while contributing to the local communities.

本集團鼓勵僱員舉報任何懷疑侵權情況。本公司將採取相應反侵權行動。

本公司僱員有責任將因彼等受僱而取得之任何及一切資料(包括但不限於商業秘密、技術知識、客戶資料、供應商資料及其他專利資料)保密。

B7: 反貪污

本集團所有業務均遵守有關操守準則之地方及國家法例，例如香港之《防止賄賂條例》及中國大陸有關反貪污及賄賂之相關法例。

本集團要求僱員嚴格遵行商業道德守則，並按僱傭合約所訂嚴禁貪污賄賂行為。

B8: 社區投資

本集團致力成為負責任的社區一員，希望對所在社區起積極作用。本集團鼓勵僱員參與不同志願活動，於社會上創建強大網絡，支援有需要人士，讓僱員有機會走出職場，為地方社區作出貢獻之同時獲得建立團隊之經驗。

Independent Auditor's Report 獨立核數師報告



TING HO KWAN & CHAN CPA LTD
9/F., Tung Ning Building, 249-253 Des Voeux Road C, Hong Kong

TO THE MEMBERS OF REXLOT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of REXLot Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 82 to 231, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the 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") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致御泰中彩控股有限公司
(於百慕達註冊成立之有限公司)
各股東

意見

本核數師(以下簡稱「我們」)已審計列載於第82至231頁之御泰中彩控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下簡稱「貴集團」)之綜合財務報表,此綜合財務報表包括於二零一七年十二月三十一日之綜合財務狀況表與截至該日止年度之綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,綜合財務報表已根據香港會計師公會頒布之香港財務報告準則真實而公平地反映 貴集團於二零一七年十二月三十一日之綜合財務狀況及截至該日止年度 貴集團之綜合財務表現及綜合現金流量,並已按照香港《公司條例》之披露規定妥為編製。

意見之基礎

我們已根據香港會計師公會頒布之《香港審計準則》進行審計。我們在該等準則下承擔之責任已在本報告「核數師就審計綜合財務報表承擔之責任」部分中作進一步闡述。根據香港會計師公會頒布之《專業會計師道德守則》(以下簡稱「守則」)以及百慕達與我們審計綜合財務報表有關之道德規定,我們獨立於 貴集團,並已履行守則中之其他專業道德責任。我們相信,我們所獲得之審計憑證能充足及適當地為我們的審計意見提供基礎。

Independent Auditor's Report (continued)

獨立核數師報告(續)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Notes 4B(a), 35 and 38(a) to the consolidated financial statements, which indicate that the Company has not been able to fulfill its redemption of the Bonds and payment obligations on the specified extended due dates. To address these issues, the Company has proposed funds raising plans ("Plans") as set out in the Company's announcement dated 19 November 2017. Upon completion of the Plans, the Company expects it can fully repay the Bonds. The ultimate outcome of these matters could not be assessed at the date of our report. As stated in Notes 4B(a) and 38(a) to the consolidated financial statements, these events or conditions, along with other matters as set forth in Notes 35 and 49 indicate the existence of a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters identified in our audit are summarized as follows:

- Revenue recognition
- Goodwill impairment assessment
- Impairment of "Utility and other deposits" and "Prepayments and other receivables"

有關持續經營之重大不確定事項

我們謹請閣下注意綜合財務報表附註4B(a)、35及38(a)，當中顯示貴公司一直無法於指定經延遲到期日履行該等債券之贖回及付款責任。為解決當中所載事宜，貴公司已建議進行貴公司日期為二零一七年十一月十九日之公布所載之集資計劃（「該等計劃」）。於該等計劃完成後，貴公司預計可悉數償還該等債券。該等事件之最終結果於本報告日期無法評定。誠如綜合財務報表附註4B(a)及38(a)所述，該等事件或情況（連同附註35及49所載其他事宜）顯示存在重大不確定性，可能對貴集團持續經營之能力構成重大疑問。我們並無就該事宜作出保留意見。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表之審計最為重要之事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨之意見。除有關持續經營之重大不確定事項部分所述事宜外，我們認為下述事項乃需要於本報告溝通之關鍵審計事項。

在我們的審計中發現之關鍵審計事項概述如下：

- 收入確認
- 商譽減值測試
- 「公用事業及其他按金」及「預繳款項及其他應收款項」之減值

Independent Auditor's Report (continued)

獨立核數師報告(續)

Revenue recognition

Refer to Note 5 to the consolidated financial statements

收入確認

請參閱綜合財務報表附註5

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Revenue is recognized when the risks and rewards of the underlying products have been transferred to the customers or when the services are rendered and collectability of the related receivables are reasonably assured. We focused on this area due to the huge volume of revenue transactions generated in many locations and from various customers.

收入於相關產品之風險及回報已轉移至客戶或於提供服務以及能合理地確定能否收回相關應收款項時確認。我們集中於此範疇，因為收入交易地點繁多、客戶眾多且金額龐大。

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

我們認為收入確認為關鍵審計事項，因為收入為貴集團其中一項關鍵表現指標，且涉及管理層操控收入確認時間以達致指定目標或期望之固有風險。

We evaluated and tested management's controls in respect of the Group's sales transactions from contract approval, recording of sales based on contract terms and through reconciliations with cash receipts.

我們評估及測試管理層對貴集團銷售交易之監控，涵蓋合約審批、按照合約條款記錄之銷售額以至於與現金收款之對賬。

We selected samples of different customers at different locations and tested the occurrence and accuracy of the revenue recognized by examination of the sales contracts, invoices and goods delivery notes to revenue recorded.

我們抽取不同地點不同客戶樣本，檢查銷售合約、發票及貨品運送單據與所記錄之收入，從而測試所確認之收入是否確曾發生及準確。

We checked that revenue had been recognized at the correct time by testing a sample of transactions and comparing the delivery dates with the dates on which the revenue had been recognized.

我們測試交易樣本，比較運送日期與確認收入之日期，從而檢查收入是否於正確時間確認。

We found that the Group's revenue recognition was consistent with the terms of the sales contracts and the Group's revenue recognition accounting policy.

我們發現，貴集團確認之收入與銷售合約條款及貴集團之收入確認會計政策相符。

Independent Auditor's Report (continued)

獨立核數師報告(續)

Goodwill impairment assessment

Refer to Notes 4A(a) and 17 to the consolidated financial statements

商譽減值測試

請參閱綜合財務報表附註4A(a)及17

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

The carrying value of goodwill of the Group as at 31 December 2016 was HK\$301,283,000. There is significant judgement involved in forecasting and discounting of future cash flows, which is the basis of the assessment of the recoverable amounts of goodwill that constitutes 5% of the Group's total assets.

貴集團於二零一六年十二月三十一日之商譽賬面值為301,283,000港元。預測及貼現未來現金流量乃評估商譽可收回金額之基準，當中涉及重大判斷，而商譽構成貴集團資產總值之5%。

In evaluating the impairment of goodwill, we reviewed the value in use calculations prepared by management and performed various procedures including the following:

於評估商譽減值時，我們已審閱由管理層編製之使用價值計算法，並進行包括以下各項之程序：

- Assessing the valuation methodology;
評估估值方法；
- Challenging the reasonableness of key assumptions on key valuation factors including discount rates, growth rates, periods cover and those contradicted the facts that come to our notices during the course of audit;
就主要估值因素之主要假設是否合理，包括貼現率、增長率、涵蓋時間，以及與我們於審計過程中發現與事實抵觸之假設提出質詢；
- Testing the Group's controls relating to the preparation of the cash flow forecasts;
測試貴集團對編製現金流量預測之監控；
- Recomputation of the value in use of each cash generating unit;
重新計算各現金產生單位之使用價值；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Goodwill impairment assessment (continued)

Refer to Notes 4A(a) and 17 to the consolidated financial statements (continued)

商譽減值測試(續)

請參閱綜合財務報表附註4A(a)及17(續)

Key Audit Matter

關鍵審計事項

The impairment of goodwill was determined with reference to the cash generating unit's value in use, which is based on the cash flow forecast for that cash generating unit. Management has concluded that impairment losses of HK\$301,283,000 in respect of the goodwill of the Group was recognized during the year. This conclusion was based on a value in use model that requires significant management judgement and assumptions with respect to the underlying cash flow forecasts, the discount rates and the growth rates, which are highly subjective since they are based on management's experience and expectations rather than observable market data.

商譽之減值乃參照現金產生單位之使用價值釐定，而使用價值則以現金產生單位之現金流量預測為基準。管理層總結，年內確認與貴集團之商譽有關之減值虧損301,283,000港元。此總結以使用價值模型為基準，當中需要管理層就相關現金流量預測、貼現率及增長率作出重大判斷及假設，建基於管理層之經驗及預期，而非可觀察市場數據，故甚為主觀。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

- Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets with reference to historical data and available market information; and
將輸入值數據與經批准之預算等支持證據對賬，並參照歷史數據及可獲得之市場資料，考慮該等預算是否合理；及
- Evaluating the independent external valuer's competency, capacities and objectivity.
評估獨立外聘估值師之資格、能力及客觀性。

We found the assumptions made by management in relation to the value in use calculations to be reasonable based on available evidence. The significant inputs have been appropriately disclosed in Notes 4A(a) and 17.

按照所得證據，我們發現，管理層就使用價值計算法作出之假設屬合理。附註4A(a)及17已對重大輸入值作出適當批露。

Independent Auditor's Report (continued)

獨立核數師報告(續)

Impairment of "Utility and other deposits" and "Prepayments and other receivables"

Refer to Notes 4A(c), 24 and 25 to the consolidated financial statements

「公用事業及其他按金」及「預繳款項及其他應收款項」之減值

請參閱綜合財務報表附註4A(c)、24及25

Key Audit Matter

關鍵審計事項

The Group has "Utility and other deposits" and "Prepayments and other receivables" as at 31 December 2017 amounting to approximately HK\$1,451,872,000 and approximately HK\$1,962,837,000 respectively.

貴集團於二零一七年十二月三十一日之「公用事業及其他按金」及「預繳款項及其他應收款項」分別約為1,451,872,000港元及1,962,837,000港元。

For the deposits paid, prepayments and other receivables, management performed periodic credit monitoring, which included the review of debtors' creditworthiness, collection of outstanding balances and individual credit terms or assessing the appropriate level of investment projects which may be ultimately materialized or withdrawn. For lottery project deposits paid and prepayments, the impairment loss provisions are a key area of judgement for management to assess the appropriate level based on the management's expectations for future market conditions. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparties and the expected future cash flows. The use of different assumptions could produce significantly different estimates of the impairment loss provisions. For other receivables, if there is indicator of impairment, management would make specific allowance against individual balances with reference to the recoverable amount. After the relevant assessment, management considered to make an allowance for impairment of other receivables amounting to approximately HK\$130,779,000 for the year.

對於已付按金、預繳款項及其他應收款項，管理層定期進行信用監察，包括檢討債務人信譽、收回未償還結餘及個別信用條款，或評估投資項目最終可實現或撤資之適切性。對於已付彩票項目按金及預繳款項，減值虧損撥備乃管理層之關鍵判斷範疇，須按照管理層對未來市況之預期，評估投資項目之適切性。識別減值及釐定可收回金額之過程存在固有不确定性，涉及多項假設及因素，包括交易對手之財務狀況及預期未來現金流量。使用不同假設可產生顯著不同之減值虧損撥備估計。對於其他應收款項，倘有減值跡象，則管理層會參照可收回金額，就個別結餘計提指定撥備。於作出有關評估後，管理層已決定於年內就其他應收款項計提減值撥備約130,779,000港元。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

Our procedures in relation to management's impairment assessment included:

我們有關管理層減值評估之程序包括：

- Testing and evaluating the Group's controls and procedures on deposits paid, prepayments and other receivables;
測試並評估 貴集團對已付按金、預繳款項及其他應收款項之監控及程序；
- Testing cash flows to the bank statements on payment or refund/settlement on deposits paid and prepayments with proper authorization and approval documents;
根據銀行結單中之已付按金及預繳款項付款或退款／結算記錄連同適當授權及審批文件，作現金流量測試；
- Testing on a sample basis, the accuracy of aging profile on other receivables;
抽樣測試其他應收款項之賬齡準確性；
- Confirming the existence by obtaining direct confirmations from debtors on material balances for deposits paid, prepayments and other receivables and/or their repayment terms;
直接向債務人確認已付按金、預繳款項及其他應收款項重大結餘及／或其還款條款，確認其是否存在；
- Testing the recoverability and impairment assessment by tracing the subsequent settlement to bank records and testing the assumptions underlying the impairment identification and quantification including the forecast of future cash flows and reliability of management's past estimates of recovery on default risk;
從銀行記錄追縱其後清償記錄，從而測試可收回性及減值評估，測試識別及量化減值之相關假設，包括未來現金流量預測，並測試管理層過往對違約風險之收回估計的可靠性；

Independent Auditor's Report (continued)

獨立核數師報告(續)

Impairment of "Utility and other deposits" and "Prepayments and other receivables" (continued)
Refer to Notes 4A(c), 24 and 25 to the consolidated financial statements (continued)

「公用事業及其他按金」及「預繳款項及其他應收款項」之減值(續)
請參閱綜合財務報表附註4A(c)、24及25(續)

Key Audit Matter

關鍵審計事項

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

The audit was focused on this area, due to materiality of the balances and subject to significant judgement of management.
審計集中於此範疇，原因為結餘龐大，並涉及由管理層作出之重大判斷。

- Evaluating management project progress assessment reports;
評估管理層之項目進度評估報告；
- Challenging management on long outstanding receivables and project status with updated information;
根據最新資料就長期未償還應收款項及項目狀況質詢管理層；
- Obtaining directors' representation on assumptions and basis in assessing the impairment provision; and
就評估減值撥備之假設及基準查閱董事聲明；及
- Obtaining board approval on lottery project deposits paid and prepayments made during the year and outstanding balances at the end of the reporting period.
就年內支付之已付彩票項目按金及預繳款項以及於報告期末之未償還結餘查閱董事會批文。

We consider management's conclusion to be consistent with available evidence obtained and the allowance for impairment of other receivables and lottery project deposits paid and prepayments have been appropriately disclosed.

我們認為，管理層之總結與所得證據相符，而其他應收款項以及已付彩票項目按金及預繳款項減值撥備已適當地披露。

Independent Auditor's Report (continued)

獨立核數師報告(續)

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in annual report other than 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 on the other information, 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 THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

年報內之其他信息

董事需對其他信息負責。其他信息包括刊載於年報內之信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表之意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式之鑒證結論。

結合我們對綜合財務報表之審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所瞭解之情況存在重大抵觸或者似乎存在重大錯誤陳述之情況。基於我們就其他信息已執行之工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就綜合財務報表須承擔之責任

董事須負責根據香港會計師公會頒布之香港財務報告準則及香港《公司條例》之披露規定擬備真實而中肯之綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致之重大錯誤陳述所需之內部監控負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際之替代方案。

審核委員會須協助 貴公司之董事負責監督 貴集團之財務報告過程。

Independent Auditor's Report (continued) 獨立核數師報告 (續)

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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表承擔之責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並出具包括我們意見之核數師報告。我們僅向閣下（作為整體）按照一九八一年百慕達公司法第90條報告，除此之外本報告別無其他目的。我們不會就本報告之內容向任何其他人士負上或承擔任何責任。

合理保證是高水平之保證，但不能保證按照《香港審計準則》進行之審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出之經濟決定，則有關之錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計之過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當之審計憑證，作為我們意見之基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述之風險高於未能發現因錯誤而導致的重大錯誤陳述之風險。
- 瞭解與審計相關之內部監控，以設計適當之審計程序，但目的並非對貴集團內部監控之有效性發表意見。
- 評價董事所採用會計政策之恰當性及作出會計估計和相關披露之合理性。

Independent Auditor's Report (continued) 獨立核數師報告(續)

- 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.
- 對董事採用持續經營會計基礎之恰當性作出結論乃根據所獲取之審計憑證，確定是否存在與事項或情況有關之重大不確定性，從而可能導致對貴集團之持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提醒使用者注意綜合財務報表中之相關披露。假若有關之披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得之審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表之整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動之財務獲取充足信息、適當之審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計之方向、監督和執行。我們為審計意見承擔全部責任。

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

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

除其他事項外，我們與審核委員會溝通了計劃之審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部監控之任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性之相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性之所有關係和其他事項，以及在適用的情況下，相關之防範措施。

Independent Auditor's Report (continued) 獨立核數師報告(續)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

The engagement director on the audit resulting in this independent auditor's report is Mr. Chan Shu Kin.

Ting Ho Kwan & Chan CPA Limited

Certified Public Accountants

Chan Shu Kin

Practising Certificate Number: P01297

Hong Kong, 29 March 2018

從與審核委員會溝通之事項中，我們確定哪些事項對本期綜合財務報表之審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見之情況下，如果合理預期在我們報告中溝通某事項造成之負面後果超過產生之公眾利益，我們決定不應在報告中溝通該事項。

出任本獨立核數師報告之審計項目董事是陳樹堅先生。

丁何關陳會計師事務所有限公司

執業會計師

陳樹堅

執業證書編號：P01297

香港，二零一八年三月二十九日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | | 2017 二零一七年 | 2016 二零一六年 |
|---|-------------------------|-------------|----------------------------|-----------------------------|
| | | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| Revenue | 收入 | 5 | 402,305 | 1,252,144 |
| Cost of sales/services rendered | 銷售／提供服務之成本 | 22(b) | (204,352) | (543,310) |
| Other income | 其他收入 | 5 | 27,335 | 30,222 |
| Other gains/(losses), net | 其他收益／(虧損)淨額 | 5 | 544 | (9,360) |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | 41 | 165,290 | - |
| Selling and distribution expenses | 銷售及分銷費用 | | (47,106) | (68,549) |
| Impairment losses on goodwill | 商譽減值虧損 | 17 | (301,283) | (103,923) |
| Impairment loss on available-for-sale financial asset | 可供出售金融資產減值虧損 | | | |
| | | 20 | (67,617) | - |
| Allowance for impairment of trade and other receivables | 應收貿易賬款及其他應收款項減值撥備 | 23,25 | (132,654) | (238,467) |
| Administrative expenses | 行政費用 | | (281,595) | (415,000) |
| Operating loss | 經營虧損 | | (439,133) | (96,243) |
| Finance costs | 財務費用 | 8 | (74,968) | (132,257) |
| Share of losses of joint ventures | 分佔合營企業虧損 | 19 | (6,254) | (187,591) |
| Loss before taxation | 除稅前虧損 | 9 | (520,355) | (416,091) |
| Taxation | 稅項 | 12 | (210,448) | (29,898) |
| Loss for the year | 年度虧損 | | <u>(730,803)</u> | <u>(445,989)</u> |
| Attributable to: | 以下人士應佔： | | | |
| Equity shareholders of the Company | 本公司權益股東 | | (704,265) | (393,007) |
| Non-controlling interests | 非控股權益 | | (26,538) | (52,982) |
| | | | <u>(730,803)</u> | <u>(445,989)</u> |
| Loss per share for loss attributable to equity shareholders of the Company | 本公司權益股東應佔虧損之每股虧損 | | | (Adjusted) |
| | | 13 | | (經調整) |
| - Basic and diluted | - 基本及攤薄 | | <u>(6.93)cents仙</u> | <u>(3.88) cents仙</u> |

The notes on pages 90 to 231 are an integral part of these consolidated financial statements.

第90至231頁之附註屬本綜合財務報表一部分。

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 | 2016 二零一六年 |
|---|------------------------|-----------------|-----------------|
| | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| Loss for the year | 年度虧損 | (730,803) | (445,989) |
| Other comprehensive income/ (expense) | 其他全面收益／(開支) | | |
| Items that may be reclassified subsequently to profit or loss: | 其後可能重新分類至損益之項目： | | |
| Exchange difference arising from translation of financial statements of foreign operations | 換算境外業務財務報表產生之 匯兌差額 | 115,156 | (133,720) |
| Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries | 出售附屬公司時外匯儲備 重新分類至損益 | 41 | - |
| Share of other comprehensive income/(expense) of joint ventures | 分佔合營企業之其他全面收益／ (開支) | 19 | (9,207) |
| Total other comprehensive income/(expense) | 其他全面收益／(開支)總額 | 165,469 | (142,927) |
| Total comprehensive expense for the year | 年度全面開支總額 | (565,334) | (588,916) |
| Attributable to: | 以下人士應佔： | | |
| Equity shareholders of the Company | 本公司權益股東 | (543,192) | (529,513) |
| Non-controlling interests | 非控股權益 | (22,142) | (59,403) |
| | | (565,334) | (588,916) |

The notes on pages 90 to 231 are an integral part of these consolidated financial statements.

第90至231頁之附註屬本綜合財務報表一部分。

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2017 於二零一七年十二月三十一日

| | | | 2017 二零一七年 | 2016 二零一六年 |
|--|------------------------|-------------|------------------|------------------|
| | | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| ASSETS | 資產 | | | |
| Non-current assets | 非流動資產 | | | |
| Property, plant and equipment | 物業、廠房及設備 | 15 | 41,136 | 46,633 |
| Prepaid lease payments on land use rights | 土地使用權之預付租約付款 | 16 | 710 | 723 |
| Goodwill | 商譽 | 17 | - | 301,283 |
| Intangible assets | 無形資產 | 18 | - | 331 |
| Interests in joint ventures | 於合營企業之權益 | 19 | 172,220 | 169,266 |
| Amount due from a joint venture | 應收一間合營企業款項 | 19 | 2,393 | - |
| Available-for-sale financial assets | 可供出售金融資產 | 20 | 239,432 | 288,806 |
| Deferred tax assets | 遞延稅項資產 | 21 | 83 | 77 |
| Total non-current assets | 非流動資產總值 | | 455,974 | 807,119 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 22 | 17,125 | 7,956 |
| Trade receivables | 應收貿易賬款 | 23 | 388,791 | 490,836 |
| Utility and other deposits | 公用事業及其他按金 | 24 | 1,451,872 | 1,533,259 |
| Prepayments and other receivables | 預繳款項及其他應收款項 | 25 | 1,962,837 | 1,839,938 |
| Financial assets at fair value through profit or loss | 通過損益按公允值計量之金融資產 | 26 | - | 132 |
| Current tax refundable | 可退還當期稅項 | | 43 | - |
| Cash and bank balances | 現金及銀行結餘 | 27 | 1,841,219 | 2,136,962 |
| Assets of the disposal group classified as held for sale | 分類為持作出售之出售組別之資產 | 14 | 219,564 | 2,295,597 |
| Total current assets | 流動資產總值 | | 5,881,451 | 8,304,680 |
| Total assets | 資產總值 | | 6,337,425 | 9,111,799 |
| EQUITY | 權益 | | | |
| Capital and reserves attributable to equity shareholders of the Company | 本公司權益股東應佔資本及儲備 | | | |
| Share capital | 股本 | 29 | 100,285 | 100,285 |
| Reserves | 儲備 | 31 | 4,812,857 | 5,356,049 |
| Non-controlling interests | 非控股權益 | | 4,913,142 | 5,456,334 |
| Total equity | 權益總額 | | 4,942,084 | 5,511,177 |

Consolidated Statement of Financial Position (continued)

綜合財務狀況表 (續)

At 31 December 2017 於二零一七年十二月三十一日

| | | | 2017 二零一七年 | 2016 二零一六年 |
|---|-------------|-------------------------|-----------------|-----------------|
| | Notes 附註 | | HK\$'000 千港元 | HK\$'000 千港元 |
| LIABILITIES | | | | |
| Non-current liabilities | | 負債 | | |
| | | 非流動負債 | | |
| Amount due to a joint venture | 19 | 應付一間合營企業款項 | 66,552 | 46,195 |
| Deferred tax liabilities | 21 | 遞延稅項負債 | 45,352 | 163,245 |
| Convertible bonds | 35 | 可換股債券 | - | 201,740 |
| | | | 111,904 | 411,180 |
| Total non-current liabilities | | 非流動負債總額 | | |
| | | 流動負債 | | |
| Current liabilities | | 流動負債 | | |
| Trade payables | 32 | 應付貿易賬款 | 8,238 | 1,801 |
| Other payables and accruals | 33 | 其他應付款項及應計款項 | 70,321 | 77,271 |
| Bank borrowing | 34 | 銀行借貸 | 5,362 | 4,901 |
| Current portion of convertible bonds | 35 | 可換股債券之流動部分 | 652,309 | 1,431,040 |
| Obligations under finance leases | 36 | 融資租賃債務 | - | 8,268 |
| Amounts due to related parties | 45 | 應付關聯方款項 | 426,252 | 1,259,967 |
| Current tax liabilities | | 當期稅項負債 | 197 | 2,211 |
| | | | 1,162,679 | 2,785,459 |
| Liabilities directly associated with the assets of the disposal group classified as held for sale | 14 | 與分類為持作出售之出售組別之資產直接相關之負債 | 120,758 | 403,983 |
| Total current liabilities | | 流動負債總額 | 1,283,437 | 3,189,442 |
| Total liabilities | | 負債總額 | 1,395,341 | 3,600,622 |
| Total equity and liabilities | | 權益及負債總額 | 6,337,425 | 9,111,799 |
| Net current assets | | 流動資產淨值 | 4,598,014 | 5,115,238 |
| Total assets less current liabilities | | 總資產減流動負債 | 5,053,988 | 5,922,357 |

The consolidated financial statements were approved and authorized for issue by the Board on 29 March 2018 and are signed on behalf of the Board by:

Chan How Chung, Victor
陳孝聰
DIRECTOR
董事

Boo Chun Lon
巫峻龍
DIRECTOR
董事

綜合財務報表已於二零一八年三月二十九日獲董事會核准及授權刊發，並由下列董事會代表簽署：

The notes on pages 90 to 231 are an integral part of these consolidated financial statements.

第90至231頁之附註屬本綜合財務報表一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | Share capital | Share premium | Capital redemption reserve | Convertible bonds reserve | Share-based payment reserve | Exchange translation reserve | Retained profits | Total | Non-controlling interests | Total equity |
|---|----------------------------|---------------|---------------|----------------------------|---------------------------|-----------------------------|------------------------------|------------------|-----------|---------------------------|--------------|
| | | 股本 | 股份溢價 | 贖回儲備 | 債券儲備 | 以股份支付款項之儲備 | 匯兌儲備 | 保留溢利 | 合計 | 非控股權益 | 權益總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Balance at 1 January 2016 | 於二零一六年一月一日之結餘 | 99,835 | 4,012,930 | 3,025 | 394,287 | 6,329 | 3,015 | 1,451,736 | 5,971,157 | 114,246 | 6,085,403 |
| Loss for the year | 年度虧損 | - | - | - | - | - | - | (393,007) | (393,007) | (52,982) | (445,989) |
| Other comprehensive expense for the year | 年度其他全面開支 | - | - | - | - | - | (136,506) | - | (136,506) | (6,421) | (142,927) |
| Total comprehensive expense for the year | 年度全面開支總額 | - | - | - | - | - | (136,506) | (393,007) | (529,513) | (59,403) | (588,916) |
| Recognition of share option benefit at fair value | 按公允價值確認購股權福利 | - | - | - | - | 10,367 | - | - | 10,367 | - | 10,367 |
| Issue of new share | 發行新股份 | 450 | 4,419 | - | - | - | - | - | 4,869 | - | 4,869 |
| Transfer to share premium on exercise of share option | 因購股權獲行使而轉撥至股份溢價 | - | 1,314 | - | - | (1,314) | - | - | - | - | - |
| Lapse of share options | 購股權失效 | - | - | - | - | (6,329) | - | 6,329 | - | - | - |
| Redemption of convertible bonds (Note 35) | 贖回可換股債券(附註35) | - | - | - | (89,030) | - | - | 88,484 | (546) | - | (546) |
| Total contributions, distributions and transactions with owners of the Company | 出資、分派以及與本公司擁有人交易總額 | 450 | 5,733 | - | (89,030) | 2,724 | - | 94,813 | 14,690 | - | 14,690 |
| Balance at 31 December 2016 | 於二零一六年十二月三十一日之結餘 | 100,285 | 4,018,663 | 3,025 | 305,257 | 9,053 | (133,491) | 1,153,542 | 5,456,334 | 54,843 | 5,511,177 |
| Balance at 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日之結餘 | 100,285 | 4,018,663 | 3,025 | 305,257 | 9,053 | (133,491) | 1,153,542 | 5,456,334 | 54,843 | 5,511,177 |
| Loss for the year | 年度虧損 | - | - | - | - | - | - | (704,265) | (704,265) | (26,538) | (730,803) |
| Other comprehensive income for the year | 年度其他全面收益 | - | - | - | - | - | 119,968 | - | 119,968 | 4,396 | 124,364 |
| Exchange translation reserve reclassified to profit or loss upon disposal of subsidiaries (Note 41) | 出售附屬公司時匯兌儲備重新分類至損益(附註41) | - | - | - | - | - | 41,105 | - | 41,105 | - | 41,105 |
| Total comprehensive income/(expense) for the year | 年度全面收益/(開支)總額 | - | - | - | - | - | 161,073 | (704,265) | (543,192) | (22,142) | (565,334) |
| Redemption of convertible bonds (Note 35) | 贖回可換股債券(附註35) | - | - | - | (184,808) | - | - | 184,808 | - | - | - |
| Disposal of subsidiaries (Note 41) | 出售附屬公司(附註41) | - | - | - | - | - | - | - | - | (3,759) | (3,759) |
| Total contributions, distributions and transactions with owners of the Company | 出資、分派以及與本公司擁有人交易總額 | - | - | - | (184,808) | - | - | 184,808 | - | (3,759) | (3,759) |
| Balance at 31 December 2017 | 於二零一七年十二月三十一日之結餘 | 100,285 | 4,018,663* | 3,025* | 120,449* | 9,053* | 27,582* | 634,085* | 4,913,142 | 28,942 | 4,942,084 |

* These reserve accounts comprise the consolidated reserves of approximately HK\$4,812,857,000 in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表內之綜合儲備約4,812,857,000港元。

The notes on pages 90 to 231 are an integral part of these consolidated financial statements.

第90至231頁之附註屬本綜合財務報表一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-------------------------|----------------------------------|----------------------------------|
| OPERATING ACTIVITIES | 經營業務 | | |
| Loss for the year | 年度虧損 | (730,803) | (445,989) |
| Adjustments for: | 調整項目： | | |
| Taxation | 稅項 | 12 210,448 | 29,898 |
| Interest income | 利息收入 | 5 (9,476) | (14,454) |
| Interest expense | 利息開支 | 8 74,968 | 132,257 |
| Share of losses of joint ventures | 分佔合營企業虧損 | 19 6,254 | 187,591 |
| Employee share option benefits | 僱員購股權福利 | 30 - | 10,367 |
| Impairment losses on goodwill | 商譽減值虧損 | 17 301,283 | 103,923 |
| Impairment loss on available-for-sale financial asset | 可供出售金融資產減值虧損 | 20 67,617 | - |
| Intangible assets written off | 無形資產撇銷 | 9 - | 1,011 |
| Allowance for impairment of trade and other receivables | 應收貿易賬款及其他應收款項減值撥備 | 23,25 132,654 | 238,467 |
| Write-down of inventories | 存貨撇減 | 9 - | 31,085 |
| Depreciation and amortization | 折舊及攤銷 | 9 14,004 | 61,990 |
| Loss on redemption of convertible bonds | 贖回可換股債券之虧損 | 5 - | 6,151 |
| Loss on disposal of property, plant and equipment, net | 出售物業、廠房及設備之虧損淨額 | 9 215 | 499 |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | 41 (165,290) | - |
| Net losses on disposal of financial assets at fair value through profit or loss | 出售通過損益按公允值計量之金融資產之虧損淨額 | 5 - | 2,060 |
| Fair value losses on financial assets at fair value through profit or loss | 通過損益按公允值計量之金融資產之公允值虧損 | 5 132 | 1,149 |
| Exchange differences | 匯兌差額 | (5,062) | 5,017 |
| Operating cash flows before changes in working capital | 未計營運資金變動前之經營現金流量 | (103,056) | 351,022 |
| Changes in working capital | 營運資金變動 | | |
| Decrease in financial assets at fair value through profit or loss | 通過損益按公允值計量之金融資產減少 | - | 60,594 |
| Decrease in bank balance – segregated accounts | 銀行結餘減少—獨立賬戶 | - | 330 |
| Increase in inventories | 存貨增加 | (3,955) | (6,950) |
| Decrease in trade receivables | 應收貿易賬款減少 | 35,335 | 272,560 |
| Decrease in utility and other deposits | 公用事業及其他按金減少 | 82,126 | 65,759 |
| Increase in prepayments and other receivables | 預繳款項及其他應收款項增加 | 28(a)(iii) (329,063) | (309,906) |
| Increase in trade payables | 應付貿易賬款增加 | 69,810 | 9,518 |
| (Decrease)/increase in other payables and accruals | 其他應付款項及應計款項(減少)/增加 | (102,966) | 187,545 |
| Net cash (used in)/generated from operations | 經營業務(所用)/所得現金淨額 | (351,769) | 630,472 |
| Interest received | 已收利息 | 9,476 | 14,454 |
| Interest paid | 已付利息 | (33,804) | (99,421) |
| Taxation paid | 已付稅項 | 28(a)(iii) (6,067) | (22,153) |
| Net cash (used in)/generated from operating activities | 經營業務(所用)/所得現金淨額 | (382,164) | 523,352 |

Consolidated Statement of Cash Flows (continued)

綜合現金流量表 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|---------------------|----------------------------------|----------------------------------|
| | <i>Notes 附註</i> | | |
| INVESTING ACTIVITIES | 投資活動 | | |
| Net advances to joint ventures | 向合營企業墊付款項淨額 | 17,964 | - |
| Proceeds from disposal of subsidiaries | 出售附屬公司所得款項 | 761,961 | - |
| | <i>28(a)(i), 41</i> | | |
| Purchases of property, plant and equipment | 購買物業、廠房及設備 | (14,888) | (25,683) |
| Addition of prepaid lease payments on land use rights | 增加土地使用權之預付租約付款 | - | (2,958) |
| Deposit paid for acquisition of leasehold building | 就收購租賃樓宇支付之按金 | - | (169,059) |
| (Increase)/decrease in fixed bank deposits | 定期銀行存款(增加)/減少 | (493,839) | 491,429 |
| Payment for acquisition of intangible assets | 就收購無形資產支付款項 | - | (153) |
| Proceeds on disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | 17 | 783 |
| Investment refund from available-for-sale financial asset | 可供出售金融資產投資退款 | - | 1,305 |
| | <i>20</i> | | |
| Dividend received from a joint venture | 已收一間合營企業股息 | - | 11,550 |
| | <i>19</i> | | |
| Deposit received for disposal of assets and liabilities held for sale | 就出售持作出售之資產及負債收取按金 | - | 622,100 |
| Purchase of an available-for-sale financial asset | 購買一項可供出售金融資產 | (925) | (556) |
| | <i>20</i> | | |
| Net cash generated from investing activities | 投資活動所得現金淨額 | 270,290 | 928,758 |

Consolidated Statement of Cash Flows (continued)

綜合現金流量表 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

| | | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|---------------------------------|-------|----------------------------------|----------------------------------|
| FINANCING ACTIVITIES | 融資活動 | | | |
| Issue of shares, net of issuing costs | 發行股份 (扣除發行成本) | 29 | - | 4,869 |
| Payments for redemption of convertible bonds | 就贖回可換股債券支付款項 | 28(b) | (867,268) | (482,155) |
| Net advance from a shareholder loan | 由一名股東墊付貸款淨額 | | - | 162,000 |
| Net advances from related parties | 由關聯方墊付款項淨額 | 28(b) | 13,475 | 357,867 |
| Proceeds from bank borrowing | 銀行借貸所得款項 | 28(b) | 5,958 | 145,831 |
| Repayments of bank borrowing | 償還銀行借貸 | 28(b) | (7,300) | (70,141) |
| Repayments of obligations under finance leases | 償還融資租賃債務 | 28(b) | (8,902) | (16,652) |
| Net cash (used in)/generated from financing activities | 融資活動 (所用) / 所得現金淨額 | | (864,037) | 101,619 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 現金及現金等價物 (減少) / 增加淨額 | | (975,911) | 1,553,729 |
| Exchange differences on cash and cash equivalents | 現金及現金等價物之匯兌差額 | | 86,443 | (67,713) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 於一月一日之現金及現金等價物 | | 2,237,048 | 751,032 |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER | 於十二月三十一日之現金及現金 等價物 | 27 | 1,347,580 | 2,237,048 |

The notes on pages 90 to 231 are an integral part of these consolidated financial statements.

第90至231頁之附註屬本綜合財務報表一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION

REXLot Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The principal place of business of the Company during the year was located at Suite 2601, 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company changed its principal place of business to Office A, 32/F., YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong with effect from 23 December 2017.

Pursuant to a group reorganization scheme to rationalize the structure of the Company and its subsidiaries (together, the “Group”) in preparing for the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the Group in Hong Kong on 15 August 2000 and its shares were listed on the Main Board of the Stock Exchange with effect from 28 September 2000.

The Group is principally engaged in lottery business comprising development and production of lottery machines, related operating software system and networks for lottery industry, the distribution and marketing of lottery products and development of paperless electronic lottery platform for lottery business in the People’s Republic of China (the “PRC”).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out below.

1. 一般資料

御泰中彩控股有限公司（「本公司」）為於百慕達註冊成立之獲豁免有限責任公司。年內，本公司之主要營業地點位於香港銅鑼灣告士打道255-257號信和廣場26樓2601室。由二零一七年十二月二十三日起，本公司之主要營業地點之地址已更改為香港九龍九龍灣常悅道1號恩浩國際中心32樓A室。

根據為重整本公司及其附屬公司（統稱「本集團」）架構以籌備本公司股份於香港聯合交易所有限公司（「聯交所」）上市之集團重組計劃，本公司於二零零零年八月十五日成為本集團於香港之控股公司，而其股份亦由二零零零年九月二十八日起於聯交所主板上市。

本集團主要從事彩票業務，而彩票業務包括於中華人民共和國（「中國」）經營之彩票機開發和生產、彩票行業相關運作軟件系統和網絡、彩票產品之配送與市場業務，以及發展彩票業務之無紙化電子彩票平台。

2. 主要會計政策

(a) 遵例聲明

本綜合財務報表乃按照香港會計師公會頒布之所有適用香港財務報告準則（包括所有適用個別香港財務報告準則、香港會計準則及詮釋）、香港公認會計原則及香港《公司條例》之披露規定編製。本綜合財務報表亦符合香港聯合交易所有限公司證券上市規則（「上市規則」）之適用披露規定。本集團採用之主要會計政策概列於下文。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Statement of compliance (continued)

The HKICPA has issued certain new HKFRSs, amendments to HKFRSs and interpretation that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company, its subsidiaries and the Group's interests in joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial assets at fair value through profit or loss (Note 2(e)(i)) are stated at their fair values.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see Note 2(x)).

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the applicable of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. 主要會計政策(續)

(a) 遵例聲明(續)

香港會計師公會已頒布若干新訂香港財務報告準則、香港財務報告準則之修訂及詮釋，該等準則、修訂及詮釋於本集團及本公司之本會計期間首次生效或可供提早採納。附註3所載資料涉及因首次應用此等事況進展而造成之會計政策變動，而此等事況進展於本綜合財務報表反映之本會計期間及過往會計期間與本集團相關。

(b) 綜合財務報表之編製基準

截至二零一七年十二月三十一日止年度之綜合財務報表涵蓋本公司、其附屬公司及本集團於合營企業之權益。

除通過損益按公允值計量之金融資產(附註2(e)(i))以其公允值入賬外，編製綜合財務報表時均以歷史成本作為計量基準。

持作出售之非流動資產及出售組別按賬面值與公允值減出售成本兩者中之較低者列賬(參閱附註2(x))。

編製符合香港財務報告準則之綜合財務報表需要管理層作出可影響政策應用及所呈報資產、負債、收入及開支數額之判斷、估計及假設。估計及相關假設乃根據過往經驗及在有關情況下相信屬合理之各種其他因素而作出，其結果構成對無法輕易從其他來源得出之資產及負債賬面值作出判斷之基準。實際結果可能與該等估計有所不同。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the consolidated financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 futures periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 4.

The consolidated financial statements are presented in Hong Kong dollars (“HKD” or “HK\$”) while the functional currency of the Company is Hong Kong dollars and the functional currency of the Company’s principal subsidiaries is Renminbi (“RMB”). The directors of the Company (the “Directors”) consider the presentation currency in HKD is more useful for its current and potential investors. All values are rounded to the nearest thousand except where otherwise indicated.

(c) Basis of consolidation

(i) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

2. 主要會計政策(續)

(b) 綜合財務報表之編製基準(續)

估計及相關假設會持續檢討。倘修訂會計估計僅影響修訂估計之期間，則於該期間確認修訂，而倘修訂同時影響本期間及未來期間，則於修訂期間及未來期間確認修訂。

管理層於應用香港財務報告準則時所作出將對綜合財務報表造成重大影響之判斷，以及具有相當風險可能會導致下個年度須作出重大調整之估計，概於附註4論述。

綜合財務報表乃以港元呈列，本公司之功能貨幣為港元，而本公司主要附屬公司之功能貨幣則為人民幣。本公司董事（「董事」）認為，以港元作為呈列貨幣對其現有及潛在投資者較為實用。所有數值已調整至千位數，如另有所指則除外。

(c) 綜合入賬基準

(i) *附屬公司及非控股權益*

附屬公司為受本集團控制之實體。當本集團能夠或有權從參與實體中獲得可變回報，並有能力透過其對該實體之權力影響該等回報時，即代表控制該實體。於評估本集團是否擁有權力時，僅會考慮實質之權利（本集團及其他方所持有者）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(i) *Subsidiaries and non-controlling interests* (continued)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(n), 2(o) or 2(p) depending on the nature of the liability.

2. 主要會計政策(續)

(c) 綜合入賬基準(續)

(i) 附屬公司及非控股權益(續)

於附屬公司之投資乃於控制權開始日期至結束日期為止期間計入綜合財務報表。在編製綜合財務報表時，集團間之結餘、交易及現金流量以及集團間交易之任何未變現溢利會全數對銷。至於集團間交易之未變現虧損，僅在並無出現減值證據情況下，以與未變現收益相同之方式對銷。

非控股權益乃指並非由本公司直接或間接擁有之附屬公司權益，而本集團並無就此與該等權益之持有人協定任何額外條款，以致本集團整體須就該等權益負上符合金融負債定義之合約責任。本集團可選擇按公允值或按非控股權益所佔附屬公司可識別資產淨值之比例，逐項業務合併計量任何非控股權益。

非控股權益在綜合財務狀況表內列入權益，但與本公司權益股東應佔權益分開列示。至於非控股權益所佔本集團業績，乃在綜合收益表及綜合全面收益表內，以非控股權益與本公司權益股東各自所佔之年度損益總額及全面收益或開支總額之形式列示。非控股權益持有人之貸款及應向此等非控股權益持有人承擔之其他合約責任，乃根據附註2(n)、2(o)或2(p)（視負債性質而定），在綜合財務狀況表內列示為金融負債。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(i) Subsidiaries and non-controlling interests

(continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(e)) or, when appropriate, the cost on initial recognition of an investment in a joint venture (see Note 2(c)(ii)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Joint ventures

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

2. 主要會計政策(續)

(c) 綜合入賬基準(續)

(i) 附屬公司及非控股權益(續)

本集團於附屬公司之權益之變動如不會導致失去控制權，則入賬列為權益交易，而在綜合權益內之控股權益及非控股權益金額會因而作出調整，以反映相關權益之變動，但不會就商譽作出調整及確認任何收益或虧損。

當本集團失去附屬公司之控制權時，會入賬列為出售於該附屬公司之全部權益，而所引致之收益或虧損會於損益內確認。任何於失去控制權當日仍然保留之前附屬公司權益乃按公允價值確認，而該金額被視為金融資產之初步確認公允值(參閱附註2(e))，或在適用情況下，被視為於合營企業之投資之初步確認成本(參閱附註2(c)(ii))。

在本公司之財務狀況表內，除非於附屬公司之投資已分類為持作出售投資(或包括在已分類為持作出售之出售組別內)，否則於附屬公司之投資按成本減減值虧損列賬。本公司因應已收及應收股息將附屬公司業績入賬。

(ii) 合營企業

合營企業為本集團或本公司及其他人士按合約協定分享控制權及淨資產擁有權之安排。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(ii) Joint ventures (continued)

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Notes 2(d) and 2(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

2. 主要會計政策(續)

(c) 綜合入賬基準(續)

(ii) 合營企業(續)

於合營企業之投資除非已分類為持作出售(或包括在已分類為持作出售之出售組別內),否則於綜合財務報表內根據權益法入賬。根據權益法,有關投資初步按成本記錄,並已就本集團所佔接受投資公司可識別淨資產於收購日期之公允值超出投資成本之金額(如有)作出調整。其後,有關投資會就本集團所佔接受投資公司淨資產之收購後變動及有關該項投資之任何減值虧損作出調整(參閱附註2(d)及2(i))。收購日期超出成本之任何金額、本集團所佔接受投資公司之收購後除稅後業績以及任何年度減值虧損於綜合收益表內確認,而本集團所佔接受投資公司之收購後除稅後其他全面收益項目則於綜合全面收益表內確認。

當本集團應佔一間合營企業之虧損超出其於該企業之權益時,本集團之權益扣減至零並會終止確認進一步虧損,但本集團產生法定或推定責任或代表接受投資公司付款則除外。就此而言,本集團之權益為以權益法入賬之投資賬面值,連同實質上屬本集團於合營企業投資淨額一部分之長期權益。

本集團與合營企業進行交易產生之未變現溢利及虧損將以本集團於接受投資公司之權益為限予以對銷,除非該未變現虧損證明已轉讓資產出現減值,在此情況下,則即時於損益內確認相關虧損。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

(ii) Joint ventures (continued)

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(e)).

In the company's statement of financial position, investments in joint ventures are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (Note 2(i)).

On disposal of a cash-generating unit, any attributable amount of the purchased goodwill is included in the calculation of profit or loss on disposal.

2. 主要會計政策(續)

(c) 綜合入賬基準(續)

(ii) 合營企業(續)

當本集團失去附屬公司之控制權時，會入賬列為出售於該接受投資公司之全部權益，而所引致之收益或虧損於損益內確認。任何於失去控制權當日仍然保留之接受投資公司權益按公允價值確認，而該金額被視為金融資產之初步確認公允價值(參閱附註2(e))。

在本公司之財務狀況表內，除非已分類為持作出售投資(或包括在已分類為持作出售之出售組別內)，否則於合營企業之投資按成本減減值虧損列賬。

(d) 商譽

商譽指下列兩項間之差額：

- (i) 所轉讓代價之公允價值、被收購方任何非控股權益金額與本集團先前所持被收購方股權之公允價值三者總和；超出
- (ii) 本集團所佔被收購方可識別資產及負債於收購日期計量之公允淨值之權益之數額。

當第(ii)項高於第(i)項時，有關差額會即時在損益內確認為議價收購之收益。

商譽按成本減累計減值虧損列賬。業務合併產生之商譽會分配至預期將受惠於合併協同效應之各個現金產生單位或現金產生單位組別，並每年進行減值測試(附註2(i))。

出售現金產生單位時，購買商譽之任何應佔金額均計入出售損益。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading and are stated in the consolidated statement of financial position at fair value. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Any attributable transaction cost and gain or loss on the fair value changes of financial assets at fair value through profit or loss are recognized in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are subsequently carried at amortized cost using the effective interest method. The Group's loans and receivables comprise 'trade receivables, deposits and other receivables' and 'cash and bank balances' in the consolidated statement of financial position (Notes 2(k) and 2(l)).

2. 主要會計政策(續)

(e) 金融資產

本集團將金融資產分為以下類別：通過損益按公允值計量之金融資產、貸款及應收款項以及可供出售金融資產。分類方法取決於購入金融資產之目的。管理層在初步確認時釐定金融資產之分類。

(i) *通過損益按公允值計量之金融資產*

通過損益按公允值計量之金融資產為持有作買賣用途之金融資產，並按公允值於綜合財務狀況表內列賬。倘購入金融資產之目的主要為於短期內出售，則該項金融資產分類為此類別。除非衍生工具被指定作對沖用途，否則亦會分類為持有作買賣之衍生工具。此類別資產分類為流動資產。任何應佔交易成本及通過損益按公允值計量之金融資產之公允值變動收益或虧損均於損益內確認。

(ii) *貸款及應收款項*

貸款及應收款項為非衍生金融資產，有固定或可確定之付款，且在活躍市場上並無報價。貸款及應收款項計入流動資產，惟到期日在報告期末後十二個月以上者則分類為非流動資產。貸款及應收款項其後以實際利息法按攤銷成本列賬。本集團之貸款及應收款項包括綜合財務狀況表內之「應收貿易賬款、按金及其他應收款項」及「現金及銀行結餘」（附註2(k)及2(l)）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

(iii) Available-for-sale financial assets

Investments other than those held for trading and held to maturity are classified as available-for-sale financial assets and are stated in the consolidated statement of financial position at fair value, which is their transaction price including attributable transaction costs. Gain or loss on fair value changes of available-for-sale financial assets is recognized in other comprehensive income and accumulated separately in equity in the fair value reserve, except for impairment losses and foreign exchange gains and losses resulting from changes in the amortized cost of monetary items such as debt securities which are recognized directly in profit or loss.

When the available-for-sale financial assets are derecognized, the cumulative gain or loss is reclassified from equity to profit or loss. Where the available-for-sale financial assets are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired (see Note 2(i)), the cumulative loss is recognized from equity to profit or loss even though the financial assets have not been derecognized.

Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

The amount of the cumulative loss that is removed from equity and reclassified to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on those financial assets previously recognized in profit or loss.

2. 主要會計政策(續)

(e) 金融資產(續)

(iii) 可供出售金融資產

持有作買賣用途及持至到期以外之投資均分類為可供出售金融資產，並按公允值(即投資交易價，包括應佔交易成本)於綜合財務狀況表內列賬。可供出售金融資產之公允值變動收益或虧損於其他全面收益內確認，並於權益內之公允值儲備獨立累計，惟減值虧損及因貨幣項目(例如債務證券)之攤銷成本出現變動而產生之匯兌收益及虧損，則直接於損益內確認。

當可供出售金融資產被終止確認時，累計收益或虧損自權益重新分類至損益。如可供出售金融資產附帶利息，則採用實際利息法計算利息並於損益內確認。

當可供出售金融資產公允值減少已於權益內確認，且有客觀證據顯示資產出現減值(參閱附註2(i))時，即使金融資產未被終止確認，累計虧損亦會由於權益內確認，改為於損益內確認。

投資會於本集團確保購買/出售該投資或該投資到期時確認/終止確認。

從權益剔除並重新分類至損益之累計虧損金額為收購成本(扣除任何本金還款及攤銷)與本期公允值間之差額，再減去之前該等金融資產在損益內確認之任何減值虧損。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

(iii) Available-for-sale financial assets (continued)

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss. Any subsequent increase in the fair value of such investment is recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. Impairment losses are written off against the corresponding investments directly.

Investments in unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any impairment losses. If there is objective evidence that an impairment loss has been incurred on such instrument, the amount of impairment loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar instrument. Such impairment losses are not reversed.

Fair value of an instrument on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the investment.

After initial recognition, the fair value of an investment quoted in an active market is based on the current bid price and, for investments not quoted in an active market, the Group establishes the fair value of such investment by using a valuation technique.

2. 主要會計政策(續)

(e) 金融資產(續)

(iii) 可供出售金融資產(續)

就分類為可供出售之股本工具投資在損益內確認之減值虧損不會透過損益撥回。有關投資之公允值其後如有任何增加，均在其他全面收益內確認，並於權益內之公允值儲備獨立累計。如分類為可供出售之債務工具之公允值於往後期間增加，而有關增加可客觀地與在損益內確認減值虧損後發生之事件聯繫，則會撥回減值虧損，撥回金額乃於損益內確認。減值虧損於相應投資直接撇銷。

公允值無法可靠地計量之無報價股本工具投資，以及與該等無報價股本工具掛鉤且必須透過交付該等工具結算之衍生工具，乃按成本減任何減值虧損計量。如有客觀證據顯示有關工具出現減值虧損，則減值虧損金額按其賬面值與估計未來現金流量之現值（按類似工具之現行市場回報率貼現）間之差額計量。有關減值虧損不會撥回。

工具於初步確認時之公允值一般為交易價，除非部分代價乃就投資以外工具而給予或收取，則採用估值技巧估算該公允值。

於初步確認後，在活躍市場上報價之投資之公允值依照當時之買入價計算。至於並無在活躍市場上報價之投資，本集團會採用估值技巧制定有關投資之公允值。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

(iii) Available-for-sale financial assets (continued)

Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties, if available, by reference to the current fair value of another instrument that is substantially the same, discounted cash flows analysis and option pricing models.

(f) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at historical cost less accumulated depreciation and any accumulated impairment losses (Note 2(i)). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Property, plant and equipment are depreciated sufficient to write off their costs, less accumulated impairment losses and residual values, if any, using the straight-line method over their estimated useful lives. The principal annual rates used for this purpose are as follows:

| | |
|-----------------------------------|---------------|
| Leasehold buildings | 30 – 50 years |
| Leasehold improvements | 20% |
| Lottery machines | 4 – 12 years |
| Furniture, fixtures and equipment | 6 – 33% |
| Plant and machinery | 10 – 25% |
| Motor vehicles | 10 – 20% |

2. 主要會計政策 (續)

(e) 金融資產 (續)

(iii) 可供出售金融資產 (續)

估值技巧包括採用由知情自願買賣雙方近期進行之公平市場交易 (如有)、參照另一項大致相同之工具之當時公允值、貼現現金流量分析及期權定價模型。

(f) 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及任何累計減值虧損 (附註2(i)) 於綜合財務狀況表內列賬。歷史成本包括購入項目直接應佔之開支。成本亦可包括自權益轉撥有關以外幣購買物業、廠房及設備之合資格現金流量對沖收益或虧損。

隨後成本僅於與項目相關之未來經濟收益很可能會流入本集團，且項目成本能可靠地計量時，方會計入資產賬面值或確認為獨立資產 (如適用)。被取代部分之賬面值會被終止確認。所有其他維修及保養均於產生之財政期間自損益扣除。

物業、廠房及設備於其估計可用年限內使用直線法，按足以撇銷其成本之比率折舊，並扣除任何累計減值虧損及殘值 (如有)。就此採用之主要年率如下：

| | |
|----------|----------|
| 租賃樓宇 | 30 – 50年 |
| 租賃物業裝修 | 20% |
| 彩票機 | 4 – 12年 |
| 傢俬、裝置及設備 | 6 – 33% |
| 廠房及機器 | 10 – 25% |
| 汽車 | 10 – 20% |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

The assets' residual values, if any and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on derecognition of an item of property, plant and equipment, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in profit or loss in the period the item is derecognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Prepaid lease payments on land use rights

Prepaid lease payments on land use rights are lump sum upfront payments to acquire long-term interest in lessee-occupied properties.

Prepaid lease payments on land use rights relating to buildings of the Group are stated at cost and are amortized over the period of the lease on the straight-line basis which is charged to profit or loss.

(h) Intangible assets (other than goodwill)

On initial recognition, intangible assets acquired are recognized at cost. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses (Note 2(i)). Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

2. 主要會計政策(續)

(f) 物業、廠房及設備(續)

倘物業、廠房及設備項目各部分擁有不同可用年限，則項目之成本按合理基準於各部分之間分配，而各部分亦獨立計算折舊。

資產之殘值(如有)及可用年限在各個報告期末審閱，並在適用情況下調整。物業、廠房及設備項目在出售時或預計持續使用資產不會產生未來經濟收益時終止確認。終止確認物業、廠房及設備項目產生之收益或虧損按項目出售所得款項淨額與賬面值間之差額計算，並計入終止確認項目期間之損益。

如資產賬面值高於其估計可收回金額，則資產賬面值須立即撇減至其可收回金額。

(g) 土地使用權之預付租約付款

土地使用權之預付租約付款乃於購入承租人佔用物業之長期權益時之一筆過預付支出。

有關本集團樓宇之土地使用權之預付租約付款均按成本列賬，並於租賃期內按直線法攤銷及自損益扣除。

(h) 無形資產(商譽除外)

於初步確認時，所購入之無形資產按成本確認。於初步確認後，具備確定可用年限之無形資產按成本減累計攤銷及任何累計減值虧損(附註2(i))列賬。具備確定可用年限之無形資產之攤銷按直線法在其估計可用年限內自損益扣除。具備不確定可用年限之無形資產按成本減任何其後累計減值虧損列賬。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill) (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Intangible assets with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalized includes the cost of materials, direct labor, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortization and impairment losses. Other development expenditure is recognized as an expense in the period in which it is incurred.

2. 主要會計政策(續)

(h) 無形資產(商譽除外)(續)

終止確認無形資產所產生之收益或虧損按資產之出售所得款項淨額與賬面值間之差額計量，並在資產終止確認時於損益內確認。

具備不確定可用年限之無形資產每年進行減值測試，方法為比較其賬面值與可收回金額，而不論是否有任何跡象顯示可能出現減值。如資產之可收回金額估計低於其賬面值，則資產賬面值須減至其可收回金額。減值虧損會即時確認為開支。

當其後撥回減值虧損時，資產賬面值會增至經修訂估計可收回金額，惟增加後之賬面值不得超越在資產於以往年度並未確認減值虧損之情況下原應釐定之賬面值。

當有跡象顯示具備確定可用年限之無形資產可能出現減值時，即會進行減值測試。

研究活動開支於其產生期間確認為開支。倘產品或程序在技術上及商業上屬可行，且本集團有充足資源及意願完成開發，則開發活動開支會撥充資本。撥充資本之開支包括材料成本、直接勞工成本以及適當比例之間接成本及借貸成本(如適用)。撥充資本之開發成本按成本減累計攤銷及減值虧損列賬。其他開發開支於其產生期間確認為開支。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill) (continued)

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 2 to 10 years.

Costs associated with developing or maintaining computer software programmes are recognized as expenses as incurred.

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortized cost or classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. 主要會計政策(續)

(h) 無形資產(商譽除外)(續)

電腦軟件

購得之電腦軟件特許權以獲得及使用指定軟件所產生之成本為基準撥充資本。該等成本乃於其2至10年估計可用年限內攤銷。

與開發或維護電腦軟件程式相關之成本於產生時確認為開支。

(i) 資產減值

(i) 股本證券投資及其他應收款項之減值

股本證券投資以及其他流動及非流動應收款項如按成本或攤銷成本列賬，或分類為可供出售金融資產，則會於各報告期末審閱，以確定是否有客觀證據顯示出現減值。減值客觀證據包括本集團注意到有關下列一項或以上虧損事項之可觀察數據：

- 債務人出現重大財政困難；
- 違反合約，例如拖欠或未能償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大改變，對債務人造成不利影響；及
- 於股本工具之投資之公允值大幅或長期低於其成本。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) *Impairment of investments in equity securities and other receivables (continued)*

If any such evidence exists, any impairment loss is determined and recognized as follows:

- For investments in joint ventures accounted for under the equity method in the consolidated financial statements (see Note 2(c)(ii)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with Note 2(i)(ii) below. The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with Note 2(i)(ii) below.

For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2. 主要會計政策(續)

(i) 資產減值(續)

(i) *股本證券投資及其他應收款項之減值(續)*

倘存在任何有關證據，則按下列方式釐定及確認任何減值虧損：

- 就根據權益法於綜合財務報表內入賬之於合營企業之投資而言(參閱附註2(c)(ii))，減值虧損乃根據下文附註2(i)(ii)，以比較投資之整體可收回金額與賬面值方式進行計量。如根據下文附註2(i)(ii)釐定可收回金額時所用估計出現有利變動，則撥回減值虧損。

就按成本列賬之無報價股本證券而言，減值虧損乃按金融資產之賬面值與估計未來現金流量(如貼現之影響重大，則按類似金融資產之現行市場回報率貼現)間之差額計量。按成本列賬之股本證券之減值虧損不會撥回。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) *Impairment of investments in equity securities and other receivables (continued)*

- For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

2. 主要會計政策(續)

(i) 資產減值(續)

(i) *股本證券投資及其他應收款項之減值(續)*

- 就按攤銷成本列賬之應收貿易賬款及其他流動應收款項以及其他金融資產而言，減值虧損乃按資產之賬面值與估計未來現金流量之現值(如貼現之影響重大，則按金融資產原訂實際利率(即在初步確認該等資產時計算之實際利率)貼現)間之差額計量。如該等金融資產具備類似風險特徵(例如類似逾期情況)，且並未被個別評估為已減值，則會進行集體評估。集體進行減值評估之金融資產之未來現金流量，會根據與該集體組別具有類似信貸風險特徵之資產之過往虧損情況計算。

如減值虧損數額於往後期間減少，而有關減少可客觀地與在確認減值虧損後發生之事件聯繫，則會透過損益撥回減值虧損。撥回減值虧損不得導致資產賬面值超越在以往年度並未確認減值虧損之情況下原應釐定之賬面值。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) *Impairment of investments in equity securities and other receivables (continued)*

- For available-for-sale securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

2. 主要會計政策(續)

(i) 資產減值(續)

(i) *股本證券投資及其他應收款項之減值(續)*

- 就可供出售證券而言，在公允價值儲備內確認之累計虧損會重新分類至損益。在損益內確認之累計虧損金額為收購成本（扣除任何本金還款及攤銷）與本期公允價值間之差額，再減去之前該資產在損益內確認之任何減值虧損。

就可供出售股本證券在損益內確認之減值虧損不會透過損益撥回。該等資產公允值其後如有任何增加，均在其他全面收益內確認。

如可供出售債務證券之公允值有所增加，而有關增加可客觀地與在確認減值虧損後發生之事件有關，則撥回可供出售債務證券之減值虧損。在此情況下撥回減值虧損於損益內確認。

減值虧損乃於相應資產直接撇銷，惟倘減值虧損乃就收回能力存疑但仍有一定可能收回之應收貿易賬款及其他應收款項確認，則作別論。在此情況下，呆賬之減值虧損採用撥備賬入賬。當本集團信納收回可能性極低時，被視作無法收回之金額於應收貿易賬款及其他應收款項直接撇銷，而就此債項於撥備賬持有之任何款項則會撥回。之前自撥備賬扣除之金額如在其後收回，則於撥備賬撥回。撥備賬內其他變動及之前直接撇銷但於其後收回之款項於損益內確認。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- prepaid lease payments on land use rights classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the higher of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. 主要會計政策(續)

(i) 資產減值(續)

(ii) 其他資產之減值

本集團會在各報告期末審閱內部及外部資料，以確定是否有跡象顯示下列資產可能出現減值，或(就商譽而言)之前確認之減值虧損是否不再存在或可能已經減少：

- 物業、廠房及設備(按重估值列賬之物業除外)；
- 分類為根據經營租賃持有之土地使用權之預付租約付款；
- 無形資產；
- 商譽；及
- 本公司財務狀況表內於附屬公司之投資。

倘存在任何有關跡象，則會估計資產之可收回金額。此外，就商譽、尚未可供使用之無形資產及具有不確定可用年限之無形資產而言，無論是否存在任何減值跡象，均會每年估計可收回金額。

- 計算可收回金額

資產之可收回金額以公允值減出售成本及使用價值兩者中之較高者為準。在評估使用價值時，會使用除稅前貼現率將估計未來現金流量貼現至現值。該貼現率反映市場當時對貨幣時間價值及該資產之獨有風險之評估。如資產所產生之現金流入不能大致上獨立於其他資產所產生之現金流入，則就能獨立產生現金流入之最小資產組別(即現金產生單位)釐定可收回金額。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) *Impairment of other assets (continued)*

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

2. 主要會計政策(續)

(i) 資產減值(續)

(ii) 其他資產之減值(續)

– 確認減值虧損

如資產或其所屬之現金產生單位之賬面值高於其可收回金額，則於損益內確認減值虧損。就現金產生單位確認之減值虧損首先分配至有關現金產生單位(或單位組別)獲分配之商譽，以減低其賬面值，然後再分配至有關單位(或單位組別)內之其他資產，以按比例減少各項資產之賬面值，惟資產之賬面值不得減至低於其個別公允值減出售成本(如可計量)或使用價值(如可釐定)。

– 減值虧損撥回

如用以釐定可收回金額之估計出現有利變動，則撥回資產(商譽除外)之減值虧損。商譽之減值虧損不會撥回。

所撥回之減值虧損以在過往年度並未確認減值虧損之情況下原應釐定之資產賬面值為限。所撥回之減值虧損在確認撥回年度計入損益。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (Notes 2(i)(i) and 2(i)(ii)).

Impairment losses recognized in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognized in other comprehensive income and not profit or loss.

(j) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less the applicable variable selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2. 主要會計政策(續)

(i) 資產減值(續)

(iii) 中期財務報告及減值

根據上市規則，本集團須根據香港會計準則第34號「中期財務報告」就各財政年度首六個月編製中期財務報告。於中期完結時，本集團應用於財政年度完結時應採用之相同減值測試、確認及撥回準則（附註2(i)(i)及2(i)(ii)）。

於中期內就商譽、可供出售股本證券及按成本列賬之無報價股本證券確認之減值虧損不會在往後期間撥回。倘若僅於中期相關之財政年度完結時方評估減值，則即使無須確認虧損或確認之虧損較少，亦不會撥回減值虧損。因此，倘可供出售股本證券之公允值於年度期間餘下時間或其後任何其他期間增加，則有關增加會於其他全面收益而非損益內確認。

(j) 存貨

存貨按成本與可變現淨值兩者中之較低者列賬。成本採用加權平均法釐定。製成品及在製品之成本包括設計成本、原材料、直接勞工、其他直接成本及相關生產開支（根據正常經營能力計算），惟不包括借貸成本。可變現淨值乃按日常業務過程中之估計售價減去適用可變銷售開支計算。

存貨出售時，其賬面值在確認相關收入期間確認為開支。撇減存貨至可變現淨值之款額及所有存貨損失均在撇減或損失產生期間確認為開支。撥回任何存貨撇減金額會於撥回期間確認為已確認作開支之存貨金額減少。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

Trade and other receivables are initially recognized at fair value, and after initial recognition, at amortized cost using the effective interest method, less any allowance for impairment of doubtful debts (Note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of the tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. 主要會計政策(續)

(k) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項初步按公允價值確認，而於初步確認後，則以實際利息法按攤銷成本扣除呆賬減值撥備(附註2(i)(i))確認。

(l) 現金及現金等價物

現金及現金等價物包括手頭及銀行現金、存於銀行及其他金融機構之活期存款以及短期高流動性投資(於收購後三個月內到期，並無涉及重大價值變動風險，且可輕易地轉換為已知金額現金)。

(m) 所得稅

年度所得稅包括當期稅項及遞延稅項資產及負債之變動。當期稅項及遞延稅項資產及負債之變動乃在損益內確認，除非此等稅項及變動涉及之項目已經在其他全面收益內確認或直接在權益內確認，則作別論；在此情況下，相關稅項金額分別於其他全面收益內確認或直接在權益內確認。

當期稅項乃指預期就年度應課稅收入，按於報告期末已頒布或實質上已頒布之稅率計算之應付稅項，以及對過往年度應付稅項之調整。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. 主要會計政策 (續)

(m) 所得稅 (續)

遞延稅項資產及負債分別因可抵扣及應課稅暫時差異而產生，為就財務報告所用之資產及負債賬面值與其稅基之差額。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

除若干有限例外情況外，所有遞延稅項負債及所有遞延稅項資產（以可能有未來應課稅溢利可動用有關資產為限）均會確認。可支持確認因可抵扣暫時差異而產生之遞延稅項資產之未來應課稅溢利，包括因撥回現有應課稅暫時差異而產生之數額，惟有關差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間，或遞延稅項資產所產生之稅項虧損向前期或向後期結轉之期間撥回。在釐定現有應課稅暫時差異是否足以支持確認因未動用稅項虧損及抵免而產生之遞延稅項資產時，會採用同一準則，亦即倘涉及同一稅務機關及同一應課稅實體，而且預期在能夠使用稅項虧損或抵免之一段或多段期間內撥回，則計算在內。

確認遞延稅項資產及負債之有限例外情況包括因不可扣稅商譽而產生之暫時差異、初步確認既不影響會計溢利亦不影響應課稅溢利之資產或負債（如並不屬於業務合併一部分），以及涉及於附屬公司之投資之暫時差異（如屬應課稅差異，以撥回時間可由本集團控制，且在可見將來不大可能撥回有關差異者為限；或如屬可抵扣差異，則以可在將來撥回有關差異者為限）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax (continued)

The amount of deferred tax recognized is measured based on expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

2. 主要會計政策(續)

(m) 所得稅(續)

已確認遞延稅項金額根據預期變現或清償資產及負債賬面值之方式，按於報告期末已頒布或實質上已頒布之稅率計量。遞延稅項資產及負債不作貼現。

遞延稅項資產之賬面值於各報告期末檢討，並於不可能再有足夠應課稅溢利可供動用有關稅項利益時扣減。任何有關減少在可能有足夠應課稅溢利可供動用時撥回。

因派發股息而產生之額外所得稅於確認支付相關股息之責任時確認。

當期稅項結餘及遞延稅項結餘以及其變動會分開呈列，不予抵銷。倘本公司或本集團擁有合法強制執行權利以當期稅項資產抵銷當期稅項負債，並符合以下附加條件，則當期稅項資產與遞延稅項資產始會分別抵銷當期稅項負債及遞延稅項負債：

- 如屬當期稅項資產及負債，本公司或本集團有意按淨額基準結算，或同時變現資產及清償負債；或
- 如屬遞延稅項資產及負債，而此等資產及負債與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同應課稅實體，而此等實體有意於預期有大額遞延稅項負債或資產需要清償或可以收回之每段未來期間內，按淨額基準變現及清償當期稅項資產及當期稅項負債，或同時變現及清償該等資產及負債。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(r)(i), trade and other payables are subsequently stated at amortized cost.

(o) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

2. 主要會計政策(續)

(n) 應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項初步按公允價值確認。除根據附註2(r)(i)計量之財務擔保負債外，應付貿易賬款及其他應付款項其後按攤銷成本列賬。

(o) 借貸

借貸初步按公允價值扣除所產生交易成本確認。交易成本為收購、發行或出售金融資產或金融負債直接應佔之增量成本，包括付予代理、顧問、經紀及交易商之費用及佣金、監管機構及證券交易所之徵費以及轉讓稅項及徵稅。借貸其後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值間之任何差額以實際利息法於借貸所涉期間在損益內確認。

借貸分類為流動負債，惟倘本集團擁有無條件權利將清償負債日期遞延至報告期末後最少十二個月，則作別論。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Convertible bonds

Convertible bonds which contain an equity component are accounted for as follows:

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component. The values of non-equity derivative component which are considered as closely related to the host contract are included in the liability component.

At initial recognition the liability component of the convertible bonds, including the non-equity derivative component, is measured at fair value which is determined by reference to the fair value of a similar stand-alone debt instrument that includes the non-equity derivative feature but does not have an associated equity conversion option. Any excess of proceeds over the amount initially recognized as the liability component (including the non-equity derivative component) is recognized as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the periods of the convertible bonds using the effective interest method.

The liability component is subsequently carried at amortized cost. The interest expense recognized in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognized in the convertible bonds reserve until either the bond is converted or redeemed.

If the bond is converted, the convertible bonds reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the convertible bonds reserve is released directly to retained profits.

2. 主要會計政策(續)

(p) 可換股債券

包含權益部分之可換股債券按以下方法入賬：

倘可換股債券可按持有人之選擇轉換為權益股本，而於轉換時將予發行之股份數目及當時將予收取之代價價值並無改變，則有關可換股債券會入賬列作附有負債部分及權益部分之複合金融工具。被視為與主合約關係密切之非權益衍生部分之價值計入負債部分。

於初步確認時，可換股債券（包括非權益衍生部分）之負債部分按參考類似獨立債務工具（包含非權益衍生工具特性，惟並無相關權益轉換期權）釐定之公允值計量。所得款項淨額超出初步確認為負債部分（包括非權益衍生部分）之金額之部分會確認為權益部分。與發行複合金融工具相關之交易成本按分配所得款項總額比例分配至負債及權益部分。與權益部分相關之交易成本直接於權益內確認。與負債部分相關之交易成本計入負債部分之賬面值，並於可換股債券所涉期間以實際利息法攤銷。

負債部分其後按攤銷成本列賬。就負債部分於損益內確認之利息開支以實際利息法計算。權益部分乃於可換股債券儲備內確認，直至債券獲轉換或贖回為止。

倘債券獲轉換，則可換股債券儲備連同轉換時之負債部分賬面值轉撥至股本及股份溢價，列作所發行股份之代價。倘債券獲贖回，則可換股債券儲備直接撥至保留溢利。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits

(i) Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The subsidiaries in the PRC do not provide a pension plan for their employees. The subsidiaries in the PRC made contributions to the defined contribution retirement plans in the PRC which are recognized as expenses in profit or loss as incurred. The subsidiaries have no further payment obligations once the contributions have been paid.

(ii) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilized by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2. 主要會計政策(續)

(q) 僱員福利

(i) 退休福利成本

本集團遵照強制性公積金計劃條例，於香港為合資格參與強制性公積金退休福利計劃(「強積金計劃」)之僱員，安排一項定額供款強積金計劃。供款乃以僱員基本薪金之某百分率作出，並於根據強積金計劃之規則須予支付時自損益扣除。本集團之僱主供款於向強積金計劃作出供款時悉數歸屬僱員所有。

於中國之附屬公司並無為僱員提供退休金計劃。於中國之附屬公司向中國之定額供款退休計劃作出供款，並於產生時在損益內確認為開支。一旦支付供款後，附屬公司再無作額外供款之責任。

(ii) 結轉有薪假期

本集團根據僱傭合約，於每個曆年向其僱員提供有薪年假。在若干情況下，允許將截至報告期末之餘下未用假期結轉，並由有關僱員於下一年度使用。僱員於年內應得之有薪假期之預期未來成本於報告期末累計並結轉。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in profit or loss, and a corresponding adjustment to share-based payment reserve over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

When share options are exercised, the amount previously recognized in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share option reserve will be transferred to retained profits.

(iv) Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 主要會計政策(續)

(q) 僱員福利(續)

(iii) 股份薪酬

本集團採納股本結算股份薪酬計劃。就授出購股權所換取僱員服務之公允值會確認為開支。將予支銷之總額乃經參考所授出購股權之公允值(不包括任何非市場歸屬條件之影響,如盈利能力及銷售增長目標)後釐定。非市場歸屬條件計入預期可予行使購股權數目之假設。實體會於各報告期末修訂對預期可予行使購股權數目之估計,並於損益內確認修訂原有估計(如有)之影響及於餘下歸屬期間對以股份支付款項之儲備作出相應調整。

購股權獲行使時,已收所得款項於扣除任何直接應佔交易成本後計入股本(面值)及股份溢價。

於購股權獲行使時,先前於購股權儲備內確認之金額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日期仍未獲行使,則先前於購股權儲備內確認之金額將轉撥至保留溢利。

(iv) 攤分溢利及花紅計劃

本集團乃根據一項方程式(會將經調整之本公司股東應佔溢利計算在內)就花紅及攤分溢利確認負債及開支。本集團會於負有合約責任或因過往慣例而負有推定責任時確認撥備。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities

(i) *Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payment to reimburse the beneficiary of the guarantee for a loss the holder of the guarantee incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with Note 2(r)(iii) below if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, i.e. the amount initially recognized, less accumulated amortization.

2. 主要會計政策(續)

(r) 已發出之財務擔保、撥備及或然負債

(i) 已發出之財務擔保

財務擔保屬於合約，當中訂明於特定債務人未能根據債務工具條款於到期日償還債務時，發行人(即擔保人)須向擔保之受益人支付特定款項，以補償擔保持有人之損失。

如本集團發出財務擔保，該擔保之公允值初步確認為應付貿易賬款及其他應付款項項下之遞延收入。已發出之財務擔保於發出時之公允值乃參照於類似服務之公平交易中收取之費用(如獲得有關資料)釐定；如未能獲得有關資料，則參照利率差價(即將貸款機構於發出擔保時徵收之息率，與在並無取得擔保之情況下貸款機構將可能徵收之估計息率作出比較)估計(倘可作出有關資料之可靠估計)。倘因發出擔保而已收取或應收取代價，則該代價根據適用於該類資產之本集團政策加以確認。倘並無已收取或應收取之代價，則於初步確認任何遞延收入時，即時於損益內確認開支。

初步確認為遞延收入之擔保金額乃按擔保年期作為所發出財務擔保之收入於損益內攤銷。此外，倘及當(i)擔保持有人有可能根據擔保向本集團催繳還款；及(ii)向本集團提出申索所涉金額預期超過現時就該擔保列於應付貿易賬款及其他應付款項項下之金額(即初步確認金額)減累計攤銷，則根據下文附註2(r)(iii)確認撥備。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) *Contingent liabilities assumed in business combinations*

Contingent liabilities assumed in a business combination which are present obligations at date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with Note 2(r)(iii) below. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 2(r)(iii) below.

(iii) *Other provisions and contingent liabilities*

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. 主要會計政策(續)

(r) 已發出之財務擔保、撥備及或然負債(續)

(ii) 於業務合併中承擔之或然負債

於業務合併中承擔之或然負債為於收購日期之現有責任，初步按公允值確認，惟公允值須能夠可靠地計量。按公允值初步確認後，該等或然負債會以初步確認數額減累計攤銷（如適用）與根據下文附註2(r)(iii)釐定之數額兩者中之較高者確認。於業務合併中承擔之或然負債如不能可靠地估算公允值或並非於收購日期之現有責任，則會根據下文附註2(r)(iii)披露。

(iii) 其他撥備及或然負債

當本集團或本公司因過往事件而須負上法律或推定責任，且可能須就履行該等責任而導致經濟收益流出，並能夠就此作出可靠估計時，方會為未能確定何時發生或款額之其他負債作出撥備。倘貨幣時間價值重大，則撥備會按預期履行有關責任所需開支之現值列賬。

倘不大可能導致經濟收益流出，或未能可靠地估計所涉及之數額，則該責任會披露為或然負債，惟倘經濟收益流出之可能性極微則除外。至於須視乎某宗或多宗未來事件會否發生方能確定是否存在之潛在責任，亦會披露為或然負債，除非導致經濟收益流出之可能性極微則除外。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) *Gain or loss on investments held for trading*

Realized gain or loss on investments held for trading is recognized on a trade date basis whilst unrealized gain or loss on investments held for trading is recognized to restate to their fair value at the end of the reporting period.

(ii) *Income from provision of lottery machines and related services, comprising:*

Sales of goods

Sales of goods including lottery machines and related software systems are recognized when the goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods; the related risks and rewards of ownership and collectability of the related receivables are reasonably assured. Revenue excludes value added tax.

Income from lottery business

Income from lottery business including lottery ticketing service, consultancy service, maintenance service and other related services is recognized in the accounting period in which the service is rendered. Revenue excludes value added tax.

Income from sharing of lottery sales

Income from sharing of lottery sales is recognized on an accrual basis in accordance with the substance of the relevant agreements. Revenue excludes value added tax.

Income from sales of lottery ticket

Sales of lottery tickets are recognized when the lottery ticket are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods; the related risks and rewards of ownership and collectability of the related receivables are reasonably assured. Revenue excludes value added tax.

2. 主要會計政策(續)

(s) 收入確認

收入按已收或應收代價之公允值計量。倘經濟收益有可能流入本集團，而收入及成本(如適用)能可靠地計量，則收入於損益內確認如下：

(i) *持有作買賣投資之收益或虧損*

持有作買賣投資之已變現收益或虧損乃按交易日基準確認，而持有作買賣投資之未變現收益或虧損亦會確認，以重列其於報告期末之公允值。

(ii) *提供彩票機及相關服務收入，包括：*

貨品銷售

貨品銷售包括彩票機及相關軟件系統，乃於貨品運送至客戶物業範圍由客戶接受貨品，以及擁有權之相關風險及回報以及能否收取相關應收款項能合理確定時確認。收入不包括增值稅。

來自彩票業務之收入

來自彩票業務(包括彩票服務、顧問服務、維護服務及其他相關服務)之收入，乃於提供服務之會計期間確認。收入不包括增值稅。

應佔彩票銷售收入

應佔彩票銷售收入根據有關協議之實質內容按應計基準確認。收入不包括增值稅。

來自出售彩票之收入

彩票銷售額乃於彩票運送至客戶物業範圍由客戶接受彩票，以及擁有權之相關風險及回報以及能否收取相關應收款項能合理確定時確認。收入不包括增值稅。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

(iv) Dividend income

Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

Dividend income from unlisted investments is recognized when the right to receive payment is established prior to the end of the reporting period.

(v) Subletting income

Subletting income is recognized on a straight-line basis over the term of the sub-lease.

(t) Leases

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

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of assets to the Group. All other assets are classified as operating leases.

2. 主要會計政策(續)

(s) 收入確認(續)

(iii) 利息收入

利息收入採用實際利息法於應計時確認。

(iv) 股息收入

來自上市投資之股息收入於投資之股價除息時確認。

來自非上市投資之股息收入於報告期末前收取款項之權利確立時確認。

(v) 分租收入

分租收入於分租期內按直線法確認。

(t) 租賃

倘本集團將一項安排(包括一項交易或一連串交易)確定為轉讓一項特定資產或多項資產在協定期間之使用權以換取一筆或多筆付款,則該安排屬於或包含租賃。確定時乃以對有關安排之實質內容所作評估為基準,而不論該安排是否以法定租賃形式訂立。

當資產租賃將資產擁有權附帶之絕大部分風險及回報轉移至本集團時,有關租賃分類為融資租賃。所有其他資產均分類為經營租賃。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Leases (continued)

(i) Finance leases

Assets held under finance leases are recognized in the consolidated statement of financial position at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as property, plant and equipment, except for those properties held to earn rental income which are classified as investment properties, in the consolidated statement of financial position.

Depreciation and impairment losses are calculated and recognized in the same manner as the depreciation and impairment losses on property, plant and equipment as set out in Note 2(f), except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognized in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Leases of land and buildings

Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

2. 主要會計政策(續)

(t) 租賃(續)

(i) 融資租賃

根據融資租賃持有之資產按相當於在租約訂立時釐定之租賃資產公允值之數額或(倘為較低者)最低租約付款之現值,於綜合財務狀況表內確認。融資租賃之相應債項經扣除融資費用後,乃列作融資租賃債務。按融資租賃持有之所有資產乃於財務狀況表內列作物業、廠房及設備,惟持有以賺取租金收入之物業則於綜合財務狀況表內列作投資物業。

誠如附註2(f)所載,折舊及減值虧損按與物業、廠房及設備之折舊及減值虧損相同之方式計算及確認,惟估計可用年限不得超過相關租賃期(倘為較短者)。

最低租約付款於融資費用及未償還負債減少款額之間分配。融資費用按租賃期於損益內確認,藉此制定負債餘額之穩定息率。

(ii) 土地及樓宇租賃

每當有需要將土地及樓宇租賃分類及入賬時,最低租約付款(包括任何一筆過預付支出)乃按租賃之土地部分及樓宇部分之租賃權益於租賃訂立時之相關公允值比例,分配至土地及樓宇部分。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Leases (continued)

(ii) Leases of land and buildings (continued)

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The building element is classified as a finance or operating lease in the same way as leases of other assets. The payments made on acquiring land held under an operating lease are recognized in the consolidated statement of financial position as prepaid lease payments on land use rights which are stated at cost and are amortized on a straight-line basis over the period of the lease term.

If the prepaid lease payments on a lease of land and buildings cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

(iii) Operating leases

Where the Group is the lessee, payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the period of the lease. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to profit or loss on a straight-line basis over the lease period. Contingent rentals (if any) are charged or credited to profit or loss in the accounting period in which they are incurred.

(iv) Sale and leaseback resulting in a finance lease

If a sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

2. 主要會計政策(續)

(t) 租賃(續)

(ii) 土地及樓宇租賃(續)

土地部分乃分類為經營租賃，除非預期業權會於租賃期滿時轉交承租人，則作別論。樓宇部分則以與處理其他資產租賃相同之方式分類為融資或經營租賃。就收購根據經營租賃持有之土地作出之付款，乃於綜合財務狀況表內確認為土地使用權之預付租約付款，按成本列賬，並於租賃期內按直線法攤銷。

倘土地及樓宇租賃之預付租約付款未能於租約訂立時可靠地分配至土地及樓宇部分，則整份租賃分類為融資租賃，惟倘兩個部分均確定為經營租賃，在此情況下，整份租賃會分類為經營租賃。

(iii) 經營租賃

倘本集團為承租人，則根據經營租賃支付之款項(扣除自出租人收取之任何優惠)在租賃期內以直線法自損益扣除。倘本集團為出租人，則本集團根據經營租賃租賃之資產會計入非流動資產，而根據經營租賃應收之租金在租賃期內以直線法計入損益。或然租金(如有)在其產生之會計期間自損益扣除或計入損益。

(iv) 融資租賃產生之售後租回

倘因融資租賃而產生售後租回交易，則出售所得款項超出賬面值之任何差額會予遞延，並於租賃期內攤銷。倘售後租回交易當時公允值低於資產賬面值，則無需作出任何調整，惟倘出現減值，則將賬面值減至可收回金額。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currency translation

These consolidated financial statements are presented in HKD, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than HKD. At the end of the reporting period, the assets and liabilities of these entities are translated into HKD at the rates of exchange ruling at the end of the reporting period and their profit or loss items are translated into HKD at the weighted average exchange rates for the year. The exchange differences arising from the translation are recognized in other comprehensive income and accumulated separately in equity in the exchange translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign entity is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HKD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HKD at the weighted average exchange rates for the year.

2. 主要會計政策(續)

(u) 外幣換算

本綜合財務報表以港元呈列，而港元為本公司之功能及呈報貨幣。本集團各實體自行確定本身之功能貨幣，而列於各實體財務報表之項目乃採用該功能貨幣計量。以外幣進行之交易初步按交易日之適用功能貨幣匯率記錄。以外幣計值之貨幣資產及負債乃按報告期末之功能貨幣匯率重新換算。所有差額均計入收益表。以外幣按歷史成本計量之非貨幣項目乃按初步交易日期之匯率換算。以外幣按公允值計量之非貨幣項目乃按公允值釐定日期之匯率換算。

若干海外附屬公司及合營企業之功能貨幣為港元以外貨幣。於報告期末，該等實體之資產及負債按報告期末之匯率換算為港元，損益項目則按年度加權平均匯率換算為港元。換算所產生之匯兌差額於其他全面收益內確認，並於匯兌儲備中之權益內獨立累計。於出售海外實體時，與該特定海外實體有關且於權益內確認之遞延累計款項，乃於確認出售之損益時由權益重新分類至損益。

就綜合現金流量表而言，海外附屬公司之現金流量乃按現金流量日期之匯率換算為港元。海外附屬公司於全年產生之頻繁經常性現金流量乃按年度加權平均匯率換算為港元。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the Company's statement of financial position, until they have approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

2. 主要會計政策(續)

(v) 借貸成本

收購、興建或生產一項需要長時間方能達致擬定用途或出售之資產直接應佔之借貸成本，會撥充資本作為該項資產之部分成本。其他借貸成本於產生期間支銷。

屬於合資格資產成本一部分之借貸成本在資產產生開支、產生借貸成本及使資產投入擬定用途或銷售所必需之準備工作進行之時開始撥充資本。在使合資格資產投入擬定用途或銷售所必需之絕大部分準備工作中斷或完成時，借貸成本會暫停或停止撥充資本。

(w) 股息

董事建議之末期股息分類為本公司財務狀況表內權益項下保留溢利之獨立分配，直至股東在股東大會上批准為止。該等股息在股東批准及宣派時會確認為負債。

因本公司之公司細則授權董事宣派中期股息，故中期股息可同時建議派付並宣派。因此，中期股息在建議派付及宣派時，隨即確認為負債。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognized at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the consolidated financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognized in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortized.

2. 主要會計政策(續)

(x) 持作出售之非流動資產

倘一項非流動資產(或出售組別)之賬面值極有可能透過出售交易(而非透過持續使用)收回,而該資產(或出售組別)可在現況下出售,則分類為持作出售。出售組別為一組將於單一交易中一併出售之資產,以及與將於交易中轉讓之資產直接相關之負債。

當本集團承諾執行涉及失去附屬公司控制權之出售計劃時,該附屬公司之所有資產及負債會於達致上述持作出售之分類標準時分類為持作出售,而不論本集團會否於出售後保留於該附屬公司之非控股權益。

緊接分類為持作出售前,非流動資產(及出售組別之所有獨立資產及負債)會於分類前根據會計政策重新計量。其後,於初步分類為持作出售及直至出售前,非流動資產(下文闡述之若干資產除外)或出售組別會按賬面值及公允值減銷售成本之較低者確認。就本集團之財務報表而言,毋須採用此計量政策之主要例外情況為遞延稅項資產、僱員福利所產生之資產、金融資產(於附屬公司、聯營公司及合營企業之投資除外)及投資物業。該等資產即使為持作出售,仍會繼續按附註2其他部分所載之政策計量。

於初步分類為持作出售及於其後在持作出售期間重新計量時之減值虧損乃於損益內確認。只要非流動資產仍分類為持作出售或納入分類為持作出售之出售組別,非流動資產均不予折舊或攤銷。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

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

2. 主要會計政策(續)

(y) 關聯方

- (a) 倘屬以下人士，則該人士或該人士之近親與本集團有關聯：
- (i) 擁有本集團之控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司之主要管理層成員。
- (b) 倘符合下列任何條件，則該實體與本集團有關聯：
- (i) 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司之間互有關聯)。
 - (ii) 一間實體為另一實體之聯營公司或合營企業(或為該另一實體所屬集團旗下成員公司之聯營公司或合營企業)。
 - (iii) 兩間實體均為同一第三方之合營企業。
 - (iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
 - (v) 實體為本集團或與本集團有關聯之實體就僱員利益設立之離職後福利計劃。
 - (vi) 實體受(a)項所識別人士控制或共同控制。
 - (vii) (a)(i)項所識別人士對實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
 - (viii) 該實體或該實體所屬集團旗下任何成員公司為本集團或本集團公司提供主要管理人員服務。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties (continued)

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

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of the products and services, the nature of the production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

| | |
|-----------------------|---|
| Amendments to HKAS 7 | Statement of cash flows "Disclosure initiative" |
| Amendments to HKAS 12 | Income taxes "Recognition of deferred tax assets for unrealised losses" |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2014-2016 cycle |

2. 主要會計政策 (續)

(y) 關聯方 (續)

任何人士之近親乃指於與該實體交易時預期可影響該名人士或可能受該名人士影響之家庭成員。

(z) 分部報告

經營分部及財務報表所呈列各分部之金額，乃自定期向本集團最高行政管理人員提供之財務資料識別，最高行政管理人員利用該等資料向本集團各項業務及經營地區分配資源及評估其表現。

就財務報告而言，個別重要經營分部不會合併呈報，除非該等分部擁有類似經濟特徵，以及在產品及服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務之方式以至監管環境性質各方面均類似，則作別論。倘個別而言不屬重要之經營分部共同擁有上述大部分特徵，則可合併呈報。

3. 會計政策變動

於本年度，本集團首次應用以下由香港會計師公會頒布之香港財務報告準則之修訂（以下統稱「新訂及經修訂香港財務報告準則」）。

| | |
|-------------------|--------------------------------------|
| 香港會計準則第7號 之修訂 | 現金流量表「披露計劃」 |
| 香港會計準則第12號 之修訂 | 所得稅「就未變現虧損確認 遞延稅項資產」 |
| 香港財務報告準則 之修訂 | 香港財務報告準則之 年度改進（二零一四年 至二零一六年週期） |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. CHANGES IN ACCOUNTING POLICIES (continued)

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years. However, additional disclosure has been included in Note 28 to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not early applied any new standard or interpretation that is not yet effective for the current accounting period (Note 46).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Key assumption and other key sources of estimation uncertainty

(a) *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(i). The recoverable amounts of cash-generating units have been determined based on value in use calculations or their fair value less costs of disposal, whichever is appropriate, and both bases require the Group to estimate the future cash flows expected to arise from the cash-generating units, discount rates and growth rates for present value measurement. These calculations require the use of estimates and assumptions (Note 17). Where the expectation is different from the original estimate, such difference will impact the carrying amount of goodwill and the impairment in the period in which such estimate has been changed.

3. 會計政策變動(續)

於本年度應用上述新訂及經修訂香港財務報告準則對本集團於本年度及過往年度之財務表現及狀況並無任何重大影響。然而，附註28已載入額外披露，以符合香港會計準則第7號之修訂「現金流量表：披露計劃」所引入之新披露規定，該修訂要求實體作出披露，讓財務報表使用者得以評估因融資活動而產生之負債變動，包括現金流量產生之變動及非現金變動。

本集團並無提早應用任何於本會計期間尚未生效之新訂準則或詮釋(附註46)。

4. 重大會計估計及判斷

本集團會持續評估估計及判斷，而有關估計及判斷乃根據過往經驗及其他因素(包括在若干情況下相信為對未來事項屬合理之預期)而釐定。

本集團管理層對未來作出估計及假設。所得出之會計估計將如定義所言，少有能與相關之實際結果相符。至於可能對未來財政年度資產及負債賬面值造成重大調整之重大風險之估計及假設，現載述如下。

A. 主要假設及估計不確定因素之其他主要來源

(a) *估計商譽減值*

本集團按照附註2(i)所載之會計政策，每年測試商譽有否減值。現金產生單位之可收回金額已按使用價值計算法或公允值減出售成本(如適用)釐定，兩種基準均要求本集團估計預期現金產生單位將產生之未來現金流量、貼現率及增長率，以計量現值。該等計算需運用估計及作出假設(附註17)，倘預期情況有別於原先估計，有關差額將影響估計出現變動期間之商譽賬面值及減值。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

A. Key assumption and other key sources of estimation uncertainty (continued)

(b) *Estimated impairment of available-for-sale financial assets*

The Group tests annually whether the available-for-sale financial assets have suffered any impairment, in accordance with the accounting policy stated in Note 2(i). The recoverable amounts of cash-generating units have been determined based on their fair value less costs of disposal or by reference to the recent economical condition and comparable market consideration, whichever is appropriate, and both bases require the use of estimates and assumptions (Note 20). Where the expectation is different from the original estimate, such difference will impact the carrying amount of available-for-sale financial assets and the impairment in the period in which such estimate has been changed.

(c) *Allowance for impairment of bad and doubtful debts*

The Group makes allowance for impairment of bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of allowance for impairment of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and allowance for impairment in the period in which such estimate has been changed.

4. 重大會計估計及判斷(續)

A. 主要假設及估計不確定因素之其他主要來源(續)

(b) 估計可供出售金融資產減值

本集團按照附註2(i)所載之會計政策，每年測試可供出售金融資產有否減值。現金產生單位之可收回金額已按公允值減出售成本或參考近期經濟狀況及可比較市場代價(如適用)釐定，兩種基準均需運用估計及作出假設(附註20)，倘預期情況有別於原先估計，有關差額將影響估計出現變動期間之可供出售金融資產賬面值及減值。

(c) 呆壞賬減值撥備

本集團按照對應收貿易賬款及其他應收款項可收回程度之評估，就呆壞賬減值計提撥備。一旦發生事件或情況有變，顯示不大可能收回應收貿易賬款及其他應收款項結餘，則會就應收貿易賬款及其他應收款項計提撥備。識別呆壞賬減值撥備須運用判斷及估計。倘預期金額有別於原先估計，有關差額將影響估計出現變動期間之應收款項賬面值及減值撥備。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

A. Key assumption and other key sources of estimation uncertainty (continued)

(d) *Write-down of obsolete and slow-moving inventories*

The Group writes down obsolete and slow-moving inventories to net realizable value based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Write-downs are applied to inventories where events or changes in circumstances indicate that the inventories may be obsolete or slow-moving. The identification of obsolete or slow-moving inventories requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and charges in the year in which such estimate has been changed.

(e) *Income taxes*

Deferred tax asset in relation to the unused tax losses of approximately HK\$90,493,000 (2016: HK\$106,290,000) was not recognized in the Group's consolidated statement of financial position. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. When the expectation of future profit is different from the original estimate, such difference will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed.

The Group is subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expenses in the year in which such determination is made.

4. 重大會計估計及判斷(續)

A. 主要假設及估計不確定因素之其他主要來源(續)

(d) *過時及滯銷存貨撇減*

本集團根據過往經驗及其他因素(包括在若干情況下相信為對未來事件屬合理之預期)·將過時及滯銷存貨撇減至可變現淨值。一旦發生事件或情況有變·顯示存貨可能過時或滯銷·則會就存貨進行撇減。識別過時或滯銷存貨須運用判斷及估計。倘預期金額有別於原先估計·有關差額將影響估計出現變動年度之存貨賬面值及撇減費用。

(e) *所得稅*

本集團之綜合財務狀況表並未就未動用稅項虧損約90,493,000港元(二零一六年:106,290,000港元)確認遞延稅項資產。遞延稅項資產能否變現·主要視乎是否有足夠之可動用未來溢利或應課稅暫時差異。當預期未來溢利有別於原先估計時·差額將影響估計變動期間之遞延稅項資產及稅項支出之確認。

本集團須繳納香港及中國所得稅。釐定所得稅撥備時須運用重大判斷。於日常業務過程中有頗多未能確定最終稅項之交易及計算。本集團會視乎是否需要繳納額外稅項之估計而確認有關預計稅項審核事項之責任。倘該等事項之最終稅務結果有別於初步記錄金額·有關差額將影響作出釐定之年度之所得稅及遞延稅項開支。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

B. Critical judgements in applying the Company's accounting policies

(a) *Going concern basis*

The Company's management has considered the adequacy of the disclosures made in the consolidated financial statements concerning the possible outcome of non-adjusting events after the end of the reporting period as detailed in Note 49. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful in obtaining the funds from Rights Issue and CB Subscription to fully repay the Bonds (as defined in Note 35).

The consolidated financial statements do not include any adjustments that would result from these material uncertainties. Based on the facts and circumstances as made available thereto, the Directors are of the opinion that the redemption of the Bonds which is subject to redemption notices or matured will be completed after the CB Subscription. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis. However, should the redemption of the Bonds cannot be completed, and the Group be unable to operate as a going concern, adjustments might have to be made to the carrying values of the Group's assets to state them at their recoverable amounts, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

4. 重大會計估計及判斷(續)

B. 應用本公司會計政策所作出之重大判斷

(a) *持續經營基準*

本公司之管理層已考慮於綜合財務報表內，就附註49所詳述之報告期末後非調整事項之可能結果所作出之披露是否足夠。綜合財務報表乃按持續經營基準編製，其有效性取決於能否順利從供股及可換股債券認購事項獲得資金悉數償還該等債券（定義見附註35）。

綜合財務報表並無包括因該等重大不明朗因素而產生之任何調整。基於目前就此獲悉之事實及情況，董事認為將會於可換股債券認購事項後完成贖回贖回通知所涉或已到期之該等債券。因此，董事認為按持續經營基準編製綜合財務報表屬合適之舉。然而，倘無法完成贖回該等債券，以致本集團無法持續經營，則可能須對本集團資產之賬面值作出調整，按可收回金額將有關資產列賬，就可能產生之任何未來負債計提撥備以及將其非流動資產及非流動負債分別重新分類為流動資產及流動負債。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

B. Critical judgements in applying the Company's accounting policies (continued)

(b) *Recognition of an indirect non wholly-owned company as an available-for-sale financial asset*

During the year ended 31 December 2017, the Company's management reassessed whether it had control or significant influence over the management including participation in the financial and operating policy decisions over an indirect non wholly-owned company (the "PRC Company"). This reassessment requires significant management judgement in determining if the Group could or could not exercise control or significant influence over the PRC Company relating to the matters set out in either HKFRS 10, Consolidated Financial Statements, or HKAS 28, Investments in Associates and Joint Ventures given the unique nature of the online lottery business in the PRC. The Directors resolved that the Group did not have control or significant influence over the PRC Company. Accordingly, the Group continues to recognize the PRC Company as an available-for-sale financial asset (Note 20).

4. 重大會計估計及判斷(續)

B. 應用本公司會計政策所作出之重大判斷(續)

(b) *將一間間接非全資公司確認為可供出售金融資產*

於截至二零一七年十二月三十一日止年度，本公司管理層已重新評估是否仍對一間間接非全資公司（「中國公司」）之管理擁有控制權或重大影響力，包括參與其財務及營運決策。鑑於中國網上彩票業務性質獨特，管理層於進行重新評估時須要作出重大判斷，就香港財務報告準則第10號「綜合財務報表」或香港會計準則第28號「於聯營公司及合營企業之投資」所載事宜，釐定本集團可否對中國公司行使控制權或重大影響力。董事決定，本集團並無對中國公司之控制權或重大影響力。因此，本集團繼續將中國公司確認為可供出售金融資產（附註20）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

5. REVENUE, OTHER INCOME AND OTHER GAINS/ (LOSSES), NET

Revenue represents the aggregate of income from provision of lottery machines and related services and commission income.

An analysis of the Group's revenue, other income and other gains/(losses), net for the year is as follows:

5. 收入、其他收入以及其他收益／(虧損)淨額

收入指提供彩票機及相關服務收入及佣金收入之總和。

本集團於本年度之收入、其他收入以及其他收益／(虧損)淨額分析如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|-------------------------|----------------------------------|----------------------------------|
| Revenue | 收入 | | |
| Income from provision of lottery machines and related services | 提供彩票機及相關服務收入 | 402,305 | 1,252,144 |
| Other income | 其他收入 | | |
| Interest income on bank deposits | 銀行存款利息收入 | 3,347 | 10,368 |
| Other interest income | 其他利息收入 | 6,129 | 4,086 |
| Sundry income | 雜項收入 | 13,674 | 11,923 |
| Rental income from sub-letting of rented premises | 租用物業分租之租金收入 | 4,185 | 3,845 |
| | | <u>27,335</u> | <u>30,222</u> |
| Other gains/(losses), net | 其他收益／(虧損)淨額 | | |
| Net losses on disposal of financial assets at fair value through profit or loss | 出售通過損益按公允值計量之金融資產之虧損淨額 | - | (2,060) |
| Fair value losses on financial assets at fair value through profit or loss | 通過損益按公允值計量之金融資產之公允值虧損 | (132) | (1,149) |
| Loss on redemption of convertible bonds (Note 35) | 贖回可換股債券之虧損(附註35) | - | (6,151) |
| Exchange gain | 匯兌收益 | 676 | - |
| | | <u>544</u> | <u>(9,360)</u> |
| | | <u>430,184</u> | <u>1,273,006</u> |
| Total interest income on financial assets not at fair value through profit or loss | 並非通過損益按公允值計量之金融資產之總利息收入 | <u>9,476</u> | <u>14,454</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION

The Group manages its business by divisions, which are organized by a mixture of both business lines (products and services) and geography.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, i.e. the Group's Executive Directors, for the purposes of allocating resources to segments and assessing their performance, the Group has presented lottery business as the reportable segment.

Intersegment revenue is eliminated on consolidation. Intersegment sales and transactions are conducted in accordance with the terms mutually agreed between the parties.

The Board assesses the performance of the business segments based on loss before taxation without allocation of finance income/(costs), which is consistent with those in the consolidated financial statements.

Information regarding the Group's reportable segments as provided to the Board for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 are set out below.

6. 分部資料

本集團按業務線(產品和服務)以及地區劃分分部管理其業務。

本集團按與就分部資源分配及表現評估向本集團最高級行政管理人員(即本集團執行董事)內部呈報資料方式一致之方法,呈列彩票業務為報告分部。

分部間收入於綜合入賬時對銷。分部間銷售及交易按各方相互協定之條款進行。

董事會根據除稅前虧損(未分配財務收入/(費用),有關金額與綜合財務報表內所列者一致)就評估業務分部之表現。

截至二零一七年及二零一六年十二月三十一日止年度提供予董事會以分配資源及評估分部表現之本集團報告分部之資料載列如下。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (continued)

Business Segment

(a) The segment results for the year ended 31 December 2017 and segment assets and liabilities at 31 December 2017 are as follows:

6. 分部資料(續)

業務分部

(a) 截至二零一七年十二月三十一日止年度之分部業績及於二零一七年十二月三十一日之分部資產及負債如下:

| | | As at and for the year ended 31 December 2017 於二零一七年 十二月三十一日及 截至該日止年度 Lottery business 彩票業務 HK\$'000 千港元 |
|---|-----------------------------------|---|
| Revenue | 收入 | 402,305 |
| Segment results | 分部業績 | (520,906) |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | 165,290 |
| Net unallocated expenses | 未分類開支淨額 | (164,739) |
| Loss before taxation | 除稅前虧損 | (520,355) |
| Taxation | 稅項 | (210,448) |
| Loss for the year | 年度虧損 | (730,803) |
| Assets | 資產 | |
| Segment assets | 分部資產 | 5,948,762 |
| Assets of the disposal group classified as held for sale (Note 14) | 分類為持作出售之出售組別之資產 (附註14) | 219,564 |
| Unallocated assets | 未分類資產 | 169,099 |
| Total assets | 資產總值 | 6,337,425 |
| Liabilities | 負債 | |
| Segment liabilities | 分部負債 | 172,199 |
| Liabilities directly associated with the assets of the disposal group classified as held for sale (Note 14) | 與分類為持作出售之出售組別之 資產直接相關之負債(附註14) | 120,758 |
| Unallocated liabilities | 未分類負債 | 1,102,384 |
| Total liabilities | 負債總額 | 1,395,341 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (continued)

Business Segment (continued)

(a) (continued)

The segment results for the year ended 31 December 2016 and segment assets and liabilities at 31 December 2016 are as follows:

6. 分部資料(續)

業務分部(續)

(a) (續)

截至二零一六年十二月三十一日止年度之分部業績及於二零一六年十二月三十一日之分部資產及負債如下:

| | | As at and for the year ended 31 December 2016 於二零一六年 十二月三十一日及 截至該日止年度 Lottery business 彩票業務 HK\$'000 千港元 |
|---|-----------------------------------|---|
| Revenue | 收入 | 1,252,144 |
| Segment results | 分部業績 | (104,549) |
| Net unallocated expenses | 未分類開支淨額 | (311,542) |
| Loss before taxation | 除稅前虧損 | (416,091) |
| Taxation | 稅項 | (29,898) |
| Loss for the year | 年度虧損 | (445,989) |
| Assets | 資產 | |
| Segment assets | 分部資產 | 6,584,993 |
| Assets of the disposal group classified as held for sale (Note 14) | 分類為持作出售之出售組別之資產 (附註14) | 2,295,597 |
| Unallocated assets | 未分類資產 | 231,209 |
| Total assets | 資產總值 | 9,111,799 |
| Liabilities | 負債 | |
| Segment liabilities | 分部負債 | 277,757 |
| Liabilities directly associated with the assets of the disposal group classified as held for sale (Note 14) | 與分類為持作出售之出售組別之 資產直接相關之負債(附註14) | 403,983 |
| Unallocated liabilities | 未分類負債 | 2,918,882 |
| Total liabilities | 負債總額 | 3,600,622 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (continued)

Business Segment (continued)

(b) Other segment information

6. 分部資料(續)

業務分部(續)

(b) 其他分部資料

| | | For the year ended 31 December 2017 截至二零一七年 十二月三十一日 止年度 Lottery business 彩票業務 HK\$'000 千港元 |
|---|-------------------|--|
| Other information | 其他資料 | |
| Depreciation and amortization | 折舊及攤銷 | 13,683 |
| Impairment losses on goodwill | 商譽減值虧損 | 301,283 |
| Impairment loss on available-for-sale financial asset | 可供出售金融資產減值虧損 | 67,617 |
| Allowance for impairment of trade and other receivables | 應收貿易賬款及其他應收款項減值撥備 | 132,654 |
| Capital expenditure | 資本開支 | 1,308 |
| | | For the year ended 31 December 2016 截至二零一六年 十二月三十一日 止年度 Lottery business 彩票業務 HK\$'000 千港元 |
| Other information | 其他資料 | |
| Depreciation and amortization | 折舊及攤銷 | 61,990 |
| Impairment loss on goodwill | 商譽減值虧損 | 103,923 |
| Allowance for impairment of trade and other receivables | 應收貿易賬款及其他應收款項減值撥備 | 238,467 |
| Capital expenditure | 資本開支 | 2,919 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. SEGMENT INFORMATION (continued)

Geographical Segments

In terms of geographical location, 100% of the Group's revenue is attributable to the market in the PRC.

Total non-current assets by location are as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-------------------|----------------------------------|----------------------------------|
| PRC | 中國 | 421,439 | 773,515 |
| Hong Kong | 香港 | 34,452 | 33,527 |
| | | <u>455,891</u> | <u>807,042</u> |
| Deferred tax assets | 遞延稅項資產 | 83 | 77 |
| | | <u>83</u> | <u>77</u> |
| Total non-current assets per consolidated statement of financial position | 綜合財務狀況表內所列非流動資產總值 | <u><u>455,974</u></u> | <u><u>807,119</u></u> |

Information About Major Customers

During the year, the Group had transactions with four (2016: nil) customers from lottery business who each contributed over 10% of the Group's total revenue for the year. A summary of revenue earned from each of these major customers is set out below:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|------------|-----|----------------------------------|----------------------------------|
| Customer 1 | 客戶1 | 71,098 | N/A不適用# |
| Customer 2 | 客戶2 | 67,500 | N/A不適用# |
| Customer 3 | 客戶3 | 45,000 | N/A不適用# |
| Customer 4 | 客戶4 | 44,000 | N/A不適用# |
| | | <u><u>227,598</u></u> | <u><u>N/A不適用#</u></u> |

The corresponding revenue of the related customers did not contribute over 10% of the Group's total revenue.

6. 分部資料(續)

地區分部

就地區而言，本集團100%收入源於中國市場。

按地區劃分之非流動資產總值如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-------------------|----------------------------------|----------------------------------|
| PRC | 中國 | 421,439 | 773,515 |
| Hong Kong | 香港 | 34,452 | 33,527 |
| | | <u>455,891</u> | <u>807,042</u> |
| Deferred tax assets | 遞延稅項資產 | 83 | 77 |
| | | <u>83</u> | <u>77</u> |
| Total non-current assets per consolidated statement of financial position | 綜合財務狀況表內所列非流動資產總值 | <u><u>455,974</u></u> | <u><u>807,119</u></u> |

有關主要客戶之資料

年內，本集團與彩票業務四名(二零一六年：零)各自佔本集團年內總收入10%以上之客戶進行交易。來自上述每名主要客戶之收入概要載列如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|------------|-----|----------------------------------|----------------------------------|
| Customer 1 | 客戶1 | 71,098 | N/A不適用# |
| Customer 2 | 客戶2 | 67,500 | N/A不適用# |
| Customer 3 | 客戶3 | 45,000 | N/A不適用# |
| Customer 4 | 客戶4 | 44,000 | N/A不適用# |
| | | <u><u>227,598</u></u> | <u><u>N/A不適用#</u></u> |

相關客戶之相應收入並非佔本集團總收入10%以上。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. STAFF COSTS

7. 員工成本

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|------------|----------------------------------|----------------------------------|
| Salaries, allowances and benefits in kind | 薪金、津貼及實質利益 | 69,592 | 122,855 |
| Bonuses | 花紅 | 18,214 | 14,174 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | 6,248 | 11,933 |
| Severance payments | 遣散費 | 604 | 899 |
| Social security costs | 社會保障成本 | 4,484 | 9,407 |
| Employee share option benefits | 僱員購股權福利 | - | 10,367 |
| | | <u>99,142</u> | <u>169,635</u> |

8. FINANCE COSTS

8. 財務費用

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|-------------------------|----------------------------------|----------------------------------|
| Interest on bank loans and overdrafts | 銀行貸款及透支利息 | 970 | 4,928 |
| Interest on convertible bonds (Note 35) | 可換股債券利息(附註35) | 50,158 | 126,308 |
| Acceleration of unwinding interest on convertible bonds (Note 35) | 加快可換股債券利息撥回(附註35) | 19,176 | - |
| Interest on a shareholder loan (Note 45) | 股東貸款利息(附註45) | 4,562 | 1,020 |
| Finance charges on obligations under finance leases | 融資租賃債務之財務收費 | 102 | 1 |
| | | <u>74,968</u> | <u>132,257</u> |
| Total interest expenses on financial liabilities not at fair value through profit or loss | 並非通過損益按公允值計量之金融負債之總利息開支 | <u>74,968</u> | <u>132,257</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

9. LOSS BEFORE TAXATION

9. 除稅前虧損

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|----------------------|----------------------------------|----------------------------------|
| The Group's loss before taxation is stated after charging the following: | 本集團除稅前虧損於呈列前已扣除以下各項： | | |
| Auditors' remuneration | 核數師酬金 | | |
| – audit services | – 審核服務 | 3,262 | 3,429 |
| – non-audit services | – 非審核服務 | 400 | 350 |
| – under-provision of non-audit services | – 非審核服務撥備不足 | 50 | – |
| Cost of inventories sold (Note 22(b)) | 銷售存貨之成本(附註22(b)) | 185,533 | 477,393 |
| Depreciation and amortization on | 以下項目之折舊及攤銷 | | |
| – property, plant and equipment | – 物業、廠房及設備 | | |
| – owned assets | – 自置資產 | 12,425 | 40,217 |
| – leased assets | – 租賃資產 | – | 6,084 |
| – prepaid lease payments on land use rights | – 土地使用權之預付租約付款 | 91 | 990 |
| – intangible assets | – 無形資產 | 1,488 | 14,699 |
| Exchange losses | 匯兌虧損 | – | 53,091 |
| Intangible assets written off | 無形資產撇銷 | – | 1,011 |
| Loss on disposal of property, plant and equipment, net | 出售物業、廠房及設備之虧損淨額 | 215 | 499 |
| Operating lease rentals in respect of | 以下各項之經營租賃租金 | | |
| – office premises and warehouses | – 辦公室物業及倉庫 | 13,795 | 23,096 |
| – machinery | – 機器 | 8,671 | 8,721 |
| Research and development costs | 研究及開發成本 | 37,048 | 1,449 |
| Write-down of inventories | 存貨撇減 | – | 31,085 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

10. 董事酬金

董事酬金根據香港《公司條例》第383(1)條及《公司(披露董事利益資料)規例》第2部披露如下:

| Name of Directors | 董事姓名 | Fees | Salaries, allowances and benefits in kind | Discretionary bonus | Retirement benefit scheme contributions | 2017 Total |
|--|----------------|------------|---|---------------------|---|--------------|
| | | 袍金 | 薪金、津貼及實質利益 | 酌情花紅 | 退休福利計劃供款 | 二零一七年總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Executive Directors | 執行董事 | | | | | |
| CHAN How Chung, Victor | 陳孝聰 | – | 6,709 | 1,009 | 18 | 7,736 |
| BOO Chun Lon | 巫峻龍 | 200 | – | – | – | 200 |
| Independent Non-executive Directors | 獨立非執行董事 | | | | | |
| YUEN Wai Ho | 阮煒豪 | 200 | – | – | – | 200 |
| CHOW Siu Ngor | 鄒小岳 | 200 | – | – | – | 200 |
| LEE Ka Lun | 李家麟 | 200 | – | – | – | 200 |
| | | <u>800</u> | <u>6,709</u> | <u>1,009</u> | <u>18</u> | <u>8,536</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. DIRECTORS' EMOLUMENTS (continued)

10. 董事酬金(續)

| Name of Directors | 董事姓名 | Fees | Salaries, allowances and benefits in kind | Discretionary bonus | Retirement benefit scheme contributions | Share option benefits | 2016 Total |
|--|------|------------|---|---------------------|---|-----------------------|--------------|
| | | 袍金 | 薪金、津貼及實質利益 | 酌情花紅 | 退休福利計劃供款 | 購股權福利 | 二零一六年總額 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Executive Directors 執行董事 | | | | | | | |
| CHAN How Chung, Victor | 陳孝聰 | - | 7,653 | 483 | 18 | 146 | 8,300 |
| BOO Chun Lon | 巫峻龍 | 200 | - | - | - | 146 | 346 |
| Independent Non-executive Directors 獨立非執行董事 | | | | | | | |
| YUEN Wai Ho | 阮煒豪 | 200 | - | - | - | 146 | 346 |
| CHOW Siu Ngor | 鄒小岳 | 200 | - | - | - | 146 | 346 |
| LEE Ka Lun | 李家麟 | 200 | - | - | - | 146 | 346 |
| | | <u>800</u> | <u>7,653</u> | <u>483</u> | <u>18</u> | <u>730</u> | <u>9,684</u> |

There was no arrangement under which any Director waived or agreed to waive any remuneration during the years. In addition, no remuneration was paid by the Group to any of the Directors as an inducement to join, or upon joining the Group or as compensation for loss of office (2016: HK\$Nil).

於兩個年度，並無訂立任何董事藉以放棄或同意放棄任何酬金之安排。此外，本集團並無向董事支付任何酬金作為加入本集團或加入後之獎勵或離職補償(二零一六年：零港元)。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2016: one) was a Director of the Company whose emoluments were included in the disclosures in Note 10 above. The emoluments of the remaining four (2016: four) individuals were as follows:

11. 五名最高薪酬人士

本集團五名最高薪酬人士之中包括一名(二零一六年: 一名)本公司董事, 其酬金已載於上文附註10之披露資料。其餘四名(二零一六年: 四名)人士之酬金如下:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|------------|----------------------------------|----------------------------------|
| Salaries, allowances and benefits in kind | 薪金、津貼及實質利益 | 7,924 | 5,299 |
| Retirement benefit scheme contributions | 退休福利計劃供款 | 72 | 55 |
| Employee share option benefits | 僱員購股權福利 | - | 7,884 |
| | | <u>7,996</u> | <u>13,238</u> |

Their remuneration was within the following bands:

彼等之酬金範圍如下:

| | | 2017 二零一七年 Number of employees 僱員人數 | 2016 二零一六年 Number of employees 僱員人數 |
|-------------------------------|-------------------------|---|---|
| HK\$1,000,001 – HK\$1,500,000 | 1,000,001港元至1,500,000港元 | 1 | - |
| HK\$1,500,001 – HK\$2,000,000 | 1,500,001港元至2,000,000港元 | 1 | - |
| HK\$2,000,001 – HK\$2,500,000 | 2,000,001港元至2,500,000港元 | 1 | 1 |
| HK\$2,500,001 – HK\$3,000,000 | 2,500,001港元至3,000,000港元 | 1 | 1 |
| HK\$3,000,001 – HK\$4,000,000 | 3,000,001港元至4,000,000港元 | - | 1 |
| HK\$4,000,001 – HK\$5,000,000 | 4,000,001港元至5,000,000港元 | - | 1 |
| | | <u>4</u> | <u>4</u> |

In addition to the above and Note 10, one employee was granted share options of the Company during the year ended 31 December 2016. Details of the share option scheme are set out in Note 30.

除上文及附註10所述者外, 於截至二零一六年十二月三十一日止年度, 一名僱員獲授本公司之購股權。有關購股權計劃之詳情載於附註30。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

12. TAXATION

No provision for Hong Kong profits tax is made in the consolidated financial statements as the Group has no assessable profits derived from Hong Kong during the year (2016: 16.5%).

One (2016: two) of the subsidiaries, 廣州市樂得瑞科技有限公司 (Guangzhou Latech Technology Co. Ltd.*) (2016: 廣州市樂得瑞科技有限公司 (Guangzhou Latech Technology Co. Ltd.*) and 深圳市思樂數據技術有限公司 (Shenzhen Sinodata Technology Co. Ltd.*)), of the Group's lottery business in the PRC is entitled to a preferential income tax rate of 15% as it is recognized as high technology enterprises for the year ended 31 December 2017 (2016: 15%).

In the current year, certain subsidiaries of the Group in the PRC are entitled to a preferential income tax rate of 10% (2016: 10%). The applicable income tax rate for other subsidiaries of the Group in the PRC is 25% (2016: 25%).

The amount of taxation charged to the consolidated income statement represents:

12. 稅項

由於本集團於年內並無源自香港之應課稅溢利，故並無(二零一六年：按16.5%)於綜合財務報表計提香港利得稅撥備。

本集團彩票業務旗下位於中國之一間(二零一六年：兩間)附屬公司廣州市樂得瑞科技有限公司(二零一六年：廣州市樂得瑞科技有限公司和深圳市思樂數據技術有限公司)享有15%(二零一六年：15%)優惠所得稅率，原因為該公司於截至二零一七年十二月三十一日止年度被認定為高新技術企業。

於本年度，本集團若干中國附屬公司享有10%(二零一六年：10%)之優惠所得稅率。本集團其他中國附屬公司之適用所得稅率為25%(二零一六年：25%)。

於綜合收益表內扣除之稅項款額指：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|------------------------|----------------------------------|----------------------------------|
| Current tax: | 當期稅項： | | |
| Hong Kong profits tax | 香港利得稅 | - | 765 |
| PRC income tax on disposal of subsidiaries (Note 41) | 出售附屬公司之中國所得稅(附註41) | 215,200 | - |
| PRC income tax | 中國所得稅 | 4 | 32,804 |
| (Over)/under-provision in respect of previous years, net | 過往年度(超額撥備)/撥備不足，淨額 | (5,234) | (1,707) |
| | | <u>209,970</u> | <u>31,862</u> |
| Deferred tax: | 遞延稅項： | | |
| Deferred taxation relating to the origination and reversal of temporary differences (Note 21) | 有關產生及撥回暫時差異之遞延稅項(附註21) | 478 | (1,964) |
| | | <u>478</u> | <u>(1,964)</u> |
| Taxation charge | 稅項支出 | <u>210,448</u> | <u>29,898</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

12. TAXATION (continued)

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the domestic taxation rates applicable to loss of the consolidated companies as follows:

12. 稅項(續)

本集團除稅前虧損之稅項與理論上之數額(以適用於綜合入賬公司虧損之本地稅率計算)之差額如下:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------------------------|----------------------------------|----------------------------------|
| Loss before taxation | 除稅前虧損 | (520,355) | (416,091) |
| Taxation at the domestic income tax rate of 16.5% (2016:16.5%) | 按本地所得稅率16.5% (二零一六年:16.5%)計算之稅項 | (85,859) | (68,655) |
| Tax effect of income not subject to taxation | 毋須課稅收入之稅項影響 | (3,674) | (3,074) |
| Tax effect of expenses not deductible for taxation purposes | 不可扣稅開支之稅項影響 | 111,652 | 153,324 |
| Tax effect of utilization of tax losses | 動用稅項虧損之稅項影響 | (175) | (4,156) |
| Tax effect of temporary differences not recognized | 未確認暫時差異之稅項影響 | 806 | 4,882 |
| Tax effect of tax losses not recognized | 未確認稅項虧損之稅項影響 | 3,333 | 7,276 |
| Tax effect of share of losses/(profits) of joint ventures | 分佔合營企業虧損/(溢利)之稅項影響 | 1,034 | (71) |
| PRC income tax on disposal of subsidiaries | 出售附屬公司之中國所得稅 | 215,200 | - |
| Effect of tax exemptions granted to the PRC subsidiaries | 中國附屬公司獲授稅項豁免之影響 | (27,039) | (55,252) |
| Over-provision of current tax in previous year | 上一年度當期稅項超額撥備 | (5,234) | (1,707) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 於其他司法權區經營之附屬公司之不同稅率影響 | 404 | (2,669) |
| Taxation charge | 稅項支出 | <u>210,448</u> | <u>29,898</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

13. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to equity shareholders of the Company for the year divided by the weighted average number of shares in issue during the year.

13. 每股虧損

(a) 每股基本虧損

每股基本虧損乃按本公司權益股東應佔本集團年度虧損除以年內已發行股份之加權平均數計算。

| | | 2017 二零一七年 | 2016 二零一六年 |
|---|------------------------|---------------------|---------------------|
| Loss attributable to equity shareholders of the Company (in thousand HKD) | 本公司權益股東應佔虧損(千港元) | <u>(704,265)</u> | <u>(393,007)</u> |
| | | | (Adjusted) (經調整) |
| Weighted average number of ordinary shares in issue (in thousand): | 已發行普通股之加權平均數(千股): | | |
| Issued ordinary shares at 1 January | 於一月一日之已發行普通股 | 10,156,247 | 10,110,674 |
| Effect of share options exercised | 已行使購股權之影響 | - | 9,657 |
| | | <u>10,156,247</u> | <u>10,120,331</u> |
| Weighted average number of ordinary shares at 31 December (in thousand) | 於十二月三十一日之普通股之加權平均數(千股) | <u>10,156,247</u> | <u>10,120,331</u> |
| Basic loss per share | 每股基本虧損 | <u>(6.93) cents</u> | <u>(3.88) cents</u> |

The basic and diluted loss per share for current and prior reporting periods have been adjusted as a result of rights issue completed on 20 March 2018 as set out in Note 49(a) to the consolidated financial statements.

由於供股已於二零一八年三月二十日完成(參閱綜合財務報表附註49(a))，故本報告期及過往報告期之每股基本及攤薄虧損已經調整。

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the convertible note and the Company's share options, since their conversion and exercise would result in an anti-dilutive effect on loss per share during the years ended 31 December 2017 and 2016.

(b) 每股攤薄虧損

於截至二零一七年及二零一六年十二月三十一日止年度，由於轉換可換股票據及行使本公司之購股權對每股虧損有反攤薄影響，故計算每股攤薄虧損時並無假設可換股票據及本公司之購股權獲行使，因此每股攤薄虧損與每股基本虧損相同。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. ASSETS/LIABILITIES OF THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

1. On 4 January 2016, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (as supplemented and amended on 23 February 2016 and 2 August 2016) (the "Sale and Purchase Agreement") with a related party, Sunjet Investments Limited ("Sunjet"), in which a director (also a substantial shareholder) of the Company has beneficial interest, for the disposal of entire interests in Multi Glory Limited ("Multi Glory") and the loan due from Multi Glory to the Group for a cash consideration of HK\$2,150,000,000 (the "Disposal"). Restructuring (the "Restructuring") was carried out to put the Sinodata Group (as defined below) in place before completion of the Disposal. After the Restructuring, Multi Glory, through certain wholly-owned subsidiaries, held 100% interest in 深圳市思樂數據技術有限公司 (Shenzhen Sinodata Technology Co. Ltd.*) and its certain wholly-owned/non-wholly-owned subsidiaries (hereinafter collectively referred to as the "Sinodata Group"). The principal activities of the Sinodata Group are design and provision of lottery systems and equipment for lottery in the PRC for traditional Welfare Computer Ticket Games operations. The Disposal was completed in February 2017. As a result of the completion of the Disposal, the Sinodata Group ceased to be subsidiaries of the Company (Note 41). Further details are set out in the Company's announcements dated 5 January 2016, 23 February 2016, 29 March 2016, 29 April 2016, 19 May 2016, 27 July 2016, 2 August 2016, 9 January 2017, 27 January 2017 and 14 February 2017 respectively and circulars dated 29 February 2016 and 30 September 2016.
2. On 28 December 2017, a wholly-owned subsidiary of the Company, Huge Top Enterprises Inc. ("Huge Top") entered into a memorandum of understanding with an independent third party (the "Buyer"), for the disposal of entire equity interests in Pentium Win Limited, Jertford Development Limited, Global Essence Technology Limited, Joson Limited, Luxjoy Overseas Limited, Hilson Gold Limited, 深圳市天脈信息諮詢有限公司, 深圳卓訊隆科技有限公司 and 深圳市金帆軟件技術有限公司 (Shenzhen Kingsail Software Tech Co., Ltd.*) (hereinafter collectively referred to the "Kingsail Group") for a cash consideration to be further negotiated with the Buyer.

14. 分類為持作出售之出售組別之資產／負債

1. 於二零一六年一月四日，本公司一間全資附屬公司與關聯方Sunjet Investments Limited (「Sunjet」) (一名身兼本公司主要股東之董事擁有其真實益權益) 訂立一份買賣協議 (於二零一六年二月二十三日及二零一六年八月二日補充及修訂) (「買賣協議」)，以出售Multi Glory Limited (「Multi Glory」) 之全部權益及Multi Glory結欠本集團之貸款，現金代價為2,150,000,000港元 (「出售事項」)。重組 (「重組」) 已於出售事項完成前進行，以使思樂集團 (定義見下文) 成立。於重組後，Multi Glory透過若干全資附屬公司持有深圳市思樂數據技術有限公司及其若干全資／非全資附屬公司 (下文統稱「思樂集團」) 之100%權益。思樂集團之主要業務為於中國為傳統福彩電腦票營運進行彩票設計及提供彩票系統及設備業務。出售事項已於二零一七年二月完成。由於出售事項完成，思樂集團已不再為本公司之附屬公司 (附註41)。進一步詳情載於本公司日期分別為二零一六年一月五日、二零一六年二月二十三日、二零一六年三月二十九日、二零一六年四月二十九日、二零一六年五月十九日、二零一六年七月二十七日、二零一六年八月二日、二零一七年一月九日、二零一七年一月二十七日及二零一七年二月十四日之公布以及日期為二零一六年二月二十九日及二零一六年九月三十日之通函。
2. 於二零一七年十二月二十八日，本公司之全資附屬公司Huge Top Enterprises Inc. (「Huge Top」) 與一名獨立第三方 (「買家」) 訂立一份諒解備忘錄，以出售於Pentium Win Limited、Jertford Development Limited、朗逸科技有限公司、緯迅有限公司、Luxjoy Overseas Limited、Hilson Gold Limited、深圳市天脈信息諮詢有限公司、深圳卓訊隆科技有限公司及深圳市金帆軟件技術有限公司 (以下統稱「金帆集團」) 之全部股權，現金代價將與買家進一步磋商。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. ASSETS/LIABILITIES OF THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

2. (continued)

Upon completion of the disposal of Kingsail Group, it is estimated that the proceeds on the disposal of Kingsail Group would close to or exceed the carrying amount of the net assets of the Kingsail Group, and accordingly, no impairment loss has been recognized on the net assets which were classified as assets held for sale as at the end of the reporting period.

The results of the Sinodata Group and Kingsail Group classified as held for sale that are included in the consolidated income statement are shown as below:

14. 分類為持作出售之出售組別之資產／負債 (續)

2. (續)

於出售金帆集團完成後，估計出售金帆集團之所得款項將會接近或超出金帆集團淨資產之賬面值，故並無就於報告期末分類為持作出售資產之有關淨資產確認任何減值虧損。

計入綜合收益表之分類為持作出售之思樂集團及金帆集團之業績列示如下：

| | | 2017 二零一七年 Sinodata Group 思樂集團 HK\$'000 千港元 | 2017 二零一七年 Kingsail Group 金帆集團 HK\$'000 千港元 | 2017 二零一七年 Total 合計 HK\$'000 千港元 | 2016 二零一六年 Sinodata Group 思樂集團 HK\$'000 千港元 |
|--|-------------------|---|---|---|---|
| (Loss)/profit for the year: | 年度(虧損)/溢利: | | | | |
| Revenue | 收入 | 35,830 | - | 35,830 | 486,643 |
| Cost of sales/services rendered | 銷售/提供服務之成本 | (21,061) | - | (21,061) | (214,004) |
| Other income and other gains/(losses), net | 其他收入以及其他收益/(虧損)淨額 | 1 | 3,316 | 3,317 | 11,315 |
| Selling and distribution expenses | 銷售及分銷費用 | (1,297) | - | (1,297) | (21,009) |
| Administrative expenses | 行政費用 | (15,892) | (7,222) | (23,114) | (126,772) |
| Operating (loss)/profit | 經營(虧損)/溢利 | (2,419) | (3,906) | (6,325) | 136,173 |
| Finance costs | 財務費用 | (647) | - | (647) | (3,859) |
| (Loss)/profit before taxation | 除稅前(虧損)/溢利 | (3,066) | (3,906) | (6,972) | 132,314 |
| Taxation | 稅項 | 3,295 | (326) | 2,969 | (22,300) |
| (Loss)/profit for the year | 年度(虧損)/溢利 | 229 | (4,232) | (4,003) | 110,014 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. ASSETS/LIABILITIES OF THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets and liabilities of the Sinodata Group and Kingsail Group classified as held for sale as at 31 December are as follows:

14. 分類為持作出售之出售組別之資產／負債 (續)

於十二月三十一日分類為持作出售之思樂集團及金帆集團之資產及負債主要類別如下：

| | | 2017 二零一七年 Kingsail Group 金帆集團 HK\$'000 千港元 | 2016 二零一六年 Sinodata Group 思樂集團 HK\$'000 千港元 |
|---|-------------------------|---|---|
| Assets | 資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | - | 117,459 |
| Prepaid lease payments on land use rights | 土地使用權之預付租約付款 | - | 41,853 |
| Goodwill | 商譽 | - | 1,026,795 |
| Intangible assets | 無形資產 | - | 22,054 |
| Deposit for acquisition of leasehold building | 收購租賃樓宇之按金 | - | 169,511 |
| Deferred tax assets | 遞延稅項資產 | - | 5,963 |
| Inventories | 存貨 | - | 98,474 |
| Trade receivables | 應收貿易賬款 | - | 84,692 |
| Amount due from related parties | 應收關聯方款項 | 1,147 | - |
| Utility and other deposits | 公用事業及其他按金 | - | 103,393 |
| Prepayments and other receivables | 預繳款項及其他應收款項 | 218,217 | 525,317 |
| Cash and bank balances (Note 27) | 現金及銀行結餘(附註27) | 200 | 100,086 |
| | | <hr/> | <hr/> |
| Assets of the disposal group classified as held for sale | 分類為持作出售之出售組別之資產 | 219,564 | 2,295,597 |
| | | <hr/> | <hr/> |
| Liabilities | 負債 | | |
| Trade payables | 應付貿易賬款 | - | (44,397) |
| Other payables and accruals | 其他應付款項及應計款項 | (1,758) | (202,759) |
| Bank borrowings | 銀行借貸 | - | (137,456) |
| Current tax liabilities | 當期稅項負債 | - | (18,731) |
| Deferred tax liabilities (Note 21(a)) | 遞延稅項負債(附註21(a)) | (119,000) | (640) |
| | | <hr/> | <hr/> |
| Liabilities directly associated with the assets of the disposal group classified as held for sale | 與分類為持作出售之出售組別之資產直接相關之負債 | (120,758) | (403,983) |
| | | <hr/> | <hr/> |
| Net assets of the disposal group classified as held for sale | 分類為持作出售之出售組別之淨資產 | 98,806 | 1,891,614 |
| | | <hr/> <hr/> | <hr/> <hr/> |

At 31 December 2016, bank loans of approximately HK\$55,556,000 in Sinodata Group were secured on leasehold buildings and land use rights in the PRC for the carrying values of approximately HK\$16,689,000 and HK\$26,678,000 respectively.

At 31 December 2016, a Company's director, Mr. Chan How Chung, Victor ("Mr. Chan") had given personal guarantee in respect of bank borrowings of HK\$81,900,000 for Sinodata Group.

於二零一六年十二月三十一日，思樂集團約55,556,000港元之銀行貸款以賬面值分別約為16,689,000港元及26,678,000港元之中國租賃樓宇及土地使用權作抵押。

於二零一六年十二月三十一日，本公司董事陳孝聰先生(「陳先生」)已就思樂集團的銀行借貸81,900,000港元提供個人擔保。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

| | | Leasehold buildings in the PRC erected on long term lease 按長期租賃 於中國建設之 租賃樓宇 HK\$'000 千港元 | Leasehold improvements 租賃物業 裝修 HK\$'000 千港元 | Lottery machines 彩票機 HK\$'000 千港元 | Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元 | Plant and machinery 廠房及 機器 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
|---|-----------------------------|--|--|---|--|--|--|--------------------------------|
| Cost | 成本 | | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 2,771 | 20,202 | 338 | 20,511 | 121,862 | 5,788 | 171,472 |
| Exchange realignment | 外匯調整 | - | (574) | (4) | (1,127) | (5,359) | (280) | (7,344) |
| Additions | 添置 | - | 704 | - | 893 | 896 | 426 | 2,919 |
| Disposals and written off | 出售及撇銷 | - | (6,168) | (334) | (3,343) | (3,103) | (942) | (13,890) |
| | | | | | | | | |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 2,771 | 14,164 | - | 16,934 | 114,296 | 4,992 | 153,157 |
| Exchange realignment | 外匯調整 | - | 398 | - | 1,128 | 5,697 | 305 | 7,528 |
| Additions | 添置 | - | 763 | - | 545 | - | - | 1,308 |
| Disposals and written off | 出售及撇銷 | - | (2,249) | - | (1,144) | (4) | - | (3,397) |
| | | | | | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,771 | 13,076 | - | 17,463 | 119,989 | 5,297 | 158,596 |
| Accumulated depreciation | 累計折舊 | | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 150 | 17,299 | - | 16,604 | 73,994 | 4,154 | 112,201 |
| Exchange realignment | 外匯調整 | - | (434) | - | (918) | (2,494) | (218) | (4,064) |
| Charge for the year | 本年度支出 | 93 | 1,472 | - | 1,383 | 7,517 | 634 | 11,099 |
| Disposals and written off | 出售及撇銷 | - | (6,168) | - | (3,418) | (2,383) | (743) | (12,712) |
| | | | | | | | | |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 243 | 12,169 | - | 13,651 | 76,634 | 3,827 | 106,524 |
| Exchange realignment | 外匯調整 | - | 265 | - | 956 | 3,068 | 245 | 4,534 |
| Charge for the year | 本年度支出 | 92 | 569 | - | 1,086 | 7,457 | 363 | 9,567 |
| Disposals and written off | 出售及撇銷 | - | (2,249) | - | (912) | (4) | - | (3,165) |
| | | | | | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 335 | 10,754 | - | 14,781 | 87,155 | 4,435 | 117,460 |
| Net book value | 賬面淨值 | | | | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,436 | 2,322 | - | 2,682 | 32,834 | 862 | 41,136 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 2,528 | 1,995 | - | 3,283 | 37,662 | 1,165 | 46,633 |

Plant and machinery with carrying value of HK\$Nil (2016: HK\$31,288,000) are held under a sales and leaseback agreement (Note 36).

賬面值為零港元(二零一六年: 31,288,000港元)之廠房及機器根據售後租回協議持有(附註36)。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

16. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

16. 土地使用權之預付租約付款

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------------------|---------------|----------------------------------|----------------------------------|
| Cost | 成本 | | |
| At 1 January and 31 December | 於一月一日及十二月三十一日 | 755 | 755 |
| Accumulated amortization | 累計攤銷 | | |
| At 1 January | 於一月一日 | 32 | 20 |
| Amortization for the year | 年度攤銷 | 13 | 12 |
| At 31 December | 於十二月三十一日 | 45 | 32 |
| Net book value | 賬面淨值 | | |
| At 31 December | 於十二月三十一日 | 710 | 723 |

The Group's interest in leasehold land and land use rights is outside Hong Kong with long term lease.

本集團於租賃土地及土地使用權之權益位於香港以外地區，並根據長期租賃持有。

17. GOODWILL

17. 商譽

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------------------------------------|---------------|----------------------------------|----------------------------------|
| Cost | 成本 | | |
| At 1 January and 31 December | 於一月一日及十二月三十一日 | 1,293,057 | 1,293,057 |
| Accumulated impairment losses | 累計減值虧損 | | |
| At 1 January | 於一月一日 | 991,774 | 887,851 |
| Impairment losses | 減值虧損 | 301,283 | 103,923 |
| At 31 December | 於十二月三十一日 | 1,293,057 | 991,774 |
| Carrying value at 31 December | 於十二月三十一日之賬面值 | - | 301,283 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. GOODWILL (continued)

The carrying amount of goodwill represents the goodwill arising from acquisition of investments in lottery business and is included in the lottery business segment. The carrying amount of goodwill was allocated to groups of cash-generating units as follows:

Multiple units without significant goodwill 並無重大商譽之多個單位

In accordance with the Group's accounting policies, the Group has assessed the recoverable amount of goodwill arising from acquisition of investments in lottery business by reference to the higher of cash-generating units' value in use and fair value less costs of disposal and determined the impairment for the cash-generating units mentioned below. The calculations of value in use require the use of cash flow projections based on financial budgets approved by the management covering the operation periods of 5 years (2016: 5 years) or contractual periods of 9 years (2016: 10 years) with pre-tax discount rates ranging from 17.80% to 22.24% (2016: 18.23% to 18.95%) per annum. The discount rates used reflect specific risks relating to the businesses and the terminal value growth rate of 3% (2016: 3%) is in line with the forecasts adopted by the lottery industry.

The management believed that the projected cash flows based on financial budgets/forecasts for periods by 5 or 9 years (2016: 5 or 10 years) are reliable.

17. 商譽(續)

商譽之賬面值指收購於彩票業務之投資所產生之商譽，計入彩票業務分部。商譽賬面值乃按下列方式分配至現金產生單位組別：

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Multiple units without significant goodwill | - | 301,283 |

按照本集團之會計政策，本集團已參照現金產生單位之使用價值與公允值減出售成本（以較高者為準）評估因收購於彩票業務之投資所產生商譽之可收回金額，並釐定下述該現金產生單位之減值。計算使用價值時，須按照經管理層批准並涵蓋五年（二零一六年：五年）營運期或九年（二零一六年：十年）合約期之財務預算，並按每年介乎17.80%至22.24%（二零一六年：18.23%至18.95%）之除稅前貼現率進行現金流量預測。所使用之貼現率反映與業務有關之特定風險，而3%（二零一六年：3%）之永久增長率乃符合彩票行業所採用之預測。

管理層相信，根據五年或九年期（二零一六年：五年或十年期）財務預算／預測計算之預測現金流量實屬可靠。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. GOODWILL (continued)

(i) Year ended 31 December 2017

a. *Impairment in relation to lottery machine production business unit*

The overall operating environment of the market for lottery machine production has been worsening since 2016. For the financial year ended 31 December 2017, the performance of this business unit was unsatisfactory due to the continuous slowdown in equipment replacement cycle, keen market competition and strong pricing pressure. This business unit recorded a decline in total number of units sold, average unit price and profit margins during the year under review.

The Company engaged an independent valuer to prepare a valuation of this business unit. The independent valuer determined the recoverable amount by calculating the value in use of this business unit based on the budget prepared and approved by the management, applying the discounted cash flow valuation method. It applied a pre-tax discount rate of 17.80% per annum and the terminal value growth rate of 3%.

For the purposes of the valuation, the management prepared financial budgets for 2018 to 2023 based on (i) the market conditions and performance of this business unit in 2017 and (ii) the expected market trend. Due to the difficult operating environment in 2017, the projected cash flow forecasted to be generated from this business unit was lower than that forecasted in previous years and this in turn affected the recoverable amount of this business unit. The Company recognized full impairment loss on goodwill of approximately HK\$185,505,000.

17. 商譽(續)

(i) 截至二零一七年十二月三十一日止年度

a. 關於彩票機生產業務單位之減值

彩票機生產市場整體經營環境自二零一六年以來一直轉差。截至二零一七年十二月三十一日止財政年度，由於設備重置週期持續減慢，市場競爭激烈及定價壓力加深，故此業務單位之表現未如理想。此業務單位於回顧年內之已出售單位總數、平均單位價格及利潤率均錄得下跌。

本公司已委聘一名獨立估值師編製此業務單位之估值。該獨立估值師已透過應用貼現現金流量估值法，基於管理層編製及批准之預算計算此業務單位之使用價值，以釐定可收回金額。該估值師已應用每年17.80%之稅前貼現率及3%之永久價值增長率。

就估值而言，管理層已基於(i)二零一七年之市況及此業務單位表現；及(ii)預期市場趨勢編製二零一八年至二零二三年之財政預算。由於二零一七年經營環境困難，故此業務單位將產生之推算現金流量預測低於過往年度之預測，繼而影響此業務單位之可收回金額。本公司已確認全數商譽減值虧損約185,505,000港元。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. GOODWILL (continued)

(i) Year ended 31 December 2017 (continued)

b. Impairment in relation to Scratch Cards printing business unit

The national Welfare Scratch Cards sales dropped for the third year in a row in 2017. The year-on-year decrease in national Welfare Scratch Cards sales further widened from 8.4% in 2016 to 15.3% in 2017. National Welfare Scratch Cards sales in 2017 had decreased by approximately RMB3.65 billion compared to that in 2015. The performance of the Group's Scratch Cards printing business unit was affected by the unsatisfactory performance of the national Welfare scratch cards market.

In the impairment review on goodwill attributable to this business unit, the Company engaged an independent valuer to prepare a valuation of this business unit. The independent valuer calculated the value in use of this business unit based on the budget prepared and approved by the management, applying the discounted cash flow method. It applied a pre-tax discount rate of 22.24%.

The management prepared a financial budget for this business unit for nine years, up to 2026 as the Group has the printing contract which is valid until 2026. As a result of the further deterioration of the Scratch Cards market in 2017, the projected cashflow forecasted to be generated from this business unit was lower than that forecasted in previous year. This led to a decrease in the recoverable amount. The Company recognized full impairment loss on goodwill of approximately HK\$108,826,000 of this business unit.

17. 商譽(續)

(i) 截至二零一七年十二月三十一日止年度(續)

b. 關於即開票印刷業務單位之減值

全國福彩即開票銷售額於二零一七年連續第三年下跌。全國福彩即開票銷售額按年跌幅由二零一六年之8.4%擴大至二零一七年之15.3%。二零一七年之全國即開票銷售額較二零一五年減少約人民幣36億5千萬。全國福彩即開票市場表現未如理想影響本集團即開票印刷業務單位之表現。

在此業務單位應佔商譽之減值檢討中，本公司已委聘一名獨立估值師編製此業務單位之估值。該名獨立估值師已應用貼現現金流量法，基於管理層編製及批准之預算計算此業務單位之使用價值。該估值師已應用22.24%之稅前貼現率。

鑑於本集團已訂立之印刷合約有效期至二零二六年為止，管理層已為此業務單位編製直至二零二六年止之九年財政預算。由於即開票市場於二零一七年進一步轉差，故此業務單位將產生之推算現金流量預測遠低於過往年度之預測，導致可收回金額下跌。本公司已確認此業務單位之全數商譽減值虧損約108,826,000港元。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. GOODWILL (continued)

(i) Year ended 31 December 2017 (continued)

c. *Impairment in relation to Sports video lottery business unit*

The Sports video lottery business unit commenced business in 2015, and is engaged in the provision of Sports video lottery terminals and related services.

The performance of this business unit did not grow as expected during the financial year ended 31 December 2017 and recorded a loss. This was due to the unfavorable operating environment of the PRC lottery market since last year, the slowdown of the Sports video lottery market and the increase in operating costs.

The Company considered these factors in the impairment review of the goodwill attributable to this business unit and forecasted that its performance would continue to be unsatisfactory in the coming years. The Company considered that it is appropriate to recognize full impairment loss on the goodwill of approximately HK\$6,952,000 attributable to this business unit.

(ii) Year ended 31 December 2016

One of the Group's cash-generating units which was principally engaged in lottery distribution and marketing service was fully impaired. During the year, a material contract related to lottery distribution with a lottery center expired without renewal which aggravated its business performance. Accordingly, full impairment loss on goodwill of HK\$103,923,000 was recognized.

The values assigned to the key assumptions represent management's assessment of future trends in the lottery industry and are based on historical data from both external and internal sources.

17. 商譽(續)

(i) 截至二零一七年十二月三十一日止年度(續)

c. 關於體育視頻彩票業務單位之減值

體育視頻彩票業務單位於二零一五年開展業務，從事提供體育視頻彩票終端及相關服務。

於截至二零一七年十二月三十一日止財政年度，此業務單位之表現未能達到預期增長並錄得虧損。此乃由於中國彩票市場經營環境自去年開始不景氣，體育視頻彩票市場放緩，以及營運成本增加所致。

本公司於就此業務單位應佔商譽進行減值檢討時已考慮該等因素，並預測其表現於未來數年應持續不景氣。本公司認為，就此業務單位確認全數商譽減值虧損約6,952,000港元實屬恰當。

(ii) 截至二零一六年十二月三十一日止年度

本集團其中一個主要從事彩票配送及市場服務之現金產生單位已全數減值。年內，與一個彩票中心訂立之重大彩票配送合約已屆滿及未有重續，令其業績惡化。因此，本集團已確認商譽全數減值虧損103,923,000港元。

分配至主要假設之價值乃管理層對彩票業未來趨勢之評估，並以外部及內部資料來源之歷史數據為基準。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. INTANGIBLE ASSETS

18. 無形資產

| | | Computer software 電腦軟件 HK\$'000 千港元 |
|--|-----------------------------|---|
| Cost | 成本 | |
| At 1 January 2016 | 於二零一六年一月一日 | 5,113 |
| Exchange realignment | 外匯調整 | (274) |
| Written off | 撇銷 | (1,519) |
| | | <hr/> |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 3,320 |
| Exchange realignment | 外匯調整 | 255 |
| | | <hr/> |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 3,575 |
| | | <hr/> |
| Accumulated amortization | 累計攤銷 | |
| At 1 January 2016 | 於二零一六年一月一日 | 3,193 |
| Exchange realignment | 外匯調整 | (213) |
| Charge for the year | 本年度支出 | 517 |
| Written back on write off | 因撇銷而撥回 | (508) |
| | | <hr/> |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 2,989 |
| Exchange realignment | 外匯調整 | 241 |
| Charge for the year | 本年度支出 | 345 |
| | | <hr/> |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 3,575 |
| | | <hr/> |
| Net book value | 賬面淨值 | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | - |
| | | <hr/> <hr/> |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 331 |
| | | <hr/> <hr/> |

Computer software of carrying value of HK\$Nil (2016: HK\$331,000) is the intangible assets acquired and possessed by the lottery business. The intangible assets have definite useful lives and are amortized over their estimated useful lives of 10 years (2016: 10 years).

賬面值零港元(二零一六年: 331,000港元)之電腦軟件為彩票業務所收購及擁有之無形資產。該無形資產具備確定可用年限, 並按估計可用年限十年(二零一六年: 十年)攤銷。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INTERESTS IN JOINT VENTURES

19. 於合營企業之權益

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|--------------------|----------------------------------|----------------------------------|
| Share of net assets of joint ventures: | 分佔合營企業資產淨值： | | |
| Balance as at 1 January | 於一月一日之結餘 | 169,266 | 377,614 |
| Impairment loss on goodwill | 商譽減值虧損 | - | (122,396) |
| Share of losses of joint ventures | 分佔合營企業虧損 | (6,254) | (65,195) |
| Share of other comprehensive income/(expense) of joint ventures | 分佔合營企業之其他全面收益／(開支) | 9,208 | (9,207) |
| Dividend received | 已收股息 | - | (11,550) |
| | | <u>172,220</u> | <u>169,266</u> |
| Balance as at 31 December | 於十二月三十一日之結餘 | <u>172,220</u> | <u>169,266</u> |
| Unlisted shares, at cost | 非上市股份，按成本 | <u>269,077</u> | <u>269,077</u> |
| Amount due from a joint venture | 應收一間合營企業款項 | <u>2,393</u> | - |
| Amount due to a joint venture | 應付一間合營企業款項 | <u>66,552</u> | <u>46,195</u> |

(a) For the year ended 31 December 2016, full impairment losses of goodwill and intangible assets with carrying value amounting to approximately HK\$122,396,000 and approximately HK\$58,823,000 respectively included in the interests in joint ventures were recognized in profit or loss due to the keen market competition and unfavorable operating environment in scratch card market. The carrying amounts of the interests in joint ventures exceeded their recoverable amounts of approximately HK\$170,000,000. Pre-tax discount rate of 18.32% and terminal value growth rate of 3% had been used in the calculation of the value in use of the interests in joint ventures.

(b) The amounts due from/to joint ventures are unsecured, interest free and have no fixed terms of repayment/settlement. In the opinion of the Directors, the amounts due would not likely be recovered/repaid in the following year and are therefore shown as non-current.

(a) 截至二零一六年十二月三十一日止年度，由於即開票市場之市場競爭激烈及經營環境欠佳，於合營企業之權益賬面值超逾其可收回金額約170,000,000港元，故於合營企業之權益內賬面值分別為約122,396,000港元及約58,823,000港元之商譽及無形資產已全數計提減值虧損，並於損益內確認。於計算於合營企業之權益之使用價值時，乃按除稅前貼現率18.32%及持續增長率3%計算。

(b) 應收／付合營企業款項為無抵押、免息及並無指定還款／結算期。董事認為，應收／付款項不大可能於來年收回／償還，因此列作非流動。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INTERESTS IN JOINT VENTURES (continued)

Details of the Group's interests in joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

19. 於合營企業之權益(續)

於綜合財務報表內以權益法入賬之本集團於合營企業之權益詳情如下:

| Name | Place of incorporation/ registration | Principal activities and place of operation | Particulars of issued/registered and paid up capital | Effective interest held |
|---|---|---|---|----------------------------|
| 名稱 | 註冊成立/ 註冊地點 | 主要業務及 營業地點 | 已發行/註冊及 已繳足股本/資本 詳情 | 所持實際權益 |
| Happy Sun Technologies Ltd. | British Virgin Islands 英屬處女群島 | Investment holding in the PRC 於中國進行投資控股 | 4 ordinary shares of US\$1 each 4股每股面值1美元 之普通股 | 50% |
| Success Trader Technologies Limited 誠業科技有限公司 | Hong Kong 香港 | Investment holding in the PRC 於中國進行投資控股 | Ordinary shares of HK\$10,000 10,000港元之普通股 | 50% |
| 誠業利邦科技發展(深圳)有限公司 | PRC 中國 | Investment holding in the PRC 於中國進行投資控股 | US\$12,000,000 12,000,000美元 | 50% |
| 深圳樂利科技發展有限公司 | PRC 中國 | Investment holding in the PRC 於中國進行投資控股 | RMB54,606,000 人民幣54,606,000元 | 50% |
| 北京戈德利邦科技有限公司 (Beijing Guard Libang Technology Co, Ltd.*) | PRC 中國 | Provision of systems and equipments in the lottery market in the PRC 於中國彩票市場提供 系統及設備 | RMB89,180,000 人民幣89,180,000元 | 50% |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INTERESTS IN JOINT VENTURES (continued)

The Group's share of the results of its joint ventures (in aggregate for all individually insignificant joint ventures), its aggregated assets and liabilities, are as follows:

19. 於合營企業之權益(續)

本集團分佔其合營企業(所有個別不屬重大之合營企業總計)之業績、總資產及負債如下:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Group's effective interest | 本集團之實際權益 | 50% | 50% |
| Revenue | 收入 | 113,998 | 112,389 |
| Impairment loss on goodwill | 商譽減值虧損 | - | (122,396) |
| Impairment loss on intangible assets | 無形資產減值虧損 | - | (58,823) |
| Loss from continuing operations | 來自持續經營業務之虧損 | (12,509) | (130,391) |
| Other comprehensive income/(expense) | 其他全面收益/(開支) | 18,416 | (18,413) |
| Total comprehensive income/(expense) | 全面收益/(開支)總額 | 5,907 | (148,804) |
| Group's share of total comprehensive income/(expense) | 本集團分佔全面收益/(開支)總額 | 2,954 | (74,402) |
| Dividend received from a joint venture | 已收一間合營企業股息 | - | 11,550 |
| Non-current assets | 非流動資產 | 117,725 | 155,515 |
| Current assets | 流動資產 | 261,871 | 197,106 |
| Current liabilities | 流動負債 | 35,156 | 14,089 |
| Equity | 權益 | 344,440 | 338,532 |
| Group's share of joint ventures' equity | 本集團分佔合營企業權益 | <u>172,220</u> | <u>169,266</u> |
| Carrying amount in the consolidated financial statements | 於綜合財務報表內之賬面值 | <u>172,220</u> | <u>169,266</u> |

There are no contingent liabilities relating to the Group's interests in the joint ventures, and no contingent liabilities of the joint ventures themselves.

並無有關本集團於合營企業之權益之或然負債，合營企業本身亦無或然負債。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. INTERESTS IN JOINT VENTURES (continued)

At 31 December 2017, the Group's share of joint ventures' future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------------------|-------|----------------------------------|----------------------------------|
| Land and buildings | 土地及樓宇 | | |
| Within one year | 一年內 | <u>31</u> | <u>426</u> |

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

19. 於合營企業之權益(續)

於二零一七年十二月三十一日，本集團分佔合營企業根據不可撤銷經營租賃應付之未來最低租約付款總額如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Unlisted investments, at cost | 非上市投資，按成本 | | |
| Balance at 1 January | 於一月一日之結餘 | 288,806 | 307,810 |
| Exchange realignment | 外匯調整 | 17,318 | (18,255) |
| Addition (Note (a)) | 添置(附註(a)) | <u>925</u> | <u>556</u> |
| | | 307,049 | 290,111 |
| Less: Investment refund | 減：投資退款 | <u>-</u> | <u>(1,305)</u> |
| | | 307,049 | 288,806 |
| Impairment loss recognized for the year (Note (b)) | 年內確認之減值虧損(附註(b)) | <u>(67,617)</u> | <u>-</u> |
| Balance at 31 December | 於十二月三十一日之結餘 | <u>239,432</u> | <u>288,806</u> |

20. 可供出售金融資產

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Unlisted investments, at cost | 非上市投資，按成本 | | |
| Balance at 1 January | 於一月一日之結餘 | 288,806 | 307,810 |
| Exchange realignment | 外匯調整 | 17,318 | (18,255) |
| Addition (Note (a)) | 添置(附註(a)) | <u>925</u> | <u>556</u> |
| | | 307,049 | 290,111 |
| Less: Investment refund | 減：投資退款 | <u>-</u> | <u>(1,305)</u> |
| | | 307,049 | 288,806 |
| Impairment loss recognized for the year (Note (b)) | 年內確認之減值虧損(附註(b)) | <u>(67,617)</u> | <u>-</u> |
| Balance at 31 December | 於十二月三十一日之結餘 | <u>239,432</u> | <u>288,806</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Notes:

- (a) During the year ended 31 December 2017, the Group invested the sum of approximately HK\$925,000 (2016:HK\$556,000) in unlisted investment funds with a bank during the year.
- (b) The Group invested RMB230,000,000 in an indirect non wholly-owned company in China (the "PRC Company") and recognized as an available-for-sale financial asset. At 31 December 2017, a 66.6% non wholly-owned subsidiary, holds 63.3% interest in the PRC Company. As a result, the Group owns 42.2% of effective equity interest in the PRC Company. The PRC Company was classified as available-for-sale as in the opinion of the directors, the Group was not able to exercise significant influence over its financial and operating policy decisions.

During the year ended 31 December 2017, the Group had recognized impairment charge of approximately RMB58,489,000 (equivalent to approximately HK\$67,617,000) for its investment in the PRC Company. The impairment charge measurement had taken into account the recent economical condition and comparable market consideration. Any changes in the market could materially affect the result of the impairment assessment and additional impairment provision might be required, or an additional impairment charge should have been reported.

- (c) The other unlisted investment of approximately HK\$32,695,000 (2016:HK\$32,695,000) represents the Group's cost of investment in a private enterprise fund established in the PRC. At 31 December 2017, the Group owns 18.3% (2016: 18.3%) of the paid-in capital of the investee. The Directors consider the principal activity of the investee is investment holding but due to the operating licence expired on August 2017, the investee is in liquidation.

The unlisted investments are measured at cost less impairment losses, at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that their fair value cannot be measured reliably and the recoverable amount would exceed their carrying amount. The Group does not intend to dispose of them in the near future, other than those stated in Note (c) above.

20. 可供出售金融資產(續)

附註:

- (a) 於截至二零一七年十二月三十一日止年度,本集團於年內向一間銀行投資總計約925,000港元(二零一六年:556,000港元)之非上市投資基金。
- (b) 本集團投資人民幣230,000,000元於一間中國間接非全資公司(「中國公司」),並確認為可供出售金融資產。於二零一七年十二月三十一日,一間66.6%非全資附屬公司於中國公司持有63.3%權益,因此本集團擁有中國公司42.2%實際股權。中國公司已分類為可供出售,原因為董事認為本集團無法對中國公司之財政及營運政策決定行使重大影響力。

於截至二零一七年十二月三十一日止年度,本集團已就於中國公司之投資確認減值支出約人民幣58,489,000元(相等於約67,617,000港元)。減值支出計量已考慮近期經濟狀況及可比較市場代價。任何市場變化均可能嚴重影響減值評估結果,並可能須作出額外減值撥備,或應呈報額外減值支出。

- (c) 其他非上市投資約32,695,000港元(二零一六年:32,695,000港元)指本集團於一間在中國成立之私人企業基金之投資成本。於二零一七年十二月三十一日,本集團擁有該接受投資公司繳入資本之18.3%(二零一六年:18.3%)。董事認為,該接受投資公司之主要業務為投資控股,惟由於經營許可證已於二零一七年八月到期,故該接受投資公司現正清盤。

由於非上市投資之合理公允值估計範圍甚廣,本公司董事認為未能可靠地計量其公允值,且可收回金額將超出其賬面值,故此,非上市投資於報告期末按成本扣除減值虧損計量。除上文附註(c)所述者外,本集團無意於不久將來出售該等非上市投資。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

21. DEFERRED TAXATION

(a) Deferred tax liabilities/assets recognized

21. 遞延稅項

(a) 已確認遞延稅項負債／資產

| | | Other taxable temporary differences 其他應課稅 暫時差異 HK\$'000 千港元 |
|---|--|--|
| At 1 January 2016 | 於二零一六年一月一日 | 155,857 |
| Exchange realignment | 外匯調整 | (880) |
| Credited to the consolidated income statement (Note 12) | 在綜合收益表內入賬(附註12) | (1,964) |
| Deferred tax assets reclassified to assets of the disposal group classified as held for sale | 重新分類至分類為持作出售之出售組別之 資產之遞延稅項資產 | 10,155 |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及 二零一七年一月一日 | 163,168 |
| Exchange realignment | 外匯調整 | 1,035 |
| Charged to the consolidated income statement (Note 12) | 自綜合收益表扣除(附註12) | 478 |
| Deferred tax liabilities reclassified to the disposal of subsidiaries | 重新分類至出售附屬公司之遞延稅項負債 | (412) |
| Deferred tax liabilities reclassified to liabilities directly associated with the assets of the disposal group classified as held for sale (Note 14) | 重新分類至與分類為持作出售之 出售組別資產直接相關之負債之遞延稅項負債 (附註14) | (119,000) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | <u>45,269</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

21. DEFERRED TAXATION (continued)

(a) Deferred tax liabilities/assets recognized (continued)

For the purpose of consolidated statement of financial position presentation, certain deferred tax assets/(liabilities) have been offset in accordance with the conditions set out. The following is the analysis of deferred tax balances shown in the consolidated statement of financial position:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------------------------|--------|----------------------------------|----------------------------------|
| Deferred tax liabilities | 遞延稅項負債 | (45,352) | (163,245) |
| Deferred tax assets | 遞延稅項資產 | 83 | 77 |
| | | <u>(45,269)</u> | <u>(163,168)</u> |

(b) Deferred tax assets have not been recognized in respect of the following items:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------------|----------|----------------------------------|----------------------------------|
| Deductible temporary differences | 可扣減暫時差異 | | |
| – decelerated tax depreciation | – 減速稅項折舊 | 2,544 | 2,980 |
| – others | – 其他 | 7,297 | 6,195 |
| Tax losses | 稅項虧損 | 90,493 | 106,290 |
| | | <u>100,334</u> | <u>115,465</u> |

Notes:

- (i) The deductible temporary differences do not expire under the current tax legislation.
- (ii) Tax losses of approximately HK\$67,285,000 (2016: HK\$83,711,000) arising from the Group's lottery business in the PRC will expire in the fifth year commencing from the year the loss incurred whereas tax losses of approximately HK\$23,208,000 (2016: HK\$22,579,000) arising from the Group's other subsidiaries in Hong Kong do not expire under the current tax legislation.

21. 遞延稅項(續)

(a) 已確認遞延稅項負債/資產(續)

就呈列綜合財務狀況表而言，若干遞延稅項資產/(負債)已按照所載條件抵銷。綜合財務狀況表內所示遞延稅項結餘分析如下：

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------|----------------------------------|----------------------------------|
| 遞延稅項負債 | (45,352) | (163,245) |
| 遞延稅項資產 | 83 | 77 |
| | <u>(45,269)</u> | <u>(163,168)</u> |

(b) 並未就以下項目確認遞延稅項資產：

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------|----------------------------------|----------------------------------|
| 可扣減暫時差異 | | |
| – 減速稅項折舊 | 2,544 | 2,980 |
| – 其他 | 7,297 | 6,195 |
| 稅項虧損 | 90,493 | 106,290 |
| | <u>100,334</u> | <u>115,465</u> |

附註：

- (i) 根據現行稅法，可扣減暫時差異並不會到期。
- (ii) 根據現行稅法，本集團於中國之彩票業務所產生之稅項虧損約67,285,000港元(二零一六年：83,711,000港元)將自產生虧損年度起計第五年到期，而本集團於香港之其他附屬公司所產生之稅項虧損約23,208,000港元(二零一六年：22,579,000港元)並不會到期。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

22. INVENTORIES

- (a) Inventories in the consolidated statement of financial position comprise:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|------------------|-----|----------------------------------|----------------------------------|
| Raw materials | 原材料 | 10,960 | 5,295 |
| Work-in-progress | 在製品 | 5,685 | 2,157 |
| Finished goods | 製成品 | 480 | 504 |
| | | <u>17,125</u> | <u>7,956</u> |

- (b) The analysis of the amount of inventories recognized as expense and included in the Group's profit or loss is as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-----------------------------------|--------------|----------------------------------|----------------------------------|
| Cost of inventories sold (Note 9) | 銷售存貨之成本(附註9) | 185,533 | 477,393 |
| Cost of services provided | 提供服務之成本 | 18,819 | 65,917 |
| Cost of sales/services rendered | 銷售/提供服務之成本 | <u>204,352</u> | <u>543,310</u> |

22. 存貨

- (a) 列入綜合財務狀況表之存貨包括：

- (b) 確認為開支並計入本集團損益之存貨數額分析如下：

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

23. TRADE RECEIVABLES

23. 應收貿易賬款

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--------------------------------------|-------------|----------------------------------|----------------------------------|
| Trade receivables – Lottery business | 應收貿易賬款－彩票業務 | <u>388,791</u> | <u>490,836</u> |

The Directors consider that the carrying amounts of trade receivables approximate to their fair values. As at 31 December 2017, trade receivables of approximately HK\$1,940,000 (2016:HK\$Nil) were impaired. As at 31 December 2017, the amount of allowance for impairment was approximately HK\$1,940,000 (2016:HK\$Nil). The Group generally grants credit periods of 90 to 270 days (2016: 90 to 270 days) to its trade customers. The following is an analysis of trade receivables net of allowance for impairment by age, presented based on the invoice date:

董事認為，應收貿易賬款之賬面值與其公允值相若。於二零一七年十二月三十一日，應收貿易賬款中約1,940,000港元(二零一六年：零港元)已減值。於二零一七年十二月三十一日，減值撥備金額約為1,940,000港元(二零一六年：零港元)。本集團一般授予貿易客戶90天至270天(二零一六年：90天至270天)之信貸期。以下呈列應收貿易賬款(扣除按賬齡計提之減值撥備)基於發票日期之賬齡分析：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| Three months or less | 三個月或以下 | 99,310 | 224,922 |
| One year or less but over three months | 一年或以下但三個月以上 | 132,336 | 189,745 |
| Over one year | 一年以上 | 157,145 | 76,169 |
| | | <u>388,791</u> | <u>490,836</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

23. TRADE RECEIVABLES (continued)

As at 31 December 2017, trade receivables of approximately HK\$157,145,000 (2016:HK\$76,169,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The aging of these receivables is as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|---------------|----------------------------------|----------------------------------|
| Three months or less past due | 逾期三個月或以下 | 92,406 | 66,437 |
| One year or less but over three months past due | 逾期一年或以下但三個月以上 | 62,284 | 7,200 |
| Over one year past due | 逾期一年以上 | 2,455 | 2,532 |
| | | <u>157,145</u> | <u>76,169</u> |

In the opinion of the Directors, all of the other trade receivables are neither past due nor impaired.

Movements on the allowance for impairment of bad and doubtful debts are as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------|----------|----------------------------------|----------------------------------|
| At 1 January | 於一月一日 | - | - |
| Impairment loss recognized | 已確認減值虧損 | 1,875 | - |
| Exchange realignment | 外匯調整 | 65 | - |
| At 31 December | 於十二月三十一日 | <u>1,940</u> | <u>-</u> |

The Group does not hold any collateral as security.

24. UTILITY AND OTHER DEPOSITS

Utility and other deposits represent the deposits paid for the rollout of lottery business operation including rental, machines and equipment, projects and related utility deposits.

In the opinion of the Directors, all utility and other deposits are neither past due nor impaired.

23. 應收貿易賬款(續)

於二零一七年十二月三十一日，約157,145,000港元(二零一六年：76,169,000港元)之應收貿易賬款已逾期但並未減值。該等款項乃涉及多個並無近期欠款記錄之獨立客戶。該等應收款項之賬齡如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|---------------|----------------------------------|----------------------------------|
| Three months or less past due | 逾期三個月或以下 | 92,406 | 66,437 |
| One year or less but over three months past due | 逾期一年或以下但三個月以上 | 62,284 | 7,200 |
| Over one year past due | 逾期一年以上 | 2,455 | 2,532 |
| | | <u>157,145</u> | <u>76,169</u> |

董事認為，所有其他應收貿易賬款均未逾期，亦無減值。

呆壞賬減值撥備變動如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------------|----------|----------------------------------|----------------------------------|
| At 1 January | 於一月一日 | - | - |
| Impairment loss recognized | 已確認減值虧損 | 1,875 | - |
| Exchange realignment | 外匯調整 | 65 | - |
| At 31 December | 於十二月三十一日 | <u>1,940</u> | <u>-</u> |

本集團並無持有任何抵押品作為擔保。

24. 公用事業及其他按金

公用事業及其他按金指就開展彩票業務支付之按金，包括租金、機器及設備、項目及相關公用事業按金。

董事認為，所有公用事業及其他按金均未逾期，亦無減值。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

25. PREPAYMENTS AND OTHER RECEIVABLES

25. 預繳款項及其他應收款項

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-----------------------------------|-------------|----------------------------------|----------------------------------|
| Prepayments and other debtors | 預繳款項及其他應收賬項 | 1,612,837 | 1,839,938 |
| Amount due from a related company | 應收一間關聯公司款項 | 350,000 | - |
| | | <u>1,962,837</u> | <u>1,839,938</u> |

At the end of the reporting period, the prepayments and other debtors represent prepayments made to suppliers, lottery project related prepayments, staff advances and other debtors.

The amount due from a related company, HK\$350,000,000 represents withholding amount by Sunjet Investments Limited for PRC tax paid by the Group to relevant PRC authorities for the disposal of Sinodata Group (Note 41). Details of the withheld amount were set out in the Company's circular dated 30 September 2016.

As at 31 December 2017, other receivables of approximately HK\$372,743,000 (2016:HK\$358,175,000) were impaired. As at 31 December 2017, the amount of the allowance for impairment was approximately HK\$372,097,000 (2016:HK\$233,529,000). The individually impaired other receivables mainly related to those which were in financial difficulties and management assessed that only a small portion of the other receivables is expected to be recovered.

In the opinion of the Directors, the remaining other receivables are neither past due nor impaired.

於報告期末，預繳款項及其他應收賬項指向供應商支付之預繳款項、彩票項目相關預繳款項、員工墊款及其他應收賬項。

應收一間關聯公司款項350,000,000港元指Sunjet Investments Limited就本集團因出售思樂集團(附註41)而向相關中國機關支付之中國稅項而預扣之款項。預扣款項詳情載於本公司日期為二零一六年九月三十日之通函。

於二零一七年十二月三十一日，其他應收款項中約372,743,000港元(二零一六年：358,175,000港元)已減值。於二零一七年十二月三十一日，減值撥備金額約為372,097,000港元(二零一六年：233,529,000港元)。個別出現減值之其他應收款項主要與陷入財困者有關，而據管理層評估，預期只可收回小部分該等其他應收款項。

董事認為，餘下之其他應收款項均未逾期，亦無減值。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

25. PREPAYMENTS AND OTHER RECEIVABLES (continued)

Movements on the allowance for impairment of bad and doubtful debts are as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-------------------------------|-----------|----------------------------------|----------------------------------|
| At 1 January | 於一月一日 | 233,529 | 151 |
| Exchange realignment | 外匯調整 | 8,614 | (5,089) |
| Impairment recognized | 已確認減值 | 130,779 | 238,467 |
| Reclassified as held for sale | 重新分類為持作出售 | (825) | - |
| | | <u>372,097</u> | <u>233,529</u> |
| At 31 December | 於十二月三十一日 | | |

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed securities held for trading: 持有作買賣之上市證券:
Equity securities listed in Hong Kong* 香港上市股本證券*

* Trading suspended in November 2017

The fair value of all equity securities was based on their current bid prices in an active market.

Financial assets at fair value through profit or loss were presented within the section of operating activities as part of changes in working capital in the statement of cash flows.

Gains/losses on disposal of financial assets at fair value through profit or loss and their changes in fair value were recorded in other gains/(losses), net in the consolidated income statement (Note 5).

25. 預繳款項及其他應收款項(續)

呆壞賬減值撥備變動如下:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-------------------------------|-----------|----------------------------------|----------------------------------|
| At 1 January | 於一月一日 | 233,529 | 151 |
| Exchange realignment | 外匯調整 | 8,614 | (5,089) |
| Impairment recognized | 已確認減值 | 130,779 | 238,467 |
| Reclassified as held for sale | 重新分類為持作出售 | (825) | - |
| | | <u>372,097</u> | <u>233,529</u> |
| At 31 December | 於十二月三十一日 | | |

26. 通過損益按公允值計量之金融資產

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| Listed securities held for trading: | 持有作買賣之上市證券: | | |
| Equity securities listed in Hong Kong* | 香港上市股本證券* | <u>-</u> | <u>132</u> |

* 於二零一七年十一月暫停買賣

所有股本證券之公允值乃根據各自目前於活躍市場之購入價計算。

通過損益按公允值計量之金融資產於現金流量表內經營業務一節呈列，列作營運資金變動一部分。

出售通過損益按公允值計量之金融資產之收益／虧損以及其公允值變動於綜合收益表內記錄為其他收益／(虧損)淨額(附註5)。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. CASH AND BANK BALANCES

27. 現金及銀行結餘

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------|--------|----------------------------------|----------------------------------|
| Fixed bank deposits | 定期銀行存款 | 493,839 | – |
| Cash at banks | 銀行現金 | 1,346,836 | 2,136,292 |
| Cash in hand | 手頭現金 | 544 | 670 |
| | | <u>1,347,380</u> | <u>2,136,962</u> |
| | | <u>1,841,219</u> | <u>2,136,962</u> |

Fixed bank deposits represented fixed bank deposits with maturity at acquisition over 3 months and within 1 year.

定期銀行存款指於收購時在三個月以上及一年內到期之定期銀行存款。

Cash and bank balances include the following amounts denominated in currencies other than the Company's functional currency, HK dollars:

現金及銀行結餘包括下列以本公司功能貨幣港元以外貨幣列值之款額：

| | | 2017 二零一七年 '000 千元 | 2016 二零一六年 '000 千元 |
|------------|-----|-----------------------------|-----------------------------|
| US dollars | 美元 | 29,533 | 29,926 |
| Renminbi | 人民幣 | <u>830,896</u> | <u>1,001,342</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. CASH AND BANK BALANCES (continued)

Cash and cash equivalents include the following for the purpose of the consolidated statement of cash flows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|------------------------------|----------------------------------|----------------------------------|
| Cash in hand | 手頭現金 | 544 | 670 |
| Cash at banks – general accounts | 銀行現金—一般賬戶 | 1,346,836 | 2,136,292 |
| | | <u>1,347,380</u> | <u>2,136,962</u> |
| Cash and bank balances included in a disposal group classified as held for sale (Note 14) | 列入分類為持作出售之出售組別之現金及銀行結餘(附註14) | 200 | 100,086 |
| | | <u>200</u> | <u>100,086</u> |
| Cash and cash equivalents in the consolidated statement of cash flows | 列入綜合現金流量表之現金及現金等價物 | <u>1,347,580</u> | <u>2,237,048</u> |

28. CASH FLOW INFORMATION

(a) Non-cash investing and financing activities

During the current year, the Group entered into the following non-cash activities which are not reflected in the consolidated statement of cash flows:

- (i) settlement of part of proceeds in respect of the Group's disposal of subsidiaries (Note 41) was set off by the amounts due to related parties of approximately HK\$990,000,000;
- (ii) the outstanding convertible bonds due on 29 March 2017 of approximately HK\$133,583,000 and the relevant interest payable of approximately HK\$4,665,000 to Kingly Profits Corporation ("Kingly"), a company indirectly wholly-owned by Mr. Chan, a director and substantial shareholder of the Company, were transferred to the shareholder's loan; and

27. 現金及銀行結餘(續)

就綜合現金流量表而言，現金及現金等價物包括下列各項：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|------------------------------|----------------------------------|----------------------------------|
| Cash in hand | 手頭現金 | 544 | 670 |
| Cash at banks – general accounts | 銀行現金—一般賬戶 | 1,346,836 | 2,136,292 |
| | | <u>1,347,380</u> | <u>2,136,962</u> |
| Cash and bank balances included in a disposal group classified as held for sale (Note 14) | 列入分類為持作出售之出售組別之現金及銀行結餘(附註14) | 200 | 100,086 |
| | | <u>200</u> | <u>100,086</u> |
| Cash and cash equivalents in the consolidated statement of cash flows | 列入綜合現金流量表之現金及現金等價物 | <u>1,347,580</u> | <u>2,237,048</u> |

28. 現金流量資料

(a) 非現金投資及融資活動

於本年度，本集團進行了下列非現金活動，有關活動並無於綜合現金流量表內反映：

- (i) 就本集團出售附屬公司(附註41)清償之部分所得款項被應付關聯方款項約990,000,000港元抵銷；
- (ii) 於二零一七年三月二十九日到期應付Kingly Profits Corporation(「Kingly」，一間由本公司董事兼主要股東陳先生間接全資擁有之公司)之尚未償還二零一七年三月二十九日到期可換股債券約133,583,000港元及相關利息約4,665,000港元已轉撥至股東貸款；及

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. CASH FLOW INFORMATION (continued)

- (a) Non-cash investing and financing activities (continued)
- (iii) taxation paid and expenses in connection with the disposal of subsidiaries amounting to approximately HK\$215,200,000 and HK\$7,899,000 respectively were set off by the prepayment and other receivables.

- (b) Reconciliation of liabilities arising from financing activities

28. 現金流量資料(續)

- (a) 非現金投資及融資活動(續)
- (iii) 與出售附屬公司相關之已付稅項及開支分別約215,200,000港元及7,899,000港元被預繳款項及其他應收款項抵銷。

- (b) 融資活動所產生負債之對賬

Liabilities from financing activities 融資活動產生之負債

| | | Finance leases due within 1 year 一年內到期之融資租賃 HK\$'000 千港元 | Bank borrowing due within 1 year 一年內到期之銀行借貸 HK\$'000 千港元 | Convertible bonds due within 1 year 一年內到期之可換股債券 HK\$'000 千港元 | Convertible bonds due after 1 year 一年後到期之可換股債券 HK\$'000 千港元 | Amounts due to related parties 應付關聯方款項 HK\$'000 千港元 | Sub total 小計 HK\$'000 千港元 | Bank borrowings of disposal of Sinodata Group 出售思樂集團之銀行借貸 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|-----------------|---|---|---|--|--|------------------------------------|---|--------------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | 8,268 | 4,901 | 1,431,040 | 201,740 | 1,259,967 | 2,905,916 | 137,456 | 3,043,372 |
| Cash flow: | 現金流量: | | | | | | | | |
| Payments for redemption of convertible bonds | 就贖回可換股債券支付款項 | - | - | (867,268) | - | - | (867,268) | - | (867,268) |
| Proceeds from bank borrowing | 銀行借貸所得款項 | - | 5,958 | - | - | - | 5,958 | - | 5,958 |
| Proceeds from related parties | 來自關聯方之所得款項 | - | - | - | - | 13,475 | 13,475 | - | 13,475 |
| Repayments of bank borrowing | 償還銀行借貸 | - | (5,873) | - | - | - | (5,873) | (1,427) | (7,300) |
| Repayments of obligations under finance leases | 償還融資租賃債務 | (8,902) | - | - | - | - | (8,902) | - | (8,902) |
| Interest paid | 已付利息 | (102) | (324) | (18,158) | - | - | (18,584) | (646) | (19,230) |
| | | (9,004) | (239) | (885,426) | - | 13,475 | (881,194) | (2,073) | (883,267) |
| Exchange adjustments | 匯兌調整 | 634 | 376 | - | - | - | 1,010 | 1,544 | 2,554 |
| Other non-cash movements: | 其他非現金變動: | | | | | | | | |
| Reallocation as current | 重新分類為流動 | - | - | 201,740 | (201,740) | - | - | - | - |
| Interest expenses (Note 8) | 利息開支(附註8) | 102 | 324 | 69,334 | - | 4,562 | 74,322 | 646 | 74,968 |
| Interest payables | 應付利息 | - | - | (30,796) | - | 4,665 | (26,131) | - | (26,131) |
| Redemption of convertible bond | 贖回可換股債券 | - | - | (133,583) | - | 133,583 | - | - | - |
| Disposal of subsidiaries (Note 41) | 出售附屬公司(附註41) | - | - | - | - | - | - | (137,573) | (137,573) |
| Set off part of the disposal consideration (Note 41) | 抵銷部分出售代價(附註41) | - | - | - | - | (990,000) | (990,000) | - | (990,000) |
| | | 102 | 324 | 106,695 | (201,740) | (847,190) | (941,809) | (136,927) | (1,078,736) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | - | 5,362 | 652,309 | - | 426,252 | 1,083,923 | - | 1,083,923 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. SHARE CAPITAL

29. 股本

| | | Number of shares 股份數目 '000 千股 | Amount 金額 HK\$'000 千港元 |
|---|--|---|---------------------------------|
| Ordinary shares of HK\$0.01 each | 每股面值0.01港元之普通股 | | |
| Authorized: | 法定: | | |
| At 1 January 2016, 31 December 2016 and 31 December 2017 | 於二零一六年一月一日、 二零一六年十二月三十一日及 二零一七年十二月三十一日 | 20,000,000 | 200,000 |
| Issued and fully paid: | 已發行及繳足: | | |
| At 1 January 2016 | 於二零一六年一月一日 | 9,983,496 | 99,835 |
| Exercise of share options (Note) | 行使購股權(附註) | 45,000 | 450 |
| At 31 December 2016 and 31 December 2017 | 於二零一六年十二月三十一日及 二零一七年十二月三十一日 | <u>10,028,496</u> | <u>100,285</u> |

Note: During the year ended 31 December 2016, 45,000,000 share options were exercised by the eligible option holders at their respective exercise prices for a total cash consideration of HK\$4,869,000, resulting in an issue of 45,000,000 new ordinary shares of HK\$0.01 each.

附註: 於截至二零一六年十二月三十一日止年度, 45,000,000份購股權由合資格購股權持有人按相關行使價行使, 總現金代價為4,869,000港元, 因而發行45,000,000股每股面值0.01港元之新普通股。

All new ordinary shares issued during the year rank pari passu in all respects with the existing shares.

年內發行之所有新普通股在各方面均與現有股份享有同等地位。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE OPTION SCHEME

2012 Scheme

The purpose of the 2012 Scheme is to enable the Company to grant options to eligible participants as incentives and/or rewards for their contribution to, and continuing efforts to promote the interests of, the Group.

According to the 2012 Scheme, the Board may grant options to the eligible participants as defined in the 2012 Scheme to subscribe for such number of shares as the Board may determine. Options granted should be accepted within 30 days from the date of the letter of grant. Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Subject to the terms of the 2012 Scheme and all applicable laws, the Board has the power to determine the period within which payments or calls must or may be made.

The exercise price of options shall be determined by the Board, which shall be at least the highest of (i) the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant, which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of the grant; and (iii) the nominal value of a share.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2012 Scheme and any other share option scheme(s) of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the 2012 Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed. Options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

30. 購股權計劃

二零一二年計劃

二零一二年計劃旨在使本公司可向合資格參與人士授出購股權，作為彼等對本集團所作出之貢獻及為提升本集團利益所作出之不懈努力之獎勵及／或回報。

根據二零一二年計劃，董事會可向二零一二年計劃所界定之合資格參與人士授出購股權，以認購董事會所釐定數目之股份。授出之購股權須自授出函件日期起計30日內接納。接納購股權時，承授人須向本公司支付1.00港元作為獲授購股權之代價。受二零一二年計劃之條款及所有適用法律所規限，董事會有權釐定必須或可能作出付款或通知付款之期限。

購股權之行使價由董事會釐定，須至少為下列之最高者：(i)於授出日期（必須為營業日）聯交所每日報價表所報股份之收市價；(ii)於緊接授出日期前五個營業日聯交所每日報價表所報股份之平均收市價；及(iii)股份之面值。

因根據二零一二年計劃及本公司任何其他購股權計劃授出之所有購股權獲行使而可發行之股份數目上限，不得超過批准及採納二零一二年計劃當日本公司已發行股本之10%，惟本公司可隨時徵求股東批准將上限重新釐定為股東於股東大會上批准重新釐定上限當日之已發行股份之10%。計算重新釐定之上限時，先前根據本公司任何購股權計劃授出之購股權（包括根據該等計劃尚未行使、已註銷、已失效或已行使之購股權）將不會計算在內。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE OPTION SCHEME (continued)

2012 Scheme (continued)

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2012 Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant unless such grant has been duly approved by ordinary resolution of the shareholders of the Company in general meeting at which the relevant eligible participant and his associates abstained from voting. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in any 12-month period in excess of 0.1% of the Company's issued share capital on the date of grant or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no options can be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised. The 2012 Scheme will expire on 28 June 2022.

30. 購股權計劃(續)

二零一二年計劃(續)

於截至及包括授出購股權日期前任何12個月內，因根據二零一二年計劃及本公司任何其他購股權計劃授出之購股權(包括已行使、已註銷及尚未行使之購股權)獲行使而已發行及可發行予每名合資格參與人士之股份總數，不得超過授出購股權當日之已發行股份之1%，除非有關授出已於股東大會上獲本公司股東以普通決議案正式批准(相關合資格參與人士及其聯繫人須於會上放棄投票)，則作別論。倘於任何12個月期間向主要股東或獨立非執行董事或彼等各自之任何聯繫人授出超逾本公司於授出日期已發行股本之0.1%或價值超出5,000,000港元之購股權，則須先經本公司股東批准。

購股權行使期將由董事會全權酌情釐定，惟授出購股權日期起計10年後不可行使購股權。本公司並無限制行使前必須持有購股權之最短期限之一般規定。二零一二年計劃將於二零二二年六月二十八日屆滿。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE OPTION SCHEME (continued)

2012 Scheme (continued)

The following table discloses movements in the 2012 Scheme:

During the year ended 31 December 2017:

| Grantees | Date of offer to grant options | Exercise price per share | Exercisable period | Number of share options ('000) 購股權數目(千份) | | | | |
|-----------------|--------------------------------|--------------------------|-------------------------|---|-------------------------|---------------------------|-------------------------------|---------------------------|
| | | | | Outstanding at 01.01.2017 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding at 31.12.2017 |
| 承授人 | 授出購股權要約日期 | 每股行使價 HK\$ 港元 | 行使期 | 於二零一七年一月一日尚未行使 | 年內授出 | 年內行使 | 年內失效 (Note (b)) (附註(b)) | 於二零一七年十二月三十一日尚未行使 |
| Directors 董事 | 29.09.2016 | 0.1068* | 29.09.2016 – 28.09.2018 | 25,318* | - | - | - | 25,318 |
| Employees 僱員 | 29.09.2016 | 0.1068* | 29.09.2016 – 28.09.2018 | 288,631* | - | - | - | 288,631 |
| | | | | <u>313,949*</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>313,949</u> |

* The exercise price and the number of share options have been adjusted as a result of rights issue completed on 20 March 2018 as set out in Note 49(a) to the consolidated financial statements.

30. 購股權計劃(續)

二零一二年計劃(續)

下表披露二零一二年計劃之變動:

於截至二零一七年十二月三十一日止年度:

| Grantees | Date of offer to grant options | Exercise price per share | Exercisable period | Number of share options ('000) 購股權數目(千份) | | | | |
|-----------------|--------------------------------|--------------------------|-------------------------|---|-------------------------|---------------------------|-------------------------------|---------------------------|
| | | | | Outstanding at 01.01.2017 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding at 31.12.2017 |
| 承授人 | 授出購股權要約日期 | 每股行使價 HK\$ 港元 | 行使期 | 於二零一七年一月一日尚未行使 | 年內授出 | 年內行使 | 年內失效 (Note (b)) (附註(b)) | 於二零一七年十二月三十一日尚未行使 |
| Directors 董事 | 29.09.2016 | 0.1068* | 29.09.2016 – 28.09.2018 | 25,318* | - | - | - | 25,318 |
| Employees 僱員 | 29.09.2016 | 0.1068* | 29.09.2016 – 28.09.2018 | 288,631* | - | - | - | 288,631 |
| | | | | <u>313,949*</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>313,949</u> |

* 由於供股已於二零一八年三月二十日完成(參閱綜合財務報表附註49(a))，故行使價及購股權數目已經調整。

During the year ended 31 December 2016:

| Grantees | Date of offer to grant options | Exercise price per share | Exercisable period | Number of share options ('000) 購股權數目(千份) | | | | |
|-----------------|--------------------------------|--------------------------|-------------------------|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | | | Outstanding at 01.01.2016 | Granted during the year | Exercised during the year | Lapsed during the year | Outstanding at 31.12.2016 |
| 承授人 | 授出購股權要約日期 | 每股行使價 HK\$ 港元 | 行使期 | 於二零一六年一月一日尚未行使 | 年內授出 (Note (a)) (附註(a)) | 年內行使 | 年內失效 (Note (b)) (附註(b)) | 於二零一六年十二月三十一日尚未行使 |
| Directors 董事 | 29.09.2016 | 0.1082 | 29.09.2016 – 28.09.2018 | - | 25,000 | - | - | 25,000 |
| Employees 僱員 | 07.01.2014 | 1.090 | 13.01.2014 – 06.01.2016 | 2,000 | - | - | (2,000) | - |
| | 27.06.2014 | 0.910 | 15.07.2014 – 26.06.2016 | 120,000 | - | - | (120,000) | - |
| | 29.09.2016 | 0.1082 | 29.09.2016 – 28.09.2018 | - | 330,000 | (45,000) | - | 285,000 |
| | | | | <u>122,000</u> | <u>355,000</u> | <u>(45,000)</u> | <u>(122,000)</u> | <u>310,000</u> |

Notes:

- (a) The closing price of the share immediately before the date of grant on 29 September 2016 was HK\$0.102.
- (b) No share based payment reserve has been transferred to retained profits during the year ended 31 December 2017 (2016: HK\$6,329,000).

附註:

- (a) 緊接授出日期(即二零一六年九月二十九日)前之股份收市價為0.102港元。
- (b) 於截至二零一七年十二月三十一日止年度，並無以股份支付款項之儲備(二零一六年: 6,329,000港元)轉撥至保留溢利。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE OPTION SCHEME (continued)

- (a) Details of share options exercised during the year ended 31 December 2016:

| Exercise date 行使日 | Exercise price 行使價 HK\$ 港元 | Market value per share at exercise date 行使日 每股市價 HK\$ 港元 | | Proceeds received 已收所得款項 HK\$'000 千港元 | Number of share options 購股權數目 '000 千份 |
|-------------------------|-------------------------------------|--|-------|---|---|
| | | 0.121 | 0.129 | | |
| 07.10.2016 – 14.11.2016 | 0.1082 | 0.121 | 0.129 | 4,869 | 45,000 |

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2016 was HK\$0.127 per share.

於截至二零一六年十二月三十一日止年度已行使購股權行使日之加權平均股價為每股0.127港元。

- (b) The number and weighted average exercise prices of share options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | | 2017 二零一七年 | | 2016 二零一六年 | |
|---|----------------------|---|---|---|---|
| | | Average exercise price per share 每股 平均行使價 HK\$ 港元 | Number of share options 購股權數目 '000 千份 | Average exercise price per share 每股 平均行使價 HK\$ 港元 | Number of share options 購股權數目 '000 千份 |
| Outstanding at 1 January | 於一月一日尚未行使 | 0.107* | 313,949* | 0.913 | 122,000 |
| Granted | 已授出 | - | - | 0.108 | 355,000 |
| Exercised | 已行使 | - | - | 0.108 | (45,000) |
| Lapsed | 已失效 | - | - | 0.913 | (122,000) |
| Outstanding and exercisable at 31 December | 於十二月三十一日 尚未行使及可行使 | 0.107* | 313,949* | 0.108 | 310,000 |

* The exercise price and the number of share options had been adjusted due to the rights issue completed on 20 March 2018 as set out in Note 49(a) to the consolidated financial statements.

- (b) 購股權之數目及加權平均行使價

尚未行使購股權數目變動及其有關加權平均行使價如下：

* 由於供股已於二零一八年三月二十日完成(參閱綜合財務報表附註49(a))，故行使價及購股權數目已經調整。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE OPTION SCHEME (continued)

(b) The number and weighted average exercise prices of share options (continued)

The options outstanding at 31 December 2017 had exercise price of HK\$0.1068 (2016:HK\$0.1082) and a weighted average remaining contractual life of 0.74 years (2016: 1.74 years). No option was cancelled during the years 2017 and 2016.

The exercise in full of the outstanding 313,949,000 (2016: 310,000,000) share options at 31 December 2017 would, under the present capital structure of the Company, result in the issue of 313,949,000 (2016: 310,000,000) additional shares for a total cash consideration, before expenses, of approximately HK\$33,530,000 (2016: HK\$33,542,000).

(c) Fair value of share options and assumptions

During the year ended 31 December 2016, 355,000,000 options were granted and were fully vested immediately. The estimated fair value of the options granted in 2016 was approximately HK\$10,367,000.

The fair value was calculated using the Black-Scholes option pricing model. The weighted average inputs into the model were as follows:

30. 購股權計劃 (續)

(b) 購股權之數目及加權平均行使價 (續)

於二零一七年十二月三十一日尚未行使之購股權之行使價為0.1068港元(二零一六年:0.1082港元),而加權平均餘下合約年期則為0.74年(二零一六年:1.74年)。二零一七年及二零一六年內並無註銷任何購股權。

根據本公司現時之資本架構,悉數行使於二零一七年十二月三十一日尚未行使之313,949,000份(二零一六年:310,000,000份)購股權將導致發行313,949,000股(二零一六年:310,000,000股)額外股份,總現金代價於扣除開支前約為33,530,000港元(二零一六年:33,542,000港元)。

(c) 購股權公允值及假設

於截至二零一六年十二月三十一日止年度,355,000,000份購股權已授出並即時悉數歸屬。於二零一六年授出之購股權之公允值估計約為10,367,000港元。

公允值乃使用布力克-舒爾茨期權定價模型計算。該模型之加權平均輸入值如下:

| | | Share options granted 已授出購股權 |
|--------------------------------|--------------|--|
| | | Date of offer to grant options 29.09.2016 授出購股權要約日期 二零一六年九月二十九日 |
| Share price | 股價 | HK\$0.106港元 |
| Exercise price | 行使價 | HK\$0.1082港元 |
| Expected volatility | 預期波幅 | 89.812% |
| Expected option life (in year) | 預期購股權期限(按年計) | 0.65 |
| Risk-free rate | 無風險利率 | 0.358% |
| Dividend yield | 股息率 | 0.00% |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SHARE OPTION SCHEME (continued)

(c) Fair value of share options and assumptions (continued)

The expected volatility was determined by using the historical volatility of the Company's share price over the previous 260 days. The expected life used in the model had been adjusted, based on the managements' estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognized share-based payment of approximately HK\$10,367,000 for the year ended 31 December 2016.

31. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(b) Nature and purposes of the reserves

(i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981 Bermuda.

(ii) Capital redemption reserve

Capital redemption reserve arises from the reduction of the nominal value of the issued capital of the Company upon the cancellation of the repurchased shares.

(iii) Convertible bonds reserve

Convertible bonds reserve represents the amount allocated to the equity component of convertible bonds issued by the Company recognized in accordance with the accounting policy adopted for convertible bonds in Note 2(p).

(iv) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognized in accordance with the accounting policy adopted for share based payments in Note 2(q)(iii).

30. 購股權計劃(續)

(c) 購股權公允值及假設(續)

預期波幅乃使用本公司股價於過往260日之歷史波幅釐定。該模型所用之預計年期已根據管理層之估計就不可轉讓性、行使限制及行為考量之影響而調整。

截至二零一六年十二月三十一日止年度，本集團確認以股份支付款項約10,367,000港元。

31. 儲備

(a) 本集團本年度及過往年度之儲備金額及其變動於綜合財務報表之綜合權益變動表內呈列。

(b) 儲備性質及目的

(i) 股份溢價

股份溢價賬之應用受一九八一年百慕達公司法第40條所規管。

(ii) 資本贖回儲備

資本贖回儲備乃因註銷購回股份致使本公司已發行資本面值減少所產生。

(iii) 可換股債券儲備

可換股債券儲備指按照附註2(p)就可換股債券所採納之會計政策而確認之本公司所發行可換股債券權益部分獲分配之金額。

(iv) 以股份支付款項之儲備

以股份支付款項之儲備指根據附註2(q)(iii)就以股份支付款項而採納之會計政策確認之本公司僱員實際或估計獲授且尚未行使之購股權數目之公允值。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. RESERVES (continued)

(b) Nature and purposes of the reserves (continued)

(v) Exchange translation reserve

The exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy in Note 2(u).

(vi) Contributed surplus

The contributed surplus of the Company as at 31 December 2017 represents the difference between the consolidated net assets of REXCAPITAL Financial Group Limited at the date when its shares were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition, less dividends paid in 2000.

(c) Distribution of reserves

Under the Company Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and the share premium account.

31. 儲備(續)

(b) 儲備性質及目的(續)

(v) 匯兌儲備

匯兌儲備包括因換算境外業務之財務報表而產生之所有匯兌差額。該儲備乃根據附註2(u)之會計政策處理。

(vi) 繳入盈餘

本公司於二零一七年十二月三十一日之繳入盈餘指REXCAPITAL Financial Group Limited於其股份被本公司收購當日之綜合資產淨值與就收購而發行之本公司股份面值間之差額，再扣除於二零零零年派付之股息。

(c) 分派儲備

根據一九八一年百慕達公司法(經修訂)，本公司之繳入盈餘賬乃可供分派。然而，倘發生以下情況，則本公司不可宣派或派付股息，或從繳入盈餘作出分派：

- (i) 本公司未能或於支付款項後將未能於其負債到期時償付負債；或
- (ii) 本公司資產之可變現價值將因此而少於其負債與其已發行股本及股份溢價賬之合計金額。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. RESERVES (continued)

(c) Distribution of reserves (continued)

In the opinion of the Directors, the Company's reserves disclosed in Note 48 available for distribution to shareholders as at the end of the reporting period were as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------|------|----------------------------------|----------------------------------|
| Contributed surplus | 繳入盈餘 | 199,605 | 199,605 |
| Retained profits | 保留溢利 | 237,917 | 156,350 |
| | | <u>437,522</u> | <u>355,955</u> |

32. TRADE PAYABLES

| | | | |
|-----------------------------------|---------------|--------------|--------------|
| Other client payables | 應付其他客戶賬款 | 5 | 314 |
| Trade payables – Lottery business | 應付貿易賬款 – 彩票業務 | 8,233 | 1,487 |
| | | <u>8,238</u> | <u>1,801</u> |

No aging analysis was disclosed for other client payables as, in the opinion of the Directors, the aging analysis did not give additional value in view of the nature of business.

Trade payables are expected to be settled within one year or are repayable on demand.

The Directors consider that the carrying amount of trade payables approximates to their fair values.

31. 儲備(續)

(c) 分派儲備(續)

董事認為，本公司於報告期末可供分派予股東之儲備(於附註48披露)如下：

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---------------------|------|----------------------------------|----------------------------------|
| Contributed surplus | 繳入盈餘 | 199,605 | 199,605 |
| Retained profits | 保留溢利 | 237,917 | 156,350 |
| | | <u>437,522</u> | <u>355,955</u> |

32. 應付貿易賬款

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-----------------------------------|---------------|----------------------------------|----------------------------------|
| Other client payables | 應付其他客戶賬款 | 5 | 314 |
| Trade payables – Lottery business | 應付貿易賬款 – 彩票業務 | 8,233 | 1,487 |
| | | <u>8,238</u> | <u>1,801</u> |

由於董事認為基於業務性質，賬齡分析意義不大，因此並無披露應付其他客戶賬款之賬齡分析。

應付貿易賬款預期於一年內支付或須按的要求償還。

董事認為，應付貿易賬款之賬面值與其公允值相若。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. TRADE PAYABLES (continued)

The aging analysis of the Group's trade payables by age based on the invoice date – Lottery business is as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------|--------|----------------------------------|----------------------------------|
| Three months or less | 三個月或以下 | 5,883 | – |
| Over three months | 三個月以上 | 2,350 | 1,487 |
| | | <u>8,233</u> | <u>1,487</u> |

33. OTHER PAYABLES AND ACCRUALS

Other payables and accruals of the Group are expected to be settled or recognized as income within one year or are repayable on demand.

The Directors consider that the carrying amounts of other payables and accruals of the Group approximate to their fair values.

34. BANK BORROWING

| | |
|-----------------------------------|--------------|
| Bank loan | 銀行貸款 |
| – secured and due within one year | – 有抵押及於一年內到期 |

The bank loan is repayable within one year or when the facility is withdrawn. This borrowing is used to finance the lottery business of the Group.

The bank loan of approximately HK\$5,362,000 (2016:HK\$4,901,000) is secured by the trade receivables of a subsidiary of approximately HK\$19,351,000 (2016:HK\$15,052,000) and guaranteed by a subsidiary of the Group.

The effective interest rate on the Group's borrowing is equal to contractual interest rate.

32. 應付貿易賬款(續)

本集團應付貿易賬款—彩票業務基於發票日期之賬齡分析如下:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|----------------------|--------|----------------------------------|----------------------------------|
| Three months or less | 三個月或以下 | 5,883 | – |
| Over three months | 三個月以上 | 2,350 | 1,487 |
| | | <u>8,233</u> | <u>1,487</u> |

33. 其他應付款項及應計款項

本集團之其他應付款項及應計款項預期於一年內償還或確認為收入或須按要求償還。

董事認為，本集團之其他應付款項及應計款項之賬面值與其公允值相若。

34. 銀行借貸

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|-----------------------------------|--------------|----------------------------------|----------------------------------|
| Bank loan | 銀行貸款 | | |
| – secured and due within one year | – 有抵押及於一年內到期 | 5,362 | 4,901 |

銀行貸款須於一年內或信貸撤回時償還。該借貸用作本集團彩票業務之所需資金。

約5,362,000港元(二零一六年:4,901,000港元)之銀行貸款以一間附屬公司約19,351,000港元(二零一六年:15,052,000港元)之應收貿易賬款作抵押，並由本集團一間附屬公司擔保。

本集團借貸之實際利率相等於合約利率。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

34. BANK BORROWING (continued)

The Directors considered that the fair value of borrowing at the end of the reporting period approximates to its carrying amount.

Bank borrowing included the following amount denominated in a currency other than the Company's functional currency, HK dollars:

| | 2017 二零一七年 '000 千元 | 2016 二零一六年 '000 千元 |
|--------------|-----------------------------|-----------------------------|
| Renminbi 人民幣 | <u>4,482</u> | <u>4,412</u> |

35. CONVERTIBLE BONDS

A. Convertible Bonds

(i) 2017 Bonds

On 21 September 2011, the Company entered into a subscription agreement to issue up to HK\$1,040,200,000 principal amount of 6% convertible bonds due in 2016. On 28 September 2011, the issue of principal amount of HK\$816,900,000 of the convertible bonds was completed (the "Firm Bonds"). On 7 November 2011, the issue of principal amount of HK\$70,000,000 of the convertible bonds was completed pursuant to an option under the subscription agreement being partially exercised before the closing date of the option (the "Option Bonds"). On 28 November 2011, the issue of HK\$77,800,000 in principal amount of the convertible bonds to Kingly was completed pursuant to the subscription agreement (the "VC Bonds", together with the Firm Bonds and Option Bonds, the "Existing 2017 Bonds").

34. 銀行借貸(續)

董事認為，借貸於報告期末之公允值與其賬面值相若。

銀行借貸包括下列以本公司功能貨幣港元以外貨幣列值之款項：

35. 可換股債券

A. 可換股債券

(i) 二零一七年債券

於二零一一年九月二十一日，本公司訂立一份認購協議，以發行於二零一六年到期、本金額最高為1,040,200,000港元之6厘可換股債券。於二零一一年九月二十八日，已完成發行本金額為816,900,000港元之可換股債券（「實發債券」）。於二零一一年十一月七日，已完成因根據認購協議項下之選擇權於選擇權截止日期前獲部分行使而發行本金額為70,000,000港元之可換股債券（「增發債券」）。於二零一一年十一月二十八日，已完成根據認購協議向Kingly發行本金額為77,800,000港元之可換股債券（「陳先生債券」，連同實發債券及增發債券統稱為「現有二零一七年債券」）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

A. Convertible Bonds (continued)

(i) 2017 Bonds (continued)

On 3 September 2012, the Company entered into a subscription agreement to issue up to HK\$429,000,000 principal amount of 6% convertible bonds due in 2016. On 13 September 2012, the issue of principal amount of HK\$312,000,000 of the convertible bonds was completed (the "New Underwritten Bonds"). On 19 October 2012, the issue of principal amount of HK\$78,000,000 of convertible bonds was completed pursuant to an option under the subscription agreement being exercised in full before the closing date of the option (the "New Option Bonds"). On 13 November 2012, the issue of HK\$39,000,000 in principal amount of the convertible bonds to Kingly was completed pursuant to the subscription agreement (the "New VC Bonds", and together with the New Underwritten Bonds and New Option Bonds, the "New 2017 Bonds").

The New 2017 Bonds have the same terms and conditions as the Existing 2017 Bonds (the "Existing 2017 Bonds" and together with the New 2017 Bonds, the "2017 Bonds" which due in 2016 was extended to 28 February 2017 on 9 September 2016 by an extraordinary resolution duly passed by the bondholders), in all respects except for the issue date and issue price which is 109.5% of the principal amount and will be consolidated and form a single series with the Existing 2017 Bonds and vote together as one series on all matters with respect to the Existing 2017 Bonds.

Each bond of 2017 Bonds will, at the option of the holder ("2017 Bondholders"), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 8 November 2011 up to and including 18 September 2016 into fully paid ordinary shares of the Company with a par value of HK\$0.01 each at a conversion price of HK\$0.6175 per share, subject to adjustments in accordance with the terms and conditions of the bonds agreement as a result of dilutive events.

35. 可換股債券(續)

A. 可換股債券(續)

(i) 二零一七年債券(續)

於二零一二年九月三日，本公司訂立一份認購協議，以發行於二零一六年到期、本金額最高為429,000,000港元之6厘可換股債券。於二零一二年九月十三日，已完成發行本金額為312,000,000港元之可換股債券（「新包銷債券」）。於二零一二年十月十九日，已完成因根據認購協議項下之選擇權於選擇權截止日期前獲悉數行使而發行本金額為78,000,000港元之可換股債券（「新增發債券」）。於二零一二年十一月十三日，已完成根據認購協議向Kingly發行本金額為39,000,000港元之可換股債券（「新陳先生債券」，連同新包銷債券及新增發債券統稱為「新二零一七年債券」）。

新二零一七年債券在各方面與現有二零一七年債券（現有二零一七年債券連同新二零一七年債券統稱為「二零一七年債券」，於二零一六年九月九日獲債券持有人正式通過特別決議案將到期日由二零一六年押後至二零一七年二月二十八日）之條款及條件相同，惟發行日期及發行價（為本金額之109.5%）除外，將會與現有二零一七年債券合併並構成同一系列，且作為同一系列就現有二零一七年債券所有事宜投票。

二零一七年債券之每份債券將按持有人（「二零一七年債券持有人」）之選擇於二零一一年十一月八日或之後截至及包括二零一六年九月十八日轉換（先前已贖回、轉換或購回並註銷者除外）為本公司每股面值0.01港元之繳足普通股，轉換價為每股0.6175港元，根據債券協議之條款及條件，轉換價可就攤薄事件作出調整。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

A. Convertible Bonds (continued)

(i) 2017 Bonds (continued)

The 2017 Bonds were issued at an initial conversion price of HK\$0.6175 per share. As a result of the final dividend for the year ended 31 December 2012, 2013 and 2014 and the interim dividend for the six months ended 30 June 2013 and 2014, pursuant to the conditions of the 2017 Bonds agreement, the conversion price of the 2017 Bonds, had been adjusted from HK\$0.6175 to HK\$0.61, from HK\$0.61 to HK\$0.60, from HK\$0.60 to HK\$0.58, from HK\$0.58 to HK\$0.57 and from HK\$0.57 to HK\$0.56 per share with effect from 19 June 2013, 31 October 2013, 19 June 2014, 31 October 2014 and 19 June 2015 respectively.

As a result of the Rights Issue as set out in Note 49(a), the conversion price of the 2017 Bonds has been adjusted from HK\$0.56 to HK\$0.52 per share with effect from 12 February 2018.

(ii) 2019 Bonds

On 9 April 2014, the Company entered into a subscription agreement to issue up to HK\$1,900,000,000 principal amount of 4.5% convertible bonds due in 2019. On 17 April 2014, the issue of principal amounts of HK\$1,200,000,000 of the convertible bonds and HK\$400,000,000 of the convertible bonds pursuant to an option under the subscription agreement being exercised in full before the closing date of the option was completed (the "Firm & Option Bonds 2019"). On 8 July 2014, the issue of HK\$300,000,000 in principal amount of the convertible bonds to Kingly was completed pursuant to the subscription agreement (the "VC Bonds 2019", and together with Firm & Option Bonds 2019, the "2019 Bonds").

35. 可換股債券(續)

A. 可換股債券(續)

(i) 二零一七年債券(續)

二零一七年債券按初步轉換價每股0.6175港元發行。由於派付截至二零一二年、二零一三年及二零一四年十二月三十一日止年度之末期股息及截至二零一三年及二零一四年六月三十日止六個月之中期股息，故根據二零一七年債券協議之條件，二零一七年債券之轉換價已分別自二零一三年六月十九日、二零一三年十月三十一日、二零一四年六月十九日、二零一四年十月三十一日及二零一五年六月十九日起，由每股0.6175港元調整至0.61港元、由每股0.61港元調整至0.60港元、由每股0.60港元調整至0.58港元、由每股0.58港元調整至0.57港元及由每股0.57港元調整至0.56港元。

由於進行供股(參閱附註49(a))，二零一七年債券之轉換價已由每股0.56港元調整至0.52港元，由二零一八年二月十二日起生效。

(ii) 二零一九年債券

於二零一四年四月九日，本公司訂立一份認購協議，以發行於二零一九年到期、本金額最高為1,900,000,000港元之4.5厘可換股債券。於二零一四年四月十七日，已完成根據認購協議項下之選擇權於選擇權截止日期前獲悉數行使而發行本金額分別為1,200,000,000港元及400,000,000港元之可換股債券(「二零一九年實發及增發債券」)。於二零一四年七月八日，已完成根據認購協議向Kingly發行本金額為300,000,000港元之可換股債券(「二零一九年陳先生債券」，連同二零一九年實發及增發債券統稱為「二零一九年債券」)。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

A. Convertible Bonds (continued)

(ii) 2019 Bonds (continued)

Each bond of 2019 Bonds will, at the option of the holder ("2019 Bondholders"), be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 27 May 2014 up to and including 7 April 2019 into fully paid ordinary shares of the Company with a par value of HK\$0.01 each at a conversion price of HK\$1.407 per share, subject to adjustments in accordance with the terms and conditions of the bonds agreement as a result of dilutive events.

The 2019 Bonds were issued at an initial conversion price of HK\$1.407 per share. As a result of the interim dividend for the six months ended 30 June 2014 and final dividend for the year ended 31 December 2014, pursuant to the conditions of the 2019 Bonds, the conversion price of the 2019 Bonds, had been adjusted from HK\$1.407 to HK\$1.390 and from HK\$1.390 to HK\$1.370 per share with effect from 31 October 2014 and 19 June 2015 respectively.

As a result of the Rights Issue as set out in Note 49(a), the conversion price of the 2019 Bonds has been adjusted from HK\$1.370 to HK\$1.290 per share with effect from 12 February 2018.

Kingly is a company indirectly wholly-owned by Mr. Chan, a director and substantial shareholder of the Company. The issue of the VC Bonds 2019, the New VC Bonds and the VC Bonds to Kingly constituted a non-exempt connected transaction under Chapter 14A of the Listing Rules.

The 2017 Bonds and the 2019 Bonds (collectively, the "Bonds") are both listed on Singapore Exchange Securities Trading Limited.

35. 可換股債券(續)

A. 可換股債券(續)

(ii) 二零一九年債券(續)

二零一九年債券之每份債券將按持有人(「二零一九年債券持有人」)之選擇於二零一四年五月二十七日或之後截至及包括二零一九年四月七日轉換(先前已贖回、轉換或購回並註銷者除外)為本公司每股面值0.01港元之繳足普通股,轉換價為每股1.407港元,根據債券協議之條款及條件,轉換價可就攤薄事件作出調整。

二零一九年債券按初步轉換價每股1.407港元發行。由於派付截至二零一四年六月三十日止六個月之中期股息及截至二零一四年十二月三十一日止年度之末期股息,故根據二零一九年債券之條件,二零一九年債券之轉換價已分別自二零一四年十月三十一日及二零一五年六月十九日起,由每股1.407港元調整至1.390港元及由每股1.390港元調整至1.370港元。

由於進行供股(參閱附註49(a)),二零一九年債券之轉換價已由每股1.370港元調整至1.290港元,由二零一八年二月十二日起生效。

Kingly為本公司董事兼主要股東陳先生間接全資擁有之公司。根據上市規則第十四A章,向Kingly發行二零一九年陳先生債券、新陳先生債券及陳先生債券構成不獲豁免關連交易。

二零一七年債券及二零一九年債券(統稱「該等債券」)均於新加坡證券交易所上市。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

B. The terms of the Bonds

(a) Redemption at maturity

Unless previously redeemed, converted, or purchased and cancelled, 2017 Bonds and 2019 Bonds will be redeemed on extended maturity date 28 February 2017 (extended from 28 September 2016) and 17 April 2019 respectively at their principal amounts together with accrued but unpaid interest thereon.

(b) Redemption at the option of the Company

The Company may at any time after 28 September 2014 and prior to 28 September 2016 redeem in whole or in part, the 2017 Bonds and after 17 April 2017 and prior to 17 April 2019 redeem in whole or in part, the 2019 Bonds for the time being outstanding at their principal amounts together with interest accrued to the date fixed for redemption, provided that the closing price of the Company's shares for any 20 consecutive trading days, the last of which occurs not more than five trading days prior to the date on which notice of such redemption is published, was at least 130% of the prevailing Conversion Price; or

If at any time at least 90% of the aggregate principal amount of the Bonds has already been converted, redeemed or purchased and cancelled, then the Company shall have the option to redeem in whole, but not in part, of the outstanding Bonds at their principal amounts as at such date together with interest accrued to such date.

(c) Redemption at the option of the Bondholders

The Company will, at the option of any of the 2017 Bondholders and 2019 Bondholders (collectively the "Bondholders"), redeem all or some of the 2017 Bonds and 2019 Bonds on 28 September 2014 and 17 April 2017 respectively at their principal amounts together with interest accrued to such date.

35. 可換股債券(續)

B. 該等債券之條款

(a) 到期時贖回

除非先前已贖回、轉換或購回並註銷，否則二零一七年債券及二零一九年債券將分別於經延遲到期日二零一七年二月二十八日(原為二零一六年九月二十八日)及二零一九年四月十七日按其本金額連同累計但未付利息贖回。

(b) 由本公司選擇贖回

本公司可於二零一四年九月二十八日後但於二零一六年九月二十八日前，隨時按本金額(連同累計至所定贖回日之利息)贖回全部或部分當時尚未贖回之二零一七年債券，以及於二零一七年四月十七日後但於二零一九年四月十七日前，隨時按本金額(連同累計至所定贖回日之利息)贖回全部或部分當時尚未贖回之二零一九年債券，惟任何連續20個交易日(最後一個交易日不早於發出有關贖回通知日期前五個交易日)之本公司股份收市價至少須達當時轉換價之130%；或

倘於任何時間，該等債券最少90%之本金總額已轉換、贖回或購回並註銷，則本公司可選擇於有關日期按本金額(連同累計至相關日期之利息)贖回全部但並非部分尚未贖回之該等債券。

(c) 由債券持有人選擇贖回

本公司將按任何二零一七年債券持有人及二零一九年債券持有人(統稱「債券持有人」)之選擇，分別於二零一四年九月二十八日及二零一七年四月十七日按本金額(連同累計至相關日期之利息)贖回全部或部分二零一七年債券及二零一九年債券。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

B. The terms of the Bonds (continued)

(c) Redemption at the option of the Bondholders (continued)

The Company will also, at the option of any of the Bondholders, redeem all or some of the Bonds at their principal amounts as at such date together with interest accrued to the relevant date for redemption when there is a change of control of the Company, or when the Company's shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Stock Exchange subject to the terms and conditions of 2017 Bonds and 2019 Bonds, respectively.

At initial recognition, the Bonds are separated into a liability component consisting of the straight debt element of the Bonds, embedded financial derivatives consisting of redemption options, and an equity component representing the conversion options of the Bondholders to convert the Bonds into equity. As the Company's and the Bondholders' redemption options are considered as closely related to the host contracts, the fair values of these options, which are determined using Binomial Tree Pricing Model at initial recognition, have not been separated from the host contracts, but included in the carrying amount of the liability component. The equity component is presented as convertible bonds reserve in equity, whereas the liability component is classified under non-current liabilities. The proceeds received from the issue of the Bonds have been split as follows:

- (i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion features. The interest charged for the year is calculated by applying an effective interest rate. The effective interest rate of the Existing 2017 Bonds, New 2017 Bonds, Firm & Option Bonds 2019 and VC Bonds 2019 are 9.79%, 15.20%, 9.06% and 9.03% per annum, respectively.

35. 可換股債券(續)

B. 該等債券之條款(續)

(c) 由債券持有人選擇贖回(續)

在二零一七年債券及二零一九年債券各自之條款及條件之規限下，當本公司之控制權改變時，或當本公司股份不再於聯交所上市或獲准買賣或暫停買賣為期相等於或超過30個連續交易日時，則本公司亦將按任何債券持有人之選擇，按本金額（連同累計至相關贖回日期之利息）贖回全部或部分該等債券。

於初步確認時，該等債券分為負債部分（包含該等債券之直接債務部分）、嵌入式金融衍生工具（包含贖回選擇權）及權益部分（指債券持有人將該等債券轉換為權益之轉換選擇權）。由於本公司及債券持有人之贖回選擇權被視為與主合約關係密切，故該等選擇權之公允值（於初步確認時使用二項式樹狀定價模型釐定）並無與主合約分開，而計入負債部分之賬面值。權益部分於權益內呈列為可換股債券儲備，而負債部分則分類至非流動負債項下。發行該等債券之已收所得款項已劃分為以下部分：

- (i) 負債部分指合約釐定之現金流量之公允值，乃按信貸狀況相若、提供大致相同現金流、條款相同但並無轉換特性之工具所適用之現行市場利率貼現。年內所計利息按實際利率計算。現有二零一七年債券、新二零一七年債券、二零一九年實發及增發債券以及二零一九年陳先生債券之實際年利率分別為9.79%、15.20%、9.06%及9.03%。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

B. The terms of the Bonds (continued)

- (ii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component from the proceeds of issue of the Bonds as a whole.

The fair value of the liability component of the Bonds on initial recognition was calculated using the discounted cash flow model. The major inputs used in the Binomial Tree Pricing Model were as follows:

| | | VC Bonds 2019 二零一九年 陳先生債券 | Firm & Option Bonds 2019 二零一九年 實發及增發債券 | New 2017 Bonds 新二零一七年 債券 | Existing 2017 Bonds 現有二零一七年 債券 |
|----------------|-------|------------------------------------|---|-----------------------------------|---|
| Share price | 股價 | HK\$0.87港元 | HK\$0.93港元 | HK\$0.50港元 | HK\$0.47港元 |
| Exercise price | 行使價 | HK\$1.4070港元 | HK\$1.4070港元 | HK\$0.6175港元 | HK\$0.6175港元 |
| Risk-free rate | 無風險利率 | 1.394% | 1.380% | 0.267% | 0.755% |
| Dividend yield | 股息率 | 4.115% | 3.849% | 3.360% | 2.213% |
| Credit spread | 期權差價 | 8.184% | 8.133% | 12.300% | 8.407% |
| Expected life | 預計年期 | 4.78 years年 | 5.00 years年 | 4.04 years年 | 5.00 years年 |
| Volatility | 波幅 | 46.328% | 47.724% | 62.431% | 67.761% |

The risk-free rate was determined with reference to the Hong Kong Exchange Fund Notes Yields as extracted from Bloomberg. The expected life was the remaining life of the Bonds. Volatility is the annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share price of the Company.

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the Directors' best estimates.

35. 可換股債券(續)

B. 該等債券之條款(續)

- (ii) 權益部分指轉換選擇權，乃按發行該等債券整體所得款項扣減負債部分之公允值釐定。

該等債券負債部分於初步確認時之公允值以貼現現金流量模型計算。二項式樹狀定價模型所用之主要輸入值如下：

無風險利率經參照香港外匯基金債券孳息率(摘自彭博)後釐定。預計年期為該等債券之餘下年期。波幅為本公司每日經調整平均股價之連續複合回報率之年度化標準差。

該模型所用之主要輸入值之任何變動將導致負債部分之公允值改變。計算負債部分公允值所用之變數及假設乃根據董事之最佳估計得出。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

C. Relevant Event and Consent Solicitation Proposals in relation to the Bonds

As stated in the announcement of the Company dated 20 August 2015, pursuant to the terms and conditions of each of the 2017 Bonds and 2019 Bonds, a “Relevant Event” occurs when, among other things, the Shares are suspended for trading for a period equal to or exceeding 30 consecutive trading days on The Stock Exchange of Hong Kong Limited. Notice has been given by the Company to the Bondholders that a “Relevant Event” occurred. Each holder of the Bonds had the right at such holder’s option, to require the Company to redeem all or some only of such holder’s Bonds on 2 November 2015 (the “Relevant Event Redemption Date”) at their principal amount together with interest accrued to such redemption date, in each case in accordance with the respective terms and conditions of the 2017 Bonds and 2019 Bonds. Upon redemption of any of the Bonds, such redeemed Bonds will be cancelled.

35. 可換股債券(續)

C. 該等債券之相關事件及同意徵求建議

誠如本公司日期為二零一五年八月二十日之公布所述，根據二零一七年債券及二零一九年債券各自之條款及條件，當（其中包括）股份於香港聯合交易所有限公司暫停買賣為期相等於或超過30個連續交易日之情況時，即發生「相關事件」。本公司已向債券持有人發出已發生「相關事件」之通知。根據二零一七年債券及二零一九年債券各自之條款及條件，每名該等債券之持有人有權按其選擇，要求本公司於二零一五年十一月二日（「相關事件贖回日」）按本金額（連同累計至相關贖回日期之利息）贖回該持有人全部或僅部分該等債券。於贖回任何該等債券時，被贖回之該等債券將被註銷。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

C. Relevant Event and Consent Solicitation Proposals in relation to the Bonds (continued)

Given the occurrence of the "Relevant Event", the Company had formulated various consent solicitation proposals (the "Proposals") to the Bondholders to, among other things, (a) delay the maturity date of the 2017 Bonds; (b) delay the original Relevant Event Redemption Date and extend the relevant put period end date; (c) extended the original 3rd Anniversary Put Option Redemption Date (as defined in the Company's announcement dated 29 March 2017) of 2019 Bonds; and (d) to waive the events of default for the respective Bonds. On 29 March 2017, the Company has made a partial repayment to satisfy part of the principal amount of the outstanding Bonds and the accrued but unpaid interest thereon and default interest. Subsequent to the passing of the extraordinary resolutions by the Bondholders and the execution of the supplemental trust deed, (i) the maturity date in relation to 2017 Bonds was delayed to 28 February 2017 and further extended to 28 April 2017; (ii) the Relevant Event Redemption Date in relation to each series of the Bonds was delayed to 28 April 2017 in relation to the Relevant Delisting Event (as defined in the Company's announcement dated 29 March 2017); (iii) the 3rd Anniversary Put Option Redemption Date of the 2019 Bonds was extended to 31 May 2017; and (iv) any breach of the terms and conditions or the trust deed of each series of the Bonds in respect of any non-payment of any amount otherwise payable is waived on 28 April 2017. The Company has not made payment of the outstanding Bonds on 28 April 2017, and the Bonds have been in default since then.

Detailed information regarding the Proposals and the relevant meetings/resolutions (as the case may be) of the Bondholders are set out in the announcements of the Company dated 22 September 2015, 7 October 2015, 29 October 2015, 29 March 2016, 8 April 2016, 3 May 2016, 3 June 2016, 2 August 2016, 9 September 2016, 15 September 2016, 14 February 2017, 14 March 2017, 24 March 2017, 29 March 2017, 21 April 2017, 27 April 2017 and 28 April 2017 respectively.

35. 可換股債券(續)

C. 該等債券之相關事件及同意徵求建議(續)

鑑於發生「相關事件」，本公司制訂多項同意徵求建議(「建議」)向債券持有人提出，以(其中包括)(a)押後二零一七年債券之到期日；(b)押後原相關事件贖回日，而相關認沽期結束日亦相應押後；(c)延遲二零一九年債券之原第三週年認沽期權贖回日(定義見本公司日期為二零一七年三月二十九日之公布)；及(d)豁免各該等債券之違約事件。於二零一七年三月二十九日，本公司已作出部分還款以支付部分尚未償還該等債券之本金額及其應計但未付之利息及違約利息。於債券持有人通過特別決議案及補充信託契據簽立後，(i)有關二零一七年債券之到期日已押後至二零一七年二月二十八日，並進一步延遲至二零一七年四月二十八日；(ii)該等債券各系列之相關事件贖回日已就相關除牌事件(定義見本公司日期為二零一七年三月二十九日之公布)押後至二零一七年四月二十八日；(iii)將二零一九年債券之第三週年認沽期權贖回日押後至二零一七年五月三十一日；及(iv)就未支付之任何應付款項所涉及該等債券各系列之條款及條件或信託契據之任何違反於二零一七年四月二十八日獲豁免。本公司於二零一七年四月二十八日並無償付尚未償還之該等債券，故該等債券自此一直違約。

有關建議及相關債券持有人會議/決議案(視情況而定)之詳細資料，載於本公司日期分別為二零一五年九月二十二日、二零一五年十月七日、二零一五年十月二十九日、二零一六年三月二十九日、二零一六年四月八日、二零一六年五月三日、二零一六年六月三日、二零一六年八月二日、二零一六年九月九日、二零一六年九月十五日、二零一七年二月十四日、二零一七年三月十四日、二零一七年三月二十四日、二零一七年三月二十九日、二零一七年四月二十一日、二零一七年四月二十七日及二零一七年四月二十八日之公布。

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綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE BONDS (continued)

D. The movements of the liability components of the Bonds for the year are set out below:

| | | 2019 Bonds 二零一九年債券 HK\$'000 千港元 | 2017 Bonds 二零一七年債券 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
|--|-----------------------|--|--|--------------------------------|
| Carrying amounts at 1 January 2016 | 於二零一六年 一月一日之賬面值 | 1,752,312 | 323,090 | 2,075,402 |
| Redemption during the year | 年內贖回 | (400,873) | (74,585) | (475,458) |
| Interest expense (Note 8) | 利息開支(附註8) | 100,748 | 25,560 | 126,308 |
| Interest payable | 應付利息 | (75,138) | (18,334) | (93,472) |
| Carrying amounts at 31 December 2016 | 於二零一六年 十二月三十一日之賬面值 | 1,377,049 | 255,731 | 1,632,780 |
| Redemption during the year | 年內贖回 | (846,027) | (154,824) | (1,000,851) |
| Interest expense (Note 8) | 利息開支(附註8) | 40,820 | 9,338 | 50,158 |
| Acceleration of unwinding interest on convertible bonds (Note 8) | 加快可換股債券之利息撥回 (附註8) | 19,176 | - | 19,176 |
| Interest payable | 應付利息 | (39,616) | (9,338) | (48,954) |
| Carrying amounts at 31 December 2017 | 於二零一七年 十二月三十一日之賬面值 | 551,402 | 100,907 | 652,309 |

The acceleration of unwinding interest of approximately HK\$19,176,000 arose as a result of the difference between the carrying amount and the principal amount of a portion of the 2019 Bonds. The principal amount of this portion of 2019 Bonds was approximately HK\$222,118,000 and it became due during the reporting year.

As at 31 December 2017, the aggregate principal amount of the Bonds remaining outstanding following the partial redemptions of the Bonds was approximately HK\$652,309,000 (2016:HK\$1,653,160,000). Details of subsequent events after the end of the reporting period are shown in Note 49 to the consolidated financial statements.

35. 可換股債券(續)

D. 該等債券負債部分之年內變動載列如下:

約19,176,000港元之加快撥回利息源自部分二零一九年債券之賬面值與本金額之間的差額。於報告年度內，此部分之二零一九年債券本金額約為222,118,000港元，並已經到期。

於二零一七年十二月三十一日，於贖回部分該等債券後，仍未償還之該等債券本金總額約為652,309,000港元(二零一六年：1,653,160,000港元)。報告期末後事項之詳情載於綜合財務報表附註49。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

36. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2017, the Group had obligation under finance lease repayable as follows:

| | | 2017 二零一七年 | | 2016 二零一六年 | |
|------------------------------------|------------|--|---|--|---|
| | | Present value of minimum lease payment 最低租約 付款現值 HK\$'000 千港元 | Minimum lease payment 最低租約付款 HK\$'000 千港元 | Present value of minimum lease payment 最低租約 付款現值 HK\$'000 千港元 | Minimum lease payment 最低租約付款 HK\$'000 千港元 |
| Within 1 year | 一年內 | - | - | 8,268 | 8,367 |
| Between 2 to 5 years | 兩年至五年 | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>8,268</u> | <u>8,367</u> |
| Less: Total future finance charges | 減：未來財務收費總額 | | - | | 99 |
| Present value of lease payments | 租約付款現值 | | <u>-</u> | | <u>8,268</u> |

For the year ended 31 December 2016, the effective interest rate of the obligation under finance lease was 5.56% per annum. Certain subsidiaries of the Group had provided corporate guarantees to the lessor to secure the finance lease obligation to the extent of HK\$56,667,000. The carrying amount of the printing machine under the sales and leaseback agreement was disclosed in Note 15.

37. RETIREMENT BENEFITS SCHEME

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the relevant PRC regulations, the PRC subsidiaries are required to make contributions to defined contribution retirement schemes organized by the relevant Social Security Bureau in respect of the retirement benefits for the PRC subsidiaries' employees in the PRC.

36. 融資租賃債務

於二零一七年十二月三十一日，本集團應償付之融資租賃債務如下：

| | | 2017 二零一七年 | | 2016 二零一六年 | |
|------------------------------------|------------|--|---|--|---|
| | | Present value of minimum lease payment 最低租約 付款現值 HK\$'000 千港元 | Minimum lease payment 最低租約付款 HK\$'000 千港元 | Present value of minimum lease payment 最低租約 付款現值 HK\$'000 千港元 | Minimum lease payment 最低租約付款 HK\$'000 千港元 |
| Within 1 year | 一年內 | - | - | 8,268 | 8,367 |
| Between 2 to 5 years | 兩年至五年 | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>8,268</u> | <u>8,367</u> |
| Less: Total future finance charges | 減：未來財務收費總額 | | - | | 99 |
| Present value of lease payments | 租約付款現值 | | <u>-</u> | | <u>8,268</u> |

截至二零一六年十二月三十一日止年度，該融資租賃債務之實際年利率為5.56厘。本集團若干附屬公司已向出租人提供公司擔保，以作為約56,667,000港元之融資租賃債務之擔保。售後租回協議項下印刷機之賬面值於附註15披露。

37. 退休福利計劃

退休福利成本

本集團遵照強制性公積金計劃條例，於香港為合資格參與強制性公積金退休福利計劃（「強積金計劃」）之僱員，安排一項定額供款強積金計劃。供款乃以僱員基本薪金之某百分比作出，並於根據強積金計劃之規則須予支付時自損益扣除。本集團之僱主供款於向強積金計劃作出供款時悉數歸屬僱員所有。

根據有關中國法規，中國附屬公司須就中國附屬公司僱員於中國之退休福利向有關社會保障局組織之定額供款退休計劃作出供款。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

38. CONTINGENT LIABILITIES

(a) Contingent liability in respect of default under the convertible bonds

During the year ended 31 December 2017, the Company has not fulfilled its redemption obligation of 2017 Bonds in the principal amount of approximately HK\$100,907,000 and the redemption obligation of 2019 Bonds in the principal amount of approximately HK\$551,402,000 on 28 April 2017 and 31 May 2017 respectively. The amounts under the 2017 Bonds and 2019 Bonds have been outstanding since 28 April 2017 and are currently due to be repaid to the Bondholders. The trustee or the Bondholders through the trustee may take legal actions against the Company in respect of the outstanding Bonds. The Company does not expect the possible courses of action to materially impact the Group, as the Company has sufficient offshore financial resources to fulfill repayment obligations under the outstanding Bonds.

As disclosed in the Company's announcements dated 19 November 2017, 6 December 2017, 29 January 2018, 19 March 2018 and 21 March 2018 and the Company's prospectus dated 23 February 2018, in relation to, among things, the Rights Issue (as defined in Note 49(a)) and the CB Subscription (as defined in Note 49(b)) of the proposed fund raising plans, upon completion of the proposed fund raising plans, the Company expects it will fully repay the 2017 Bonds and 2019 Bonds on or before 31 May 2018. Accordingly, the directors of the Company do not consider it probable that a claim will be made against the Company.

(b) Financial guarantees issued

As at 31 December 2017 and 2016, a subsidiary of the Group has issued a corporate guarantee in respect of the secured bank borrowing granted to a subsidiary of the Group which will expire when the bank borrowing is repaid (Note 34).

38. 或然負債

(a) 有關可換股債券違約之或然負債

於截至二零一七年十二月三十一日止年度，本公司未能於二零一七年四月二十八日及二零一七年五月三十一日分別履行本金額約100,907,000港元之二零一七年債券之贖回責任及本金額約551,402,000港元之二零一九年債券之贖回責任。二零一七年債券及二零一九年債券下之款項自二零一七年四月二十八日起一直尚未償還，目前已到期償還予債券持有人。受託人或債券持有人透過受託人可就尚未償還之該等債券向本公司採取法律行動。由於本公司具備足夠境外財務資源履行尚未償還之該等債券下的還款責任，故本公司預期潛在的行動不會對本集團造成重大影響。

誠如本公司日期為二零一七年十一月十九日、二零一七年十二月六日、二零一八年一月二十九日、二零一八年三月十九日及二零一八年三月二十一日之公布以及日期為二零一八年二月二十三日之供股章程（內容有關（其中包括）建議集資計劃中之供股（定義見附註49(a)）及可換股債券認購事項（定義見附註49(b)））所披露，於建議集資計劃完成後，本公司預期將於二零一八年五月三十一日或之前悉數償還二零一七年債券及二零一九年債券。因此，本公司董事認為向本公司提出申索之機會不大。

(b) 已發出之財務擔保

於二零一七年及二零一六年十二月三十一日，本集團一間附屬公司已就本集團其中一間附屬公司獲授之有抵押銀行借貸發出公司擔保。該公司擔保將於償還銀行借貸時到期（附註34）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

38. CONTINGENT LIABILITIES (continued)

(b) Financial guarantees issued (continued)

As at 31 December 2016, certain subsidiaries of the Group had issued corporate guarantees in respect of the finance lease obligation under a sales and leaseback arrangement granted to a subsidiary which had expired when the lease terminated during the year 31 December 2017 (Note 36).

The Group has not recognized any deferred income and the related expenses in respect of such guarantees, as in the opinion of the Directors, their fair value cannot be reliably measured using observable market data and their transaction price was nil.

As at 31 December 2017 and 2016, the Directors do not consider it probable that a claim will be made against these subsidiaries under any of the guarantees.

39. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

1. Undertakings and shareholder loans

Kingly (being a holder of 2019 Bonds), a company indirectly wholly-owned by Mr. Chan, has provided several undertakings to the Company ("the Undertaking(s)") and shareholder loans, among other things,

- l) On 3 May 2016, Kingly provided an undertaking:
 - a. to provide a valid block voting instruction in favor of the extraordinary resolution which was duly passed on 3 June 2016;
 - b. to provide, subject to certain conditions, an unsecured and interest-free shareholder's loan in the amount of approximately HK\$1,425,000, with a one-year term, for the Company's general working capital;
 - c. to provide, subject to certain conditions, an unsecured shareholder's loan in amount of approximately HK\$19,353,000, with a one-year term, with an interest rate equals to the coupon rate of the 2019 Bonds for the Company's general working capital; and

38. 或然負債(續)

(b) 已發出之財務擔保(續)

於二零一六年十二月三十一日，本集團若干附屬公司已就一間附屬公司獲授之售後租回安排下之融資租賃債務發出公司擔保。該等公司擔保已於截至二零一七年十二月三十一日止年度租賃終止時到期(附註36)。

由於董事認為，有關擔保之公允值無法使用可觀察市場數據可靠計量，且交易價為零，故本集團並無就有關擔保確認任何遞延收入及相關開支。

於二零一七年及二零一六年十二月三十一日，董事認為根據任何該等擔保向該等附屬公司提出申索之機會不大。

39. 董事於交易、安排或合約之重大權益

1. 承諾函及股東貸款

Kingly (為二零一九年債券之持有人，由陳先生間接全資擁有)已向本公司提供多份承諾函(「承諾函」)及股東貸款，其中包括：

- l) 於二零一六年五月三日，Kingly就以下項目提供承諾函：
 - a. 發出有效凍結投票指示，投票贊成於二零一六年六月三日正式通過之特別決議案；
 - b. 在若干條件之規限下，提供約1,425,000港元之一年期無抵押及免息股東貸款，以供本公司用作一般營運資金；
 - c. 在若干條件之規限下，提供約19,353,000港元之一年期無抵押股東貸款，其利率相等於二零一九年債券之票面利率，以供本公司用作一般營運資金；及

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (continued)

1. Undertakings and shareholder loans (continued)

- I) On 3 May 2016, Kingly provided an undertaking: (continued)
- d. not to exercise the put option in relation to a "Relevant Event" as stated in the announcement dated 3 May 2016 in respect of the 2019 Bonds it holds.

The shareholder loans amounting to approximately HK\$1,425,000 and HK\$19,353,000 were fully repaid before the end of the reporting period on 31 December 2016.

- II) On 2 August 2016, Kingly provided an undertaking:
- a. to provide a valid block voting instruction in favor of the extraordinary resolution which was duly passed on 9 September 2016;
- b. to provide, subject to certain conditions, an unsecured and interest-free shareholder's loan in the amount of approximately HK\$1,992,000, with a one-year term, for the Company's general working capital;
- c. to provide, subject to certain conditions, an unsecured shareholder's loan in amount of approximately HK\$45,000,000, with a one-year term, with an interest rate equals to the coupon rate of the 2019 Bonds for the Company's general working capital; and
- d. not to exercise the put option in relation to a "Relevant Event" as stated in the announcement dated 2 August 2016 in respect of the 2019 Bonds it holds.

The shareholder loans amounting to approximately HK\$1,992,000 and HK\$45,000,000 were fully repaid before the end of the reporting period on 31 December 2016.

39. 董事於交易、安排或合約之重大權益(續)

1. 承諾函及股東貸款(續)

- I) 於二零一六年五月三日, Kingly就以下項目提供承諾函:(續)
- d. 不就其所持二零一九年債券行使有關日期為二零一六年五月三日之公布所載「相關事件」之認沽期權。

約1,425,000港元及19,353,000港元之股東貸款已於二零一六年十二月三十一日報告期末前悉數償還。

- II) 於二零一六年八月二日, Kingly就以下項目提供承諾函:
- a. 發出有效凍結投票指示, 投票贊成於二零一六年九月九日正式通過之特別決議案;
- b. 在若干條件之規限下, 提供約1,992,000港元之一年期無抵押及免息股東貸款, 以供本公司用作一般營運資金;
- c. 在若干條件之規限下, 提供約45,000,000港元之一年期無抵押股東貸款, 其利率相等於二零一九年債券之票面利率, 以供本公司用作一般營運資金; 及
- d. 不就其所持二零一九年債券行使有關日期為二零一六年八月二日之公布所載「相關事件」之認沽期權。

約1,992,000港元及45,000,000港元之股東貸款已於二零一六年十二月三十一日報告期末前悉數償還。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (continued)

1. Undertakings and shareholder loans (continued)

- III) During the year ended 31 December 2016, Kingly provided an unsecured, interest-free and repayment on demand shareholder's loan in the amount of approximately HK\$280,000,000 for the Company's general working capital. As at 31 December 2017, the outstanding principal amount of loan was approximately HK\$269,967,000.
- IV) On 29 March 2017, Kingly provided an unsecured shareholder's loan in amount of approximately HK\$133,583,000, with a one-year term, with an interest rate equals to the coupon rate of the 2019 Bonds for the Company's general working capital. As at 31 December 2017, the outstanding principal amount of loan was approximately HK\$133,583,000 and the accrued interest on the loan was approximately HK\$4,562,000.
- V) On 17 November 2017, Mr. Chan provided an undertaking to the Company that the shareholder's loan due to Kingly can only be repaid until after the completion of the Rights Issue and the CB Subscription (or the termination of either the Rights Issue pursuant to the terms of the Underwriting Agreement or the CB Subscription pursuant to the terms of the CB Subscription Agreement).
2. During the year 2016, Mr. Chan has provided unsecured and interest-free shareholder loans in the amount of approximately HK\$87,140,000 to the Company which was fully repaid before the end of the reporting period 31 December 2016.

39. 董事於交易、安排或合約之重大權益(續)

1. 承諾函及股東貸款(續)

- III) 於截至二零一六年十二月三十一日止年度, Kingly提供約280,000,000港元之無抵押、免息及須按要求償還之股東貸款, 以供本公司用作一般營運資金。於二零一七年十二月三十一日, 該貸款之尚未償還本金額約為269,967,000港元。
- IV) 於二零一七年三月二十九日, Kingly提供約133,583,000港元之一年期無抵押股東貸款, 其利率相等於二零一九年債券之票面利率, 以供本公司用作一般營運資金於二零一七年十二月三十一日, 該貸款之尚未償還本金額約為133,583,000港元, 而該貸款之應計利息約為4,562,000港元。
- V) 於二零一七年十一月十七日, 陳先生向本公司提供一份承諾函, 可於直至完成供股及可換股債券認購事項(或供股根據包銷協議之條款終止或可換股債券認購事項根據可換股債券認購協議之條款終止)後僅償還結欠Kingly之股東貸款。
2. 於二零一六年, 陳先生向本公司提供無抵押及免息股東貸款約87,140,000港元, 該等貸款已於二零一六年十二月三十一日報告期末前悉數償還。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (continued)

- On 4 January 2016, the Group entered into the Sale and Purchase Agreement with Sunjet, in relation to, among other things, the sale and purchase of the entire issued share capital of Multi Glory. Mr. Chan is also a director of the Purchaser and is its substantial shareholder. In consideration of the Purchaser entering into the Sale and Purchase Agreement, on 2 August 2016, the Company executed a deed of guarantee pursuant to which the Company agreed to guarantee in favor of the Purchaser the due performance and observance by the seller of all its obligations under or pursuant to the Sale and Purchase Agreement. The Disposal was completed in February 2017. Details are set out in Note 14 and 41.
- On 2 August 2016, Mega Market Assets Limited, wholly-owned by Mr. Chan has provided an unsecured, interest-free loan and due for repayment on the completion date of the Disposal in the amount of approximately HK\$357,867,000, for the Company's partial redemption obligations of convertible bonds and repaid the shareholder loan provided by Kingly. The Mega Market Loan has been repaid in February 2017 upon completion of the Disposal.
- In April 2017, the Company entered into a conditional subscription agreement with Keen Start Limited ("Keen Start") for the proposed subscription of shares and convertible bonds by Keen Start (the "Subscription Agreement"). As the conditions to the completion of the transaction contemplated under the Subscription Agreement have not been fully satisfied, the Company and Keen Start have agreed to terminate the Subscription Agreement and the related undertaking has been released and discharged.
- In November 2017, the Company entered into the underwriting agreement as supplemental and amended on 29 January 2018 (the "Underwriting Agreement") with, among others, Keen Start in relation to the Rights Issue. Mr. Chan, Keen Start and Kingly have given irrevocable undertaking in relation to the subscription for the Rights Shares. The Rights Issue has been completed in March 2018.

39. 董事於交易、安排或合約之重大權益(續)

- 於二零一六年一月四日，本集團與Sunjet就(其中包括)買賣Multi Glory全部已發行股本訂立買賣協議。陳先生亦為買方之董事及其主要股東。作為買方訂立買賣協議之代價，於二零一六年八月二日，本公司簽立擔保契據，據此，本公司同意以買方為受益人擔保賣方妥為履行及遵守其於買賣協議項下或根據買賣協議之全部責任。出售事項已於二零一七年二月完成。詳情載於附註14及41。
- 於二零一六年八月二日，Mega Market Assets Limited(由陳先生全資擁有)提供約357,867,000港元之無抵押、免息及於出售事項完成日期到期償還之貸款，以供本公司履行部分可換股債券贖回責任及償還由Kingly提供之股東貸款。Mega Market貸款已於二零一七年二月出售事項完成後償還。
- 於二零一七年四月，本公司與Keen Start Limited(「Keen Start」)就Keen Start建議認購股份及可換股債券訂立一份有條件認購協議(「認購協議」)。由於完成認購協議項下擬進行之交易的條件尚未全面達成，本公司與Keen Start已同意終止認購協議，而相關承諾已獲免除及解除。
- 於二零一七年十一月，本公司與(其中包括)Keen Start就供股訂立一份包銷協議(於二零一八年一月二十九日補充及修訂)(「包銷協議」)。陳先生、Keen Start與Kingly已就認購供股股份提供不可撤銷承諾。供股已於二零一八年三月完成。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

39. DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (continued)

7. In November 2017, the Company entered into the conditional CB Subscription Agreement for the proposed subscription of convertible bonds in the principal amount of HK\$167,500,000 by Keen Start. The Company and Keen Start had entered into two side letters to the CB Subscription Agreement on 14 February 2018 and 21 March 2018 respectively to postpone the CB Subscription Completion Date to 14 May 2018.

During the year, the Company's PRC subsidiaries (the "PRC Subsidiaries") had the following transactions with a PRC entity (the "PRC Entity") indirectly controlled by Mr. Chan: (1) processing fees for machineries and equipment in the amount of HK\$960,000 was charged to one of the PRC Subsidiaries; (2) one of the PRC Subsidiaries sold parts to the PRC Entity for the consideration of HK\$18,000; and (3) the PRC Entity advanced interest-free, unsecured and repayable on demand loans in the amount of HK\$13,475,000 to the PRC Subsidiaries for operation under ordinary course of business.

Save as disclosed above, no other significant transactions, arrangements and contracts in which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

39. 董事於交易、安排或合約之重大權益(續)

7. 於二零一七年十一月，本公司就建議由Keen Start認購本金額為167,500,000港元之可換股債券訂立一份有條件可換股債券認購協議。本公司與Keen Start分別於二零一八年二月十四日及二零一八年三月二十一日訂立兩份可換股債券認購協議附函，以將可換股債券認購事項完成日期押後至二零一八年五月十四日。

年內，本公司之中國附屬公司（「該等附屬公司」）與一間受陳先生間接控制之中國實體（「該中國實體」）進行以下交易：(1)向該等中國附屬公司其中一間收取機器及設備加工費960,000港元；(2)該等中國附屬公司其中一間以代價18,000港元向該中國實體出售部件；及(3)該中國實體就於日常業務過程中之業務營運向該等中國附屬公司墊付免息無抵押及須按要求償還之貸款13,475,000港元。

除上文所披露者外，本公司於年終時或年內任何時間，並無進行或訂立任何本公司董事於其中直接或間接擁有重大權益之其他重要交易、安排及合約。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

40. COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2017 not provided for in the consolidated financial statements are as follows:

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| Contracted for – increase in registered capital of subsidiaries | 84,597 | 84,000 |

- (b) At 31 December 2017, the Group's future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

| | | As at 31 December 2017 於二零一七年十二月三十一日 | | |
|---------------------------------------|--------------------|---|--|--------------------------------|
| | | Land and buildings 土地及樓宇 HK\$'000 千港元 | Factory equipments 廠房設備 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
| Within one year | 一年內 | 12,447 | 9,017 | 21,464 |
| In the second to fifth year inclusive | 第二至第五年 (包括首尾兩年) | 18,278 | 35,916 | 54,194 |
| More than five years | 五年以上 | – | 35,515 | 35,515 |
| | | <u>30,725</u> | <u>80,448</u> | <u>111,173</u> |

40. 承擔

- (a) 於二零一七年十二月三十一日並未在綜合財務報表內撥備之未付資本承擔如下：

| | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| Contracted for – increase in registered capital of subsidiaries | 84,597 | 84,000 |

- (b) 於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃應付之未來最低租約付款如下：

| | | As at 31 December 2017 於二零一七年十二月三十一日 | | |
|---------------------------------------|--------------------|---|--|--------------------------------|
| | | Land and buildings 土地及樓宇 HK\$'000 千港元 | Factory equipments 廠房設備 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
| Within one year | 一年內 | 12,447 | 9,017 | 21,464 |
| In the second to fifth year inclusive | 第二至第五年 (包括首尾兩年) | 18,278 | 35,916 | 54,194 |
| More than five years | 五年以上 | – | 35,515 | 35,515 |
| | | <u>30,725</u> | <u>80,448</u> | <u>111,173</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

40. COMMITMENTS (continued)

(b) (continued)

| | | As at 31 December 2016 於二零一六年十二月三十一日 | | |
|--|--------------------|---|--|--------------------------------|
| | | Land and buildings 土地及樓宇 HK\$'000 千港元 | Factory equipments 廠房設備 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
| Within one year | 一年內 | 10,879 | 8,378 | 19,257 |
| In the second to fifth year inclusive | 第二至第五年 (包括首尾兩年) | 1,723 | 33,405 | 35,128 |
| More than five years | 五年以上 | - | 41,319 | 41,319 |
| | | <u>12,602</u> | <u>83,102</u> | <u>95,704</u> |

The Group leases various office and factory premises, office equipments and warehouses under operating leases. The leases run for a period of 1 to 9 years (2016: 1 to 10 years). The leases do not include any contingent rentals.

本集團根據經營租賃租用多個辦公室及廠房物業、辦公室設備及倉庫。該等租賃為期一至九年(二零一六年:一至十年)不等,並不包括任何或然租金。

41. DISPOSAL OF SUBSIDIARIES

Disposal of Sinodata Group

On 4 January 2016, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with a related party, Sunjet Investments Limited, in which a director (also a substantial shareholder) of the Company has beneficial interest, for the disposal of entire interests in Multi Glory and the loan due from Multi Glory to the Group for a cash consideration of HK\$2,150,000,000 (the "Disposal"). The Disposal was completed in February 2017. Further details are set out in Note 14.

41. 出售附屬公司

出售思樂集團

於二零一六年一月四日,本公司一間全資附屬公司與關聯方Sunjet Investments Limited(一名身兼主要股東之本公司董事擁有其實益權益)訂立買賣協議,以出售Multi Glory之全部權益及Multi Glory結欠本集團之貸款,現金代價為2,150,000,000港元(「出售事項」)。出售事項已於二零一七年二月完成。進一步詳情載於附註14。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

41. DISPOSAL OF SUBSIDIARIES (continued)

41. 出售附屬公司(續)

Sinodata Group
思樂集團
HK\$'000
千港元

The net assets disposed of at the date of disposal were as follows:

於出售日期之已出售淨資產如下：

| | | |
|---|--------------|-------------|
| Property, plant and equipment | 物業、廠房及設備 | 129,501 |
| Prepaid lease payments on land use rights | 土地使用權之預付租約付款 | 42,214 |
| Goodwill | 商譽 | 1,026,795 |
| Intangible assets | 無形資產 | 21,158 |
| Deposit for acquisition of leasehold building | 收購租賃樓宇之按金 | 171,416 |
| Inventories | 存貨 | 94,976 |
| Trade receivables | 應收貿易賬款 | 153,754 |
| Utility and other deposits | 公用事業及其他按金 | 103,131 |
| Prepayments and other receivables | 預繳款項及其他應收款項 | 521,870 |
| Current tax refundable | 可退還當期稅項 | 172 |
| Cash and bank balances | 現金及銀行結餘 | 48,039 |
| Amount due to the Group | 應付本集團款項 | (1,664,588) |
| Trade payables | 應付貿易賬款 | (108,383) |
| Other payables and accruals | 其他應付款項及應計款項 | (124,095) |
| Bank borrowings | 銀行借貸 | (137,573) |
| Current tax liabilities | 當期稅項負債 | (9,876) |
| Deferred tax assets | 遞延稅項資產 | 4,911 |
| | | <hr/> |
| Net assets disposed of | 已出售淨資產 | 273,422 |

(Loss)/gain on disposal of subsidiaries:

出售附屬公司之(虧損)/收益：

| | | |
|--|------------------------------|-------------|
| Consideration received and receivables | 已收及應收代價 | 2,150,000 |
| Net assets disposed of | 已出售淨資產 | (273,422) |
| Assignment of the amount due to the Group | 出讓應付本集團款項 | (1,664,588) |
| Non-controlling interests | 非控股權益 | 3,759 |
| Expenses in connection with the disposal | 與出售事項有關之開支 | (9,354) |
| Cumulative exchange difference in respect of the net assets reclassified from exchange translation reserve to profit or loss upon disposal | 有關於出售時由匯兌儲備重新分類至損益之淨資產累計匯兌差額 | (41,105) |
| | | <hr/> |
| Gain on disposal of subsidiaries before taxation | 出售附屬公司之除稅前收益 | 165,290 |
| PRC income tax paid for disposal | 就出售事項支付之中國所得稅 | (215,200) |
| | | <hr/> |
| Loss on disposal of subsidiaries after taxation | 出售附屬公司之除稅後虧損 | (49,910) |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

41. DISPOSAL OF SUBSIDIARIES (continued)

41. 出售附屬公司(續)

| | | HK\$'000 千港元 |
|---|-----------------------|-----------------|
| <hr/> | | |
| Satisfied by: | 支付方式: | |
| Cash consideration received | 已收現金代價 | 1,800,000 |
| Cash consideration receivable (Note 25) | 應收現金代價(附註25) | 350,000 |
| | | <hr/> |
| | | 2,150,000 |
| | | <hr/> |
| Net cash inflow on disposal of subsidiaries: | 出售附屬公司之現金流入淨額: | |
| Total cash consideration received | 已收現金代價總額 | 1,800,000 |
| Cash and cash equivalents disposed of | 已出售現金及現金等價物 | (48,039) |
| | | <hr/> |
| | | 1,751,961 |
| | | <hr/> <hr/> |

The subsidiaries disposed of during the year ended 31 December 2017 contributed approximately HK\$35,830,000 to the Group's revenue and profit of approximately HK\$229,000 to the Group's loss for the year ended 31 December 2017.

PRC income tax of HK\$215,200,000 is calculated based on a tax rate of 10% on the excess of consideration over the capital in the disposed subsidiary which is established in the PRC.

於截至二零一七年十二月三十一日止年度出售之附屬公司於截至二零一七年十二月三十一日止年度為本集團收入貢獻約35,830,000港元及為本集團虧損帶來溢利約229,000港元。

中國所得稅215,200,000港元乃根據代價超出於中國成立之已出售附屬公司之資本之差額按稅率10%計算。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

42. FINANCIAL INSTRUMENTS BY CATEGORIES

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

42. 按類別劃分之金融工具

於報告期末，各金融工具類別之賬面值如下：

Financial assets

| | | 金融資產 | | | | | | | |
|---|--------------------------------|---------------------------------|---|-----------------------|---|---------------------------------|--|----------------|------------------|
| | | 2017 二零一七年 | | | 2016 二零一六年 | | | | |
| | | Loans and receivables | Available- for-sale financial assets | Total | Financial asset at fair value through profit or loss held for trading 通過損益 按公允值 計量之金融 資產— 持有作買賣 | Loans and receivables | Available- for-sale financial asset | Total | |
| Notes 附註 | 貸款及 應收款項 HK\$'000 千港元 | 可供出售 金融資產 HK\$'000 千港元 | 總計 HK\$'000 千港元 | 總計 HK\$'000 千港元 | 貸款及 應收款項 HK\$'000 千港元 | 可供出售 金融資產 HK\$'000 千港元 | 總計 HK\$'000 千港元 | | |
| Available-for-sale financial assets | 可供出售金融資產 | 20 | – | 239,432 | – | – | 288,806 | 288,806 | |
| Trade receivables | 應收貿易賬款 | 23 | 388,791 | – | – | 490,836 | – | 490,836 | |
| Utility and other deposits | 公用事業及其他按金 | 24 | 1,451,872 | – | – | 1,533,259 | – | 1,533,259 | |
| Other receivables | 其他應收款項 | 25 | 1,960,048 | – | – | 1,837,693 | – | 1,837,693 | |
| Amount due from a joint venture | 應收一間合營企業款項 | 19 | 2,393 | – | – | – | – | – | |
| Financial assets at fair value through profit or loss | 通過損益按公允值計量之金融資產 | 26 | – | – | 132 | – | – | 132 | |
| Cash and bank balances | 現金及銀行結餘 | 27 | 1,841,219 | – | – | 2,136,962 | – | 2,136,962 | |
| | | | <u>5,644,323</u> | <u>239,432</u> | <u>5,883,755</u> | <u>132</u> | <u>5,998,750</u> | <u>288,806</u> | <u>6,287,688</u> |

Financial liabilities

Financial liabilities at amortized cost

金融負債

按攤銷成本列賬之金融負債

| | | 2017 二零一七年 | | 2016 二零一六年 |
|----------------------------------|-------------|---------------|------------------|------------------|
| | | Notes 附註 | HK\$'000 千港元 | HK\$'000 千港元 |
| Trade payables | 應付貿易賬款 | 32 | 8,238 | 1,801 |
| Other payables and accruals | 其他應付款項及應計款項 | 33 | 70,321 | 77,271 |
| Bank borrowing | 銀行借貸 | 34 | 5,362 | 4,901 |
| Convertible bonds | 可換股債券 | 35 | 652,309 | 1,632,780 |
| Obligations under finance leases | 融資租賃債務 | 36 | – | 8,268 |
| Amounts due to related parties | 應付關聯方款項 | 45 | 426,252 | 1,259,967 |
| Amount due to a joint venture | 應付一間合營企業款項 | 19 | 66,552 | 46,195 |
| | | | <u>1,229,034</u> | <u>3,031,183</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk arising from the normal course of its business and financial instruments. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as follows:

(i) Market risk

(1) Foreign exchange risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to foreign currency deposits with banks. The Group did not have significant exposure to foreign exchange risk arising from the trade and other receivables in the current and prior years.

In addition, foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operation. The Group's lottery business operates in the PRC with most of the transactions settled in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

At 31 December 2017, if HKD had strengthened/weakened by 5% against the RMB, with all other variables held constant, loss for the year would have been higher/lower by approximately HK\$9,107,000 (2016:HK\$7,105,000) and equity would have been approximately HK\$42,129,000 (2016:HK\$57,148,000) lower/higher due to foreign exchange realignment arising from translating investments in foreign operations into HKD.

43. 財務風險管理及金融工具之公允值

(a) 財務風險因素

本集團業務在一般業務過程中及因金融工具而面對多項財務風險：市場風險（包括外匯風險、公允值利率風險、現金流量利率風險及價格風險）、信貸風險及流動資金風險。本集團之整體風險管理計劃專注於金融市場之不可預測情況，並尋求將對本集團財務表現造成之潛在不利影響降至最低，詳情如下：

(i) 市場風險

(1) 外匯風險

外匯風險為因與存放於銀行之外幣存款有關之匯率不利變動而產生之虧損風險。本集團於本年度及過往年度並無面對因應收貿易賬款及其他應收款項而產生之重大外匯風險。

此外，未來商業交易、已確認資產及負債以及境外業務投資淨值均會產生外匯風險。本集團之彩票業務在中國境內經營，大部分交易均以人民幣結算。將人民幣兌換為外幣須受中國政府頒布之外匯管制規則及規例監管。

於二零一七年十二月三十一日，倘港元兌人民幣匯率升值／貶值5%，而所有其他變數維持不變，由於將境外業務之投資換算為港元產生匯兌調整，年度虧損將會增加／減少約9,107,000港元（二零一六年：7,105,000港元），而權益則減少／增加約42,129,000港元（二零一六年：57,148,000港元）。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(1) Foreign exchange risk (continued)

The above sensitivity analysis has been determined assuming that a change in foreign exchange rate had occurred at the end of the reporting period and had been applied to the exposure to foreign exchange risk for financial instruments in existence at that date. The 5% increase or decrease represents management's assessment of a reasonably possible change in exchange rate over the period until the next reporting date. The analysis was performed on the same basis for 2016.

(2) Cash flow and fair value interest rate risks

The Group is exposed to cash flow interest rate risk in relation to cash at banks on a floating rate basis. Management does not anticipate significant impact on interest-bearing assets resulted from changes in interest rates because the interest rates of bank deposits are not expected to change significantly. Therefore, the Directors of the Company consider the Group's exposure to interest rate risk is not significant and therefore no sensitivity analysis has been prepared.

(3) Price risk

The Group is exposed to equity price risk arising from investments in equity securities classified as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from financial assets at fair value through profit or loss, the Group diversifies its portfolio. The sensitivity analysis below have been determined based on the exposure to price risk at the end of the reporting period.

43. 財務風險管理及金融工具之公允值(續)

(a) 財務風險因素(續)

(i) 市場風險(續)

(1) 外匯風險(續)

釐定以上敏感度分析時乃假設匯率於報告期末已發生變動，並已應用於該日存在之金融工具面對之外匯風險。5%增加或減少為管理層所評估直至下一個報告日止期間內可能出現之合理匯率變動。二零一六年度以相同基準進行分析。

(2) 現金流量及公允值利率風險

本集團因銀行現金按浮動利率計息而面對現金流量利率風險。由於預期銀行存款利率變動不大，故管理層並不預期利率變動會對計息資產產生重大影響。因此，本公司董事認為本集團面對之利率風險並不重大，故並無編製敏感度分析。

(3) 價格風險

本集團面對因股本證券投資(分類為通過損益按公允值計量之金融資產)而產生之股價風險。本集團並無面對商品價格風險。本集團分散其投資組合，以管理因通過損益按公允值計量之金融資產而產生之價格風險。以下敏感度分析乃根據於報告期末面對之價格風險釐定。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(3) Price risk (continued)

At 31 December 2017, it is estimated that an increase/a decrease of 10% in the market value of the Group's financial assets at fair value through profit or loss, with all other variables held constant, loss for the year would decrease/increase by approximately HK\$Nil (2016: HK\$13,000). The stated changes represent management's assessment of reasonably possible changes in the market value of the Group's investment portfolio over the period until the next annual reporting date. The analysis is prepared on the same basis for 2016.

(ii) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and other financial instruments. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In order to minimise the credit risk, the management of the Group has delegated a team responsible to compile the credit and risk management policies, to approve credit limits and determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount for each individual account receivable at the end of each reporting period to ensure that adequate allowances for impairment are made for irrecoverable amounts.

The credit risk on liquid funds is also limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the Directors consider that the Group's credit risk is effectively controlled and significantly reduced.

At the end of the reporting period, the Group has a certain concentration of credit risk as approximately 7% (2016: 8%) of the total trade and other receivables were due from the five largest customers.

43. 財務風險管理及金融工具之公允值(續)

(a) 財務風險因素(續)

(i) 市場風險(續)

(3) 價格風險(續)

於二零一七年十二月三十一日，倘本集團通過損益按公允值計量之金融資產之市值增加／減少10%，而所有其他變數維持不變，則估計會引致年度虧損減少／增加約零港元(二零一六年：13,000港元)。上述變動為管理層所評估直至下一個年度報告日止期間內可能出現之本集團投資組合市值合理變動。二零一六年度以相同基準進行分析。

(ii) 信貸風險

本集團之信貸風險主要來自應收貿易賬款及其他應收款項以及其他金融工具。管理層備有信貸政策，並持續監控所面對之信貸風險。為儘量減低信貸風險，本集團管理層已委派一支隊伍，負責制訂信貸及風險管理政策、審批信貸限額及決定就拖欠應收款項採取之收回債項行動。此外，本集團於各報告期末審閱各項個別應收賬款之可收回金額，以確保已就不可收回金額作出充足減值撥備。

由於交易對手為獲國際信貸評級機構評為高信貸評級之銀行，故流動資金信貸風險亦屬有限。就此而言，董事認為，本集團之信貸風險受到有效控制並顯著降低。

於報告期末，由於約7% (二零一六年：8%)之應收貿易賬款及其他應收款項總額來自五大客戶，故本集團擁有若干集中信貸風險。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

Further quantitative disclosure in respect of the Group's exposures to credit risk arising from trade receivables, utility and other deposits, and prepayments and other receivables are set out in Notes 23, 24 and 25 respectively.

(iii) Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. To address the risk, management is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

43. 財務風險管理及金融工具之公允值(續)

(a) 財務風險因素(續)

(ii) 信貸風險(續)

有關本集團因應收貿易賬款、公用事業及其他按金以及預繳款項及其他應收款項而產生之信貸風險之進一步定量披露，分別載於附註23、24及25。

(iii) 流動資金風險

本集團因金融負債而面對流動資金風險。為處理有關風險，管理層負責本身之現金管理，包括現金盈餘之短期投資及籌借貸款以應付預期現金需求；當借貸超過獲授權之若干預定水平時，須得到管理層之批准。本集團之政策乃定期監察其流動資金需求及遵守借貸契諾之情況，以確保維持充裕現金儲備及可隨時變現之有價證券，以及獲得主要金融機構提供之足夠承諾信貸融資，以應付短期及較長期流動資金需要。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

43. 財務風險管理及金融工具之公允值(續)

(a) 財務風險因素(續)

(iii) 流動資金風險(續)

下表詳示本集團金融負債於報告期末之餘下合約到期情況，乃以合約未貼現現金流量(包括按合約利率或(如屬浮息)根據報告期末當前利率計算之利息付款)以及本集團可被要求付款之最早日期為依據：

| | | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 5 years |
|----------------------------------|--------------|------------------|---|----------------------------|--|
| | 賬面值 | 合約未貼現現金流量總額 | 一年內或按要 求 | 超過一年 但不足五年 | |
| | 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 |
| 2017 | 二零一七年 | | | | |
| Trade payables | 應付貿易賬款 | 8,238 | 8,238 | 8,238 | - |
| Other payables and accruals | 其他應付款項及應計款項 | 70,321 | 70,321 | 70,321 | - |
| Bank borrowing | 銀行借貸 | 5,362 | 5,700 | 5,700 | - |
| Convertible bonds | 可換股債券 | 652,309 | 652,309 | 652,309 | - |
| Amounts due to related parties | 應付關聯方款項 | 426,252 | 426,252 | 426,252 | - |
| Amount due to a joint venture | 應付一間合營企業款項 | 66,552 | 66,552 | 66,552 | - |
| | | <u>1,229,034</u> | <u>1,229,372</u> | <u>1,229,372</u> | <u>-</u> |
| 2016 | 二零一六年 | | | | |
| Trade payables | 應付貿易賬款 | 1,801 | 1,801 | 1,801 | - |
| Other payables and accruals | 其他應付款項及應計款項 | 77,271 | 77,271 | 77,271 | - |
| Bank borrowing | 銀行借貸 | 4,901 | 5,047 | 5,047 | - |
| Convertible bonds | 可換股債券 | 1,632,780 | 1,692,631 | 1,457,862 | 234,769 |
| Obligations under finance leases | 融資租賃債務 | 8,268 | 8,367 | 8,367 | - |
| Amounts due to related parties | 應付關聯方款項 | 1,259,967 | 1,259,967 | 1,259,967 | - |
| Amount due to a joint venture | 應付一間合營企業款項 | 46,195 | 46,195 | 46,195 | - |
| | | <u>3,031,183</u> | <u>3,091,279</u> | <u>2,856,510</u> | <u>234,769</u> |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurement

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

43. 財務風險管理及金融工具之公允值(續)

(b) 公允值計量

(i) 按公允值計量之金融資產及負債

公允值等級

下表載列以香港財務報告準則第13號「公允值計量」所界定之三層公允值等級分類，並按經常性基準於報告期末計量之本集團金融工具之公允值。公允值計量分類之等級參照估值技術所用輸入值之可觀察及重要程度釐定如下：

- 第一級估值：僅利用第一級輸入值（即在活躍市場上相同資產或負債於計量日期之未經調整報價）計量之公允值
- 第二級估值：利用第二級輸入值（即不能符合第一級之可觀察輸入值），而不利用重大不可觀察輸入值計量之公允值。不可觀察輸入值為無法取得市場數據之輸入值
- 第三級估值：利用重大不可觀察輸入值計量之公允值

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

43. 財務風險管理及金融工具之公允值(續)

(b) 公允值計量(續)

(i) 按公允值計量之金融資產及負債(續)

| | Fair value at 31 December 於十二月 三十一日之 公允值 HK\$'000 千港元 | Fair value measurements categorised into 公允值計量之分類 | | |
|--|---|---|-----------------------------------|-----------------------------------|
| | | Level 1 第一級 HK\$'000 千港元 | Level 2 第二級 HK\$'000 千港元 | Level 3 第三級 HK\$'000 千港元 |
| 2017 | | | | |
| Recurring fair value measurements: | 經常性公允值計量: | | | |
| Financial assets at fair value through profit or loss: | 通過損益按公允值計量之金融資產: | | | |
| – Listed equity investment | – 上市股本投資 | - | - | - |
| 2016 | | | | |
| Recurring fair value measurements: | 經常性公允值計量: | | | |
| Financial assets at fair value through profit or loss: | 通過損益按公允值計量之金融資產: | | | |
| – Listed equity investment | – 上市股本投資 | 132 | - | - |

During the years ended 31 December 2017 and 2016, there was no significant transfer between investments in Level 1 and Level 2, or transfer into or out of Level 3.

於截至二零一七年及二零一六年十二月三十一日止年度，第一級與第二級間之投資並無重大轉移，亦無轉入第三級或從第三級轉出。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurement (continued)

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments, including the available-for-sale financial assets (Note 20), carried at cost or amortized cost are not materially different from their fair values as at 31 December 2017 and 2016 except for the following financial instruments, for which their carrying amount and fair value and the level of fair value hierarchy are disclosed below:

43. 財務風險管理及金融工具之公允值 (續)

(b) 公允值計量 (續)

(ii) 按公允值以外者列賬之金融資產及負債之公允值

本集團及本公司按成本或攤銷成本列賬之金融工具(包括可供出售金融資產(附註20))之賬面值與於二零一七年及二零一六年十二月三十一日之公允值並無重大差異,惟下列金融工具除外。除外金融工具之賬面值及公允值以及公允值等級披露如下:

| | | Fair value measurements as at 31.12.2017 categorised into 於二零一七年十二月三十一日之 公允值計量分類 | | | | |
|-------------------|-------|---|--|-----------------------------------|-----------------------------------|-----------------------------------|
| | | Carrying amount at 31.12.2017 於二零一七年 十二月 三十一日 之賬面值 HK\$'000 千港元 | Fair value at 31.12.2017 於二零一七年 十二月 三十一日 之公允值 HK\$'000 千港元 | Level 1 第一級 HK\$'000 千港元 | Level 2 第二級 HK\$'000 千港元 | Level 3 第三級 HK\$'000 千港元 |
| Convertible bonds | 可換股債券 | 652,309 | 658,961 | - | - | 658,961 |

| | | Fair value measurements as at 31.12.2016 categorised into 於二零一六年十二月三十一日之 公允值計量分類 | | | | |
|-------------------|-------|---|--|-----------------------------------|-----------------------------------|-----------------------------------|
| | | Carrying amount at 31.12.2016 於二零一六年 十二月 三十一日 之賬面值 HK\$'000 千港元 | Fair value at 31.12.2016 於二零一六年 十二月 三十一日 之公允值 HK\$'000 千港元 | Level 1 第一級 HK\$'000 千港元 | Level 2 第二級 HK\$'000 千港元 | Level 3 第三級 HK\$'000 千港元 |
| Convertible bonds | 可換股債券 | 1,632,780 | 1,595,413 | - | - | 1,595,413 |

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of the convertible bonds is estimated as being the present values of future cash flows, discounted at interest rates based on the government yield curve as at 31 December 2017 and 2016 plus an adequate constant credit spread, adjusted for the Group's own credit risk.

第三級公允值計量所用之估值技術及輸入值

可換股債券之公允值估計為未來現金流量之現值,乃按於二零一七年及二零一六年十二月三十一日以政府收益率曲線計算之利率貼現,另加充足之固定信貸差價,並就本集團本身之信貸風險作出調整。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a debt-to-adjusted capital ratio. For this purpose the Group defines debts as total debts (which includes bank borrowings, obligations under finance leases, trade and other payables, amount due to a joint venture and related parties and liability component of convertible bonds plus unaccrued proposed dividends). Adjusted capital comprises all components of equity, other than amounts recognized in equity relating to cash flow hedges, less unaccrued proposed dividends.

During the year, the Group's strategy, which was unchanged from 2016, was to maintain the debt-to-adjusted capital ratio at a reasonable level. In order to maintain or adjust the ratio, the Group may adjust the amount of dividend paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

44. 資本風險管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，從而透過與風險水平相對應之產品及服務定價以及以合理成本獲得融資，繼續為股東創造回報及為其他持份者帶來利益。

本集團積極定期檢討及管理資本架構，以於在較高股東回報情況下可能伴隨之較高借貸水平與良好資本狀況帶來之好處及保障之間取得平衡，並因應經濟狀況變化對資本架構作出調整。

與行業慣例一致，本集團以債務對經調整資本比率作為監控資本架構之基準。就此而言，本集團界定債務為債務總額（包括銀行借貸、融資租賃債務、應付貿易賬款及其他應付款項、應付一間合營企業及關聯方款項以及可換股債券之負債部分加非累計建議股息）。經調整資本包括權益之所有部分（涉及現金流量對沖並於權益內確認之金額除外）減非累計建議股息。

年內，本集團秉承二零一六年之策略，將債務對經調整資本比率維持於合理水平。為保持或調整該比率，本集團可能調整派付予股東之股息金額、發行新股份、退還資本予股東、新增債務融資或出售資產減債。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

44. CAPITAL RISK MANAGEMENT (continued)

The debt-to-adjusted capital ratios at 31 December 2017 and 2016 were as follows:

44. 資本風險管理(續)

於二零一七年及二零一六年十二月三十一日之債務對經調整資本比率如下:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|--|---------------|----------------------------------|----------------------------------|
| <i>Current liabilities:</i> | <i>流動負債:</i> | | |
| Trade payables | 應付貿易賬款 | 8,238 | 1,801 |
| Other payables and accruals | 其他應付款項及應計款項 | 70,321 | 77,271 |
| Bank borrowing | 銀行借貸 | 5,362 | 4,901 |
| Current portion of convertible bonds | 可換股債券之流動部分 | 652,309 | 1,431,040 |
| Obligations under finance leases | 融資租賃債務 | - | 8,268 |
| Amounts due to related parties | 應付關聯方款項 | 426,252 | 1,259,967 |
| | | <u>1,162,482</u> | <u>2,783,248</u> |
| <i>Non-current liabilities:</i> | <i>非流動負債:</i> | | |
| Amount due to a joint venture | 應付一間合營企業款項 | 66,552 | 46,195 |
| Convertible bonds, the liability component | 可換股債券—負債部分 | - | 201,740 |
| | | <u>66,552</u> | <u>247,935</u> |
| Total debts | 債務總額 | <u>1,229,034</u> | <u>3,031,183</u> |
| Adjusted capital | 經調整資本 | <u>4,942,084</u> | <u>5,511,177</u> |
| Net debt-to-adjusted capital ratio | 債務淨額對經調整資本比率 | <u>25%</u> | <u>55%</u> |

The Group is not subject to either internally or externally imposed capital requirements.

本集團對內或對外均毋須遵守任何資本要求。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

45. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(a) Details of the Group's significant transactions and balances with the following related parties during the year are as follows:

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|------------------|----------------------------------|----------------------------------|
| Shareholder: | 股東: | | |
| Balance due from the Group | 應收本集團結餘 | 412,777 | 280,000 |
| Interest on a shareholder loan | 股東貸款利息 | 4,562 | 1,020 |
| Redemption of convertible bonds | 贖回可換股債券 | 133,583 | 64,353 |
| Convertible bonds interest paid | 已付可換股債券利息 | 4,665 | 11,864 |
| Consent fee paid for delaying redemption of convertible bonds | 就延遲贖回可換股債券已付之同意費 | 131 | 4,359 |
| Companies connected with a director: | 與一名董事有關聯之公司: | | |
| Balances due from the Group | 應收本集團結餘 | 13,475 | 357,867 |
| Balance due to the Group | 應付本集團結餘 | 350,000 | - |
| Deposits received on disposal of Sinodata Group | 出售思樂集團之已收按金 | - | 622,100 |
| Consideration on disposal of Sinodata Group | 出售思樂集團之代價 | 2,150,000 | - |
| Processing fees | 加工費 | 960 | - |
| Sales | 出售 | 18 | - |

In the opinion of the Directors, including the Independent Non-executive Directors, the above transactions were entered into in the Group's ordinary course of business or at terms agreed by both parties. Except the shareholder's loan in amount of approximately HK\$133,583,000 is unsecured, bearing an interest equals to the coupon rate of the 2019 Bonds at 4.5% per annum and repayable before 29 March 2018, all remaining balances are unsecured, interest free and repayable within one year.

- (b) As at 31 December 2016, Mr. Chan had given personal guarantee in respect of bank borrowings of the Sinodata Group of HK\$81,900,000 (Note 14).
- (c) During both years, compensation of key management personnel represents Directors' emoluments and those of senior staff as stated in Notes 10 and 11. The Directors' emoluments are determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

45. 關聯方交易及結餘

(a) 本集團於年內曾與以下關聯方進行重大交易及結餘，詳情如下：

董事(包括獨立非執行董事)認為，上述交易乃於本集團日常業務過程中或按雙方協定之條款進行。除約133,583,000港元之股東貸款為無抵押、按相等於二零一八年債券票息每年4.5厘之利率計息及須於二零一八年三月二十九日前償還外，餘下結餘全部為無抵押、免息及須於一年內償還。

- (b) 於二零一六年十二月三十一日，陳先生已就思樂集團之銀行借貸81,900,000港元提供個人擔保(附註14)。
- (c) 於兩個年度內，主要管理人員補償指附註10及11所列之董事及高級員工酬金。董事酬金由薪酬委員會參照個人表現、職責及經驗以及市場趨勢釐定。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of these consolidated financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these consolidated financial statements:

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響

截至本綜合財務報表刊發日期，香港會計師公會已頒布以下於截至二零一七年十二月三十一日止年度尚未生效且並未於本綜合財務報表內採納之修訂、新準則及詮釋：

| | | Effective for accounting periods beginning on or after 於下列日期或之後開始之 會計期間生效 |
|--|---|---|
| Amendments to HKFRSs 香港財務報告準則之修訂 | Annual improvements to HKFRSs 2014-2016 香港財務報告準則之年度改進 (二零一四年至二零一六年週期) | 1 January 2018 二零一八年一月一日 |
| Amendments to HKFRSs 香港財務報告準則之修訂 | Annual improvements to HKFRSs 2015-2017 香港財務報告準則之年度改進 (二零一五年至二零一七年週期) | 1 January 2019 二零一九年一月一日 |
| Amendments to HKAS 28 (2011) 香港會計準則第28號(二零一一年)之修訂 | Long-term interests in an associate or joint venture 於聯營公司及合營企業之長期權益 | 1 January 2019 二零一九年一月一日 |
| Amendments to HKAS 40 香港會計準則第40號之修訂 | Transfers of investment property 轉讓投資物業 | 1 January 2018 二零一八年一月一日 |
| Amendments to HKFRS 2 香港財務報告準則第2號之修訂 | Classification and measurement of share-based payment transactions 以股份支付款項交易之分類及計量 | 1 January 2018 二零一八年一月一日 |
| Amendments to HKFRS 4 香港財務報告準則第4號之修訂 | Applying HKFRS 9 Financial instruments with HKFRS 4 insurance contracts 對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 January 2018 二零一八年一月一日 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

| | | Effective for accounting periods beginning on or after 於下列日期或之後開始之 會計期間生效 |
|---|--|---|
| Amendments to HKFRS 9 香港財務報告準則第9號之修訂 | Prepayment features with negative compensation 具有負補償之預繳款項特性 | 1 January 2019 二零一九年一月一日 |
| Amendments to HKFRS 10 and HKAS 28 (2011) 香港財務報告準則第10號及 香港會計準則第28號(二零一一年) 之修訂 | Sales or contribution of assets between an investor and its associate or joint venture 投資者與其聯營公司或合營企業間之 資產銷售或投入 | No mandatory effective date yet determined 尚未釐定強制生效日期 |
| Amendments to HKFRS 15 香港財務報告準則第15號之修訂 | Clarifications to HKFRS 15 釐清香港財務報告準則第15號 | 1 January 2018 二零一八年一月一日 |
| HK(IFRIC) – Int 22 香港(國際財務報告詮釋委員會) — 詮釋第22號 | Foreign currency transactions and advance consideration 外幣交易及預付預收代價 | 1 January 2018 二零一八年一月一日 |
| HKFRS 9 香港財務報告準則第9號 | Financial instruments 金融工具 | 1 January 2018 二零一八年一月一日 |
| HKFRS 15 香港財務報告準則第15號 | Revenue from contracts with customers 客戶合約收入 | 1 January 2018 二零一八年一月一日 |
| HKFRS 16 香港財務報告準則第16號 | Leases 租賃 | 1 January 2019 二零一九年一月一日 |
| HKFRS 17 香港財務報告準則第17號 | Insurance Contracts 保險合約 | 1 January 2021 二零二一年一月一日 |
| HK(IFRIC) – Int 23 香港(國際財務報告詮釋委員會) — 詮釋第23號 | Uncertainty over income tax treatments 所得稅處理之不確定因素 | 1 January 2019 二零一九年一月一日 |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below. Of those standards, HKFRS 9 and HKFRS 15 will be applicable for the Group's financial year ending 31 December 2018 and are expected to have impact upon adoption. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group, including expectations of the application of transitional provision options and policy choices. The actual impacts in adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

Amendments to HKFRS 2

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employees' tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employees' tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

預期適用於本集團之香港財務報告準則之進一步資料載述如下。該等準則中，香港財務報告準則第9號及香港財務報告準則第15號將於本集團截至二零一八年十二月三十一日止財政年度適用，並預期採納後將會產生影響。儘管管理層已詳細評估該等準則之估計影響，惟有關評估乃基於本集團目前可得之資料（包括預期選用之過渡條文及政策）作出。採納後之實際影響可能有別於下文所述之影響，視乎本集團於應用該等準則時可額外取得之合理及佐證資料，以及最終選用之過渡條文及政策。

香港財務報告準則第2號之修訂

香港會計師公會於二零一六年八月頒布之香港財務報告準則第2號修訂處理三個主要範疇：歸屬條件對計量以現金結算以股份支付款項交易之影響；為僱員履行與以股份支付款項相關之稅務責任而預扣若干金額之以股份支付款項交易（附有淨額結算特質）之分類；以及對因修訂以股份支付款項交易之條款及條件而導致其分類由現金結算變為權益結算之會計處理方法。該等修訂釐清計量以權益結算以股份支付款項時，用於將歸屬條件入賬之方法亦適用於以現金結算以股份支付款項。該等修訂引入一個例外情況，致使在符合若干條件之情況下，為僱員履行稅務責任而預扣若干金額之以股份支付款項交易（附有淨額結算特質）將整項分類為以權益結算以股份支付款項交易。此外，該等修訂釐清，倘以現金結算以股份支付款項交易之條款及條件有所修訂，導致其成為以權益結算以股份支付款項交易，則該交易自修訂日期起入賬列為以權益結算之交易。一經採納，實體於應用該等修訂時無需重列以往期間，惟倘實體選擇採納全部三項修訂並符合其他準則時，則獲准追溯應用。本集團將自二零一八年一月一日起採納該等修訂。預期該等修訂不會對本集團財務報表產生任何重大影響。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

HKFRS 9 Financial Instruments

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognize any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to classification and measurement and the impairment requirements and are summarized as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognized.

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

香港財務報告準則第9號「金融工具」

於二零一四年九月，香港會計師公會頒布香港財務報告準則第9號之最終版本，將金融工具項目之所有階段匯集以取代香港會計準則第39號及香港財務報告準則第9號之所有先前版本。該準則引入分類及計量、減值及對沖會計處理之新規定。本集團將自二零一八年一月一日起採納香港財務報告準則第9號。本集團將不會重列比較資料，並將確認於二零一八年一月一日對年初權益結餘作出之任何過渡調整。本集團已於二零一七年詳細評估採納香港財務報告準則第9號之影響。與分類及計量及減值規定有關之預期影響概述如下：

(a) 分類及計量

本集團預期，採納香港財務報告準則第9號不會對其金融資產之分類及計量構成重大影響。本集團預期將繼續按公允值計量所有目前按公允值持有之金融資產。目前持有之可供出售股本投資將通過其他全面收期按公允值計量，原因為本集團擬於可見將來繼續持有該等投資，且本集團預期將選擇於其他全面收益內呈列公允值變動。就股本投資於其他全面收益內入賬之收益及虧損不得於有關投資終止確認時重新計入損益。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註 (續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

HKFRS 9 Financial Instruments (continued)

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortized cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group has expected that the provision for impairment will increase upon the initial adoption of the standard.

Amendments to HKFRS 10 and HKAS 28 (2011)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響 (續)

香港財務報告準則第9號「金融工具」(續)

(b) 減值

香港財務報告準則第9號規定，按攤銷成本或通過其他全面收益按公允值記賬之債務工具、應收租賃款項、貸款承擔及根據香港財務報告準則第9號並非通過損益按公允值入賬之財務擔保合約之減值，將以十二個月或可用年限為基礎按預期信貸虧損模型記賬。本集團將採用簡化方法，將根據其所有應收貿易賬款剩餘年限內所有現金差額現值估計之可用年限預期虧損記賬。此外，本集團將採用一般方法，將根據未來十二個月內就其他應收款項可能發生之違約事件估計之十二個月預期信貸虧損記賬。本集團預期，於首次採納該準則後，減值撥備將會增加。

香港財務報告準則第10號及香港會計準則第28號(二零一一年)之修訂

香港財務報告準則第10號及香港會計準則第28號(二零一一年)之修訂針對香港財務報告準則第10號及香港會計準則第28號(二零一一年)於處理投資者與其聯營公司或合營企業間之資產銷售或投入方面之不一致規定。該等修訂規定，當投資者與其聯營公司或合營企業間之資產銷售或投入構成一項業務時，須確認全數收益或虧損。若涉及資產之交易不構成一項業務，則該項交易產生之收益或虧損於投資者之損益內確認，惟僅以不相關投資者於該聯營公司或合營企業之權益為限。該等修訂將按未來適用法應用。香港會計師公會已於二零一六年一月取消先前所訂之香港財務報告準則第10號及香港會計準則第28號(二零一一年)之修訂之強制生效日期，而新強制生效日期將於對聯營公司及合營企業之會計處理完成更廣泛檢討後釐定。然而，該等修訂現已可供採納。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

HKFRS 15 Revenue from contracts with customers and related amendments

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognizing revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in HKFRS 15 to recognize the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies, as further explained below, will have a material impact on the Group's financial statements from 2018 onwards. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15.

The Group's principal activities is principally engaged in lottery business comprising development and production of lottery machines, related operating software system and networks for lottery industry, the distribution and marketing of lottery products and development of paperless electronic lottery platform for lottery business in the People's Republic of China (the "PRC").

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

香港財務報告準則第15號「客戶合約收入」及相關修訂

於二零一四年七月頒布之香港財務報告準則第15號確立了一項全新之入賬五步模型，用以處理來自客戶合約之收入。根據香港財務報告準則第15號，收入確認之金額反映實體預期將貨品或服務轉讓予客戶而有權換取之代價。香港財務報告準則第15號之原則提供了更有條理之方法計量及確認收入。該準則亦引入廣泛之定性及定量披露規定，包括分拆收入總額、有關履約責任之資料、不同期間之合約資產及負債賬目結餘變動以及主要判斷及估計。該準則將取代目前所有根據香港財務報告準則確認收入之規定。首次應用該準則時，必須全面追溯應用或以經修訂追溯法應用。於二零一六年六月，香港會計師公會頒布香港財務報告準則第15號之修訂處理各項實施問題，包括識別履約責任、主事人與代理人及知識產權許可有關之應用指引以及採納準則之過渡安排。該等修訂亦擬協助確保各實體於採納香港財務報告準則第15號時能更貫徹一致地應用，及降低應用有關準則之成本及複雜程度。本集團計劃採納香港財務報告準則第15號之過渡條文確認首次採納之累計影響，作為對於二零一八年一月一日之保留盈利年初結餘之調整。此外，本集團計劃僅對二零一八年一月一日前仍未完成之合約應用新規定。本集團預期首次採納香港財務報告準則第15號後於二零一八年一月一日作出之過渡調整將不屬重大。然而，誠如下文所進一步解釋，預期會計政策之變動將對本集團二零一八年以後之財務報表產生重大影響。本集團已於二零一七年詳細評估採納香港財務報告準則第15號之影響。

本集團主要從事彩票業務，而彩票業務包括於中華人民共和國（「中國」）經營之彩票機開發和生產、彩票行業相關運作軟件系統和網絡、彩票產品之配送與市場業務，以及發展彩票業務之無紙化電子彩票平台。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

HKFRS 15 Revenue from contracts with customers and related amendments (continued)

The Group does not expect the adoption of HKFRS 15 will have a significant impact on the Group's financial performance and financial position. However, the presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by HKFRS 15, the Group will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

香港財務報告準則第15號「客戶合約收入」及相關修訂(續)

本集團預期採納香港財務報告準則第15號不會對本集團之財務表現及財務狀況構成重大影響。然而，香港財務報告準則第15號之呈列及披露規定較現行香港會計準則第18號所規定者更為詳細。該等呈列規定與現有做法大有不同，並將大幅增加本集團財務報表所需作出之披露內容。香港財務報告準則第15號之多項披露規定乃新訂定，而本集團已評估其中部分披露規定將會產生重大影響。特別是，由於需要披露釐定該等合約交易價格(包括可變代價)時所作出之重大判斷、交易價格如何按履約責任分配以及為估計每項履約責任之獨立售價所作出之假設，本集團預期財務報表附註將會擴大。此外，根據香港財務報告準則第15號之規定，本集團需將從客戶合約所確認之收入分拆為多個類別，以描述收入及現金流量之性質、金額、時間及不確定因素如何受經濟因素影響。本集團亦將披露分拆收入披露與各報告分部所披露收入資料之間關係的資料。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

HKFRS 16 Leases

HKFRS 16, issued in May 2016, replaces HKAS 17 Leases, HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 Operating Leases – Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in Note 40(b) to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK\$111,173,000. Upon adoption of HKAS 16, certain amounts included therein may need to be recognized as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognized, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

香港財務報告準則第16號「租賃」

於二零一六年五月頒布之香港財務報告準則第16號取代香港會計準則第17號「租賃」、香港(國際財務報告詮釋委員會) – 詮釋第4號「釐定安排是否包括租賃」、香港(準則詮釋委員會) – 詮釋第15號「經營租賃 – 優惠」及香港(準則詮釋委員會) – 詮釋第27號「評估涉及租賃法律形式之交易內容」。該準則載列確認、計量、呈列及披露租賃之原則，並規定承租人就大多數租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免 – 低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租賃期內作出之租約付款為負債(即租賃負債)及可使用相關資產之權利為資產(即使用權資產)。除非使用權資產符合香港會計準則第40號內有關投資物業之定義，或與應用重估模型之某類物業、廠房及設備相關，否則使用權資產其後按成本減累計折舊及任何減值虧損計量。租賃負債其後會增加以反映租賃負債利息，並會因租約付款而減少。承租人將須分開確認租賃負債之利息開支及使用權資產之折舊開支。承租人亦須於若干事件發生(例如租賃期變更，或用於釐定未來租約付款之一項指數或比率變更而引致該等付款變更)時重新計量租賃負債。一般而言，承租人將重新計量租賃負債之金額確認為對使用權資產之調整。香港財務報告準則第16號大致沿用香港會計準則第17號內出租人之會計處理方式。出租人將繼續使用與香港會計準則第17號相同之分類原則為所有租賃分類，並將之分為經營租賃及融資租賃。香港財務報告準則第16號規定承租人及出租人作出較香港會計準則第17號所規定者更廣泛之披露。承租人可選擇以全面追溯法或經修訂追溯法應用該準則。本集團預期自二零一九年一月一日起採納香港財務報告準則第16號。本集團現正評估採納香港財務報告準則第16號之影響，並正考慮會否選用現有可行之權宜方法以及將採用何種過渡方法及寬免措施。誠如財務報表附註40(b)所披露，於二零一七年十二月三十一日，本集團根據不可撤銷經營租賃之未來最低租約付款總額約為111,173,000港元。採納香港會計準則第16號後，其中若干款項或需確認為新使用權資產及租賃負債。然而，本集團需作進一步分析(包括但不限於涉及低價值資產租賃及短期租賃之任何金額、所選用之其他可行權宜方法與寬免措施，以及於採納日期前訂立之新租賃)，以釐定將予確認之新使用權資產和租賃負債之金額。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to HKAS 40

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

46. 已頒布但尚未生效之修訂、新準則及詮釋可能產生之影響(續)

香港會計準則第40號之修訂

於二零一七年四月頒布之香港會計準則第40號之修訂釐清實體應何時將物業(包括在建或發展中物業)轉入或轉出投資物業。該等修訂列明,當物業符合或不再符合投資物業之定義且有證據顯示物業用途有變時,即該物業之用途已改變。單憑管理層對物業用途之意向改變不足以證明其用途有變。該等修訂應按未來適用法應用於實體首次應用該等修訂之年度報告期開始時或之後發生之用途變更。實體應重新評估於首次應用該等修訂當日所持物業之分類,並在適用情況下將物業重新分類以反映物業當日之狀況。該等修訂僅在毋須事後確認之情況下,方獲准追溯應用。本集團預期自二零一八年一月一日起按未來適用法採納該等修訂。預期該等修訂不會對本集團之財務報表構成重大影響。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

47. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

47. 於附屬公司之投資

下表僅列出對本集團之業績、資產或負債有重大影響之附屬公司詳情。

| Name | Place of incorporation/ registration | Principal activities and place of operation | Particulars of issued/ registered and paid up capital 已發行/註冊及 已繳足股本/資本詳情 | Effective interest held 所持實際權益 |
|---|---|--|--|---|
| 名稱 | 註冊成立/註冊地點 | 主要業務及營業地點 | | |
| REXCAPITAL Financial Group Limited | British Virgin Islands 英屬處女群島 | Investment holding in Hong Kong 於香港進行投資控股 | 197,400,856 ordinary shares of HK\$1 each 197,400,856股每股面值1港元 之普通股 | 100% |
| REXCAPITAL Financial Management Limited | British Virgin Islands 英屬處女群島 | Investment holding in Hong Kong 於香港進行投資控股 | 1 ordinary share of US\$1 each 1股面值1美元之普通股 | 100% |
| Genius Nation Limited | British Virgin Islands 英屬處女群島 | Investment holding in Hong Kong 於香港進行投資控股 | 1 ordinary share of US\$1 each 1股面值1美元之普通股 | 100% |
| Huge Top Enterprises Inc. | British Virgin Islands 英屬處女群島 | Investment holding in Hong Kong 於香港進行投資控股 | 1 ordinary share of US\$1 each 1股面值1美元之普通股 | 100% |
| Wai Tian Limited 外天有限公司 | British Virgin Islands 英屬處女群島 | Provision of system software in the PRC 於中國提供系統軟件 | 1 ordinary share of US\$1 each 1股面值1美元之普通股 | 100% |
| Oriental View Limited 喜粵有限公司 | Hong Kong 香港 | Investment holding in Hong Kong 於香港進行投資控股 | Ordinary share of HK\$1 1港元之普通股 | 100% |
| REXCAPITAL Corporate Management Limited 御泰企業管理有限公司 | Hong Kong 香港 | Arrangement of administration services for group companies in Hong Kong 於香港為集團公司 安排行政服務 | Ordinary shares of HK\$2 2港元之普通股 | 100% |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

47. INVESTMENTS IN SUBSIDIARIES (continued)

47. 於附屬公司之投資(續)

| Name | Place of incorporation/ registration | Principal activities and place of operation | Particulars of issued/ registered and paid up capital 已發行/註冊及 已繳足股本/資本詳情 | Effective interest held |
|---|---|---|--|-------------------------------|
| 名稱 | 註冊成立/註冊地點 | 主要業務及營業地點 | | 所持實際權益 |
| REXCAPITAL Finance Limited 御泰信貸有限公司 | Hong Kong 香港 | Money lending and investment trading in Hong Kong 於香港進行貸款及 投資買賣 | Ordinary shares of HK\$2,000,000 2,000,000港元之普通股 | 100% |
| 深圳前海御泰中彩投資 有限公司 (Shenzhen Qianhai RexLot Investment Co. Ltd.*) | PRC 中國 | Investment holding in the PRC 於中國進行投資控股 | HK\$153,885,941 153,885,941港元 | 100% |
| 深圳市思樂網絡技術 有限責任公司 (Shenzhen Sinocyber Technology Co. Ltd.*) | PRC 中國 | Provision of paperless systems and services to industrial specific channels 向指定產業渠道提供 無紙化系統及服務 | RMB30,000,000 人民幣30,000,000元 | 100% |
| 深圳市金帆軟件技術 有限公司 (Shenzhen Kingsail Software Tech Co. Ltd.*) | PRC 中國 | Production of lottery machines in the PRC 於中國生產彩票機 | RMB55,000,000 人民幣55,000,000元 | 100% |
| 深圳市御泰中彩投資 有限公司 (REXLot Investment (Shenzhen) Co. Ltd.*) | PRC 中國 | Investment holding in the PRC 於中國進行投資控股 | RMB30,000,000 人民幣30,000,000元 | 100% |
| 北京信安中彩科技有限公司 (Beijing Xinan Sino-lottery Technology Co. Ltd.*) | PRC 中國 | Provision of lottery printing service in the PRC 於中國提供彩票印刷服務 | RMB44,000,000 人民幣44,000,000元 | 100% |
| 廣州市樂得瑞科技有限公司 (Guangzhou Latech Technology Co. Ltd.*) | PRC 中國 | Production of lottery machines in the PRC 於中國生產彩票機 | RMB55,000,000 人民幣55,000,000元 | 90% |
| 北京樂和贏營銷顧問 有限公司 (Beijing Lohowin Marketing Co. Ltd.*) | PRC 中國 | Lottery distribution and marketing business in the PRC 於中國進行彩票配送與 市場業務 | RMB1,280,000 人民幣1,280,000元 | 60% |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

47. INVESTMENTS IN SUBSIDIARIES (continued)

47. 於附屬公司之投資(續)

| Name | Place of incorporation/ registration | Principal activities and place of operation | Particulars of issued/ registered and paid up capital 已發行/註冊及 已繳足股本/資本詳情 | Effective interest held |
|---|---|--|--|-------------------------------|
| 名稱 | 註冊成立/註冊地點 | 主要業務及營業地點 | | 所持實際權益 |
| 廣東博眾網絡信息技術有限公司 | PRC 中國 | Provision of marketing services for lottery business in the PRC 於中國提供彩票業務之市場服務 | RMB10,000,000 人民幣10,000,000元 | 80% |
| 深圳市鵬彩科技有限公司 | PRC 中國 | Lottery distribution and marketing business in the PRC 於中國進行彩票配送與市場業務 | RMB10,000,000 人民幣10,000,000元 | 100% |
| 北京德華富邦科技有限公司 | PRC 中國 | Investment holding in the PRC 於中國進行投資控股 | RMB100,000 人民幣100,000元 | 100% |
| 彩通天成(北京)科技有限公司 (Elottery Vision (Beijing) Technology Co. Ltd. *) | PRC 中國 | Provision of mobile value-added services for lottery business in the PRC 於中國就彩票業務提供手機增值服務 | RMB30,000,000 人民幣30,000,000元 | 50%# |
| 濟南數碼彩通科技有限公司 | PRC 中國 | Provision of mobile value-added services for lottery business in the PRC 於中國就彩票業務提供手機增值服務 | RMB10,000,000 人民幣10,000,000元 | 50%# |
| 濟南銀網聯合科技有限公司 | PRC 中國 | Provision of mobile value-added services for lottery business in the PRC 於中國就彩票業務提供手機增值服務 | RMB1,010,000 人民幣1,010,000元 | 50%# |
| 澳客之家(北京)科技股份有限公司 | PRC 中國 | Investment holding 投資控股 | RMB50,000,000 人民幣50,000,000元 | 66.6% |
| 深圳市飛海貿易有限公司 | PRC 中國 | Investment holding 投資控股 | RMB100,000 人民幣100,000元 | 100% |

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

47. INVESTMENTS IN SUBSIDIARIES (continued)

- # These investee companies are regarded as subsidiaries of the Group, although the Group has only 50% ownership in these investee companies. The Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of these investee companies as the Group holds more than half the voting rights in these investees.

The Directors are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that have non-controlling interests are not presented under HKFRS 12, Disclosure of interests in other entities.

47. 於附屬公司之投資(續)

- # 儘管本集團僅擁有該等接受投資公司之50%擁有權，惟該等接受投資公司被視為本集團之附屬公司。董事之結論為，由於本集團持有該等接受投資公司過半數投票權，故本集團擁有足夠主導投票權益指示該等接受投資公司之相關活動。

董事認為，擁有非控股權益之本集團附屬公司對綜合財務報表整體並不重大，因此，並無根據香港財務報告準則第12號「披露於其他實體之權益」呈列有關擁有非控股權益之附屬公司之財務資料。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

48. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

48. 公司層面之財務狀況表

| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 |
|---|----------------|----------------------------------|----------------------------------|
| ASSETS | 資產 | | |
| Non-current assets | 非流動資產 | | |
| Interests in subsidiaries | 於附屬公司之權益 | 5,784,137 | 7,698,910 |
| Current assets | 流動資產 | | |
| Prepayments | 預繳款項 | – | 2,959 |
| Cash and bank balances | 現金及銀行結餘 | 26 | 1,075 |
| Total current assets | 流動資產總值 | 26 | 4,034 |
| Total assets | 資產總值 | 5,784,163 | 7,702,944 |
| EQUITY | 權益 | | |
| Capital and reserves attributable to equity shareholders of the Company | 本公司權益股東應佔資本及儲備 | | |
| Share capital | 股本 | 100,285 | 100,285 |
| Reserves | 儲備 | 4,588,712 | 4,691,953 |
| Total equity | 權益總額 | 4,688,997 | 4,792,238 |
| LIABILITIES | 負債 | | |
| Non-current liabilities | 非流動負債 | | |
| Convertible bonds | 可換股債券 | – | 201,740 |
| Current liabilities | 流動負債 | | |
| Other payables and accruals | 其他應付款項及應計款項 | 30,080 | 17,959 |
| Amounts due to related parties | 應付關聯方款項 | – | 1,259,967 |
| Amounts due to a shareholder | 應付一名股東款項 | 412,777 | – |
| Current portion of convertible bonds | 可換股債券之流動部分 | 652,309 | 1,431,040 |
| Total current liabilities | 流動負債總額 | 1,095,166 | 2,708,966 |
| Total liabilities | 負債總額 | 1,095,166 | 2,910,706 |
| Total equity and liabilities | 權益及負債總額 | 5,784,163 | 7,702,944 |
| Net current liabilities | 流動負債淨額 | (1,095,140) | (2,704,932) |

The financial statements were approved and authorized for issue by the Board on 29 March 2018 and are signed on behalf of the Board by:

財務報表已於二零一八年三月二十九日獲董事會核准及授權刊發，並由下列董事會代表簽署：

Chan How Chung, Victor
陳孝聰
Director
董事

Boo Chun Lon
巫峻龍
Director
董事

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

48. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

Note (a) Reserve movement of the Company

| | | Share Premium | Capital redemption reserve | Convertible bonds reserve | Share-based payment reserve | Contributed surplus | Retained profits | Total |
|---|-------------------------|---------------|----------------------------|---------------------------|-----------------------------|---------------------|------------------|-----------|
| | | 股份溢價 | 贖回儲備 | 債券儲備 | 以股份支付 | 繳入盈餘 | 保留溢利 | 合計 |
| | | 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 |
| At 1 January 2016 | 於二零一六年一月一日 | 4,012,930 | 3,025 | 394,287 | 6,329 | 199,605 | 559,846 | 5,176,022 |
| Loss for the year | 年度虧損 | - | - | - | - | - | (498,309) | (498,309) |
| Lapse of share options | 購股權失效 | - | - | - | (6,329) | - | 6,329 | - |
| Exercise of share option | 行使購股權 | 5,733 | - | - | (1,314) | - | - | 4,419 |
| Share option granted | 已授出之購股權 | - | - | - | 10,367 | - | - | 10,367 |
| Redemption of convertible bonds (Note 35) | 贖回可換股債券(附註35) | - | - | (89,030) | - | - | 88,484 | (546) |
| At 31 December 2016 and 1 January 2017 | 於二零一六年十二月三十一日及二零一七年一月一日 | 4,018,663 | 3,025 | 305,257 | 9,053 | 199,605 | 156,350 | 4,691,953 |
| Loss for the year | 年度虧損 | - | - | - | - | - | (103,241) | (103,241) |
| Redemption of convertible bonds (Note 35) | 贖回可換股債券(附註35) | - | - | (184,808) | - | - | 184,808 | - |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 4,018,663 | 3,025 | 120,449 | 9,053 | 199,605 | 237,917 | 4,588,712 |

48. 公司層面之財務狀況表(續)

附註(a) 本公司之儲備變動

49. NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Rights Issue

On 19 November 2017, the Company announced that proposed to raise not less than HK\$255,726,631 but not more than HK\$276,741,792 before expense by way of a rights issue, on the basis of 1 rights share (the "Rights Share") for every 2 existing shares held on the record date at the subscription price of HK\$0.051 per Rights Share payable in full on acceptance by the qualifying shareholders of the Company (the "Rights Issue"). As a result of the completion of Rights Issue on 20 March 2018, the number of issued shares of the Company increased from 10,028,495,338 shares to 15,042,743,007 shares. Details of Rights Issue are set out in the Company's announcements dated 19 November 2017, 6 December 2017, 29 January 2018 and 19 March 2018 and the Company's prospectus dated 23 February 2018.

49. 報告期末後非調整事項

(a) 供股

於二零一七年十一月十九日，本公司宣布建議透過按認購價每股供股股份0.051港元進行供股(基準為於記錄日期每持有2股現有股份獲發1股供股股份，籌集不少於255,726,631港元但不多於276,741,792港元(扣除開支前)，股款須於本公司合資格股東接納時全數支付(「供股」)。由於供股已於二零一八年三月二十日完成，故本公司已發行股份數目已由10,028,495,338股增加至15,042,743,007股。供股詳情載於本公司日期為二零一七年十一月十九日、二零一七年十二月六日、二零一八年一月二十九日及二零一八年三月十九日之公布以及日期為二零一八年二月二十三日之供股章程。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

49. NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD (continued)

(b) CB Subscription

The Company and Keen Start Limited (“Keen Start”), a substantial shareholder (as defined in the Listing Rules) of the Company, entered into a conditional subscription agreement dated 17 November 2017 (as supplemented on 14 February 2018 and 21 March 2018) (the “CB Subscription Agreement”), pursuant to which, the Company has conditionally agreed to allot and issue to Keen Start, and Keen Start has conditionally agreed to subscribe for an aggregate principal amount HK\$167,500,000 3.0% convertible bonds due 2023 (the “New CB”) at the initial conversion price of HK\$0.067 per share (the “CB Subscription”). The New CB will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) from the 40th calendar day after the issue date of the New CB up to the close of business on the 10th calendar day prior to the date of maturity on 2023 into fully paid ordinary shares of the Company with a par value of HK\$0.01 each at the initial conversion price of HK\$0.067 per share, subject to adjustments in accordance with the terms and conditions of the CB Subscription Agreement as a result of dilutive events.

As at 31 December 2017 and up to the date of this report, the CB Subscription has not yet been completed. Details of the CB Subscription are set out in the Company’s announcements dated 19 November 2017, 29 January 2018 and 21 March 2018 and the Company’s prospectus dated 23 February 2018.

49. 報告期末後非調整事項(續)

(b) 可換股債券認購事項

本公司與Keen Start Limited(「Keen Start」,本公司之主要股東(定義見上市規則))訂立一份日期為二零一七年十一月十七日之有條件認購協議(於二零一八年二月十四日及二零一八年三月二十一日補充)(「可換股債券認購協議」)。據此,本公司有條件同意按初步轉換價每股股份0.067港元向Keen Start配發及發行,而Keen Start有條件同意認購本金總額為167,500,000港元之二零二三年到期3.0厘可換股債券(「新可換股債券」)(「可換股債券認購事項」)。新可換股債券將根據持有人之選擇,可由新可換股債券發行日期後第40個曆日起至二零二三年到期日前第10個曆日營業結束時止按初步轉換價每股0.067港元(可因攤薄事件而按照可換股債券認購協議之條款及條件調整)轉換(除非之前已贖回、轉換或購回及註銷)為每股面值0.01港元之本公司繳足股款普通股。

於二零一七年十二月三十一日及直至本報告日期,可換股債券認購事項尚未完成。可換股債券認購事項之詳情載於本公司日期為二零一七年十一月十九日、二零一八年一月二十九日及二零一八年三月二十一日之公布以及本公司日期為二零一八年二月二十三日之供股章程。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

49. NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD (continued)

(c) Increase in Authorized Share Capital

In order to allow sufficient authorized share capital after completion of the proposed fund raising plans which included the Rights Issue and the CB Subscription as stated above, the Board has proposed and will seek approval from the shareholders to increase the authorized share capital of the Company from HK\$200,000,000 divided into 20,000,000,000 shares to HK\$500,000,000 divided into 50,000,000,000 shares, by the creation of an additional 30,000,000,000 shares of HK\$0.01 each which shall rank pari passu with the existing shares in all respects upon allotment and issue.

As at 31 December 2017 and up to the date of this report, the increase in authorized share capital has not yet been completed. Details of the increase in authorized share capital are set out in the Company's announcements dated 19 November 2017 and 21 March 2018 and the Company's prospectus dated 23 February 2018.

49. 報告期末後非調整事項(續)

(c) 增加法定股本

為了於完成建議集資計劃(包括上述供股及可換股債券認購事項)後有充足之法定股本,董事會建議並將尋求股東批准藉增設30,000,000,000股每股面值0.01港元之股份,將本公司法定股本由200,000,000港元(分為20,000,000,000股股份)增至500,000,000港元(分為50,000,000,000股股份),而所增設股份於配發及發行時將於各方面與現有股份享有同等地位。

於二零一七年十二月三十一日及直至本報告日期,增加法定股本尚未完成。增加法定股本之詳情載於本公司日期為二零一七年十一月十九日及二零一八年三月二十一日之公布以及日期為二零一八年二月二十三日之供股章程。

* The English translation of Chinese names or words are for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

* 中文名稱或詞彙之英文翻譯僅供參考,不應視為該等中文名稱或詞彙之正式英文譯名。

Five Year Financial Summary

五年財務摘要

The following is a summary of the consolidated results, assets and liabilities of the Group for the five years ended 31 December 2017, which have been prepared on the basis set out in Notes 2 and 3 to the consolidated financial statements.

以下為本集團截至二零一七年十二月三十一日止五個年度之綜合業績、資產及負債摘要，其乃按照綜合財務報表附註2及3所載之基準編製。

RESULTS

業績

| | | For the year ended 31 December 截至十二月三十一日止年度 | | | | |
|------------------------------------|------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2015 二零一五年 HK\$'000 千港元 | 2014 二零一四年 HK\$'000 千港元 | 2013 二零一三年 HK\$'000 千港元 |
| Revenue | 收入 | <u>402,305</u> | <u>1,252,144</u> | <u>1,554,394</u> | <u>1,687,953</u> | <u>2,165,474</u> |
| (Loss)/profit before taxation | 除稅前(虧損)/溢利 | (520,355) | (416,091) | 205,358 | (141,541) | 1,000,939 |
| Taxation | 稅項 | <u>(210,448)</u> | <u>(29,898)</u> | <u>(41,124)</u> | <u>(30,559)</u> | <u>(74,489)</u> |
| (Loss)/profit for the year | 年度(虧損)/溢利 | <u>(730,803)</u> | <u>(445,989)</u> | <u>164,234</u> | <u>(172,100)</u> | <u>926,450</u> |
| Non-controlling interests | 非控股權益 | <u>26,538</u> | <u>52,982</u> | <u>(13,355)</u> | <u>68,408</u> | <u>(57,468)</u> |
| Equity shareholders of the Company | 本公司權益股東 | <u>(704,265)</u> | <u>(393,007)</u> | <u>150,879</u> | <u>(103,692)</u> | <u>868,982</u> |

ASSETS AND LIABILITIES

資產及負債

| | | As at 31 December 於十二月三十一日 | | | | |
|-------------------|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2017 二零一七年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2015 二零一五年 HK\$'000 千港元 | 2014 二零一四年 HK\$'000 千港元 | 2013 二零一三年 HK\$'000 千港元 |
| Total assets | 資產總值 | <u>6,337,425</u> | <u>9,111,799</u> | <u>8,730,468</u> | <u>8,566,521</u> | <u>7,596,344</u> |
| Total liabilities | 負債總額 | <u>(1,395,341)</u> | <u>(3,600,622)</u> | <u>(2,645,065)</u> | <u>(2,426,415)</u> | <u>(1,373,672)</u> |
| Total equity | 權益總額 | <u>4,942,084</u> | <u>5,511,177</u> | <u>6,085,403</u> | <u>6,140,106</u> | <u>6,222,672</u> |

