



Neway Group Holdings Limited
中星集團控股有限公司

(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: 00055

ANNUAL
REPORT
年報
2017

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive directors:

Mr. SUEK Ka Lun, Ernie (*Chairman*)
Mr. SUEK Chai Hong (*Chief Executive Officer*)

Non-executive directors:

Dr. NG Wai Kwan
Mr. CHAN Kwing Choi, Warren
Mr. WONG Sun Fat

Independent non-executive directors:

Mr. TSE Tin Tai
(*resigned on 1 June 2017*)
Ms. LUI Lai Ping, Cecily
(*retired on 9 June 2017*)
Mr. LEE Kwok Wan
Mr. LAI Sai Wo, Ricky
(*appointed on 19 April 2017*)
Mr. CHU Gun Pui
(*appointed on 23 June 2017*)

Alternate director:

Mr. LAU Kam Cheong
(*Alternate director to Dr. NG Wai Kwan*)

COMPANY SECRETARY

Ms. CHEUNG Yuk Shan

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Chung Tai Printing Group Building
11 Yip Cheong Street
On Lok Tsuen, Fanling
New Territories
Hong Kong

董事會

執行董事：

薛嘉麟先生 (主席)
薛濟匡先生 (行政總裁)

非執行董事：

吳惠群博士
陳焯材先生
黃新發先生

獨立非執行董事：

謝天泰先生 (於二零一七年
六月一日辭任)
呂麗萍女士 (於二零一七年
六月九日退任)
李國雲先生
賴世和先生 (於二零一七年
四月十九日獲委任)
朱瑾沛先生 (於二零一七年
六月二十三日獲委任)

替任董事：

劉錦昌先生
(吳惠群博士之替任董事)

公司秘書

張玉珊小姐

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

香港總辦事處及主要營業地點

香港
新界
粉嶺安樂工業村
業暢街11號
中大印刷集團大廈

Corporate Information

公司資料

PRINCIPAL BANKERS⁺

Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
The Hongkong and Shanghai
Banking Corporation Limited

+ names are in alphabetical order

LEGAL ADVISER AS TO HONG KONG LAW

Leung & Lau

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

<http://www.newaygroup.com.hk>

STOCK CODE

00055

主要往來銀行⁺

中國銀行(香港)有限公司
交通銀行股份有限公司
香港上海滙豐銀行有限公司

+ 名稱以英文字母次序排列

有關香港法律之法律顧問

梁寶儀劉正豪律師行

核數師

德勤•關黃陳方會計師行

主要股份登記及過戶處

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

香港之股份過戶登記分處

卓佳秘書商務有限公司
香港
灣仔
皇后大道東183號
合和中心22樓

公司網址

<http://www.newaygroup.com.hk>

股份代號

00055

Chairman's Statement 主席報告

On behalf of the board of directors (the "Board") of Neway Group Holdings Limited (the "Company"), I would like to present to shareholders the results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2017 (the "Year").

During the Year, the Group experienced enormous market challenges, including but not limited to the intense competition, increasing operating costs and volatile global environment which adversely affected the financial performance of various business segments of the Group to some extent. To cope with these challenges, the Group has adopted more stringent cost control policies to minimise wastes in all aspects. At the same time, the Group has devoted continuous and more financial and human resources to each business segment and identified more business opportunities to create value for the Group. Detailed analysis and measurements adopted of each business segment is covered in the section headed "Management Discussion and Analysis" of this report.

Looking forward, continuous challenges are expected in different industries, especially those operated in the People's of Republic of China (the "PRC"). The appreciation of foreign exchange rate of Renminbi, the soaring material prices and increasing minimum wages imposed by the PRC government will create extra financial burden on the Group. The keen market competition among all industries may also hinder the Group from achieving a stable growth in turnover for all business segments. The Group is pleased to accept these challenges and will continue to devote more resources to create new value-added services to our customers and to enhance our values to our business partners.

At the same time, the Group will continue looking for business opportunities in the PRC and Asia Pacific region and enlarge our business network to other places of the world.

On behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, investors, business partners and staff for their continuous support and dedication to the Group throughout the Year.

SUEK Ka Lun, Ernie
Chairman

Hong Kong
27 March 2018

本人謹代表Neway Group Holdings Limited中星集團控股有限公司*（「本公司」）董事會（「董事會」）欣然向股東提呈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（「本年度」）的業績。

本集團於本年度面對嚴峻的市場挑戰，其中包括激烈的市場競爭、不斷上升的營運成本和波動不已的全球營商氣氛，而本集團各業務分部的財務表現均會因以上因素而受到一定程度的不利影響。為應付種種挑戰，本集團已採取多項嚴格控制成本的措施，以求在各層面盡量減少浪費情況。同時，本集團已持續為各業務分部投入更多財務及人力資源，以物色更多商機，為本集團創造價值。有關各業務分部的詳盡分析和各業務分部採取的措施，請參閱本報告「管理層討論及分析」一節。

展望未來，預期不同行業將繼續面對挑戰，其中尤以來自中華人民共和國（「中國」）之行業者為甚。人民幣兌外幣的匯率上升，加上原材料價格急升和中國政府規定調升之最低工資，均會令本集團百上加斤。各行各業均面對激烈的市場競爭，亦可能會阻礙本集團各業務分部維持穩定的營業額增長。然而，本集團坦然面對不同的挑戰，並會不斷投入更多資源，以為客戶創造全新的增值服務和為業務夥伴締造更高的價值。

同時，本集團將會繼續在中國和亞太地區物色發展業務的商機，並將旗下的業務網絡擴展至世界各地。

全體股東、投資者、業務夥伴及員工於本年度一直鼎力支持本集團及為本集團竭誠服務，本人謹藉此機會代表董事會向彼等衷心致謝。

主席
薛嘉麟

香港
二零一八年三月二十七日

* 僅供識別

Management Discussion and Analysis

管理層討論及分析

OVERVIEW

During the year ended 31 December 2017 (the “Year”), Newway Group Holdings Limited (the “Company”), and its subsidiaries (collectively the “Group”) experienced enormous market challenges due to intense competition and increasing operating costs in the People’s Republic of China (the “PRC”), especially for the Manufacturing and Sales Business. As a result, certain business segments, such as the Manufacturing and Sales Business, the Music and Entertainment Business and the Lending Business recorded lower turnover for the Year, decreasing at rates ranging from approximately 7.0% to 61.1% and the profit after taxation of the Group decreased by approximately 35.2% as compared with the year ended 31 December 2016 (“Year 2016”).

The detailed business and financial review of each business segment is stated below.

BUSINESS AND FINANCIAL REVIEW

Overall Revenue and Gross Profit Margin

During the Year, total revenue of the Group was approximately HK\$515.5 million (Year 2016: approximately HK\$562.9 million) and the gross profit margin was approximately 30.8%, which is slightly lower than the gross profit margin of approximately 31.7% for Year 2016. The segments’ respective contributions to the revenue of the Group are as follows:

| | | 2017 二零一七年 HK\$ 港元 | Approximate % to total revenue 佔總收益 概約百分比 | 2016 二零一六年 HK\$ 港元 | Approximate % to total revenue 佔總收益 概約百分比 |
|----------------------------------|------------|-----------------------------|---|-----------------------------|---|
| Gaming Distribution Business | 遊戲分銷業務 | 1,513,933 | 0.3% | 88,319 | 0.0% |
| Lending Business | 放貸業務 | 4,611,231 | 0.9% | 8,215,087 | 1.5% |
| Manufacturing and Sales Business | 製造及銷售業務 | 458,620,260 | 89.0% | 492,941,761 | 87.6% |
| Music and Entertainment Business | 音樂及娛樂業務 | 10,513,580 | 2.0% | 27,039,363 | 4.8% |
| Property Business | 物業業務 | 6,500,175 | 1.3% | 1,713,770 | 0.3% |
| Trading Business | 貿易業務 | 33,774,464 | 6.5% | 32,912,733 | 5.8% |
| Total revenue | 總收益 | 515,533,643 | 100% | 562,911,033 | 100% |

概覽

於截至二零一七年十二月三十一日止年度（「本年度」），由於競爭激烈和於中華人民共和國（「中國」）的經營成本上漲，中星集團控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）在市場遇上嚴峻的挑戰，其中尤以製造及銷售業務為然。因此，若干業務分類（例如製造及銷售業務、音樂及娛樂業務和放貸業務）於本年度的營業額出現下降，降幅由約7.0%至61.1%不等，而本集團的除稅後溢利與截至二零一六年十二月三十一日止年度（「二零一六年度」）比較下降約35.2%。

各業務分類的業務和財務回顧詳列如下。

業務和財務回顧

整體收益和毛利率

於本年度，本集團的總收益約為515,500,000港元（二零一六年度：約562,900,000港元），而毛利率約為30.8%，較二零一六年度約31.7%的毛利率略低。各分類對本集團收益的貢獻如下：

Management Discussion and Analysis

管理層討論及分析

Gaming Distribution Business

During the Year, the management of the Group and the senior management team of this segment have redefined the segment's business objectives and strategies. The Group has put more efforts on the sales of the game contents and machines provided by a company incorporated in the Hong Kong Special Administrative Region of the PRC ("Hong Kong") and mainly engaged in gaming business. Such Hong Kong Company is held as to 10% by Power Rank International Limited ("Power Rank"), which was disposed of by the Group to a connected party during the Year as set out below. To deliver a better presentation of the business nature, the operating segment is renamed as the Gaming Distribution Business (previously named as the Gaming Business). More games contents and machines were being deployed to the market during the Year and the turnover of this segment increased to approximately HK\$1.5 million for the Year (Year 2016: approximately HK\$0.09 million).

During the Year, a sale and purchase agreement was entered into between Dream Class Limited, a wholly-owned subsidiary of the Company as vendor, and Anchor Kapital Limited, a company which is wholly-owned by the trustee of a discretionary trust of which the immediate family member(s) of Mr. SUEK Ka Lun, Ernie (an executive Director and the chairman of the Group) is/are one of the discretionary objects as purchaser in relation to the disposal of entire issued share capital of Power Rank at a consideration of HK\$2.34 million. The loss arising from the disposal was approximately HK\$5.4 million and was included in the segment loss for the Gaming Distribution Business.

Lending Business

The Lending Business includes the financial leasing business in Shanghai, the PRC and the money lending business in Hong Kong. For the financial leasing business, no transaction was conducted during the Year, the Group is still in search for deals with potential.

For the money lending business in Hong Kong, efforts have been made by the Group to expand its customer base and loan portfolio during the Year. Customers of the business included both individuals and corporate entities and the majority of loans were secured by the properties located in Hong Kong. No default has been recorded since the commencement of the business and the majority of interest income was received on time. However, due to the keen market competition in Hong Kong and the Group's stringent risk assessments practice on each loan application, loan interest income decreased by approximately 43.9% to approximately HK\$4.6 million for the Year (Year 2016: approximately HK\$8.2 million).

遊戲分銷業務

於本年度，本集團的管理層和本分類的高級管理人員重新制定分類業務目標和策略。本集團更加努力銷售由一間於中國香港特別行政區（「香港」）註冊成立並主要從事遊戲業務之公司所提供的遊戲內容和遊戲機。該香港公司由Power Rank International Limited（「Power Rank」）持有10%權益，而誠如下文所載述，Power Rank已於本年度內被本集團出售予一名關連人士。為更有效反映業務性質，本營業分類已易名為遊戲分銷業務（原稱遊戲業務）。於本年度，本集團在市場部署更多遊戲內容和遊戲機，本年度的分類營業額因而上升至約1,500,000港元（二零一六年度：約90,000港元）。

於本年度，本公司一家全資附屬公司 Dream Class Limited（作為賣方）與 Anchor Kapital Limited（一家由一項全權信託的受託人全資擁有的公司，而本集團執行董事及主席薛嘉麟先生的直系親屬為當中的全權受益人）（作為買方）訂立買賣協議，當中涉及按2,340,000港元的代價出售Power Rank全部已發行股本。出售所致虧損約為5,400,000港元，已計入遊戲分銷業務的分部虧損。

放貸業務

放貸業務包括於中國上海之融資租賃業務及於香港之放貸業務。在融資租賃業務方面，本年度內並無進行任何交易，而本集團仍在物色具潛力之交易項目。

在香港放貸業務方面，本集團於本年度一直不斷努力擴展其客戶基礎和貸款組合。是項業務的客戶包括個人和公司實體，而大部份貸款均以位於香港的物業作抵押。自業務開展以來，並未出現任何拖欠記錄，且大部份利息收入均準時收訖。然而，由於香港的市場競爭激烈，加上本集團對每宗貸款申請均進行嚴謹的風險評估，故貸款利息收入於本年度下降約43.9%，跌至約4,600,000港元（二零一六年度：約8,200,000港元）。

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Manufacturing and Sales Business

This segment represents the business of the manufacturing and sales of printing products of the Group, such as packaging boxes, labels, paper products and paper shopping bags. The product line of paper shopping bags was introduced in Year 2016. The customer base of this segment covers the worldwide market.

During the Year, the Manufacturing and Sales Business continued to adopt two strategies as in Year 2016 including: (i) continuing cost reduction, as well as efficiency and quality enhancement of the factories in the PRC; and (ii) expansion of sales network to customers with higher profit margin. The new product line, namely paper shopping bags, started to contribute profit to the Manufacturing and Sales Business during the Year.

The revenue of this business segment decreased by approximately 7.0% to HK\$458.6 million for the Year (Year 2016: approximately HK\$492.9 million). The drop in revenue was mainly caused by the decrease in export sales which was attributable to the following reasons: firstly, by conducting the customer portfolio analysis, the Group reviewed the profit contribution of each customer since Year 2016 and business from customers with lower profit margin were strategically reduced during the Year; secondly, given the keen competition of the printing industry, price reduction was commonly requested by the customers, which led to a decrease in revenue.

The segment profit for the Year decreased by approximately 25.6% to approximately HK\$43.4 million for the Year (Year 2016: approximately HK\$58.3 million). The segment profit margin for the Year was approximately 9.5% (Year 2016: approximately 11.8%). The drop in profit margin was mainly attributable to:

- (i) the decrease in revenue as mentioned above; and

製造及銷售業務

本分類乃指製造及銷售本集團印刷產品的業務，例如包裝用紙箱、標籤、紙類產品和購物紙袋。購物紙袋產品系列乃於二零一六年度推出。分類客戶遍佈全球各地的市場。

於本年度，製造及銷售業務繼續採取二零一六年度的兩項策略，包括：(i)繼續節省成本，以及提高中國廠房的效益和產品質素；及(ii)將銷售網絡擴展至利潤率較高的客戶。新產品系列，即購物紙袋產品於本年度開始為製造及銷售業務帶來溢利。

本年度的業務分類收益下降約7.0%，跌至458,600,000港元（二零一六年度：約492,900,000港元）。收入下降主要是由於出口銷售減少所致，原因如下：首先，本集團自二零一六年度起進行客戶狀況分析以檢視每名客戶所貢獻的溢利，並於本年度因應策略縮減利潤率較低客戶的業務。其次，由於印刷業競爭激烈，本集團的客戶普遍要求降價，收益因而下跌。

本年度的分類溢利下降約25.6%至約43,400,000港元（二零一六年度：約58,300,000港元）。本年度的分類利潤率約為9.5%（二零一六年度：約11.8%），而利潤率下降的主因如下：

- (i) 上文所述的收益減少；及

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- (ii) the increase in materials consumption rate and change of product mix. The prices of materials, especially certain main materials such as paper, increased significantly during the Year, which contributed to the increase in material costs recorded in this segment for the Year. However, the impact of such increase in materials prices has been lessened by the various costs control measures adopted by the Group since 2015. These measures were reviewed monthly by the management and the respective department head by checking actual usage against various pre-set key performance indicators and investigation and remedial actions were made immediately as and when necessary.

In addition, it is noted that the revenue from some products with lesser material requirement decreased for the Year which in turn pushed up the overall materials consumption rate of this segment as a whole.

Combining these two factors, it is noted that the materials consumption rate increased by approximately 5.0% as compared with Year 2016.

However, the drop in segment revenue was partially offset by the following factors:

- (i) the staff costs decreased for the Year. The ratio of total staff costs to sales for this segment maintained at approximately 30% for both years. During the Year, the Group was facing the challenges from the upward adjustment of the minimum wages in Shenzhen by the PRC government from RMB2,030 to RMB2,130 and the increase in associated costs. The Group succeeded to manage such increment and maintained the staff cost to sales ratio by decreasing the number of headcount and replacing some old machines by newer models so as to boost the production efficiency as a whole; and
- (ii) the Group recognised a gain on disposal of machinery and equipment of approximately HK\$4.2 million during the Year.

- (ii) 原料耗用率上升及產品組合改變。原料價格（尤其是若干主要原料，例如紙張）於本年度大幅攀升，導致本年度此分部錄得原料成本增長。然而，原料價格上升的影響已因本集團自二零一五年起採取的各種成本監控措施而得以減輕。管理層和相關部門主管並會每月檢討有關措施，方式是將實際用量與多個預定的主要表現指標進行比較，並會在有需要的情況下作即時調查和採取補救行動。

此外，原料需求較少的部份產品於本年度帶來的收益下降，因而推高分類之整體原料耗用率。

綜合以上兩項因素，原料耗用率較二零一六年度上升約5.0%。

然而，分類收益下降部份被以下因素所抵銷：

- (i) 員工成本於本年度下跌。分類員工成本總額對銷售額比率於兩個年度均維持於大約30%的水平。於本年度，中國政府將深圳的最低工資由人民幣2,030元調高至人民幣2,130元，加上相關成本上漲，為本集團帶來挑戰。本集團透過減省人手，成功應付上漲的最低工資，並得以維持員工成本對銷售額比率，以及購入新型號機器以替換舊有機器，從而提高整體生產效率；及
- (ii) 本集團於本年度確認出售機器及設備所得收益約4,200,000港元。

Management Discussion and Analysis

管理層討論及分析

Music and Entertainment Business

Revenue from this segment mainly consisted of income from concerts and shows, artiste management fee income, album distribution income, promotion income and musical work licensing income.

Loss of this segment for the Year was approximately HK\$2.9 million (Year 2016: segment profit of approximately HK\$0.7 million). The change from segment profit to loss was mainly attributable to the following reasons:

- (i) during the Year, revenue from the Music and Entertainment Business decreased significantly by approximately 61.1% to approximately HK\$10.5 million (Year 2016: approximately HK\$27.0 million). Such decrease was mainly due to: (a) the decrease in income from concerts and shows of approximately HK\$15.3 million; and (b) the decrease in promotion income and other music and entertainment services income by approximately 52.1% as compared with Year 2016;
- (ii) the profit contributed by concerts and shows investment decreased by approximately HK\$0.9 million; and
- (iii) the absence of film investment income for the Year (Year 2016: approximately HK\$2.6 million).

During the Year, the Group invested in a music concert which is to be performed by a popular Hong Kong singer and held in the PRC in 2018.

音樂及娛樂業務

分類收益主要包括演唱會和表演收入、藝人管理費收入、唱片發行收入、宣傳收入和音樂製作特許收入。

本年度的分類虧損約為2,900,000港元（二零一六年度：分類溢利約700,000港元），分類業績轉盈為虧的主要原因如下：

- (i) 於本年度，音樂及娛樂業務的收益顯著下降約61.1%，減至約10,500,000港元（二零一六年度：27,000,000港元），主因如下：(a)演唱會和表演收入下降約15,300,000港元；及(b)宣傳推廣收入及其他音樂及娛樂服務收入較二零一六年度下降約52.1%；
- (ii) 演唱會和表演投資帶來的溢利下降約900,000港元；及
- (iii) 本年度並無電影投資收入（二零一六年度：約2,600,000港元）。

於本年度，本集團投資於一名香港流行歌手將於二零一八年在中國舉行的演唱會。

Management Discussion and Analysis

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Property Business

Property development business

The Group had two property development projects as at 31 December 2017. One of which involved 四川英華房地產有限公司 (unofficial English translation being Sichuan Yinghua Real Estate Co., Ltd.) (“Yinghua”) and was classified as an available-for-sale investment in the consolidated statement of financial position of the Group as at 31 December 2017. The other project involved 清遠市中清房地產開發有限公司 (unofficial English translation being Qingyuan Zhongqing Property Development Co., Ltd.) (“Zhongqing”), a non-wholly owned subsidiary of the Company.

Yinghua held the land use right of a parcel of commercial land in Chengdu, the PRC. The related property consists of both residential and commercial units. On 24 July 2017, the Group served an exercise notice to Kwong Da Enterprises Limited (“Kwong Da”), a Hong Kong company which indirectly owns equity interest of Yinghua, to exercise the put option by which Kwong Da shall acquire the entire issued share capital of a subsidiary of the Group which indirectly owns 16.67% of Yinghua at the put option consideration of RMB30 million. Such put option consideration was calculated by RMB52 million less the repaid amount of the Group’s shareholder’s loan to Yinghua in 2013 as 16.67% of the performance target of Yinghua was less than RMB52 million and no dividend was received by the Group from Yinghua. The completion should have been taken place on or before 10 January 2018 but the Group has agreed with Kwong Da to extend the completion to a day on or before 31 May 2018, further details of which are set out in the paragraphs headed “Events After Reporting Period” below. As at 31 December 2017, the Group has received a total repayment of RMB30 million in respect of its shareholder’s loan injected to Yinghua and the outstanding put option consideration was RMB22 million.

物業業務

物業發展業務

截至二零一七年十二月三十一日為止，本集團擁有兩個物業發展項目。其中一個涉及四川英華房地產有限公司（「英華房地產」），該項目已在本集團於二零一七年十二月三十一日的綜合財務狀況表分類為可供出售投資。另一個項目則涉及清遠市中清房地產開發有限公司（「中清」，為本公司之非全資附屬公司）。

英華房地產於中國成都持有一幅商業用地的土地使用權。相關物業包括住宅和商業單位。於二零一七年七月二十四日，本集團向坤達實業投資有限公司（「坤達」，一間間接擁有英華房地產股權的香港公司）發出一份行使通知書，以行使認沽期權，要求坤達以認沽期權代價人民幣30,000,000元收購本集團一間附屬公司（間接擁有英華房地產16.67%權益）的全部已發行股份。該等認沽期權代價乃按人民幣52,000,000元減去於二零一三年提供予英華房地產的本集團股東貸款之償還金額而計算得出，乃由於英華房地產業績目標之16.67%乃低於人民幣52,000,000元且本集團概無自英華房地產收取股息所致。有關交易原應於二零一八年一月十日或該日以前完成，惟本集團已與坤達議定將完成日期押後至二零一八年五月三十一日或該日以前，有關詳情載於下文「報告期後事項」一節。於二零一七年十二月三十一日，本集團收到就其投入英華房地產的股東貸款所作的還款合共人民幣30,000,000元，尚未行使認沽期權的代價為人民幣22,000,000元。

Management Discussion and Analysis 管理層討論及分析

Zhongqing holds the land use rights of two parcels of commercial land in Qingyuan, the PRC. On 18 June 2014, 深圳市中星國盛投資發展有限公司 (unofficial English translation being Shenzhen Zhongxing Guosheng Investment Development Co., Ltd.) (“Zhongxing Guosheng”), a wholly-owned subsidiary of the Company, initiated civil proceedings against Zhongqing in the People’s Court of Baoan District for, among other matters, the repayment of the shareholder’s loan contributed by Zhongxing Guosheng in an amount of RMB23,479,330 (the “Litigation”). On 19 June 2014, pursuant to an application made by Zhongxing Guosheng to freeze and preserve the assets of Zhongqing in a total value of RMB23,400,000, an order was granted by the People’s Court of Baoan District to freeze and preserve the two parcels of land owned by Zhongqing from 24 June 2014 to 23 June 2016 (the “Freeze Order”). The Freeze Order aimed to ensure that Zhongqing would have sufficient assets to repay the shareholder’s loan to the Group.

Two hearings sessions of the Litigation were held on 18 August 2014 and 25 September 2014 respectively. On 15 October 2014, the Group received a civil mediation document dated 30 September 2014 and issued by the People’s Court of Baoan District, acknowledging that: (i) the Group and Zhongqing confirmed that Zhongqing was indebted to Zhongxing Guosheng in a sum of RMB23,479,330; (ii) Zhongqing agreed to repay to Zhongxing Guosheng a sum of RMB23,479,330, together with interests accrued from 18 June 2014 to the date of repayment, which was within 15 days of the effective date of the civil mediation document; and (iii) if Zhongqing fails to repay the agreed amount, Zhongxing Guosheng shall be entitled to request Zhongqing to pay default interests calculated at two times of the lending rate of the People’s Bank of China over the same period.

As advised by the Group’s PRC legal advisers, the effective date of the civil mediation was 15 October 2014 and thus, the deadline for repayment by Zhongqing was 30 October 2014. As at the date of this report, Zhongqing has not repaid the outstanding shareholder’s loan and accrued interests to Zhongxing Guosheng.

中清於中國清遠持有兩幅商業用地之土地使用權。於二零一四年六月十八日，深圳市中星國盛投資發展有限公司（「中星國盛」，本公司之全資附屬公司）就（其中包括）償還其提供之股東貸款人民幣23,479,330元向寶安區人民法院提出對中清之民事訴訟（「該訴訟」）。於二零一四年六月十九日，根據中星國盛就凍結及保存中清總值人民幣23,400,000元之資產提出之申請，寶安區人民法院頒令，於二零一四年六月二十四日起至二零一六年六月二十三日止期間凍結及保存中清擁有之兩幅土地（「凍結令」）。凍結令旨在確保中清有足夠資產值向本集團償還股東貸款。

該訴訟先後於二零一四年八月十八日及二零一四年九月二十五日進行兩次聆訊。於二零一四年十月十五日，本集團收到由寶安區人民法院發出日期為二零一四年九月三十日之民事調解書，其中確認：(i)本集團與中清確認，中清結欠中星國盛合共人民幣23,479,330元；(ii)中清同意向中星國盛償還合共人民幣23,479,330元，連同由二零一四年六月十八日起至還款日期（由民事調解書生效日期起計15天內）止累計之利息；及(iii)倘中清未能償還協定款項，則中星國盛有權要求中清支付違約利息，金額乃按同一期間中國人民銀行借貸利率之兩倍計算。

根據本集團中國法律顧問之意見，民事調解書之生效日期為二零一四年十月十五日，因此，中清之還款限期為二零一四年十月三十日。截至本報告日期為止，中清尚未向中星國盛償還未償還之股東貸款及應計利息。

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On 27 May 2016, Zhongxing Guosheng submitted an application to the People's Court of Baoan District for the extension of the period covered by the Freeze Order and the application was accepted by the court. The extended period covered by the Freeze Order was from 13 June 2016 to 12 June 2019. The management of the Group is assessing the market condition of Qingyuan City, the PRC and evaluating all possible options to be taken, including but not limited to the disposal or development of the two parcels of land held by Zhongqing and the possible disposal of the Group's equity interest in Zhongqing. No further action has been taken by the Group as at the date of this report. The Group will closely monitor the negotiation progress with the business partners and will take further legal actions to protect the Group's interest as and when appropriate.

Property investment business

The property investment business includes: (i) the mini storage business operated by a wholly-owned subsidiary of the Company; (ii) the office leasing business operated by a joint venture; and (iii) the leasing of several commercial units to a related company by a wholly-owned subsidiary of the Company.

Mini storage business

The Group renovated the ground floor, 1st floor, 2nd floor and half of the floor area of the 4th floor of a self-owned industrial building in Fanling, Hong Kong (the "Fanling Building") in 2014 for the operation of the mini storage business. As at 31 December 2017, the occupancy rate of the storage units increased to approximately 92% (31 December 2016: approximately 68%).

During the Year, more resources were put in place for inspecting, improving and maintaining the conditions and safety level of the mini storage floors and the whole building. The Group also worked with external professionals to evaluate the safety requirements stipulated by relevant government authorities and to estimate the costs that might incur. The Group will continue its marketing efforts put in this business in order to uplift the occupancy rate of the Fanling Building. The Group will also pay close attention to the recent development of the regulations imposed on the mini storage industry.

於二零一六年五月二十七日，中星國盛向寶安區人民法院提交有關延長凍結令有效期間之申請，而法院已接納有關申請。延長後之凍結令有效期間為二零一六年六月十三日至二零一九年六月十二日。本集團管理層現正衡量中國清遠市的市場狀況，並評估所有可行的方案，包括（但不限於）出售或發展中清所持的兩幅土地，以及可能出售本集團所持的中清股本權益。截至本報告日期為止，本集團尚未採取進一步行動。本集團將密切留意與業務夥伴磋商之進度，並會於適當時候採取進一步法律行動以保障本集團之利益。

物業投資業務

物業投資業務包括：(i)由本公司一間全資附屬公司經營之迷你倉業務；(ii)由一間合營公司經營之辦公室租賃業務；及(iii)本公司一間全資附屬公司向一間關連公司租賃若干商業單位。

迷你倉業務

本集團已於二零一四年翻新一幢位於香港粉嶺的自置工業大廈（「粉嶺大廈」）的地下、一樓、二樓及四樓一半的樓面面積，以經營迷你倉業務。於二零一七年十二月三十一日，倉庫單位出租率升至約92%（二零一六年十二月三十一日：約68%）。

於本年度，本集團已投入更多資源用於檢查、改善和保養迷你倉所佔樓層和整幢粉嶺大廈的狀況和安全水平。此外，本集團亦與外界專業人士合作評估有關政府當局所訂的安全規定和估計可能涉及的成本。本集團將繼續努力為是項業務進行市場推廣工作，以提高粉嶺大廈的出租率。本集團亦將會密切注意近期對迷你倉行業實施的規管發展。

Management Discussion and Analysis

管理層討論及分析

Office leasing business

The office leasing business, being the operation of the business service centre in Kwun Tong, Hong Kong, is operated by Estate Summit Limited (“Estate Summit”), a joint venture of the Group and an independent third party with extensive management and operating experience. A brand name of “Prime Business Centres” was established and approximately 94% of units was rented out as at 31 December 2017 (31 December 2016: approximately 61%). During the Year, the business encountered keen competition in the Kwun Tong district and rental price of offices was lowered so as to attract more tenants. In addition, more marketing efforts were devoted to boost its occupancy rate during the Year.

Considering the continuous loss incurred by Estate Summit, the Company assessed the recoverable amount of the loan to Estate Summit taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate, an impairment loss of approximately HK\$2.9 million was recognised in respect of loans to joint ventures during the Year (Year 2016: approximately HK\$5.3 million).

Properties leasing and investment

The Group acquired the entire issued share capital of Supreme Cycle Inc. (“Supreme Cycle”) from a related company on 30 November 2016 at a consideration of approximately HK\$87.2 million. The principal activities of Supreme Cycle are investment holding and property investment and its principal assets are commercial properties situated in Yuen Long, Hong Kong (the “Yuen Long Properties”). The Yuen Long Properties were leased to a related company of the Group and operating as a karaoke outlet as at 31 December 2017. Approximately 68.3% of revenue of the Property Business was derived from the Yuen Long Properties, which is the main reason for the increase in revenue of the Property Business for the Year.

On 30 September 2017, the Group decided to change the intended usage of its commercial property in Beijing, the PRC (the “Beijing Property”) from internal use to leasing. According to the Group’s accounting standard, the Beijing Property was re-classified as an investment property and measured at fair value upon the change of property usage. The difference between the fair value and the carrying value of the Beijing Property as at the date of change of property usage was credited to the property valuation reserve of the Group. The change in fair value of the Beijing Property between the date of change of property usage and 31 December 2017 was recorded in the consolidated statement of profit or loss.

辦公室租賃業務

辦公室租賃業務乃在香港觀塘經營的商務服務中心業務，該中心由本集團與擁有豐富管理和營運經驗的獨立第三方所成立一間名為Estate Summit Limited (「Estate Summit」)的合營公司經營，並以「Prime Business Centres」為品牌。於二零一七年十二月三十一日，約94%的單位已租出(二零一六年十二月三十一日：約61%)。於本年度，此項業務在觀塘區面對激烈競爭，須降低辦公室租金以吸引更多租戶。此外，為提高該商務服務中心的出租率，本集團於本年度進行更多市場營銷工作。

經考慮Estate Summit持續出現虧損，本公司計及估計未來現金流量及按其原有實際利率折現的該等現金流量時間後，評估給予Estate Summit之貸款的可收回金額，已就本年度合營公司之貸款確認減值虧損約2,900,000港元(二零一六年度：約5,300,000港元)。

物業租賃及投資

本集團於二零一六年十一月三十日向一間關連公司收購Supreme Cycle Inc. (「Supreme Cycle」)的全部已發行股本，代價為約87,200,000港元。Supreme Cycle的主要業務為投資控股和物業投資，其主要資產為位於香港元朗的商用物業(「元朗物業」)。於二零一七年十二月三十一日，元朗物業已租賃予本集團一間關連公司，作經營卡拉OK之用。物業業務約68.3%的收益來自元朗物業，此亦是本年度物業業務收益上升的主要原因。

於二零一七年九月三十日，本集團決定將位於中國北京的商用物業(「北京物業」)的擬定用途由內部使用改為租賃。根據本集團的會計準則，北京物業獲重新分類為投資物業，並於物業改變用途後按公平值計量。北京物業於物業改變用途當日的公平值與賬面值之間的差額已撥入本集團的物業估值儲備。北京物業於物業改變用途當日至二零一七年十二月三十一日期間的公平值變動，乃記錄於綜合損益賬。

Management Discussion and Analysis 管理層討論及分析

According to the Group's accounting standard, the Fanling Building, the Yuen Long Properties and the Beijing Property were classified as investment properties of the Group. The investment properties were carried at market value and a fair value gain of approximately HK\$20.3 million was recorded in other gains and losses of the Group for the Year (Year 2016: approximately HK\$0.6 million).

Trading Business

The Trading Business includes (i) the trading of printing products in Hong Kong and the PRC; and (ii) the operation of neighbourhood stores in the PRC.

Revenue from the Trading Business increased by approximately 2.6% to approximately HK\$33.8 million (Year 2016: approximately HK\$32.9 million). The increase was mainly attributable to the increase in number of orders placed by customers of a Hong Kong trading company, which is one of the authorised dealers of 3M products in Hong Kong.

The segment profit margin slightly increased by approximately 0.6 percentage point to approximately 6.9% (Year 2016: approximately 6.3%), which was mainly due to the tightened cost control measures adopted in the Trading Business. The revenue generated from neighbourhood stores in the PRC represented approximately 1.1% of total revenue of the Trading Business for the Year (Year 2016: approximately 2%). The Group has operated the business of neighbourhood stores for more than two years. Based on the detailed performance review and analysis by the management, the neighbourhood stores operation might not be able to further develop and generate greater revenue to the Group and thus, the management will review the profitability of the operation in the year of 2018 and consider the appropriate strategy going forward.

Securities Trading Business and available-for-sale investments of the Group

During the Year, the Group recorded a fair value loss of approximately HK\$19.2 million (Year 2016: fair value gain of approximately HK\$80.0 million), a realised loss of approximately HK\$2.8 million for the Year (Year 2016: realised gain of approximately HK\$3.9 million) and a dividend income of approximately HK\$1.5 million (Year 2016: approximately HK\$0.8 million) in respect of Hong Kong listed securities held.

根據本集團的會計準則，粉嶺大廈、元朗物業和北京物業均獲分類為本集團的投資物業。投資物業乃按市值列賬，而約20,300,000港元的公平值收益乃記錄於本集團於本年度的其他損益（二零一六年度：約600,000港元）。

貿易業務

貿易業務包括：(i)在香港和中國買賣印刷品；及(ii)在中國經營社區店舖。

來自貿易業務之收益上升約2.6%至約33,800,000港元（二零一六年度：約32,900,000港元）。主因是香港一間貿易公司（為3M產品在香港之授權經銷商之一）的客戶訂單數量增加。

分類利潤率微升約0.6個百分點，升至約6.9%（二零一六年度：約6.3%），主要原因是貿易業務採納了更嚴謹的成本控制措施。在中國經營的社區店舖帶來的收益僅佔本年度貿易業務總收益約1.1%（二零一六年度：約2%）。本集團經營社區店舖業務已超過兩年。根據管理層所作的詳細表現檢討和分析，社區店舖業務未必能夠進一步發展或為本集團帶來更高收益，故管理層將審視該業務於二零一八年的盈利能力，並考慮未來實施適當策略。

證券買賣業務和本集團的可供出售投資

於本年度，本集團就其所持香港上市證券錄得公平值虧損約19,200,000港元（二零一六年度：公平值收益約80,000,000港元），本年度已變現虧損約2,800,000港元（二零一六年度：已變現收益約3,900,000港元），以及股息收入約1,500,000港元（二零一六年度：約800,000港元）。

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Set out below is the breakdown of the Group's available-for-sale investments and held-for-trading investments as at 31 December 2017:

本集團於二零一七年十二月三十一日的可供出售投資及持作買賣投資之詳細資料載列如下：

| Description of investments | Notes | Form of investments | Principal activities of invested companies | Percentage of total share capital held by the Group | Carrying amount as at 31 December 2017 | Percentage to the Group's audited net assets as at 31 December 2017 | Percentage to the Group's audited total assets as at 31 December 2017 |
|---|-------|---|--|---|--|---|---|
| 投資描述 | 附註 | 投資形式 | 被投資公司主要業務 | 本集團持有股本總數百分比 | 截至二零一七年十二月三十一日止的賬面值 HK\$ 港元 | 佔本集團截至二零一七年十二月三十一日止經審核資產淨值百分比 (approximate) (概約) | 佔本集團截至二零一七年十二月三十一日止經審核總資產百分比 (approximate) (概約) |
| Five largest investments of the Group in terms of value 本集團五大投資（以價值計） | | | | | | | |
| Wang On Properties Limited (stock code: 01243) 宏安地產有限公司（股份代號：01243） | | Held-for-trading investment 持作買賣投資 | Property development and property investment 物業發展和物業投資 | 0.4% | 71,562,400 | 7.1% | 5.9% |
| Equity investment in Yinghua 於英華房地產的股本投資 | | Available-for-sale investment 可供出售投資 | Property development in the PRC 於中國的物業發展 | 16.67% | 14,192,719 | 1.4% | 1.2% |
| Equity investment in 深圳市住百家發展股份有限公司 於深圳市住百家發展股份有限公司的股本投資 | | Available-for-sale investment 可供出售投資 | Overseas short term apartment rentals, bed & breakfast, family inn and accommodation booking website 海外短租公寓租賃、民宿、家庭旅館及住宿預訂網站 | 2.0% | 12,007,685 | 1.2% | 1.0% |
| Jun Yang Financial Holdings Limited (stock code: 00397) 君陽金融控股有限公司（股份代號：00397） | | Held-for-trading investment 持作買賣投資 | Assets investment, money lending, provision of financial services and green energy related consultancy services and sales of electricity in the PRC 於中國的資產投資、放貸、提供財務服務和綠色能源相關顧問服務和銷售電力 | 0.7% | 7,236,000 | 0.7% | 0.6% |
| Wang On Group Limited (stock code: 01222) 宏安集團有限公司（股份代號：01222） | | Held-for-trading investment 持作買賣投資 | Property development and investment in Hong Kong, management and sub-licensing of Chinese wet markets in Hong Kong and/or the PRC and manufacturing and/or retailing of pharmaceutical and health food product 於香港的物業發展和投資、管理和分租香港及／或中國的街市、製造及／或零售藥品和保健產品 | 0.3% | 6,650,000 | 0.7% | 0.6% |
| Other investments 其他投資 | | | | | | | |
| Club membership 會所會籍 | | Available-for-sale investment 可供出售投資 | N/A 不適用 | | 3,403,700 | 0.3% | 0.3% |
| Other equity investments, at cost 其他股本投資，按成本 | (a) | Available-for-sale investment 可供出售投資 | N/A 不適用 | | 9,459,163 | 0.9% | 0.8% |
| Other equity securities listed in Hong Kong 於香港上市的其他股本證券 | (b) | Held-for-trading investment 持作買賣投資 | N/A 不適用 | | 21,926,256 | 2.2% | 1.8% |
| Total 總計 | | | | | 146,437,923 | 14.5% | 12.1% |

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Notes:

- (a) Equity investments carried at cost under the category of available-for-sale investments represented the Group's investments in twelve companies incorporated in Hong Kong, the PRC and overseas.
- (b) Equity securities listed in Hong Kong under the category of held-for-trading investments represented the Group's investments in 17 companies whose shares are listed on the Main Board or GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Each of such investments has a carrying amount accounting for less than 5% of the Group's audited net assets as at 31 December 2017.

The Group will carefully study the market and the information related to prospective investees before purchasing any securities and will closely monitor the performance of the securities after purchase as well as adjust the investment strategy in a cautious manner to minimise the impact of market volatility as and when necessary.

附註：

- (a) 可供出售投資類別內按成本列賬的股本投資乃指本集團於十二間分別在香港、中國和海外註冊成立的公司的投資。
- (b) 持作買賣投資類別內於香港上市之股本證券乃指本集團於十七間公司的投資，該等公司之股份於香港聯合交易所有限公司（「聯交所」）主板或創業板上市。各項有關投資之賬面值均低於本集團於二零一七年十二月三十一日之經審核資產淨值的5%。

於購買任何證券前，本集團會審慎研究市場及與潛在被投資方有關之資料，並會於購入後密切留意證券的表現，並在有需要的情況下審慎地調整投資策略，以盡量降低市場波動之影響。

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OTHER GAINS AND LOSSES

Other gains and losses for the Year comprised the following major items:

其他收益及虧損

本年度其他收益及虧損包括以下主要項目：

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|------------------------|-----------------------------|-----------------------------|
| Change in fair value in derivative financial instrument | 衍生金融工具的公平值變動 | (2,837,217) | 752,339 |
| Change in fair value in held-for-trading investments | 持作買賣投資的公平值變動 | (19,173,556) | 79,983,930 |
| Change in fair value of investment properties | 投資物業的公平值變動 | 20,273,024 | 630,600 |
| Gain on land swap transaction (Note 2) | 土地置換交易的收益 (附註2) | 46,611,407 | - |
| Impairment loss recognised in respect of an available-for-sale investment (Note 3) | 可供出售投資的已確認減值虧損 (附註3) | - | (5,581,603) |
| Impairment loss recognised in respect of loans to a joint venture (Note 4) | 就借予合營公司貸款確認的減值虧損 (附註4) | (2,874,868) | (5,268,340) |
| Loss on disposal of a subsidiary (Note 1) | 出售一間附屬公司所致虧損 (附註1) | (5,396,840) | - |
| Net foreign exchange (loss) gains | 外匯 (虧損) 收益淨額 | (678,650) | 3,812,271 |
| Net gain (loss) on disposal of property, plant and equipment | 出售物業、廠房及設備的收益 (虧損) 淨額 | 4,244,150 | (26,709) |
| Reversal of (allowance for) bad and doubtful debts | 呆壞賬撥回 (撥備) | 1,150,168 | (1,715,533) |
| Total | 總計 | 41,317,618 | 72,586,955 |

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Notes:

- (1) The Group entered into a sale and purchase agreement on 5 May 2017 with a related party to dispose of the entire issued share capital of Power Rank, a wholly-owned subsidiary of the Company. The transaction was completed on the same date. For further details, please refer to the business and financial review of the Gaming Distribution Business stated above.
- (2) Due to policy driven zone planning and upon request by the local government, 中大印刷(清遠)有限公司 (unofficial English translation being Zhongda Printing (Qingyuan) Company Limited) (“Zhongda Qingyuan”), a wholly-owned subsidiary of the Company which originally owned two parcels of land with a total area of approximately 311.748 mu in Qingyuan City, the PRC (the “Existing Land”) agreed to swap the Existing Land with a new parcel of land with a total area of 312 mu situated in Qingyuan City, the PRC (the “New Land”) and the compensatory payment of RMB45,009,700. Approval from the shareholders of the Company (the “Shareholders”) was obtained on 9 June 2017 and the transaction was completed in October 2017. The gain on land swap transaction was calculated with reference to the difference between: (i) the total of fair value of the New Land and the compensatory payment; and (ii) the total of book value and capital expenditures incurred on the Existing Land and the deposit paid for certain land use rights of the Existing Land. Further details of the transaction are set out in the circular of the Company dated 18 May 2017.
- (3) The Group entered into a share subscription agreement on 30 July 2015 to subscribe for 10% of the total issued share capital of 北京愛美微科技有限公司 (unofficial English translation being Beijing Ai Mei Wei Technology Company Limited) (“Aimeimei”), which was principally engaged in the provision of professional cleaning and repairing services for shoes and luxury bags in Beijing, the PRC, at a total investment cost of HK\$5.6 million. Aimeimei actively opened its stores in Beijing during years 2015 and 2016. However, given the keen competition in the local market, Aimeimei was unable to compete with large corporations which devoted more financial resources in expanding their market share. In Year 2016, shareholders of Aimeimei decided to cease the operation of all its stores and full impairment was made.
- (4) The Group recognised an impairment loss in respect of the investment made in Estate Summit, a joint venture of the Group principally engaged in the office leasing business. For the reasons of the impairment, please refer to the business and financial review of the Property Business stated above.

附註:

- (1) 本集團於二零一七年五月五日與一名關連方訂立買賣協議，以出售本公司一間全資附屬公司Power Rank的全部已發行股本。有關交易已於同日完成。有關的進一步詳情，請參閱上文所載遊戲分銷業務的業務和財務回顧。
- (2) 基於政策主導的分區規劃和接獲地方政府提出的要求，本公司一間全資附屬公司中大印刷(清遠)有限公司(原本擁有中國清遠市兩幅面積共約311.748畝的土地(「現有土地」))同意以中國清遠市一幅總面積312畝的新土地(「新土地」)及補償金額人民幣45,009,700元置換現有土地。本公司股東(「股東」)於二零一七年六月九日批准有關交易，而有關交易於二零一七年十月完成。置換土地交易的收益乃按照以下兩項之間的差額計算：(i)新土地公平值與補償金額的總額；及(ii)現有土地的賬面值和招致的資本開支及就現有土地若干土地使用權支付的訂金的總額。有關交易的進一步詳情載於本公司於二零一七年五月十八日刊發的通函。
- (3) 本集團於二零一五年七月三十日與北京愛美微科技有限公司(「愛美微」)訂立股份認購協議，以認購愛美微已發行股本總額10%。愛美微主要業務為於中國北京提供鞋履及名貴手袋專業清潔及修理服務，總投資成本為5,600,000港元。愛美微於二零一五年及二零一六年於北京積極開設門市。然而，由於當地市場競爭激烈，愛美微未能與投放更多財力擴大市場份額的大企業競爭。於二零一六年度，愛美微的股東決定停止所有門市業務，並作出悉數減值。
- (4) 本集團就其於一家主要從事辦公室租賃業務的合營企業Estate Summit作出的投資確認減值虧損。有關減值原因，請參閱上文物業業務的業務和財務回顧。

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LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The following table sets out the Group's current ratio, quick ratio and gearing ratio as at 31 December 2017 and 31 December 2016:

| | | Notes | As at 31 December 2017 截至二零一七年 十二月 三十一日止 | As at 31 December 2016 截至二零一六年 十二月 三十一日止 |
|-------------------|-----------|-------|---|---|
| Current ratio | 流動比率 | (i) | 4.1 | 3.7 |
| Quick ratio | 速動比率 | (ii) | 3.6 | 3.3 |
| Gearing ratio (%) | 資產負債比率(%) | (iii) | 7.9 | 9.9 |

Notes:

- (i) Current ratio is calculated by dividing total current assets by total current liabilities as at the end of the year.
- (ii) Quick ratio is calculated by dividing the difference between total current assets and inventories (including properties under development for sale) by total current liabilities as at the end of the year.
- (iii) Gearing ratio is calculated by dividing total borrowings by total equity as at the end of the year and then multiplying it by 100%. The total borrowings included the amount due to a related company, bank borrowings, obligations under finance leases and amount due to a non-controlling shareholder of a subsidiary.

As at 31 December 2017, the Group had short-term bank deposits and cash and cash equivalents of approximately HK\$302.6 million (31 December 2016: approximately HK\$227.3 million) and total borrowings of approximately HK\$79.4 million (31 December 2016: approximately HK\$90.5 million).

流動資金、資本資源及資本架構

下表載列本集團截至二零一七年十二月三十一日和二零一六年十二月三十一日止的流動比率、速動比率及資產負債比率：

| | | Notes | As at 31 December 2017 截至二零一七年 十二月 三十一日止 | As at 31 December 2016 截至二零一六年 十二月 三十一日止 |
|-------------------|-----------|-------|---|---|
| Current ratio | 流動比率 | (i) | 4.1 | 3.7 |
| Quick ratio | 速動比率 | (ii) | 3.6 | 3.3 |
| Gearing ratio (%) | 資產負債比率(%) | (iii) | 7.9 | 9.9 |

附註：

- (i) 流動比率乃根據本年度終結時的總流動資產除以總流動負債計算。
- (ii) 速動比率乃根據本年度終結時的總流動資產與存貨（包括待售發展中物業）之間的差額除以總流動負債計算。
- (iii) 資產負債比率乃根據本年度終結時的總借貸除以權益總額再乘以100%計算。總借貸包括應付一家關連公司款項、銀行借款、融資租賃責任及應付一家附屬公司一名非控股股東款項。

截至二零一七年十二月三十一日止，本集團的短期銀行存款以及現金及現金等值約為302,600,000港元（二零一六年十二月三十一日：約227,300,000港元）及借貸總額約為79,400,000港元（二零一六年十二月三十一日：約90,500,000港元）。

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The total borrowings included the amount due to a related company, bank borrowings, obligations under finance leases and amount due to a non-controlling shareholder of a subsidiary. The amount due to a related company is unsecured, payable within a period over five years as set out in note 30 to the consolidated financial statements and bears fixed-interest at a range from 18%-20% per annum. The secured bank borrowings are payable within five years as set out in note 31 to the consolidated financial statement and carry interest at the Hong Kong Inter-bank Offered Rate ("HIBOR") plus 1.85% to 2.5% per annum while the unsecured bank borrowing contains a repayment on demand clause and carries interest at HIBOR plus 1.5% per annum. The obligations under finance leases represent leases of certain motor vehicles for a remaining term of one year at a fixed interest rate of 2.8% per annum. The amount due to a non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

All borrowings are denominated in HK dollar and Renminbi and the majority of cash and cash equivalents is denominated in Renminbi, HK dollar and US dollar.

The liquidity of the Group remained strong and healthy as compared with Year 2016. The gearing ratio as at 31 December 2017 decreased to 7.9% (31 December 2016: 9.9%) mainly due to partial repayment of the amount due to a related company during the Year.

The current ratio and quick ratio as at 31 December 2017 increased as compared with the respective figures as at 31 December 2016. Such increase was mainly attributable to (i) the increase in cash and cash equivalents which was mainly contributed by the compensatory payment under the land swap transaction completed in October 2017 and the repayment of the shareholder's loan from Yinghua; and (ii) the decrease in amount due to a related company.

The Group generally finances its operation with cash flows generated internally and bank facilities obtained in Hong Kong and the PRC. Taking into account the amount of the anticipated funds generated internally and the available banking facilities, the Group will have adequate resources to meet its future capital expenditure and working capital requirements. The Group will continue to implement its prudent policy in managing cash balances, thereby maintaining a strong and healthy liquidity level and ensuring that business opportunity will be promptly seized.

借貸總額包括應付一間關連公司款項、銀行借款、融資租賃責任及應付一家附屬公司一名非控股股東款項。誠如綜合財務報表附註30所載述，應付一間關連公司款項為無抵押、須於超過五年期間內支付，並按介乎18%至20%的固定年利率計息。誠如綜合財務報表附註31所載述，有抵押銀行借款須於五年內支付，並按香港銀行同業拆息（「香港銀行同業拆息」）加1.85%至2.5%之年利率計息，而無抵押銀行借款載有須按要求償還之條款，並按照香港銀行同業拆息加1.5%之年利率計息。融資租賃責任指餘下年期一年並按固定年利率2.8%計息的若干汽車租賃。應付一家附屬公司一名非控股股東款項為無抵押、免息及須按要求償還。

所有借款均以港元及人民幣計值，大多數現金及現金等值以人民幣、港元及美元計值。

與二零一六年度比較，本集團維持雄厚而穩健之流動資金。於二零一七年十二月三十一日之資產負債比率下降至7.9%（二零一六年十二月三十一日：9.9%），主要由於在本年度部分償還應付一家關連公司款項。

於二零一七年十二月三十一日之流動比率及速動比率較於二零一六年十二月三十一日之相關數字有所上升，主要原因為(i)根據二零一七年十月完成的土地置換交易下的補償金額主要促成現金及現金等值增加，以及英華房地產償還股東貸款；及(ii)應付一家關連公司款項減少。

本集團一般以內部產生之現金流量，以及從香港及中國獲得的銀行融資作為業務營運資金。計及預期中內部可產生之資金及可供動用之銀行融資後，本集團將具備充裕資源應付未來資本開支及營運資金需求。本集團將繼續秉承審慎理財政策以管理現金結餘，從而維持雄厚穩健的流動資金，以確保本集團能夠及時掌握商機。

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FUTURE OUTLOOK

The Group will continue to strengthen, develop and diversify its portfolio to ensure sustainable business growth in the future. While the Manufacturing and Sales Business remains the core of the Group's portfolio, other business segments will continue to develop to contribute to the Group's income. The Group will stick to this diversification strategy to generate stable return and promising business growth to the Shareholders.

Gaming Distribution Business

Expansion of distribution network will be the main focus of the Gaming Distribution Business in coming years. The Group will concentrate financial resources in the expansion of distribution network by recruiting talents with extensive technical, sales and marketing experience in Hong Kong. Meanwhile, the Group is actively seeking co-operation opportunities with various software design companies to enlarge its shares in the global market through their established platforms and customer networks.

Lending Business

Due to the keen competition in this market and the volatile economic environment, the risks and difficulties facing the Lending Business may increase in the course of enlarging its loan portfolio. In the future, the Group will actively seek for new customers and provide more value-added services to the customers as an attraction. More financial resources will be allocated to this business too. At the same time, the Group will continue to closely monitor the repayment abilities of borrowers and perform risk assessments on each loan application in a more prudent way.

前景展望

本集團將繼續鞏固、發展及開拓多元化的業務組合，以確保業務日後能維持可持續增長。製造及銷售業務仍然是本集團業務組合的核心，其他業務分類仍將繼續發展以為本集團帶來收入。本集團將貫徹此多元化發展策略，以為股東提供穩定回報及豐碩的業務增長。

遊戲分銷業務

拓展分銷網絡將為遊戲分銷業務於未來幾年的工作重點。本集團將集中財政資源，透過於香港招聘具豐富技術、銷售及營銷經驗的人才，拓展分銷網絡。同時，本集團透過其已具規模的平台及客戶網絡，積極尋求與各軟件設計公司合作的機會，以擴大其於國際市場的份額。

放貸業務

由於市場競爭激烈，加上經濟環境波動，在擴大貸款組合的過程中，放貸業務面對的風險和困境可能加劇。本集團日後將積極尋找新客戶，並會向新客戶提供更多增值服務以作招徠。本集團亦會為是項業務投入更多財務資源。同時，本集團將繼續密切監察借款人的還款能力，更審慎評估每宗貸款申請之風險。

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Manufacturing and Sales Business and Trading Business

The series of costs control measures adopted since 2015 have brought positive impact on the segments' results in the Year and Year 2016. In particular, they delivered encouraging performance for the Manufacturing and Sales Business. More challenges are expected in 2018, including but not limited to (i) the further increase in raw materials prices; (ii) the further increase in labour costs in Shenzhen; (iii) the more stringent environmental protection requirements in Shenzhen; and (iv) the global economic uncertainty which may adversely affect the business of the export sales customers.

To cope with these challenges facing the printing industry and to maintain the positive results in the future, the Group will continue to put more efforts in the following areas: (i) efficiency and effectiveness enhancement by streamlining the production process of its factories so as to reduce operation and production wastage; (ii) talent recruitment, provision of value-added services and upgrade of its technology infrastructure; (iii) enhanced quality management of its products and introduction of new product lines to enhance its competitiveness as a whole; (iv) the sourcing of alternative materials and the testing of their quality and the negotiation for more favourable terms with vendors; and (v) the expansion of its market share to cover high value products and the securing of a foothold in the paper shopping bag market.

During the Year, the Group completed the land swap transaction with the Qingyuan government as detailed in the note to the gain on land swap transaction on page 18 above. The feasibility study for the possible future uses of such new parcel of land acquired (the "Qingcheng Land"), which is located at the Qingcheng District, Qingyuan City, the PRC, was completed in early 2018. The Group intends to utilise part of the land to construct a new production plant for the Manufacturing and Sales Business. It is expected that certain leveling work on the site will start in or around April 2018 and the construction of production plant will commence in early 2019 and be completed by the end of 2021. The Group expects to fund the construction of production plant by internal resources, borrowings and/or other financing.

製造及銷售業務以及貿易業務

自二零一五年起採取之一系列成本控制措施於本年度和二零一六年度為分類業績帶來正面影響，製造及銷售業務的表現尤其令人鼓舞。預期二零一八年將面對更多挑戰，包括但不限於：(i)原材料價格進一步上升；(ii)深圳的勞工成本再度上漲；(iii)深圳實施更嚴格的環保規定；及(iv)不明朗的環球經濟可能對出口銷售客戶的業務造成不利影響。

為應付印刷行業面對之此等挑戰及為使日後能維持理想業績，本集團將繼續努力地處理下列範疇：(i)精簡廠房生產工序以減少營運及生產過程中產生之廢料，從而提升效益及效能；(ii)招聘人才、提供增值服務及將技術基建升級；(iii)加強產品質量管理及引入新產品系列，務求提高整體競爭力；(iv)採購替代物料及檢測其質素，並與供應商磋商更有利之條款；及(v)擴大市場份額以涵蓋高價值產品及於購物紙袋市場取得立足點。

本集團於本年度完成與清遠市政府之間的土地置換交易，有關詳情，請參閱上文第18頁所載土地置換交易所得收益的附註。有關所購入位於中國清遠市清城區的新土地（「清城土地」）日後的可能用途的可行性研究，已於二零一八年初完成。本集團計劃將部份土地用作興建製造及銷售業務的新生產廠房，預計將於二零一八年四月或前後展開部份地盤平整工程，而生產廠房的建築工程則於二零一九年初開始，並於二零二一年底之前完成。本集團預期以內部資源、借貸及／或其他融資為建設生產廠房提供資金。

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Furthermore, the Group will actively seek for cooperation opportunities with other printing related companies or companies with business potential to maximise the economic benefits and synergies for the business expansion for certain product lines. As at the date of this report, the Group is negotiating with an independent third party which is a private company engaging in printing business for potential business cooperation. Among other possibilities, the potential cooperation may take the form of a joint venture for the manufacturing of certain types of printing products. It is contemplated that certain printing equipment may be transferred by the Group and the potential business partner to the joint venture and the joint venture will be operated by the Group and the potential business partner together.

The Group will continue to adopt prudent measures to enhance the overall efficiency, expand the customer networks, increase its value proposition and improve its business model to overcome the uncertainty in the PRC and the global economy in coming years.

Music and Entertainment Business

In coming years, the Group will allocate more financial resources in the professional training of artistes, the promotional activities and the investment and organisations of concerts and shows. In view of the desirable investment return from films generated in previous years, the Group will continue to invest in the film and entertainment market in the PRC and to identify and evaluate potential projects in the PRC and overseas. The Group also plans to source more artistes with development potentials and further invest in talent cultivation.

Property Business

In respect of the property development business, apart from the possible disposal or development of the two parcels of commercial land held by Zhongqing in Qingyuan City, the PRC and/or the possible disposal of the Group's equity interest in Zhongqing as mentioned in the business and financial review section of the Property Business above, the Group is considering the development of a logistics centre on the remaining portion of the Qingcheng Land to service the new Chimelong Tourist Resort in Qingyuan City, the PRC.

此外，為盡量提高若干產品系列擴張業務的經濟效益和協力優勢，本集團將積極尋求與一間或多間具備業務增長潛力的其他印刷相關公司進行合作的機會。截至本報告刊發日期為止，本集團仍然與一間從事印刷業務的獨立第三方私人公司商討，以探討進行商務合作的可能性。在眾多方案之中，合作可能以合營企業的方式進行，以生產若干種類的印刷產品。按照目前意向，本集團和潛在的業務夥伴會將若干印刷設備轉撥合營企業，而合營企業將由本集團與潛在業務夥伴共同經營。

本集團將繼續採取審慎措施以提升整體效益、擴大客戶網絡、提高價值主張及完善業務模式，以克服未來幾年中國及全球經濟的不明朗因素。

音樂及娛樂業務

來年，本集團將繼續投放更多財務資源於藝人的專業培訓、宣傳推廣活動以及投資和舉辦演唱會和表演。鑑於過往年度賺得之來自電影投資回報理想，本集團將繼續投資於中國的電影及娛樂市場，並物色及評估中國及海外國家之潛在項目。另外，本集團計劃發掘更多具發展潛力的藝人，以及進一步投資於人才培訓。

物業業務

在物業發展業務方面，除可能出售或開發中清在中國清遠市所持的兩幅商業用地及／或可能出售本集團所持的中清股本權益（詳情見上文物業業務的業務和財務回顧）外，本集團正考慮在清城土地的其餘部份興建物流中心，以為中國清遠市全新的長隆旅遊度假區提供服務。

Management Discussion and Analysis

管理層討論及分析

In respect of the property investment business, the Group will continue promoting the mini-storage business and the office leasing business in order to further increase the occupancy rate of the mini storage properties in the Fanling Building and business service centre in Kwun Tong, Hong Kong. Nevertheless, depending on the market condition, the Group may also consider the disposal of the whole or part of the Fanling Building, which may result in the cessation or disposal of the Group's mini-storage business which is currently carried out at such properties.

Securities Trading Business

The Group will closely monitor the market and market data related to prospective investees before committing to any securities investment.

The Board would like emphasise that the proposals mentioned in this section are in preliminary stage only and no timetable or any agreement or memorandum of understanding has been made or entered into by the Group in connection therewith.

FOREIGN EXCHANGE RISK

The Group's sales and purchases are principally denominated in Renminbi, HK dollar and US dollar. Except for Renminbi, there was no significant fluctuation in the exchange rate of HK dollar and US dollar throughout the Year. The management will closely monitor the foreign exchange rate risk of Renminbi and identify potential significant adverse impact (if any) it may cause on the PRC operations of the Group. If necessary, the Group will consider using appropriate hedging solutions. The Group had not used any financial instrument for hedging purpose during the Year and it did not have any outstanding hedging instrument as at 31 December 2017.

CAPITAL EXPENDITURE

For the Year, capital expenditure of the Group for property, plant and equipment amounted to approximately HK\$13.6 million (Year 2016: approximately HK\$6.9 million). The capital expenditure for the Year was mainly attributable to the acquisition of machinery for production in the PRC and motor vehicles for business use.

就物業投資業務而言，本集團將繼續推廣迷你倉業務及辦公室租賃業務，以進一步提高位於香港的粉嶺大廈的迷你倉物業和位於香港觀塘的商業服務中心的出租率。然而，本集團亦可能會視乎市況而考慮出售整幢粉嶺大廈或其中部份，此舉會導致本集團終止或出售目前在此等物業經營的迷你倉業務。

證券買賣業務

本集團在作出任何證券投資前，將會密切注意市場及任何關於潛在被投資方的資料。

董事會擬重申，本節所述的方案僅處於初步階段，本集團目前仍未就此訂下任何時間表，亦無訂立任何協議或諒解備忘錄。

外匯風險

本集團之買賣主要以人民幣、港元及美元列值。除人民幣外，港元兌美元之匯率於本年度並無重大波動。管理層將密切監察人民幣之外匯風險，並識別其對本集團中國業務可能造成之潛在重大不利影響（如有）。本集團將按需要考慮採用合適對沖方案。於本年度，本集團並無使用任何金融工具作對沖用途，截至二零一七年十二月三十一日亦無任何尚未平倉之對沖工具。

資本開支

截至本年度，本集團物業、廠房及設備之資本開支約為13,600,000港元（二零一六年度：約6,900,000港元）。於本年度的資本開支主要來自購買在中國之生產業務所用之機器及作業用途之汽車。

Management Discussion and Analysis

管理層討論及分析

CAPITAL COMMITMENTS

As at 31 December 2017, the Group had capital commitments of approximately HK\$7.8 million (31 December 2016: approximately HK\$13.7 million) which had been contracted for but had not been provided for in the financial statements for the acquisition of property, plant and equipment. The Group did not have any capital commitments for the acquisition of property, plant and equipment that had been authorised but not contracted for in both reporting periods. The Group expects to finance the capital commitments by internal resources.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2017 (31 December 2016: Nil).

PLEDGE OF ASSETS

As at 31 December 2017, the Group had pledged leasehold building and investment properties with an aggregate carrying value of approximately HK\$222.4 million (31 December 2016: approximately HK\$201.7 million) to secure the mortgage loan of certain investment properties and general banking facilities granted to the Group. Save as aforesaid, no other assets were pledged by the Group as at 31 December 2017.

SHARE CAPITAL AND CAPITAL STRUCTURE

There was no change in the share capital and capital structure of the Company during the Year.

資本承擔

於二零一七年十二月三十一日，本集團就收購物業、廠房及設備之已訂約但未在財務報表撥備之資本承擔約為7,800,000港元（二零一六年十二月三十一日：約13,700,000港元）。本集團於兩個報告期間均無就已獲授權但未訂約之物業、廠房及設備收購作出任何資本承擔。本集團預期以內部資源為資本承擔提供資金。

或然負債

於二零一七年十二月三十一日，本集團並無任何重大或然負債（二零一六年十二月三十一日：無）。

資產質押

於二零一七年十二月三十一日，本集團已將賬面總值約222,400,000港元（二零一六年十二月三十一日：約201,700,000港元）之租賃樓宇及投資物業質押，以作為若干投資物業之按揭貸款及本集團獲授之一般銀行信貸之擔保。除上述者外，本集團於二零一七年十二月三十一日概無質押其他資產。

股本及股本架構

本公司之股本及股本架構於本年度內並無任何變動。

Management Discussion and Analysis

管理層討論及分析

HUMAN RESOURCES

As at 31 December 2017, the Group had approximately 1,500 full-time employees (31 December 2016: approximately 1,540). Total staff costs (including directors' remuneration) for the Year was approximately HK\$157.3 million (Year 2016: approximately HK\$180.9 million). The remuneration schemes of the Group are generally structured with reference to market conditions and the qualifications of the employees and the reward packages, including discretionary bonus, for the staff are generally reviewed on an annual basis, depending on the staff's and the Group's performance. Apart from salary payments and contributions to the retirement benefit schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programmes are also provided as and when required.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES OR JOINT VENTURES DURING THE YEAR

The Group did not have any material acquisition or disposal of subsidiaries or associated companies or joint ventures during the Year.

EVENTS AFTER REPORTING PERIOD

Exercise of put option – extension of completion date

On 10 January 2018, the Group agreed with Kwong Da in writing to extend the date of completion of the disposal of 16.67% equity interests in Yinghua to a day on or before 31 May 2018 (or such other date as may be agreed by both parties in writing). Kwong Da also agreed and undertook to pay interest on the outstanding put option consideration on the date of completion at the rate of 10% per annum calculated from 10 January 2018 to and including the date of completion. For further details, please refer to the announcements of the Company dated 24 July 2017 and 10 January 2018.

人力資源

於二零一七年十二月三十一日，本集團共有約1,500名全職僱員（二零一六年十二月三十一日：約1,540名）。於本年度，員工總成本（包括董事薪酬）約157,300,000港元（二零一六年：約180,900,000港元）。本集團薪酬待遇的構成一般參考市況及僱員資歷而釐定，而員工之待遇（包括酌情花紅）通常每年按照員工表現及本集團業績進行檢討。除薪金及退休福利計劃供款外，其他員工福利包括讓合資格僱員參與購股權計劃及為彼等投購醫療保險。本集團亦按需要提供內部及外界培訓計劃。

本年度有關附屬公司或聯營公司或合營企業的重大收購或出售

本集團於本年度並無就附屬公司或聯營公司或合營企業作任何重大收購或出售行動。

報告期後事項

行使認沽期權－延長完成日期

於二零一八年一月十日，本集團與坤達已作出書面同意將出售英華房地產16.67%股本權益之完成日期延長至二零一八年五月三十一日或之前（或雙方可能書面協定之其他日期）。坤達亦同意並承諾其須於完成日期按年息10厘支付尚未償還認沽期權代價之利息，由二零一八年一月十日起計直至及包括完成日期。有關其他詳情，請參閱本公司分別於二零一七年七月二十四日及二零一八年一月十日刊發之公告。

Management Discussion and Analysis

管理層討論及分析

Very substantial disposal – disposal of subsidiaries

On 16 March 2018, the Group entered into a sale and purchase agreement with Ritzy Success Enterprises Limited as purchaser and Mr. Yuan Ji Zhong as guarantor to dispose of the entire issued share capital of Zen Vantage Limited (“Zen Vantage”) and the entire sum owing by Zen Vantage to the Group (the “Sale Debt”) as at completion at the aggregate consideration of HK\$153 million which shall be adjusted to the net asset value of Zen Vantage and the face value of the Sale Debt as shown in the pro forma completion accounts of Zen Vantage. Completion shall be conditional upon, among others, the obtaining of the Shareholders’ approval and the completion of the reorganisation and the business transfer within the Group.

Immediately prior to the completion of such transaction, (i) Zen Vantage will be holding Chung Tai Printing (China) Company Limited, which is in turn holding 中星中大紙品發展(深圳)有限公司 (unofficial English translation being Neway Chung Tai Paper Products Development (Shenzhen) Co., Ltd.) (collectively, the “Disposal Group”); and (ii) the principal assets of the Disposal Group will be the land and properties owned by the Group in Longgang District, Shenzhen, the PRC and the building costs, leasehold improvements and fixtures on the land and properties leased by the Group in Longgang District, Shenzhen, the PRC. There will be no change to the principal business of the Group as a result of such disposal.

A special general meeting of the Company will be convened for approving such sale and purchase agreement and the disposal contemplated thereunder. The related circular, notice of meeting and form of proxy are expected to be despatched to the Shareholders on or before 31 May 2018. For further details, please refer to the announcement of the Company dated 16 March 2018.

非常重大出售事項 – 出售附屬公司

於二零一八年三月十六日，本集團與華成企業有限公司（作為買方）及元濟忠（作為擔保人）訂立買賣協議，以出售Zen Vantage Limited（「Zen Vantage」）全部已發行股本及Zen Vantage於完成時結欠本集團之全部款項（「銷售債務」），總代價為153,000,000港元，其將調整為Zen Vantage備考完成賬目所示之Zen Vantage資產淨值及銷售債務面值。完成須待（其中包括）取得股東批准及完成本集團內部重組與業務轉讓後，方可作實。

緊接該項交易完成前，(i) Zen Vantage將持有中大印刷（中國）有限公司，而後者則持有中星中大紙品發展（深圳）有限公司（統稱「出售集團」）；及(ii)出售集團之主要資產將為本集團於中國深圳龍崗區擁有之土地及物業，以及本集團於中國深圳龍崗區租賃之土地及物業之建築成本、租賃物業裝修及裝置。本集團之主要業務將不會因該項出售而出現任何變動。

本公司將召開股東特別大會以批准該項買賣協議及其項下擬進行之出售事項。預期有關通函、大會通告及代表委任表格將於二零一八年五月三十一日或之前寄發予股東。有關其他詳情，請參閱本公司於二零一八年三月十六日刊發之公告。

Corporate Governance Report

企業管治報告

The Board (the “Board”) of directors (the “Directors”) of Newway Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to present this Corporate Governance Report in the annual report of the Company for the year ended 31 December 2017 (the “Year”).

The Company acknowledges the important roles of the Board in providing effective leadership and direction to the Company’s business and ensuring transparency and accountability of the Company operations. The Board recognises that good corporate governance practices are vital to maintain and promote shareholder value and investor confidence and has adopted the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company is committed to enhancing and reviewing its corporate governance practices from time to time to ensure that they align with the latest development of the Group.

In the opinion of the Board, save for the deviations disclosed in this Corporate Governance Report, the Company has applied the principles of and complied with the code provisions set out in the CG Code throughout the Year.

THE BOARD

Responsibilities

The overall management of the Company’s business is vested in the Board, which assumes responsibility for leadership and control of the Company and is responsible for promoting the success of the Company by directing and supervising its affairs. All Directors take decisions objectively in the interests of the Company and in the attainment of the objective of creating value to the shareholders of the Company. Every Director carries out his/her duty in good faith in compliance with the standards of applicable laws and regulations and acts in the interests of the Company and its shareholders as a whole at all times.

Board Composition

The Board comprises eight members as at the date of this Corporate Governance Report, which include two executive Directors, three non-executive Directors and three independent non-executive Directors. The composition of the Board has a balance of expertise, skills and experience necessary for independent decision-making.

Newway Group Holdings Limited 中星集團控股有限公司* (「本公司」, 連同其附屬公司, 統稱「本集團」) 董事(「董事」)會(「董事會」)欣然在本公司截至二零一七年十二月三十一日止年度(「本年度」)之年報內呈列本企業管治報告。

本公司知悉董事會在提供有效領導及指引本公司業務, 以及確保本公司運作之透明度及問責性方面扮演重要角色。董事會認同良好之企業管治常規對保持及提高股東價值及投資者信心十分重要, 並已採納香港聯合交易所有限公司(「聯交所」)證券上市規則附錄十四所載企業管治守則(「企業管治守則」)所載之守則條文。本公司致力於提升其企業管治常規, 並不時作出檢討, 以確保其配合本集團最新發展。

董事會認為, 除本企業管治報告所披露之偏離外, 本公司於本年度已應用企業管治守則之原則並遵守企業管治守則所載之守則條文。

董事會

責任

董事會負責本公司之整體業務管理, 負責帶領及掌管本公司, 並肩負領導及監督本公司業務以推動本公司成功之責任。全體董事基於本公司利益及達致為本公司股東創造價值之目標, 客觀地作出決定。各董事按照適用法律及法規之準則, 秉誠執行職責, 並時刻以本公司及其股東之整體利益行事。

董事會組成

董事會於本企業管治報告日期共有八名成員, 包括兩名執行董事、三名非執行董事及三名獨立非執行董事, 董事會的組成體現專長、技能及經驗之均衡, 使董事會得以作出獨立決策。

* 僅供識別

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Board Composition (Continued)

The Board comprises the following Directors during the Year and up to the date of this Corporate Governance Report:

Executive Directors:

Mr. SUEK Ka Lun, Ernie (*Chairman*)
Mr. SUEK Chai Hong (*Chief Executive Officer*)

Non-executive Directors:

Dr. NG Wai Kwan
Mr. CHAN Kwing Choi, Warren
Mr. WONG Sun Fat

Independent non-executive Directors:

Mr. TSE Tin Tai
(*resigned on 1 June 2017*)
Ms. LUI Lai Ping, Cecily
(*retired on 9 June 2017*)
Mr. LEE Kwok Wan
Mr. LAI Sai Wo, Ricky
(*appointed on 19 April 2017*)
Mr. CHU Gun Pui
(*appointed on 23 June 2017*)

Alternate Director:

Mr. LAU Kam Cheong (*alternate Director to Dr. NG Wai Kwan*)

The audit committee of the Board (the "Audit Committee") comprises the following members during the Year and up to the date of this Corporate Governance Report:

Mr. LEE Kwok Wan (*chairman*)
Mr. WONG Sun Fat
Ms. LUI Lai Ping, Cecily (*retired on 9 June 2017*)
Mr. LAI Sai Wo, Ricky (*appointed on 19 April 2017*)

董事會 (續)

董事會組成 (續)

於本年度及直至本企業管治報告日期，董事會由以下董事組成：

執行董事：

薛嘉麟先生 (主席)
薛濟匡先生 (行政總裁)

非執行董事：

吳惠群博士
陳焯材先生
黃新發先生

獨立非執行董事：

謝天泰先生
(於二零一七年六月一日辭任)
呂麗萍女士
(於二零一七年六月九日退任)
李國雲先生
賴世和先生
(於二零一七年四月十九日獲委任)
朱瑾沛先生
(於二零一七年六月二十三日獲委任)

替任董事：

劉錦昌先生 (吳惠群博士之替任董事)

於本年度及直至本企業管治報告日期，董事會審核委員會 (「審核委員會」) 由下列成員組成：

李國雲先生 (主席)
黃新發先生
呂麗萍女士
(於二零一七年六月九日退任)
賴世和先生
(於二零一七年四月十九日獲委任)

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Board Composition (Continued)

The remuneration committee of the Board (the “Remuneration Committee”) comprises the following members during the Year and up to the date of this Corporate Governance Report:

Ms. LUI Lai Ping, Cecily

(retired as chairman on 9 June 2017)

Mr. LEE Kwok Wan

(re-designated as chairman on 9 June 2017)

Mr. WONG Sun Fat

Mr. LAI Sai Wo, Ricky

(appointed on 19 April 2017)

The names of the Directors on the relevant dates are disclosed in all corporate communications issued by the Company pursuant to the Listing Rules.

Mr. SUEK Chai Hong, the chief executive officer of the Company (the “Chief Executive Officer”), is the uncle of Mr. SUEK Ka Lun, Ernie, the chairman of the Company (the “Chairman”). The detailed relationships among members of the Board are disclosed under the section headed “Biographical Details of Directors and Senior Executives” on pages 49 to 53.

During the Year, following the retirement of Ms. LUI Lai Ping, Cecily as an independent non-executive Director after the conclusion of the annual general meeting of the Company held on 9 June 2017 (the “2017 AGM”), the Company only had two independent non-executive Directors which fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules. On 23 June 2017, Mr. CHU Gun Pui was appointed as an independent non-executive Director, following which the Company has satisfied the requirements under Rules 3.10(1) and 3.10A of the Listing Rules.

董事會 (續)

董事會組成 (續)

於本年度及直至本企業管治報告日期，董事會薪酬委員會（「薪酬委員會」）由下列成員組成：

呂麗萍女士

(於二零一七年六月九日退任主席)

李國雲先生

(於二零一七年六月九日調任主席)

黃新發先生

賴世和先生

(於二零一七年四月十九日獲委任)

根據上市規則，董事之姓名於相關日期在本公司刊發之所有公司通訊中均有披露。

本公司行政總裁（「行政總裁」）薛濟匡先生為本公司主席（「主席」）薛嘉麟先生之叔父。董事會各成員間之關係已在第49頁至第53頁之「董事及高級行政人員之簡歷」一節中詳細披露。

於本年度，在呂麗萍女士於二零一七年六月九日舉行的本公司股東週年大會（「二零一七年股東週年大會」）結束後退任獨立非執行董事後，本公司僅有兩名獨立非執行董事，人數少於上市規則第3.10(1)條及3.10A條所要求的人數下限。於二零一七年六月二十三日，朱瑾沛先生獲委任為獨立非執行董事，此後，本公司已符合上市規則第3.10(1)條及3.10A條之規定。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Board Composition (Continued)

Save as disclosed above, during the Year, the Board has at all times met the requirements of the Listing Rules relating to (i) the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise; and (ii) the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company has received written annual confirmation from each existing independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all existing independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The non-executive Directors bring a wide range of business and financial expertise and experiences to the Board. Through participation in Board meetings and serving on Board committees, all non-executive Directors make various contributions to the effective direction of the Company.

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by different persons in order to preserve independence and a balanced judgment of views. The Chairman, Mr. SUEK Ka Lun, Ernie, is responsible for the effective functioning of the Board in accordance with good corporate governance practices and is also responsible for chairing the meetings, managing the operations of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer, Mr. SUEK Chai Hong, is responsible for running the Company's businesses and developing and implementing the Group's strategic plans and business goals.

Despite that the Chief Executive Officer and the Chairman are uncle and nephew, they consider issues and make decisions independently.

董事會 (續)

董事會組成 (續)

除上文所披露者外，於本年度，董事會一直符合上市規則之規定，包括：(i)委任最少三名獨立非執行董事，而當中最少一名獨立非執行董事具備恰當專業資歷或會計或相關財務管理專長；及(ii)委任佔董事會最少三分之一之獨立非執行董事。

本公司已接獲各在任獨立非執行董事根據上市規則之規定每年就其獨立性而發出之書面確認聲明。根據上市規則所載之獨立指引，本公司認為全體在任獨立非執行董事均屬獨立人士。

非執行董事為董事會注入廣泛之業務及金融專業知識及經驗。透過參與董事會會議及擔任董事會委員會成員，全體非執行董事對有效領導本公司方面貢獻良多。

主席及行政總裁

主席及行政總裁之職務分別由不同人士擔任，以便保持獨立性及作出判斷時有平衡意見。主席為薛嘉麟先生，彼負責使董事會得以根據良好之企業管治常規有效運作，亦負責主持董事會會議以及管理董事會之運作，確保董事會能適時就所有重大及適當事宜進行有建設性討論。行政總裁為薛濟匡先生，彼負責本公司業務之運作，制訂及執行本集團之策略計劃及落實業務目標。

儘管行政總裁與主席為叔姪關係，但彼等均能獨立考慮問題並作出決定。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Annual Meetings Between Chairman and Non-executive Directors Without Executive Directors Present

Provision A.2.7 of the CG code stipulates that the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. The Chairman during the Year, namely Mr. SUEK Ka Lun, Ernie, was himself an executive Director and as such, compliance with this code provision was infeasible.

Appointment and Re-election of Directors

Each of the existing non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company. Mr. LEE Kwok Wan was appointed for a term of three years from 5 April 2016 to 4 April 2019, Mr. LAI Sai Wo, Ricky was appointed for a term of three years from 19 April 2017 to 18 April 2020, and Mr. CHU Gun Pui was appointed for a term of three years from 23 June 2017 to 22 June 2020. Save for the above, all other non-executive Directors have a term of appointment which commenced from 1 April 2016 and will continue for a period of three years until 31 March 2019. The term of appointment of each Director is subject to retirement by rotation and re-election in accordance with the Company's bye-laws (the "Bye-laws") and the Listing Rules and the terms and conditions of their respective letters of appointment.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Bye-laws. The Board as a whole is responsible for reviewing the structure and composition of the Board with reference to the business model of the Company, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

The Company has not adopted written terms of the Directors' nomination procedures. Where vacancies on the Board exist, the Board will carry out the selection process.

董事會 (續)

主席與非執行董事之間舉行並無執行董事與會之年度會議

企業管治守則之條文第A.2.7條訂明，主席應至少每年與非執行董事（包括獨立非執行董事）舉行一次並無執行董事與會之會議。於本年度，主席薛嘉麟先生本身為執行董事，故無法遵守此守則條文。

委任及重選董事

各在任非執行董事及獨立非執行董事已與本公司簽訂委任書。李國雲先生之任期由二零一六年四月五日起至二零一九年四月四日止為期三年。賴世和先生之任期由二零一七年四月十九日起至二零二零年四月十八日止為期三年，而朱瑾沛先生之任期由二零一七年六月二十三日起至二零二零年六月二十二日止為期三年。除上述內容外，所有其他非執行董事之任期均由二零一六年四月一日起至二零一九年三月三十一日止為期三年。各董事之任期均須按照本公司之公司細則（「細則」）及上市規則以及各委任書之條款及條件輪值退任及重選。

董事之委任、重選及罷免程序及流程均載於細則。董事會整體參考本公司之業務模式後負責檢討董事會之結構及組成、發展及制定有關提名及委任董事之程序、監察董事之委任及接任計劃，以及評估獨立非執行董事之獨立性。

本公司並未採納書面之董事提名程序。倘董事會出現空缺，董事會將執行甄選程序。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Induction and Continuing Development for Directors

The Directors are encouraged to attend external seminars and training programmes at the Company's expense to update themselves with the legal and regulatory developments and the business and market changes to facilitate the discharge of their responsibilities. Briefings and professional development trainings will be arranged for the Directors whenever necessary.

Professional Training for Directors

Each of the existing Directors, namely Mr. SUEK Ka Lun, Ernie, Mr. SUEK Chai Hong, Dr. NG Wai Kwan, Mr. CHAN Kwing Choi, Warren, Mr. WONG Sun Fat, Mr. LEE Kwok Wan, Mr. LAI Sai Wo, Ricky, Mr. CHU Gun Pui and Mr. LAU Kam Cheong confirmed to the Company that he had complied with provision A.6.5 of the CG Code during the Year by reading all materials provided by the company secretary of the Company (the "Company Secretary") and/or attending trainings on the topics relating to the updates on the continuing obligations under the Listing Rules launched by professional parties.

COMPANY SECRETARY

Ms. CHEUNG Yuk Shan joined the Group as the Company Secretary since 23 August 2010. Acting as the Company Secretary, Ms. CHEUNG Yuk Shan reports to the Board and is responsible for advising the Board on corporate governance matters. She has taken not less than 15 hours of relevant professional training during the Year in compliance with Rule 3.29 of the Listing Rules.

Board Meetings, Board Committee Meetings and General Meetings

Board practices and conduct of meetings

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings during the Year. For other Board and committee meetings, reasonable notices were given.

董事會 (續)

董事之就職及持續發展

本公司亦鼓勵董事出席坊間研討會及培訓課程，一切費用由本公司支付，以獲悉最新之法律及法規發展情況，以及業務及市場變化，協助其履行職責。本公司亦會於有需要時為董事安排簡介及專業發展培訓。

董事專業培訓

各在任董事，即薛嘉麟先生、薛濟匡先生、吳惠群博士、陳焯材先生、黃新發先生、李國雲先生、賴世和先生、朱瑾沛先生及劉錦昌先生均向本公司確認，彼等於本年度已閱覽本公司之公司秘書（「公司秘書」）提供之所有資料，及／或出席由專業團體所舉辦、題目與上市規則下之持續責任最新資料有關之培訓，故已遵守企業管治守則之條文第A.6.5條。

公司秘書

張玉珊小姐自二零一零年八月二十三日起加入本集團出任本公司之公司秘書。作為公司秘書，張玉珊小姐向董事會匯報，負責就企業管治事宜向董事會提供意見。彼已根據上市規則第3.29條於本年度接受不少於15個小時之相關專業培訓。

董事會會議、董事委員會會議及股東大會

董事會會議常規及程序

於本年度召開定期董事會會議至少十四天前會向全體董事發出通知。至於其他董事會會議及委員會會議，會給予合理通知。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Board Meetings, Board Committee Meetings and General Meetings (Continued)

Board practices and conduct of meetings (Continued)

Board papers together with all appropriate, complete and reliable information were sent to all Directors at least three days before each Board meeting or committee meeting during the Year to keep the Directors apprised of the latest development and financial position of the Company and to enable them to make informed decisions. The Board and each Director also had separate and independent access to the senior management whenever necessary.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and committee meetings. During the Year, draft minutes were normally circulated to the Directors for comment within a reasonable time after each meeting and the final version was open for the Directors' inspection.

The Bye-laws contain provisions, with certain permitted exemptions, requiring Director(s) to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Director(s) or any of their respective associates have a material interest.

董事會 (續)

董事會會議、董事委員會會議及股東大會 (續)

董事會會議常規及程序 (續)

董事會文件連同一切適當、完整及可靠資料會於本年度董事會會議或委員會會議召開之前至少三天寄發予全體董事，以便董事獲悉本公司之最新發展及財政狀況，並在知情下作出決定。董事會及每名董事在有需要時，均可個別及自行接觸高級管理人員。

公司秘書負責記錄及保存所有董事會會議及委員會會議記錄。於本年度，會議記錄初稿一般會於各會議完結後合理時間內分發予董事，以收集董事之意見，最終版本可供董事查閱。

細則載有條文及若干獲准許豁免，規定在批准董事或彼等各自之任何聯繫人擁有重大利益之交易之會議上，有關董事須放棄投票表決，亦不獲計算在有關會議之法定人數內。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Board Meetings, Board Committee Meetings and General Meetings (Continued)

Directors' attendance records

During the Year, the Board held four meetings, two of which were regular Board meetings for reviewing and approving the financial and operating performance of the Group. The Company did not announce its quarterly results and hence did not consider the holding of quarterly meetings necessary.

Provision A.6.7 of the CG Code requires the independent non-executive Directors and other non-executive Directors to attend general meetings of the Company and develop a balanced understanding of the views of the shareholders. During the Year, except (i) Ms. LUI Lai Ping, Cecily, a former independent non-executive Director who has retired after the conclusion of the 2017 AGM and who was unable to attend the 2017 AGM due to her other business commitments; and (ii) Mr. CHU Gun Pui, who was only appointed as an independent non-executive Director on 23 June 2017 and has not attended the 2017 AGM and the special general meeting of the Company held on 9 June 2017, all independent non-executive Directors and other non-executive Directors have attended all general meetings during the Year.

董事會 (續)

董事會會議、董事委員會會議及股東大會 (續)

董事出席記錄

於本年度，董事會曾舉行四次會議，其中兩次為董事會就審閱及批准本集團財務及營運業績所舉行之定期會議。本公司並無公佈季度業績，因此認為並無必要舉行季度會議。

企業管治守則第A.6.7條規定，獨立非執行董事及其他非執行董事須參加本公司股東大會並就股東的意見形成客觀周全的認識。於本年度，除(i)呂麗萍女士（於二零一七年股東週年大會結束後退任之前獨立非執行董事，彼因其他公務而無法出席二零一七年股東週年大會）；及(ii)朱瑾沛先生（彼於二零一七年六月二十三日獲任獨立非執行董事，且並無出席二零一七年六月九日舉行的本公司二零一七年股東週年大會及股東特別大會）外，所有獨立非執行董事及其他非執行董事已於本年度悉數出席所有股東大會。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Board Meetings, Board Committee Meetings and General Meetings (Continued)

Directors' attendance records (Continued)

The individual attendance record of each Director at the meetings of the Board, the Board committees and at the general meetings of the Company for the Year is set out below:

| Name of Directors | Attendance/Number of meetings held during the tenure of directorship ^(Note 1) 董事任內之出席次數/會議次數 ^(附註1) | | | | | Special General Meeting held on 9 June 2017 於二零一七年六月九日舉行之股東特別大會 | Annual General Meeting held on 9 June 2017 於二零一七年六月九日舉行之股東週年大會 |
|---|---|-----------------|------------------------|------------|-----|--|---|
| | Board | Audit Committee | Remuneration Committee | | | | |
| 董事姓名 | 董事會 | 審核委員會 | 薪酬委員會 | | | | |
| Executive Directors | 執行董事 | | | | | | |
| - Mr. SUEK Ka Lun, Ernie (Chairman) | - 薛嘉麟先生 (主席) | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| - Mr. SUEK Chai Hong (Chief Executive Officer) | - 薛濟匡先生 (行政總裁) | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| Non-executive Directors | 非執行董事 | | | | | | |
| - Dr. NG Wai Kwan ^(Note 2) | - 吳惠群博士 ^(附註2) | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| - Mr. CHAN Kwing Choi, Warren | - 陳炳材先生 | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| - Mr. WONG Sun Fat | - 黃新發先生 | 4/4 | 2/2 | 3/3 | 1/1 | 1/1 | |
| Independent Non-executive Directors | 獨立非執行董事 | | | | | | |
| - Mr. TSE Tin Tai (resigned on 1 June 2017) | - 謝天泰先生 (於二零一七年六月一日辭任) | 1/2 | N/A 不適用 | N/A 不適用 | 0/0 | 0/0 | |
| - Ms. LUI Lai Ping, Cecily (retired on 9 June 2017) | - 呂麗萍女士 (於二零一七年六月九日退任) | 1/2 | 1/1 | 2/2 | 0/0 | 0/1 | |
| - Mr. LEE Kwok Wan | - 李國雲先生 | 4/4 | 2/2 | 3/3 | 1/1 | 1/1 | |
| - Mr. LAI Sai Wo, Ricky (appointed on 19 April 2017) | - 賴世和先生 (於二零一七年四月十九日獲委任) | 2/2 | 1/1 | 1/1 | 1/1 | 1/1 | |
| - Mr. CHU Gun Pui (appointed on 23 June 2017) | - 朱瑾沛先生 (於二零一七年六月二十三日獲委任) | 2/2 | N/A 不適用 | N/A 不適用 | 0/0 | 0/0 | |

Notes:

- Attendance of the Directors during the Year was stated by reference to the number of the meeting(s) held during their respective tenures.
- All meetings were attended by Dr. NG Wai Kwan instead of his alternate director.

董事會 (續)

董事會會議、董事委員會會議及股東大會 (續)

董事出席記錄 (續)

以下所載為各董事於本年度內，出席本公司董事會會議、董事委員會會議及股東大會之記錄：

Attendance/Number of meetings held during the tenure of directorship ^(Note 1)
董事任內之出席次數/會議次數 ^(附註1)

| Name of Directors | Attendance/Number of meetings held during the tenure of directorship ^(Note 1) 董事任內之出席次數/會議次數 ^(附註1) | | | | | Special General Meeting held on 9 June 2017 於二零一七年六月九日舉行之股東特別大會 | Annual General Meeting held on 9 June 2017 於二零一七年六月九日舉行之股東週年大會 |
|-------------------|---|-----------------|------------------------|--|--|--|---|
| | Board | Audit Committee | Remuneration Committee | | | | |
| 董事姓名 | 董事會 | 審核委員會 | 薪酬委員會 | | | | |

| | | | | | | | |
|---|---------------------------|-----|------------|------------|-----|-----|--|
| Executive Directors | 執行董事 | | | | | | |
| - Mr. SUEK Ka Lun, Ernie (Chairman) | - 薛嘉麟先生 (主席) | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| - Mr. SUEK Chai Hong (Chief Executive Officer) | - 薛濟匡先生 (行政總裁) | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| Non-executive Directors | 非執行董事 | | | | | | |
| - Dr. NG Wai Kwan ^(Note 2) | - 吳惠群博士 ^(附註2) | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| - Mr. CHAN Kwing Choi, Warren | - 陳炳材先生 | 4/4 | N/A 不適用 | N/A 不適用 | 1/1 | 1/1 | |
| - Mr. WONG Sun Fat | - 黃新發先生 | 4/4 | 2/2 | 3/3 | 1/1 | 1/1 | |
| Independent Non-executive Directors | 獨立非執行董事 | | | | | | |
| - Mr. TSE Tin Tai (resigned on 1 June 2017) | - 謝天泰先生 (於二零一七年六月一日辭任) | 1/2 | N/A 不適用 | N/A 不適用 | 0/0 | 0/0 | |
| - Ms. LUI Lai Ping, Cecily (retired on 9 June 2017) | - 呂麗萍女士 (於二零一七年六月九日退任) | 1/2 | 1/1 | 2/2 | 0/0 | 0/1 | |
| - Mr. LEE Kwok Wan | - 李國雲先生 | 4/4 | 2/2 | 3/3 | 1/1 | 1/1 | |
| - Mr. LAI Sai Wo, Ricky (appointed on 19 April 2017) | - 賴世和先生 (於二零一七年四月十九日獲委任) | 2/2 | 1/1 | 1/1 | 1/1 | 1/1 | |
| - Mr. CHU Gun Pui (appointed on 23 June 2017) | - 朱瑾沛先生 (於二零一七年六月二十三日獲委任) | 2/2 | N/A 不適用 | N/A 不適用 | 0/0 | 0/0 | |

附註：

- 董事於本年度之出席次數乃參照彼等各自任期內舉行的會議次數而呈列。
- 所有會議由吳惠群博士，而非彼之替任董事出席。

Corporate Governance Report

企業管治報告

THE BOARD (Continued)

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions.

The Company has made specific enquiry of all Directors and the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “Employees Written Guidelines”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines was noted by the Company during the Year.

DIRECTORS’ INSURANCE

The Company has arranged for appropriate liability insurance for the directors and officers of the Group for indemnifying their liabilities arising from corporate activities. The insurance coverage is reviewed on an annual basis.

DELEGATION

In practice, the Board takes responsibility for decision making in all major matters of the Company including the approval and monitoring of all policy matters, the setting of objectives and overall strategies, internal controls and risk management systems, material transactions (in particular those may involve a conflict of interests), appointment of Directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support for them to discharge their responsibilities.

董事會 (續)

證券交易之標準守則

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「標準守則」)作為有關董事證券交易的行為守則。

本公司已向全體董事作出具體查詢，而董事確認彼等於本年度內已遵守標準守則所載的規定標準。

本公司亦已就有機會管有本公司未經公佈內幕消息之僱員進行之證券交易，按不比標準守則寬鬆之條款制訂書面指引(「僱員書面指引」)。

於本年度內，本公司並未發現任何違反僱員書面指引之事件。

董事保險

本公司已為本集團董事及高級人員安排適當之責任保險，就彼等因公司活動而引起之責任作出彌償。承保範圍每年進行檢討。

權力轉授

實際上，董事會負責本公司一切重要決策，包括批准及監察所有政策事宜、釐定目標及整體策略、內部監控及風險管理系統、重大交易(尤其是可能涉及利益衝突之交易)、委任董事及其他有關財務及營運之重大事項。本公司之日常管理、行政及營運則交由高級行政人員主理。轉授之職能及工作定期作出檢討。高級行政人員進行任何重大交易前必須獲得董事會批准，並且董事會會全力支持彼等履行職責。

Corporate Governance Report

企業管治報告

DELEGATION (Continued)

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Board has established three committees, namely, the Remuneration Committee, the Audit Committee and the investment management committee (the "Investment Management Committee") for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference.

Remuneration Committee

As at the date of this Corporate Governance Report, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. LEE Kwok Wan (chairman) and Mr. LAI Sai Wo, Ricky, and one non-executive Director, namely Mr. WONG Sun Fat, the majority of them was independent non-executive Directors.

The primary functions of the Remuneration Committee include making recommendations on the remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding such Director's remuneration. Remuneration of each Director is determined by reference to the Group's operating results, the duties and responsibilities of the Director with the Company, the performance of the Director and the Company as well as market practice and conditions. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer in relation to its proposals relating to the remuneration of the executive Directors and shall have access to professional advice at the Company's expense, if necessary.

During the Year, the Remuneration Committee has held three meetings to discuss the remuneration packages of the newly appointed Directors, to review the remuneration of the existing Directors and senior management and made recommendation to the Board in relation thereto.

The written terms of reference for the Remuneration Committee is posted on the websites of the Company (www.newaygroup.com.hk) and of the Stock Exchange (www.hkexnews.hk) and is available to shareholders upon request.

權力轉授 (續)

全體董事均可隨時取得一切有關資料，以及得到公司秘書之意見及服務，務求確保遵從董事會規程及一切適用規則及規例。在適當情況下，各董事一般可向董事會提出要求尋求獨立專業意見，費用由本公司支付。

董事會已成立三個委員會，分別為薪酬委員會、審核委員會及投資管理委員會（「投資管理委員會」），以監察本公司特定層面之事務。所有董事委員會均以書面設定職權範圍。

薪酬委員會

於本企業管治報告日期，薪酬委員會由兩名獨立非執行董事，即李國雲先生（主席）及賴世和先生，以及一名非執行董事，即黃新發先生組成，大部分成員為獨立非執行董事。

薪酬委員會之首要職責包括建議執行董事及高級管理人員之薪酬政策與架構及薪酬方案。薪酬委員會亦負責建立具透明度之程序以制訂該等薪酬政策及架構，從而確保董事或其任何聯繫人不會參與釐定有關董事之薪酬。每名董事之薪酬乃參考本集團之營運業績、董事於本公司的職責、董事之表現及本公司之業績以及市場慣例及市況釐定。薪酬委員會須就其有關執行董事之薪酬建議徵詢主席及／或行政總裁之意見，並可於有需要時尋求專業意見，費用由本公司支付。

於本年度，薪酬委員會曾舉行三次會議，以討論新獲委任董事之薪酬待遇，檢討現任董事及高級管理人員之薪酬，並就有關事項向董事會提供建議。

薪酬委員會之書面職權範圍已上載本公司網站(www.newaygroup.com.hk)及聯交所網站(www.hkexnews.hk)，股東亦可要求索閱。

Corporate Governance Report

企業管治報告

DELEGATION (Continued)

Investment Management Committee

For the purpose of effective and timely management of the investment matters of the Company, and in order to cope with the Company's business development in the future, a committee of the Board known as Investment Management Committee was established in March 2014 for identifying, assessing and analysing all investment opportunities for the Group and to make recommendations on acquisition and/or disposal of the Group to the Board from time to time.

The Investment Management Committee comprises five members, namely Mr. SUEK Ka Lun, Ernie (chairman), Mr. SUEK Chai Hong, Mr. CHAN Kwing Choi, Warren, Mr. CHOW Yun Cheung, and Ms. CHEUNG Yuk Shan throughout the Year and up to the date of this Corporate Governance Report, all of whom possess experience and familiarity with financial and investment analysis.

During the Year, the Investment Management Committee has held two meetings and all members of the Investment Management Committee attended such meetings.

NOMINATION OF DIRECTORS

The Board has not established a nomination committee at present, which was in deviation of Provisions A.5.1 to A.5.6 of the CG Code. The Board is responsible for reviewing the structure, size and composition of the Board from time to time, and the appointment and removal of Directors are subject to the Board's collective decision. The Board will identify individuals suitably qualified to be appointed to the Board when necessary. The Board considers potential directorship based on the candidate's qualification, expertise, experience and knowledge as well as the requirements under the Listing Rules.

During the Year, the Board has identified suitable candidates based on the factors abovementioned and appointed two independent non-executive Directors, namely Mr. LAI Sai Wo, Ricky and Mr. CHU Gun Pui.

權力轉授 (續)

投資管理委員會

為有效適時管理本公司之投資事宜，並應付本公司未來業務發展，董事會已於二零一四年三月成立名為投資管理委員會之董事委員會，為本集團物色、評估及分析所有投資商機，以及不時就本集團的收購及／或出售向董事會提供推薦建議。

於本年度全年及直至本企業管治報告日期，投資管理委員會由五名成員組成，分別為薛嘉麟先生（主席）、薛濟匡先生、陳焯材先生、周潤璋先生及張玉珊小姐，彼等均具備財務及投資分析經驗及知識。

於本年度，投資管理委員會曾舉行兩次會議，全體成員均有出席會議。

提名董事

董事會目前尚未成立提名委員會，此舉偏離企業管治守則條文第A.5.1條至第A.5.6條。董事會負責不時檢討董事會之結構、規模及組成，而董事任命及罷免之事宜則由董事會共同決定。董事會將於有需要時委任合資格之適合人士作為董事會成員。董事會依照候選人之資歷、專才、經驗及知識以及上市規則之規定考慮董事之候任人選。

於本年度，董事會已根據上述因素確認合適候選人，並委任兩名獨立非執行董事，即賴世和先生及朱瑾沛先生。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE FUNCTION

The Board has not established a corporate governance committee. Instead, the full Board is responsible for performing the corporate governance function such as developing and reviewing the policies and practices of the Company on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing the policies and practices of the Company on compliance with legal and regulatory requirements and developing and reviewing and monitoring the codes of conduct applicable to employees and Directors. During the Year, the Board reviewed the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

BOARD DIVERSITY

The Board has adopted a board diversity policy on 1 September 2013 (the "Board Diversity Policy"). In assessing the Board composition, the Board would consider various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, knowledge, professional experience and skills. The ultimate decision will be based on merit and the contribution that the selected candidates may bring to the Board. Despite the Board did not consist of any female members as at the date of this Corporate Governance Report, the Board considers that an appropriate balance of diversity in terms of experience and knowledge of the Board is maintained.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

The Board is responsible for presenting a balanced, clear and understandable assessment in annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information put to the Board for approval and the financial position of the Company.

企業管治職能

董事會並無成立企業管治委員會。然而，全體董事會負責履行企業管治職能，例如制訂及檢討本公司之企業管治政策及常規、檢討及監察董事及高級管理人員之培訓及持續專業發展、檢討本公司遵守法律及監管規定之政策及常規，以及制訂、檢討及監察適用於僱員及董事的行為守則。於本年度，董事會已檢討本公司有關企業管治守則之合規情況，並於本企業管治報告中披露。

董事會多元化

於二零一三年九月一日，董事會已採納董事會多元化政策（「董事會多元化政策」）。在評估董事會組成時，董事會會考慮董事會多元化政策所載之不同範疇，包括但不限於性別、年齡、文化及教育背景、知識、專業經驗及技能。最終決定將本着用人為材，以及候選人可為董事會帶來之貢獻為宗旨。儘管於本企業管治報告日期董事會並無任何女性成員，但董事會認為就經驗及知識而言，董事會多元化維持了適當的平衡。

問責性及審計

董事就財務報表須承擔之責任

董事確認彼等負有編製本公司於本年度之財務報表之責任。

董事會負責就年度及中期報告、股價敏感資料公告，以及上市規則與其他監管規定要求之其他披露事項作出中肯、清晰及易於理解之評估。

管理層已向董事會提供所需解釋及資料，使董事會得以對提呈予董事會以供批准之財務資料及本公司之財務狀況作出知情評估。

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control

During the Year, the Group has complied with Provision C.2 of the CG Code by maintaining appropriate and effective risk management and internal control systems. The management of the Company is responsible for the design, implementation and monitoring of such system while the Board oversees the management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives;
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly; and
- Management: Consider the risk responses, ensure effective communication to the Board and monitor the residual risks on an on-going basis.

Based on the risk assessments conducted during the Year, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- Control environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group;
- Risk assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed;

問責性及審計 (續)

風險管理及內部監控

於本年度，本集團遵從企業管治守則第C.2條，維持適當及高效的風險管理及內部控制系統。本公司管理層負責設計、執行及監督該等系統，而董事會持續監督管理層履行其職責。風險管理及內部監控系統的描述如下：

風險管理系統

本集團採納風險管理系統管理與其業務及經營有關的風險。該系統包括以下幾個階段：

- 識別：識別風險所屬、業務目標及可能影響達致目標之風險；
- 評估：分析風險的可能性及影響，並相應地評估風險組合；及
- 管理：考慮風險應對，確保與董事會有效溝通並按持續經營基準監督剩餘風險。

根據於本年度進行的風險評估，並未識別重大風險。

內部監控系統

本公司設有內部監控系統，與Committee of Sponsoring Organizations of the Treadway Commission (「COSO」)二零一三年框架相符。該框架使本集團能夠實現經營的效力及效率、財務報告的可靠性及適用法律法規的遵循之目標。該框架的組成如下所示：

- 控制環境：一套可作為本集團實施內部監控的基礎的標準、程序及架構；
- 風險評估：一個識別及分析風險的動態及迭代過程，以達致本集團的目標，為確定如何管理風險奠定基礎；

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Internal Control System (Continued)

- Control activities: Actions established by policies and procedures to help ensure that management directives to mitigate risks for the achievement of objectives are carried out;
- Information and communication: Internal and external communications to provide the Group with the information needed to carry out day-to-day controls; and
- Monitoring: Ongoing and separate evaluations to ascertain whether each component of the internal control system is present and functioning.

In order to enhance the Group's system of handling inside information and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- the access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;
- confidentiality agreements are in place when the Group enters into significant negotiations; and
- the executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted during the Year, no significant control deficiency was identified.

問責性及審計 (續)

風險管理及內部監控 (續)

內部監控系統 (續)

- 監控活動：通過政策及程序制定的行動，以確保管理層為實現目標而緩解風險的指令能落實執行；
- 資料及溝通：內部及外部的溝通為本集團提供進行日常管理所需的資料；及
- 監督：持續及獨立的評估以確定內部監控系統的各組成部分是否存在及產生作用。

為加強本集團處理內幕消息的系統，以及確保其公開披露的真實性、準確性、完整性及及時性，本集團亦採納及執行內幕消息政策及程序。本集團已不時採取若干合理措施，以確保有適當的防範措施以避免違反與本集團有關的披露要求，其中包括：

- 資料在需要知情的基礎上，僅限供少數僱員接觸。擁有內幕消息的僱員須充分認識彼等的保密義務；
- 本集團進行重大協商時，會簽訂保密協議；及
- 執行董事是與媒體、分析員或投資者等外界人士溝通時代表本公司發言的指定人士。

根據於本年度進行的內部監控檢討，並未發現重大監控不足。

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT (Continued)

Risk Management and Internal Control (Continued)

Internal Audit Function

The Group has an Internal Audit (“IA”) function, which consists of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group’s daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually, covering a period of each financial year and the results are reported to the Board via Audit Committee afterwards.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board’s review, which include but are not limited to (i) the changes in the nature and extent of significant risks since the last annual review and the Group’s ability to respond to changes in its business and the external environment; and (ii) the scope and quality of management’s on-going monitoring of risks and of the internal control systems.

The Board and the IA function had conducted a review of the effectiveness of the risk management and internal control systems during the Year. The Board, through its review and the review made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

問責性及審計 (續)

風險管理及內部監控 (續)

內部審計職能

本集團設有內部審計(「內部審計」)職能，由具備相關專業知識的專業員工(例如執業會計師)組成。內部審計職能獨立於本集團日常運作，並通過面談、巡視及進行效力測試，對風險管理及內部監控進行評估。

董事會已批准一項內部審計計劃。根據既定的計劃，每年(指每個財政年度)對風險管理及內部監控系統進行審查，且之後通過審核委員會將結果報告至董事會。

風險管理及內部監控系統的有效性

董事會負責本集團的風險管理及內部監控系統，確保每年對該等制度的有效性進行審查。董事會進行審查時已作出多方面的考慮，其中包括(但不限於)：(i)自上次年度審查後，重大風險性質及程度的改變，以及本集團於其業務及外部環境中應對變化的能力；及(ii)管理層持續監督風險及內部監控系統的範圍及質量。

於本年度，董事會及內部審計職能已進行對風險管理及內部監控有效性的檢討。董事會通過其審查和審計職能與審核委員會的審查，認定風險管理和內部監控系統均屬有效及適當。然而，該等制度旨在管理而非杜絕未能實現業務目標的風險，並且只能就防止重大失實陳述或損失提供合理而非絕對的保證。資源、資歷及相關員工的經驗視作足夠，提供的培訓項目及預算亦屬充裕。

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT (Continued)

Audit Committee

As at the date of this Corporate Governance Report, the Audit Committee comprises two independent non-executive Directors, namely Mr. LEE Kwok Wan (chairman) and Mr. LAI Sai Wo, Ricky, and one non-executive Director, namely Mr. WONG Sun Fat, the majority of them was independent non-executive Directors (including at least one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee was a former partner of the Company's existing external auditors.

The written terms of reference for the Audit Committee is posted on the websites of the Company (www.newwaygroup.com.hk) and of the Stock Exchange (www.hkexnews.hk) and is available to shareholders upon request.

The main duties of the Audit Committee include the following:

- to review the financial statements and reports of the Company and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function and external auditors before submission to the Board;
- to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management systems via the IA function and their associated procedures; and
- to review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

問責性及審計 (續)

審核委員會

於本企業管治報告日期，審核委員會由兩名獨立非執行董事，即李國雲先生（主席）及賴世和先生，以及一名非執行董事，即黃新發先生組成，大部分成員為獨立非執行董事（其中包括最少一名具備適當專業資歷或會計或相關財務管理專長之獨立非執行董事）。審核委員會之成員均非本公司現任外聘核數師之前度合夥人。

審核委員會之書面職權範圍已上載本公司網站(www.newwaygroup.com.hk)及聯交所網站(www.hkexnews.hk)，股東亦可要求索閱。

審核委員會之主要職責包括：

- 於向董事會提交本公司財務報表與報告之前，先行審閱該等報表及報告，並考慮由本公司負責會計及財務申報職能之員工及外聘核數師提出之任何重大或不尋常事項；
- 通過內部審計職能檢討本公司之財務申報系統、內部監控系統及風險管理系統以及以上各項的相關程序是否足夠及有效；及
- 參考核數師執行之工作、其費用及聘用條款，以檢討與外聘核數師之關係，並就委聘、續聘及撤換外聘核數師向董事會作出推薦建議。

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT (Continued)

Audit Committee (Continued)

During the Year, the Audit Committee has held two meetings and reviewed the Group's final results and annual report for the Year and interim results for the six months ended 30 June 2017. The Audit Committee has also reviewed with the management the Group's accounting policies, the risk management and internal control systems via the IA function and the effectiveness of the Company's IA function. It has also discussed auditing, internal controls and financial reporting matters of the Group, reported to the Board on material issues, if any, and made recommendations to the Board. It has reviewed the work performed and fees charged by the external auditors and made recommendation to the Board on the re-appointment of external auditors.

The Company's final results for the Year have been reviewed by the Audit Committee. There is no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of external auditors.

External Auditors and Auditor's Remuneration

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 103 to 110.

For the Year, the remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services amounted to HK\$1.9 million and HK\$0.4 million respectively. The non-audit services charged by the external auditors of the Company for the Year included (i) interim review of the financial statements of the Company for the six months ended 30 June 2017; (ii) filling of tax return of the Company and its subsidiaries; and (iii) professional services rendered on a major transaction of the Company under Chapter 14 of the Listing Rules conducted during the Year.

問責性及審計 (續)

審核委員會 (續)

於本年度，審核委員會曾召開兩次會議，審閱本集團本年度之全年業績及年報及截至二零一七年六月三十日止六個月之中期業績。審核委員會亦已聯同管理層通過內部審計職能審閱本集團之會計政策、風險管理及內部監控系統及本公司內部核數職能之成效，並就本集團之審核、內部監控及財務申報事宜進行討論，就重大事宜（如有）向董事會匯報並向董事會提供建議。審核委員會審閱外聘核數師之工作及其收費，並就續聘外聘核數師向董事會提供建議。

本公司本年度之全年業績由審核委員會審閱。目前並無任何可能令本公司持續經營之能力存在重大疑問之重大不明朗事件或情況。

董事會與審核委員會之間並無就甄選及委任外聘核數師之事宜出現意見分歧。

外聘核數師及核數師酬金

本公司外聘核數師有關其須就財務報表履行申報責任之聲明載於第103頁至第110頁「獨立核數師報告」內。

於本年度，就核數服務及非核數服務而向本公司外聘核數師已支付／應支付之酬金分別為1,900,000港元及400,000港元。於本年度，本公司外聘核數師收取的非核數服務之費用包括：(i)對本公司截至二零一七年六月三十日止六個月財務報表的中期審核；(ii)填寫本公司及其附屬公司之報稅表；及(iii)就本公司本年度進行的上市規則第14章項下的主要交易提供專業服務。

Corporate Governance Report

企業管治報告

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information to enable shareholders and investors to make the best investment decision.

The Company continues to enhance communications and relationships with its investors. Designated senior executives maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Investors may write directly to the Company at the principal place of business in Hong Kong for any enquiries. Enquiries from investors are dealt with in an informative and timely manner.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Company encourages its shareholders to attend general meetings to ensure a high level of accountability to the shareholders and for the shareholders to stay informed of the Group's strategy and goals. External auditors, the Chairman as well as the chairmen of the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees, normally attend the annual general meeting and other relevant general meetings of the Company to answer questions from the shareholders.

Pursuant to Bye-law 58 of the Company's Bye-laws, shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with Section 74(3) of the Companies Act 1981 of Bermuda, as amended from time to time. The written requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited to the Company Secretary at the Company's principal place of business.

與股東及投資者之溝通

本公司相信，與股東建立有效溝通，對於加強投資者關係以及投資者對本集團業務表現及策略的了解非常重要。本集團亦明白，具透明度及適時披露公司資料讓股東及投資者能作出最佳投資決定之重要性。

本公司不斷加強與投資者之間的溝通及關係。指定高級行政人員亦會與機構投資者及分析員保持定期對話，向彼等提供有關本公司發展之最新訊息。投資者如有任何查詢，可直接致函本公司在香港之主要營業地點。投資者提出之查詢將會盡快獲得圓滿答覆。

本公司之股東大會乃董事會與股東溝通之場合。本公司鼓勵其股東出席股東大會，以確保對股東有高度之問責性，並讓股東緊貼本集團之策略和目標。外聘核數師、主席以及薪酬委員會及審核委員會之主席（倘主席未克出席，則指個別委員會之其他成員）一般會出席本公司股東週年大會及其他有關股東大會，以解答股東之提問。

根據本公司之公司細則第58條，於遞呈要求日期持有不少於本公司繳足股本（賦有於本公司股東大會上投票之權利）十分一之本公司股東有權隨時透過向本公司董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明之任何事項；且該大會須於遞呈該要求後兩個月內舉行。倘遞呈後二十一日內，董事會未有召開該大會，則遞呈要求人士可根據百慕達一九八一年公司法（經不時修訂）第74(3)條之規定自行召開大會。書面要求必須載列大會目的，並須經相關股東簽署及送達公司秘書（地址為本公司主要營業地點）。

Corporate Governance Report

企業管治報告

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (Continued)

Pursuant to the Companies Act 1981 of Bermuda, (i) shareholders representing not less than one-twentieth of the total voting rights of all shareholders having a right to vote at the general meeting; or (ii) not less than one hundred shareholders, can submit a written requisition stating the resolution which is intended to be moved at a general meeting, or to submit a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Shareholders who wish to put forward any enquiry to the Board may send such written enquiry to the Company's principal place of business in Hong Kong, to the attention of the Company Secretary.

The Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, deals with shareholders' questions on their shareholdings and related share registration matters.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolution is proposed at general meetings on each substantially separate issue, including the election of individual Director.

All resolutions put forward at a general meeting will be taken by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.newaygroup.com.hk) and of the Stock Exchange (www.hkexnews.hk) after the general meeting.

與股東及投資者之溝通 (續)

根據百慕達一九八一年公司法，(i)佔有權在股東大會上投票所有股東之投票權總額不少於二十分之一之股東；或(ii)不少於一百名股東，可遞交呈請書闡明有意於股東大會上動議之決議案，或就任何將於大會上擬提呈之決議案或事務所提述之事項，遞交不多於一千字的聲明書。

有意向董事會作出任何查詢之股東，可將有關書面查詢寄往本公司於香港之主要營業地點，收件人註明為公司秘書。

本公司之香港股份過戶登記分處卓佳秘書商務有限公司負責處理股東有關彼等之股權及相關股份登記事宜之問題。

股東權利

為保障股東利益及權利，於股東大會上，各項重大事宜（包括推選個別董事）均會以重大獨立決議案之方式提呈大會。

所有於股東大會提呈之決議案將根據上市規則進行投票表決，投票結果將於股東大會後刊登於本公司網站 (www.newaygroup.com.hk)及聯交所網站 (www.hkexnews.hk)。

Corporate Governance Report

企業管治報告

CONSTITUTIONAL DOCUMENTS

During the Year, the Company has amended the Bye-laws to cater for the increasing demand from investors holding securities in listed companies through the Central Clearing and Settlement System for attending the shareholders' meetings in person or appointing proxies/corporate representatives to vote on their behalf. Such amendments include, among others, provisions allowing HKSCC Nominees Limited (or any successor thereto) to appoint multiple proxies/corporate representatives to attend general meetings of the Company and provisions enabling the Company to give notice of a closure of the register of members of the Company by any means in such manner as may be accepted by the Stock Exchange in addition to the existing method of advertisement on certain newspapers. These amendments became effective on 9 June 2017. These amendments to the Bye-laws were duly passed by the shareholders as a special resolution of the Company at the 2017 AGM, further details of which are set out in the circular of the Company dated 28 April 2017, the notice of 2017 AGM dated 28 April 2017, and the poll results announcement of the Company dated 9 June 2017.

The amended and restated Bye-laws could be found on the websites of the Company and of the Stock Exchange.

憲章

本公司於年內已修訂細則以應付透過中央結算及交收系統持有上市公司證券之投資者對親身或委派受委代表／公司代表出席股東大會並代其投票之需求上升。該等修訂（其中包括）加入條文准許香港中央結算（代理人）有限公司（或其任何繼任人）委任多名受委代表／公司代表出席本公司股東大會，且令本公司除可按現有方式於若干報章以廣告方式發出有關本公司暫停辦理股份過戶登記的通知外，亦可透過任何途徑以聯交所接納的方式發出有關通知。該等修訂已於二零一七年六月九日生效。該等細則之修訂已於二零一七年股東週年大會上以本公司一項特別決議案獲股東正式通過，詳情載於本公司日期為二零一七年四月二十八日之通函、日期為二零一七年四月二十八日之二零一七年股東週年大會通告及本公司日期為二零一七年六月九日之投票結果公告。

經修訂及重列之細則載於本公司及聯交所網站。

Biographical Details of Directors and Senior Executives

董事及高級行政人員之簡歷

EXECUTIVE DIRECTOR

Mr. SUEK Ka Lun, Ernie, aged 39, was appointed as the Chairman since August 2009. He has been an executive Director since July 2004 and the chief executive officer of the Company from November 2007 to 31 August 2009. He is also a director of a number of subsidiaries of the Company. Mr. SUEK Ka Lun, Ernie obtained an EMBA degree and a Master degree in marketing from The Chinese University of Hong Kong in 2008 and 2003 respectively. He had two years of experience in investment banking and subsequently moved to commercial sector and acted as a director of a private company for two years. Mr. SUEK Ka Lun, Ernie possesses sophisticated and professional management experience and is familiar with investment analysis. He is responsible for monitoring the Group's business development and to search for business opportunities in the PRC market and overseas. Mr. SUEK Ka Lun, Ernie has not entered into any service contract with the Company and there is no designated length of service but his appointment is subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules. As at the date of this report, Mr. SUEK Ka Lun, Ernie is entitled to receive a remuneration of HK\$2,310,000 per annum.

Mr. SUEK Ka Lun, Ernie is the nephew of Mr. SUEK Chai Hong, an executive Director and the Chief Executive Officer, and Dr. NG Wai Kwan, a non-executive Director.

Mr. SUEK Ka Lun, Ernie, is a director of CNA Company Limited, which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and Divisions 3 of Part XV of the Securities and Futures Ordinance.

Mr. SUEK Chai Hong, aged 56, was appointed as the Chief Executive Officer since August 2009 and has been appointed as an executive Director since 1992. He is also a director of a number of subsidiaries of the Company. Mr. SUEK Chai Hong obtained a Bachelor degree of Business Administration in Finance from the York University, Canada. He has more than 25 years of experience in marketing and is responsible for running the Company's businesses and developing and implementing the Group's strategic plans and business goals. Mr. SUEK Chai Hong has not entered into any service contract with the Company and there is no designated length of service but his appointment is subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules. As at the date of this report, Mr. SUEK Chai Hong is entitled to receive a remuneration of HK\$1,386,000 per annum.

Mr. SUEK Chai Hong is the uncle of Mr. SUEK Ka Lun, Ernie, an executive Director and the Chairman.

執行董事

薛嘉麟先生，現年39歲，於二零零九年八月獲委任為本公司主席，彼於二零零四年七月出任執行董事，並於二零零七年十一月至二零零九年八月三十一日期間擔任本公司行政總裁。彼亦為本公司多間附屬公司之董事。薛嘉麟先生分別於二零零八年及二零零三年獲香港中文大學頒授行政人員工商管理碩士學位及市場學碩士學位。彼曾任職於投資銀行界兩年，後轉投商界，曾於一間私人公司擔任董事兩年。薛嘉麟先生擁有豐富及專業管理經驗，亦熟悉投資分析。彼現負責監督本集團業務發展及開拓中外市場，尋求商機。薛嘉麟先生並未與本公司訂立任何服務合約，且無指定服務期限，惟彼須輪值退任及重選並遵守細則及上市規則訂明的其他相關條款。於本報告日期，薛嘉麟先生有權收取年薪2,310,000港元。

薛嘉麟先生為執行董事兼行政總裁薛濟匡先生之姪兒，亦為非執行董事吳惠群博士之外甥。

薛嘉麟先生為CNA Company Limited之董事，該公司於本公司的股份及相關股份中擁有權益，根據證券及期貨條例第XV部第2分部及第3分部之條文，須向本公司披露該等權益。

薛濟匡先生，現年56歲，於二零零九年八月獲委任為行政總裁，並彼自一九九二年起獲委任為執行董事。彼亦為本公司若干附屬公司之董事。薛濟匡先生持有加拿大約克大學財務系工商管理學士學位，彼從事市場拓展工作逾25年，負責本公司業務之運作及制訂及執行本集團之策略計劃及落實業務目標。薛濟匡先生並未與本公司訂立任何服務合約，且無指定服務期限，惟彼須輪值退任及重選並遵守細則及上市規則訂明的其他相關條款。於本報告日期，薛濟匡先生有權收取年薪1,386,000港元。

薛濟匡先生為執行董事兼主席薛嘉麟先生之叔父。

Biographical Details of Directors and Senior Executives

董事及高級行政人員之簡歷

NON-EXECUTIVE DIRECTORS

Dr. NG Wai Kwan, aged 68, was appointed as a non-executive Director in March 2007. Dr. NG Wai Kwan holds an engineering doctorate degree from the University of Warwick in the United Kingdom. Dr. NG Wai Kwan has over 35 years' experience in supply management, logistics planning, innovation and executive and leadership development.

Pursuant to the letter of appointment entered into between Dr. NG Wai Kwan and the Group, Dr. NG Wai Kwan has been appointed for a term of three years commenced from 1 April 2016 until 31 March 2019 subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules and the terms and conditions of his letter of appointment. As at the date of this report, Dr. NG Wai Kwan is entitled to receive a remuneration of HK\$120,000 per annum.

Dr. NG Wai Kwan is the uncle of Mr. SUEK Ka Lun, Ernie, an executive Director and the Chairman.

Mr. CHAN Kwing Choi, Warren, aged 66, was appointed as an independent non-executive Director in February 2002 and was re-designated as a non-executive Director in November 2007. He is a director of a subsidiary of the Company. Mr. CHAN Kwing Choi, Warren is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants (UK) and an associate member of the Institute of the Chartered Accountants in England and Wales, the Institute of Chartered Secretaries & Administrators (UK), the Hong Kong Institutes of Chartered Secretaries and the Chartered Global Management Accountant.

Mr. CHAN Kwing Choi, Warren has over 35 years of experience in financial management, corporate administration and corporate finance in several multinational corporations and listed public companies.

Pursuant to the letter of appointment entered into between Mr. CHAN Kwing Choi, Warren and the Group, Mr. CHAN Kwing Choi, Warren has been appointed for a term of three years commenced from 1 April 2016 until 31 March 2019 subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules and the terms and conditions of his letter of appointment. As at the date of this report, Mr. CHAN Kwing Choi, Warren is entitled to receive a remuneration of HK\$170,000 per annum.

非執行董事

吳惠群博士，現年68歲，於二零零七年三月獲委任為非執行董事。吳惠群博士持有英國華威大學工程學博士學位，於供應管理、物流規劃、創新、行政及領袖培訓方面具有逾35年經驗。

根據吳惠群博士與本集團訂立之委任函，吳惠群博士之任期由二零一六年四月一日起至二零一九年三月三十一日止，為期三年，須輪值退任並重選以及遵守細則及上市規則所訂明的其他有關條款以及其委任函之條款及條件。於本報告日期，吳惠群博士有權收取年薪120,000港元。

吳惠群博士為執行董事兼主席薛嘉麟先生之舅父。

陳焯材先生，現年66歲，於二零零二年二月獲委任為獨立非執行董事，並於二零零七年十一月調任非執行董事。彼為本公司一間附屬公司之董事。陳焯材先生為香港會計師公會及英國特許管理會計師公會之資深會員，以及英格蘭及威爾斯特許會計師公會、英國特許秘書及行政人員公會及香港特許秘書公會會員，亦為全球特許管理會計師。

陳焯材先生曾為多家跨國企業及上市公司服務，擁有超過35年財務管理、企業行政及企業融資經驗。

根據陳焯材先生與本集團訂立之委任函，陳焯材先生之任期由二零一六年四月一日起至二零一九年三月三十一日止，為期三年，須輪值退任並重選以及遵守細則及上市規則所訂明的其他有關條款以及其委任函之條款及條件。陳焯材先生有權收取年薪170,000港元。

Biographical Details of Directors and Senior Executives 董事及高級行政人員之簡歷

Mr. WONG Sun Fat, aged 62, was appointed as an independent non-executive Director from December 1994 to August 2009 and re-designated as a non-executive Director in August 2009. He is currently a member of the Audit Committee and the Remuneration Committee. Mr. WONG Sun Fat holds a Bachelor degree of Arts from The University of Hong Kong and has over 30 years of experience in electronic products business and vast experience in manufacturing operations.

Pursuant to the letter of appointment entered into between Mr. WONG Sun Fat and the Group, Mr. WONG Sun Fat has been appointed for a term of three years commenced from 1 April 2016 until 31 March 2019 subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules and the terms and conditions of his letter of appointment. As at the date of this report, Mr. WONG Sun Fat is entitled to receive a remuneration of HK\$120,000 per annum.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEE Kwok Wan, aged 50, was appointed as an independent non-executive Director in April 2013. He is currently the chairman of the Audit Committee and the Remuneration Committee. Mr. LEE Kwok Wan holds a MBA degree in Business Administration and a Bachelor degree in Commerce and Accountancy and is an associate member of the Hong Kong Institute of Certified Public Accountants, the CPA Australia, the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Mr. LEE Kwok Wan has more than 20 years of accounting and management experience. He is the chief financial officer of a sizable company in Hong Kong engaging in the manufacturing of watches. He was once appointed as the company secretary of the Company from March 2007 to May 2008.

Pursuant to the letter of appointment entered into between Mr. LEE Kwok Wan and the Group, Mr. LEE Kwok Wan has been appointed for a term of three years commenced from 5 April 2016 until 4 April 2019 subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules and the terms and conditions of his letter of appointment. As at the date of this report, Mr. LEE Kwok Wan is entitled to receive a remuneration of HK\$120,000 per annum.

黃新發先生，現年62歲，曾於一九九四年十二月至二零零九年八月期間出任獨立非執行董事，並於二零零九年八月調任非執行董事。彼現為審核委員會及薪酬委員會成員。黃新發先生持有香港大學文學士學位，從事電子產品業務逾30年，對製造營運有豐富經驗。

根據黃新發先生與本集團訂立之委任函，黃新發先生之任期由二零一六年四月一日起至二零一九年三月三十一日止，為期三年，須輪值退任並重選以及遵守細則及上市規則所訂明的其他有關條款以及其委任函之條款及條件。於本報告日期，黃新發先生有權收取年薪120,000港元。

獨立非執行董事

李國雲先生，現年50歲，於二零一三年四月獲委任為獨立非執行董事。彼現時為審核委員會及薪酬委員會的主席。李國雲先生持有工商管理碩士學位及商業及會計學學士學位，並為香港會計師公會、澳洲會計師公會、英國特許秘書及行政人員公會及香港特許秘書公會會員。李國雲先生於會計及管理方面擁有逾20年經驗。彼現時於一家在香港從事腕錶製造業務、規模宏大之公司出任財務總監。彼曾於二零零七年三月至二零零八年五月期間獲委任為本公司之公司秘書。

根據李國雲先生與本集團訂立之委任函，李國雲先生之任期由二零一六年四月五日起至二零一九年四月四日止，為期三年，須輪值退任並重選以及遵守細則及上市規則所訂明的其他有關條款以及其委任函之條款及條件。於本報告日期，李國雲先生有權收取年薪120,000港元。

Biographical Details of Directors and Senior Executives 董事及高級行政人員之簡歷

Mr. LAI Sai Wo, Ricky, aged 44, was appointed as an independent non-executive Director in April 2017. He is currently a member of the Audit Committee and the Remuneration Committee. He holds a Master degree of Corporate Governance from The Hong Kong Polytechnic University and a Bachelor degree of Arts (Honours) in Accountancy from the City University of Hong Kong. Mr. LAI Sai Wo, Ricky is a practising accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountant and an associate member of The Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

Mr. LAI Sai Wo, Ricky has more than 15 years of accounting and management experience. He is currently the financial controller and the company secretary of Jolimark Holdings Limited (Stock Code: 2028), whose shares are listed on the Main Board of the Stock Exchange. Mr. LAI Sai Wo, Ricky was once appointed as the company secretary of the Company from August 2006 to March 2007.

Pursuant to the letter of appointment dated 19 April 2017 made between Mr. LAI Sai Wo, Ricky and the Company, Mr. LAI Sai Wo, Ricky has been appointed for a term of three years commenced from 19 April 2017 to 18 April 2020 subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules and the terms and conditions of his letter of appointment. As at the date of this report, Mr. LAI Sai Wo, Ricky is entitled to receive a remuneration of HK\$120,000 per annum.

Mr. CHU Gun Pui, aged 38, was appointed as an independent non-executive Director in June 2017. Mr. CHU Gun Pui holds a Bachelor degree of Commerce majoring in marketing and a Bachelor degree of Science majoring in computer science from The University of Auckland. Mr. CHU Gun Pui has over 15 years of experience in sales and marketing field in entertainment industry.

Pursuant to the letter of appointment entered into between Mr. CHU Gun Pui and the Group, Mr. CHU Gun Pui has been appointed for a term of three years commenced from 23 June 2017 until 22 June 2020 subject to retirement by rotation and re-election and other related provisions as stipulated in the Bye-laws and the Listing Rules and the terms and conditions of his letter of appointment. As at the date of this report, Mr. CHU Gun Pui is entitled to receive a remuneration of HK\$120,000 per annum.

賴世和先生，44歲，於二零一七年四月獲委任為獨立非執行董事。彼現時為審核委員會及薪酬委員會的成員。彼持有香港理工大學企業管治碩士學位及香港城市大學會計（榮譽）文學士學位。賴世和先生為香港會計師公會執業會計師及特許公認會計師公會資深會員，並為特許秘書及行政人員公會及香港特許秘書公會會員。

賴世和先生於會計及管理方面擁有逾15年經驗。彼現任映美控股有限公司（股份代號：2028）財務總監及公司秘書，該公司股份於聯交所主板上市。賴世和先生曾於二零零六年八月至二零零七年三月擔任本公司公司秘書。

根據賴世和先生與本公司訂立的日期為二零一七年四月十九日之委任函，賴世和先生之任期由二零一七年四月十九日起至二零二零年四月十八日止，為期三年須輪值退任並重選以及遵守細則及上市規則所訂明的其他有關條款以及其委任函之條款及條件。於本報告日期，賴世和先生有權收取年薪120,000港元。

朱瑾沛先生，38歲，於二零一七年六月獲委任為獨立非執行董事。朱瑾沛先生持有奧克蘭大學商業學士學位（主修市場學）及理學學士學位（主修電腦科學）。朱瑾沛先生於娛樂業之銷售及市場推廣領域擁有逾15年經驗。

根據朱瑾沛先生與本集團訂立之委任函，朱瑾沛先生之任期由二零一七年六月二十三日起至二零二零年六月二十二日止，為期三年，須輪值退任並重選以及遵守細則及上市規則所訂明的其他有關條款以及其委任函之條款及條件。於本報告日期，朱瑾沛先生有權收取年薪120,000港元。

Biographical Details of Directors and Senior Executives 董事及高級行政人員之簡歷

As at the date of this report, each of Mr. SUEK Ka Lun, Ernie, Mr. SUEK Chai Hong, Dr. NG Wai Kwan and Mr. WONG Sun Fat has an interest in the shares and underlying shares of the Company and/or its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong). For further details, please refer to the paragraphs headed "Directors' interests in shares, underlying shares and debentures" of the Directors' Report of this annual report. There is no change in such Director's interests in the shares and underlying shares of the Company and/or its associated corporations within the meaning of Part XV of the SFO from 31 December 2017 up to the date of this report.

ALTERNATE DIRECTOR

Mr. LAU Kam Cheong, aged 55, was appointed as the alternate Director to Dr. NG Wai Kwan, a non-executive Director, in July 2008. He is a manager of Delight Source Limited. Mr. LAU Kam Cheong joined the Group in 2001. He holds a Master degree in Business Administration and a Master degree in Professional Accounting from The Open University of Hong Kong. He is a member of the Chartered Institute of Marketing in the United Kingdom and has over 30 years of experience in management, sales and marketing.

SENIOR EXECUTIVES

Ms. NG Wai Chi, aged 58, has over 35 years of experience in label and silkscreen printing. She joined the Group in 1992 and is currently the vice president of Chung Tai Printing Company Limited and Chung Tai Printing (China) Company Limited. Ms. NG Wai Chi holds a Master of Science degree in Engineering Business Management jointly awarded by The Hong Kong Polytechnic University and the University of Warwick, United Kingdom. She is responsible for the corporate social responsibility and quality management of the Group and is currently a committee member of Green Council Certification Scheme (GCCS) of Green Council.

Mr. WAN Kwok Leung, Nicholas, aged 38, is a director of various companies under the Music and Entertainment Business of the Group. He joined the Group in 2009. He was the human resources manager of Neway Karaoke Box Limited for the period from 2001 to 2007 before being appointed as an executive director thereof. Mr. WAN Kwok Leung, Nicholas has over 15 years of experience in the related fields of management and holds a Bachelor degree in human resources management from the Hong Kong Baptist University and a Master of Science degree of management from The Hong Kong Polytechnic University.

於本報告日期，薛嘉麟先生、薛濟匡先生、吳惠群博士及黃新發先生各自於本公司及／或其相聯法團之股份及相關股份中享有權益，須根據香港法例第571章證券及期貨條例第XV部第7及第8分部之條文向本公司披露。有關進一步詳情，請參閱本年報中董事會報告內「董事於股份、相關股份及債券中之權益」各段。由二零一七年十二月三十一日起及直至本報告日期止，董事於本公司股份及相關股份之權益（定義見證券及期貨條例第XV部）並無變動。

替任董事

劉錦昌先生，現年55歲，於二零零八年七月獲委任為非執行董事吳惠群博士之替任董事。彼為亮燃有限公司之經理。劉錦昌先生於二零零一年加盟本集團，持有香港公開大學之工商管理碩士學位及專業會計碩士學位。彼為英國特許市務學會之會員，於管理、銷售及市場推廣方面擁有逾30年經驗。

高級行政人員

吳惠芝女士，現年58歲，從事標籤及絲網印刷業務逾35年。彼於一九九二年加入本集團，現為中大印刷有限公司及中大印刷（中國）有限公司之副總裁。吳惠芝女士持有香港理工大學及英國華威大學聯合頒授之工程商業管理理學碩士學位。彼負責本集團之企業社會責任及品質管理工作，並現為環保促進會轄下環保促進會認證服務計劃委員會成員。

溫國樑先生，現年38歲，為本集團音樂及娛樂業務多家公司之董事。彼於二零零九年加入本集團。彼曾於二零零一年至二零零七年為Neway Karaoke Box Limited之人力資源經理，隨後獲委任為該公司執行董事。溫國樑先生於相關管理工作方面擁有逾15年經驗，並持有香港浸會大學人力資源管理學士學位及香港理工大學管理學碩士學位。

Directors' Report

董事會報告

The board (the "Board") of directors (the "Directors") of Newway Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") present its annual report for the year ended 31 December 2017 (the "Year"). All cross-references mentioned in this Directors' Report form part of this Directors' Report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. During the Year, the principal activities of the Group include (i) sales of gaming machines; (ii) money lending; (iii) manufacturing and sales of printing products; (iv) artistes management, production and distribution of music albums and movies; (v) property development and investment; (vi) securities trading; and (vii) trading of printing products. The principal activities and other details of the principal subsidiaries of the Company are set out in note 47 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 111 to 112.

No interim dividend was paid or proposed during the Year.

The Board did not recommend the payment of a final dividend for the Year (Year ended 31 December 2016 ("Year 2016"): Nil).

BUSINESS REVIEW

A review of the Group's businesses with analysis using key performance indicators, the particulars of important events affecting the Group after the reporting period and the likely future development of the Group are set out in the section headed "Management Discussion and Analysis" on pages 5 to 27.

Newway Group Holdings Limited 中星集團控股有限公司* (「本公司」, 連同其附屬公司, 統稱為「本集團」) 董事(「董事」) 會(「董事會」) 謹此提呈截至二零一七年十二月三十一日止年度(「本年度」) 之年報。本董事會報告內之所有相互參照均構成本董事會報告之一部分。

主要業務

本公司為一家投資控股公司。於本年度, 本集團的主要業務包括: (i) 銷售遊戲機; (ii) 放貸; (iii) 印刷品製造及銷售; (iv) 藝人管理、唱片及電影製作及分銷; (v) 物業發展與投資; (vi) 證券買賣; 及(vii) 印刷產品貿易。本公司各主要附屬公司之主要業務及其他詳情載於綜合財務報表附註47。

業績與分配

本集團本年度之業績載於第111頁至第112頁之綜合損益及其他全面收入報表內。

於本年度並無派付或建議派付中期股息。

董事會不建議派付本年度之末期股息(截至二零一六年十二月三十一日止年度(「二零一六年度」): 無)。

業務回顧

運用關鍵績效指標之本集團業務回顧分析、於報告期後影響本集團之重大事件之詳情及本集團未來可能之發展列載於第5頁至第27頁的「管理層討論與分析」一節。

* 僅供識別

Directors' Report

董事會報告

PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment at an aggregate cost of approximately HK\$13.6 million (Year 2016: approximately 6.9 million) during the Year in order to increase its production capacity. Details of such acquisitions and other movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

There was no change in the share capital and capital structure of the Company during the Year.

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

ISSUE OF SHARES OR DEBENTURES

During the year, the Company has not issued any shares or debentures.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the reserves of the Company available for distribution to its shareholders were approximately HK\$648.5 million (Year 2016: approximately HK\$650.4 million), calculated in accordance with the Companies Act 1981 of Bermuda.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 248.

物業、廠房及設備

於本年度，本集團收購物業、廠房及設備合共支出約13,600,000港元（二零一六年度：約6,900,000港元），以增加生產力。該等收購之詳情及於本年度內本集團之物業、廠房及設備之其他變動載於綜合財務報表附註14。

股本

本公司股本及資本架構於本年度內並無變動。

於本年度，本公司及其任何附屬公司並無購買、出售或贖回本公司任何上市證券。

發行股份或債券

於本年度，本公司概無發行任何股份或債券。

可供分派儲備

截至二零一七年十二月三十一日止，本公司可供分派予其股東之儲備約為648,500,000港元（二零一六年度：約650,400,000港元），此乃根據百慕達一九八一年公司法計算。

財務摘要

本集團過去五個財政年度之業績及資產與負債概要載於第248頁。

Directors' Report

董事會報告

DIRECTORS

The Board comprises the following Directors during the Year and up to the date of this Directors' Report:

Executive Directors:

Mr. SUEK Ka Lun, Ernie (*Chairman*)
Mr. SUEK Chai Hong (*Chief Executive Officer*)

Non-executive Directors:

Dr. NG Wai Kwan
(*alternate Director: Mr. LAU Kam Cheong*)
Mr. CHAN Kwing Choi, Warren
Mr. WONG Sun Fat

Independent non-executive Directors:

Mr. TSE Tin Tai
(*resigned on 1 June 2017*)
Ms. LUI Lai Ping, Cecily
(*retired on 9 June 2017*)
Mr. LEE Kwok Wan
Mr. LAI Sai Wo, Ricky
(*appointed on 19 April 2017*)
Mr. CHU Gun Pui
(*appointed on 23 June 2017*)

In accordance with Bye-law 87(1) of the Company's bye-laws (the "Bye-laws"), Mr. CHAN Kwing Choi, Warren, Mr. WONG Sun Fat and Mr. LEE Kwok Wan will retire at the forthcoming annual general meeting (the "2018 AGM") of the Company. Mr. CHU Gun Pui has been appointed as an addition to the Board on 23 June 2017. Pursuant to Bye-law 86(2), Mr. CHU Gun Pui will also retire at the 2018 AGM. Being eligible, each of Mr. CHAN Kwing Choi, Warren, Mr. WONG Sun Fat, Mr. LEE Kwok Wan and Mr. CHU Gun Pui will offer themselves for re-election at the 2018 AGM.

DIRECTORS' SERVICE CONTRACTS

No Director being proposed for re-election at the 2018 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

董事

於本年度及截至本董事會報告日期，董事會由下列董事組成：

執行董事：

薛嘉麟先生 (主席)
薛濟匡先生 (行政總裁)

非執行董事：

吳惠群博士
(替任董事：劉錦昌先生)
陳焯材先生
黃新發先生

獨立非執行董事：

謝天泰先生
(於二零一七年六月一日辭任)
呂麗萍女士
(於二零一七年六月九日退任)
李國雲先生
賴世和先生
(於二零一七年四月十九日獲委任)
朱瑾沛先生
(於二零一七年六月二十三日獲委任)

根據本公司之公司細則(「細則」)第87(1)條，陳焯材先生、黃新發先生及李國雲先生將於本公司應屆股東週年大會(「二零一八年股東週年大會」)上退任。朱瑾沛先生於二零一七年六月二十三日獲委任為董事會的新增成員。根據公司細則第86(2)條，朱瑾沛先生亦將於二零一八年股東週年大會上退任。陳焯材先生、黃新發先生、李國雲先生及朱瑾沛先生均符合資格並願意於二零一八年股東週年大會上膺選連任。

董事之服務合約

獲提名在二零一八年股東週年大會上重選之董事概無與本集團訂立任何不可於一年內終止而毋須作出補償(法定賠償除外)之服務合約。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(i) Long positions in the ordinary shares of HK\$0.01 each of the Company (the "Shares")

| Name of director 董事姓名 | Capacity 身份 | Number of ordinary Shares held 持有普通股數目 | Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比 |
|---------------------------------|---|---|--|
| Mr. SUEK Ka Lun, Ernie 薛嘉麟先生 | Founder of a discretionary trust who can influence how the trustee exercises his discretion (<i>Note</i>) 可影響受託人行使酌情權的全權信託的創辦人 (<i>附註</i>) | 39,872,000 | |
| | Beneficial owner 實益擁有人 | 1,210,000 | |
| | | 41,082,000 | 16.20% |
| Mr. SUEK Chai Hong 薛濟匡先生 | Beneficial owner 實益擁有人 | 700,000 | 0.28% |
| Dr. NG Wai Kwan 吳惠群博士 | Beneficial owner 實益擁有人 | 8,000 | 0.01% |
| Mr. WONG Sun Fat 黃新發先生 | Beneficial owner 實益擁有人 | 100,000 | 0.04% |

Note: These Shares were held by CNA Company Limited ("CNA") which in turn is beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. SUEK Ka Lun, Ernie, the beneficiaries of which include a family member of Mr. SUEK Ka Lun, Ernie and a charitable institution set up in Hong Kong.

附註: 該等股份乃由CNA Company Limited (「CNA」)持有，而該公司則由Preserve Capital Trust (一項由薛嘉麟先生成立之全權信託，其受益人包括薛嘉麟先生一名家族成員及一間於香港成立的慈善機構)實益擁有。

董事於股份、相關股份及債券中之權益

截至二零一七年十二月三十一日止，本公司之董事及最高行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第352條須予存置之登記冊所記錄，或根據上市發行人董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益如下：

(i) 本公司每股面值0.01港元之普通股(「股份」)之好倉

| Number of ordinary Shares held 持有普通股數目 | Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比 |
|---|--|
| 41,082,000 | 16.20% |
| 700,000 | 0.28% |
| 8,000 | 0.01% |
| 100,000 | 0.04% |

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(ii) Long positions in the shares of associated corporations

As at 31 December 2017, CNA beneficially owned deferred non-voting shares in the following subsidiaries of the Company:

| Name of subsidiary 附屬公司名稱 | Number of deferred non-voting shares held 持有無投票權遞延股數目 |
|--|---|
| New Box Mini Storage Limited 中大迷你倉有限公司 | 2 |
| Chung Tai Printing (China) Company Limited 中大印刷(中國)有限公司 | 100 |
| Chung Tai Printing Company Limited 中大印刷有限公司 | 3,000 |
| Profit Link Investment Limited 中大投資管理有限公司 | 2 |
| The Greatime Offset Printing Company Limited 雅大柯式印刷有限公司 | 9,500 |

The rights and restrictions of such deferred non-voting shares are set out in note 47 to the consolidated financial statements.

CNA is beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. SUEK Ka Lun, Ernie and the beneficiaries of which include a family member of Mr. SUEK Ka Lun, Ernie and a charitable institution set up in Hong Kong. Mr. SUEK Ka Lun, Ernie is deemed to be interested in all the deferred non-voting shares owned by CNA in the above subsidiaries of the Company.

Other than as disclosed above, no Directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2017.

董事於股份、相關股份及債券中之權益(續)

(ii) 於相聯法團股份之好倉

截至二零一七年十二月三十一日止，CNA實益擁有本公司下列附屬公司之無投票權遞延股：

該等無投票權遞延股附帶之權利及限制載於綜合財務報表附註47。

CNA由Preserve Capital Trust(一項由薛嘉麟先生成立之全權信託，其受益人包括薛嘉麟先生一名家族成員及一間於香港成立的慈善機構)實益擁有。薛嘉麟先生被視為於CNA所擁有的上述本公司附屬公司全部無投票權遞延股中擁有權益。

除上文所披露者外，截至二零一七年十二月三十一日止，並無本公司之董事或最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何權益或淡倉。

Directors' Report

董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2017, the interests or short positions of every person (other than the Directors or chief executive of the Company) in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions

| Name of shareholder 股東名稱 | Capacity 身份 | Number of ordinary Shares held 持有普通股數目 | Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比 |
|-------------------------------|--|---|--|
| CNA ¹ | Beneficial owner 實益擁有人 | 39,872,000 | 15.72% |
| Fiducia Suisse SA | Trustee 受託人 | 39,872,000 ² | 15.72% |
| David Henry Christopher Hill | Interest in a controlled corporation 於控制法團之權益 | 39,872,000 ² | 15.72% |
| Rebecca Ann Hill ³ | Interest of spouse 配偶權益 | 39,872,000 ² | 15.72% |

Notes:

- CNA is beneficially owned by Preserve Capital Trust, a discretionary trust set up by Mr. SUEK Ka Lun, Ernie, the beneficiaries of which include a family member of Mr. SUEK Ka Lun, Ernie and a charitable institution set up in Hong Kong. Fiducia Suisse SA, which is wholly-owned by Mr. David Henry Christopher Hill, is the trustee of Preserve Capital Trust.
- These 39,872,000 Shares duplicate with those held by CNA.
- Spouse of Mr. David Henry Christopher Hill.

Save as disclosed above, the Directors are not aware of any other persons who had any interests or short positions in any Shares or underlying Shares.

主要股東

截至二零一七年十二月三十一日止，各人士股東（本公司之董事或最高行政人員除外）於本公司按照證券及期貨條例第336條須予存置之登記冊中所記錄之股份及相關股份權益或淡倉如下：

好倉

| Name of shareholder 股東名稱 | Capacity 身份 | Number of ordinary Shares held 持有普通股數目 | Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比 |
|-------------------------------|--|---|--|
| CNA ¹ | Beneficial owner 實益擁有人 | 39,872,000 | 15.72% |
| Fiducia Suisse SA | Trustee 受託人 | 39,872,000 ² | 15.72% |
| David Henry Christopher Hill | Interest in a controlled corporation 於控制法團之權益 | 39,872,000 ² | 15.72% |
| Rebecca Ann Hill ³ | Interest of spouse 配偶權益 | 39,872,000 ² | 15.72% |

附註：

- CNA由Preserve Capital Trust（一項由薛嘉麟先生成立之全權信託，其受益人包括薛嘉麟先生一名家族成員及一間於香港成立的慈善機構）實益擁有。Fiducia Suisse SA（由David Henry Christopher Hill先生全資擁有）為Preserve Capital Trust的受託人。
- 該等39,872,000股股份指由CNA持有之同一批股份。
- David Henry Christopher Hill先生之配偶。

除上文所披露者外，董事概不知悉有任何其他人士於任何股份或相關股份中擁有任何權益或淡倉。

Directors' Report

董事會報告

SHARE OPTION SCHEME

On 13 February 2014, a share option scheme (the "Share Option Scheme") was approved by shareholders of the Company and adopted by the Company. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years commenced on the date on which the Share Option Scheme is adopted.

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").

The Directors may, subject to the provisions of the Share Option Scheme and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), invite any person belonging to any of the following classes of participants to take up the options:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiary or any Invested Entity;
- (b) any non-executive Director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

購股權計劃

於二零一四年二月十三日，一項購股權計劃（「購股權計劃」）獲本公司股東批准並由本公司採納。除非另行註銷或修訂，否則購股權計劃將由購股權計劃獲採納當日起計十年內有效。

購股權計劃旨在使本公司可向合資格參與者授出購股權，藉以獎勵或回報合資格參與者為本集團作出之貢獻，及／或有助本集團羅致及挽留優秀僱員，並招攬對本集團及任何本集團持有權益的實體（「被投資實體」）有價值之人力資源。

董事可在購股權計劃之條文及聯交所證券上市規則（「上市規則」）之規限下，邀請屬於任何以下類別參與者的人士接納購股權：

- (a) 本公司、任何附屬公司或任何被投資實體的任何僱員（不論為全職或兼職，包括任何執行董事但不包括任何非執行董事）；
- (b) 本公司、其任何附屬公司或任何被投資實體的任何非執行董事（包括獨立非執行董事）；
- (c) 本集團任何成員公司或任何被投資實體的商品或服務之任何供應商；
- (d) 本集團任何成員公司或任何被投資實體的任何客戶；
- (e) 向本集團任何成員公司或任何被投資實體提供研究、開發或其他技術支持的任何人士或實體；
- (f) 本集團任何成員公司或任何被投資實體的任何股東，或本集團任何成員公司或任何被投資實體發行的任何證券的任何持有人；
- (g) 本集團任何成員公司或任何被投資實體的任何業務範疇或任何業務發展的任何顧問（專業或其他）或諮詢人；及

Directors' Report

董事會報告

SHARE OPTION SCHEME (Continued)

- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangements to the development and growth of the Group.

and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more persons belonging to any of the above classes of eligible participants.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the aggregate number of issued Shares at the day on which the Share Option Scheme was adopted, which was 10,193,545 Shares (restated to reflect the share consolidation effected on 5 April 2016), representing approximately 4.02% of the issued Shares as at the date of this Directors' Report. The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not in aggregate exceed 30% of aggregate number of issued Shares from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other schemes to each participant in any 12-month period shall not exceed 1% of the aggregate number of issued Shares from time to time. Share options granted to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is a grantee of the options). Where any grant of options would result in the Shares issued or to be issued upon exercise of all options already granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associate in excess of 0.1% of the aggregate number of issued Shares and having an aggregate value, based on the closing price of the Shares at the date of grant, in excess of HK\$5 million in the 12-month period up to and including the date of such grant, such further grant of options must be approved by the shareholders of the Company in general meeting.

購股權計劃 (續)

- (h) 通過合營企業、業務聯合或其他業務安排對本集團的發展及增長已做出或可能做出貢獻的任何其他集體或類別的參與人士。

並且，就購股權計劃而言，可能會向由屬於任何一個或多個上述類別的合資格參與者全資擁有的任何公司作出要約。

根據購股權計劃及任何其他計劃將授出之所有購股權獲行使時，可予配發及發行之股份總數合計不得超過於採納購股權計劃之日已發行股份總數之10%（即10,193,545股股份，已重列以反映於二零一六年四月五日生效之股份合併，相當於截至本董事會報告日期為止已發行股份約4.02%）。所有根據購股權計劃及任何其他計劃已授出但尚未行使之購股權獲行使時，可予配發及發行之股份總數最多不得超過不時已發行股份總數之30%。

於任何十二個月內，根據購股權計劃及任何其他計劃向每名參與者授出之購股權獲行使時已發行及將予發行之股份總數不得超過不時已發行股份總數之1%。向本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人授出購股權必須獲獨立非執行董事（不包括身為該等購股權承授人之獨立非執行董事）批准。倘任何授出之購股權將導致於截至授出購股權當日（包括該日）止十二個月期間行使向本公司主要股東或獨立非執行董事或彼等各自之任何聯繫人已授出之全部購股權後所發行或將予發行之股份數目超過已發行股份總數0.1%及總值（按於授出日期股份的收市價計算）超過5,000,000港元，則進一步授出該等購股權必須獲本公司股東於股東大會上批准。

Directors' Report

董事會報告

SHARE OPTION SCHEME (Continued)

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the offer date, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option.

Unless otherwise determined by the Directors and stated in the offer for the grant of options to grantees, there is no performance target and no minimum period for which an option must be held before it can be exercised under the Share Option Scheme.

No dividend will be payable and no voting rights will be exercisable in relation to an option that has not been exercised.

During the Year, no share option was granted, exercised, cancelled or lapsed under the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at 1 January 2017 and 31 December 2017.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Group during the Year or subsisted at the end of the Year.

購股權計劃 (續)

根據購股權計劃認購股份之認購價須為由董事釐定之價格，惟不得低於下列各項之最高者：(i)股份於要約日期（須為營業日）於聯交所每日報價表所列之收市價；(ii)股份於緊接要約日期前五個營業日在聯交所每日報價表所列之平均收市價；及(iii)一股股份之面值。接納所授出購股權時須支付象徵式代價1.00港元。

參與者可於購股權提呈授出日期後21日內接納購股權。

除非董事另行釐定並於向承授人提呈授出購股權時列明，否則根據購股權計劃並無有關績效目標及於行使前必須持有購股權之最短時間規定。

尚未行使之購股權概不會獲派付任何股息，亦概無可行使之投票權。

於本年度，概無購股權根據購股權計劃授出、行使、註銷或失效。於二零一七年一月一日及二零一七年十二月三十一日，概無任何根據購股權計劃授出而尚未行使之購股權。

權益掛鈎協議

除購股權計劃外，於本年度內或本年度末本集團並無訂立與權益掛鈎之協議。

Directors' Report

董事會報告

COMPETING INTERESTS

The spouse of Mr. SUEK Ka Lun, Ernie is a shareholder of, and participates in the management in, a private company which is principally engaged in artiste management business.

Save as aforesaid, during the Year, none of the Directors had any interest in any business which competes or is likely to compete, either any directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the Share Option Scheme, at no time during the Year was the Company, 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.

Save as disclosed in note 41 to the consolidated financial statements, and the paragraphs headed "Continuing Connected Transactions" below, none of the Directors or an entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries or fellow subsidiaries was a party and which was subsisting as at the end of the Year or at any time during the Year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the existing independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the existing independent non-executive Directors are independent.

競爭權益

薛嘉麟先生之配偶為一間主要從事藝人管理業務之私人公司之股東，彼亦參與管理。

除前述者外，於本年度內，概無董事於任何與或可能與本集團業務直接或間接競爭之業務中擁有任何權益。

董事於交易、安排及合約之權益

除購股權計劃外，於本年度內任何時間，本公司或其任何附屬公司概無訂立任何安排，致使董事可藉購入本公司或任何其他法人團體之股份或債券而獲益。

除綜合財務報表附註41及下文題為「持續關連交易」各段所披露者外，於本年度年末或本年度任何時間，概無董事或與董事相關之實體於本公司、其任何附屬公司或同系附屬公司所訂立的現存任何交易、安排或重大合約中直接或間接擁有重大權益。

獨立非執行董事

本公司已接獲各現任獨立非執行董事根據上市規則第3.13條就本身之獨立地位而發出之年度確認聲明。本公司認為，全體現任獨立非執行董事均具有獨立地位。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group has engaged in certain continuing connected transactions, details of which are set out below:

Fully-Exempt Continuing Connected Transactions

1. *Sharing of office*

Neway Entertainment Limited and/or its subsidiaries (the "Neway Entertainment Group") (being wholly-owned subsidiaries of the Company) entered into a license agreement with Neway Karaoke Box Limited (the "Neway Karaoke Box") pursuant to which Neway Karaoke Box agreed to grant a license to Neway Entertainment Group to occupy and use certain areas at Unit 801-2, 8/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong (the "TST Office") at a license fee of HK\$30,000 per month for a term commenced on 1 April 2015 and ended on 31 March 2016. Such license agreement was renewed for a term commenced on 1 April 2017 and ending on 31 March 2018.

Neway Entertainment Group is currently occupying the TST Office as its head office. The license fee was determined after arm's length negotiation between the parties having regard to the prevailing market rates of similar commercial properties in the same vicinity.

Neway Karaoke Box is indirectly wholly-owned by a discretionary trust for the benefits of Dr. SUEK Chai Kit, Christopher and his family members (the "SUEK Family"). Dr. SUEK Chai Kit, Christopher is the father of Mr. SUEK Ka Lun, Ernie, an executive Director and the chairman of the Company.

2. *Sale of goods*

During the Year, Chung Tai Printing (China) Company Limited sold certain goods to a company of which Dr. SUEK Chai Kit, Christopher is one of the ultimate beneficial owners.

The above transactions constitute continuing connected transactions of the Company during the Year. Since all the applicable percentage ratios are less than 5% and the total consideration of each of the transactions is less than HK\$3,000,000, each of the above transactions is exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

持續關連交易

於本年度，本集團曾從事若干持續關連交易，詳情載列如下：

獲悉數豁免持續關連交易

1. 共用辦公室

Neway Entertainment Limited 及／或其附屬公司（「Neway Entertainment集團」，即本公司之全資附屬公司）與Neway Karaoke Box Limited（「Neway Karaoke Box」）訂立許可協議，據此，Neway Karaoke Box同意許可Neway Entertainment集團佔用及使用位於香港九龍尖沙咀東部加連威老道98號東海商業中心8樓801-2室之若干面積（「尖沙咀辦公室」），許可費為每月30,000港元，期限由二零一五年四月一日開始至二零一六年三月三十一日結束。該許可協議獲重續，期限由二零一七年四月一日起至二零一八年三月三十一日止。

Neway Entertainment集團現時佔用尖沙咀辦公室作為其總辦事處。許可費乃由雙方考慮鄰近類似商用物業之現行市值租金，經公平磋商後釐定。

Neway Karaoke Box乃由為薛濟傑博士及其家族成員（「薛氏家族」）利益而成立之一項全權信託間接全資擁有。薛濟傑博士為本公司執行董事及主席薛嘉麟先生之父親。

2. 銷售貨品

於本年度，中大印刷（中國）有限公司向一家公司出售若干貨品，而薛濟傑博士為該公司之最終實益擁有人之一。

於本年度，上述交易構成本公司之持續關連交易。由於所有適用之百分比率均低於5%，及各項交易之總代價少於3,000,000港元，故此根據上市規則第十四A章上述各交易獲豁免遵守申報、公告及獨立股東批准之規定。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions

1. *Provision of the promotion services and distribution of licensed content*

Neway Entertainment Group has been providing services (including promotion services and distribution of licensed content in the form of karaoke music videos) to the karaoke outlets operated by Neway Karaoke Box and its subsidiaries (the "Neway Karaoke Box Group") (the "Services"). Such transactions constitute continuing connected transaction of the Company. On 31 March 2015, a renewed master agreement (the "Master Agreement") was signed by the parties to continue the provision of the Services for a term commencing from 1 April 2015 and ended on 31 December 2017.

Parties

- (A) Neway Entertainment Limited (for itself and on behalf of other members of Neway Entertainment Group). Neway Entertainment Limited and its subsidiaries are wholly-owned subsidiaries of the Company; and
- (B) Neway Karaoke Box (for itself and on behalf of other members of Neway Karaoke Box Group). Neway Karaoke Box is indirectly wholly-owned by a discretionary trust for the benefits of members of SUEK Family, and therefore, a connected person of the Company.

Term

Commenced on 1 April 2015 and ended on 31 December 2017.

持續關連交易 (續)

不獲豁免持續關連交易

1. *提供推廣服務及分銷許可音樂內容*

Neway Entertainment集團一直向 Neway Karaoke Box及其附屬公司(「Neway Karaoke Box集團」)經營之卡拉OK專門店提供服務，當中包括推廣服務，並以卡拉OK音樂錄像之方式分銷許可音樂內容(「服務」)。該等交易構成本公司之持續關連交易。於二零一五年三月三十一日，訂約各方已簽訂經重續總協議(「總協議」)，以於二零一五年四月一日起至二零一七年十二月三十一日止期間繼續提供服務。

訂約方

- (A) Neway Entertainment Limited (為其本身及代表 Neway Entertainment集團之其他成員公司)。Neway Entertainment Limited及其附屬公司為本公司全資附屬公司；及
- (B) Neway Karaoke Box (為其本身及代表 Neway Karaoke Box集團之其他成員公司)。Neway Karaoke Box 乃由為薛氏家族成員利益而成立之一項全權信託間接全資擁有，因此，其亦為本公司之關連人士。

期限

由二零一五年四月一日起至二零一七年十二月三十一日止。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

1. *Provision of the promotion services and distribution of licensed content (Continued)*

Terms and fees

The terms of the Master Agreement are on normal commercial terms and are determined by Neway Entertainment Limited and Neway Karaoke Box on arm's length basis.

Under the Master Agreement,

- (i) terms of the provision of the Services shall be mutually agreed on a case by case basis and shall not be more favourable than those provided by Neway Entertainment Group to independent third parties;
- (ii) the exact fee charged for each provision of promotion services (the "Service Fee") shall be determined based on commercial negotiation, making reference to the type of promotion services to be provided, the working hours, skills and popularity required of the artistes;
- (iii) the exact fee charged for each distribution of licensed content in the form of karaoke music videos to the karaoke outlets operated by the Neway Karaoke Box Group (the "License Fee") shall be determined based on commercial negotiation, making reference to the number of karaoke music videos and popularity of the artistes; and
- (iv) the relevant member of Neway Karaoke Box Group shall make payment of the Service Fee and/or License Fee within 30 days after the receipt of the debit note issued by the relevant member of Neway Entertainment Group from time to time.

During the Year, the Licensed Fee charged by Neway Entertainment Group to Neway Karaoke Box Group was HK\$2,040,000 (Year 2016: HK\$1,690,000). No promotion service was provided by Neway Entertainment Group to Neway Karaoke Box Group during the Year.

持續關連交易 (續)

不獲豁免持續關連交易 (續)

1. *提供推廣服務及分銷許可音樂內容 (續)*

條款及費用

總協議之年期乃按一般商業條款訂定，並由Neway Entertainment Limited及Neway Karaoke Box經公平磋商釐定。

根據總協議，

- (i) 提供服務之條款須由雙方按個別個案協定，且不得優於Neway Entertainment集團向獨立第三方所提供的條款；
- (ii) 就提供各項推廣服務收取之確實收費（「服務費」）須經商業磋商釐定，並參考所提供推廣服務類型、工作時數，以及藝人所需之技能及受歡迎程度而釐定；
- (iii) 就以卡拉OK音樂錄像之方式向Neway Karaoke Box集團所經營卡拉OK專門店提供及分銷各項許可內容收取之確實收費（「許可費」）須按商業協商並參考卡拉OK音樂錄像的數量及藝人的受歡迎程度而釐定；及
- (iv) Neway Karaoke Box集團有關成員公司須於收到由Neway Entertainment集團有關成員公司不時開出的繳款單後30日內支付服務費及／或許可費。

於本年度，Neway Entertainment集團向Neway Karaoke Box集團收取之許可費為2,040,000港元（二零一六年度：1,690,000港元）。Neway Entertainment集團於本年度內並無向Neway Karaoke Box集團提供推廣服務。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

1. *Provision of the promotion services and distribution of licensed content (Continued)*

The annual caps of the fees for the provision of the Services payable by Neway Karaoke Box Group under the Master Agreement are set out as follows:

| | |
|-------------------------------------|---------------|
| For the year ended 31 December 2015 | HK\$9,000,000 |
| For the year ended 31 December 2016 | HK\$9,000,000 |
| For the year ended 31 December 2017 | HK\$9,000,000 |

The annual cap amounts were determined by reference to, among other things, historical figures of the Services Fee and Licensed Fee charged by Neway Entertainment Group to Neway Karaoke Box Group and the projected development and promotion plan of Neway Entertainment Group and Neway Karaoke Box Group.

Announcements were published on the websites of the Stock Exchange and of the Company on 19 March 2012 and 31 March 2015 regarding this non-exempt continuing connected transaction in accordance with the Listing Rules.

持續關連交易 (續)

不獲豁免持續關連交易 (續)

1. *提供推廣服務及分銷許可音樂內容 (續)*

Neway Karaoke Box集團根據總協議就其獲提供服務應付之服務費之年度上限載列如下：

| | |
|-----------------------|-------------|
| 截至二零一五年 十二月三十一日止年度 | 9,000,000港元 |
| 截至二零一六年 十二月三十一日止年度 | 9,000,000港元 |
| 截至二零一七年 十二月三十一日止年度 | 9,000,000港元 |

該等年度上限金額乃參考(其中包括)由Neway Entertainment集團向Neway Karaoke Box集團收取服務費及許可費之過往數據以及Neway Entertainment集團及Neway Karaoke Box集團之預計發展及推廣計劃而釐定。

本公司已根據上市規則分別於二零一二年三月十九日及二零一五年三月三十一日就該項不獲豁免持續關連交易於聯交所及本公司網站刊發公告。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

2. *Lease of commercial properties in Hong Kong*

The Group acquired the entire issued share capital of Supreme Cycle Inc. ("Supreme Cycle") in 2016. The principal activities of Supreme Cycle are investment holding and property investment and its principal assets are units 21, 22, 23, 41 and 77 of 1/F and the whole of 3/F, Hop Yick Commercial Centre (Phase I), No. 33 Hop Choi Street, Yuen Long, New Territories, Hong Kong (the "Yuen Long Properties"). Pursuant to the tenancy agreement (the "Tenancy Agreement") dated 16 March 2016 entered into between Supreme Cycle as landlord and Well Dragon Limited ("Well Dragon") as tenant, the Yuen Long Properties have been leased to Well Dragon for an initial term of three years from 16 March 2016 to 15 March 2019. Since Well Dragon is wholly owned by a trustee of a discretionary trust of which Mr. SUEK Ka Lun, Ernie is one of the discretionary objects, Well Dragon is a connected person of the Company under the Listing Rules and the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules upon completion of the acquisition of Supreme Cycle on 30 November 2016.

持續關連交易 (續)

不獲豁免持續關連交易 (續)

2. 於香港租賃商用物業

本集團於二零一六年收購Supreme Cycle Inc. (「Supreme Cycle」) 的全部已發行股本。Supreme Cycle 之主要業務為投資控股及物業投資，其主要資產為香港新界元朗合財街33號合益商業中心 (I期) 一樓的21、22、23、41及77號單位及三樓全層 (「元朗物業」)。根據Supreme Cycle作為業主與樺龍有限公司 (「樺龍」) 作為租戶訂立日期為二零一六年三月十六日之租賃協議 (「租賃協議」)，元朗物業已租賃予樺龍，初步年期為三年，自二零一六年三月十六日至二零一九年三月十五日。由於樺龍乃由全權信託之一名受託人全資擁有，而薛嘉麟先生為該全權信託之全權受益人之一，因此，根據上市規則，樺龍為本公司的關連人士，且根據上市規則，於收購Supreme Cycle於二零一六年十一月三十日完成後，按照租賃協議擬進行之交易構成本公司之持續關連交易。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

2. Lease of commercial properties in Hong Kong (Continued)

Principal terms

The terms of the Tenancy Agreement were determined after arm's length negotiations between the parties thereto. The principal terms of the Tenancy Agreement are set out below:

Use: Operation of a karaoke outlet or related business ancillary to karaoke operations conducted by Well Dragon and its affiliated companies.

Term: An initial fixed term of three years commenced from 16 March 2016 and ending on 15 March 2019 (both days inclusive) (the "Initial Term").

Subject to the terms and conditions of the Tenancy Agreement, Well Dragon has an option to renew the tenancy for a further term of three years from the expiration of the Initial Term (the "First Renewal Term") by giving Supreme Cycle prior written notice not less than six months before the expiration of the Initial Term.

Subject to the terms and conditions of the tenancy agreement for the First Renewal Term, Well Dragon has an option to renew the tenancy for a further term of three years from the expiration of the First Renewal Term (the "Second Renewal Term") by giving Supreme Cycle prior written notice not less than six months before the expiration of the First Renewal Term.

持續關連交易 (續)

不獲豁免持續關連交易 (續)

2. 於香港租賃商用物業 (續)

主要條款

租賃協議之條款乃由雙方經公平磋商釐定。租賃協議之主要條款載列如下：

用途：由樺龍及其聯屬公司經營卡拉OK專門店或經營卡拉OK之相關附屬業務。

年期：初步固定年期為三年，由二零一六年三月十六日起至二零一九年三月十五日止（包括首尾兩日）（「初步年期」）。

在租賃協議之條款及條件之規限下，樺龍有權選擇於初步年期屆滿前不少於六個月向 Supreme Cycle 發出事先書面通知，由初步年期屆滿起計，為租約再續期三年（「首次續租年期」）。

在首次續租年期的租賃協議之條款及條件之規限下，樺龍有權選擇於首次續租年期屆滿前不少於六個月向 Supreme Cycle 發出事先書面通知，由首次續租年期屆滿起計，為租約再續期三年（「第二次續租年期」）。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

2. Lease of commercial properties in Hong Kong (Continued)

Principal terms (Continued)

Rent: For the Initial Term, a monthly rent of HK\$370,000 exclusive of rates, government rent, management fee and air-conditioning expense.

For the First Renewal Term, a monthly rent as agreed by Supreme Cycle and Well Dragon and in any event the increase of monthly rent shall be within a range of 0% to 10% of the monthly rent of the Initial Term.

For the Second Renewal Term, a prevailing market rent to be agreed by Supreme Cycle and Well Dragon and in the absence of agreement, to be determined by an independent surveyor nominated by the president of the Hong Kong Institute of Surveyors.

The monthly rent under the Tenancy Agreement was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents in the same district.

During the Year, the rental income charged by the Group to Well Dragon was HK\$4,440,000 (Year 2016: HK\$4,440,000).

持續關連交易 (續)

不獲豁免持續關連交易 (續)

2. 於香港租賃商用物業 (續)

主要條款 (續)

租金：就初步年期而言，每月租金為370,000港元，不包括差餉、地租、管理費及空調費用。

就首次續租年期而言，每月租金按Supreme Cycle與樺龍所協定，且無論如何，每月租金之增幅須為初步年期每月租金之0%至10%範圍內。

就第二次續租年期而言，Supreme Cycle與樺龍協定之當前市值租金，如未有協定，則由香港測量師學會會長提名之獨立測量師釐定。

租賃協議訂明之每月租金乃由各訂約方參考同區當前市值租金，經公平磋商後達致。

於本年度，本集團向樺龍收取租金收入為4,440,000港元（二零一六年度：4,440,000港元）。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

2. Lease of commercial properties in Hong Kong (Continued)

Annual caps

The annual caps for the transactions contemplated under the Tenancy Agreement are set out below:

**For the year
ended/ending 31 December**
截至十二月三十一日止年度

| | | Annual Caps amount 年度上限金額 (HK\$) (港元) |
|------|-------|---|
| 2016 | 二零一六年 | 3,515,000 |
| 2017 | 二零一七年 | 4,440,000 |
| 2018 | 二零一八年 | 4,440,000 |
| 2019 | 二零一九年 | 4,791,500 |
| 2020 | 二零二零年 | 4,884,000 |
| 2021 | 二零二一年 | 4,884,000 |
| 2022 | 二零二二年 | 5,270,650 |
| 2023 | 二零二三年 | 5,372,400 |
| 2024 | 二零二四年 | 5,372,400 |
| 2025 | 二零二五年 | 1,119,250 |

The above annual caps were determined based on the rental income receivable by Supreme Cycle from Well Dragon under the Tenancy Agreement taking into account the maximum 10% increment of the monthly rent for the First Renewal Term as agreed under the Tenancy Agreement and a further 10% increment of the monthly rent estimated for the Second Renewal Term.

Details of the above transaction have been set out in the announcements of the Company dated 25 April 2016 and 30 November 2016 and the circular of the Company dated 20 July 2016.

The Company has followed the policies and guidelines when determining the prices and terms of the continuing connected transactions.

持續關連交易（續）

不獲豁免持續關連交易（續）

2. 於香港租賃商用物業（續）

年度上限

根據租賃協議擬進行之交易的年度上限載列如下：

上述年度上限乃基於Supreme Cycle根據租賃協議應收樺龍之租金收入而釐定，當中已計及根據租賃協議所協定首次續租年期之每月租金最高增幅10%，以及第二次續租年期估計每月租金再增加10%。

上文交易之詳情已載列於本公司日期為二零一六年四月二十五日及二零一六年十一月三十日之公告及日期為二零一六年七月二十日之通函。

於釐定持續關連交易之價格及條款時，本公司已遵守有關政策及指引。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Non-exempt Continuing Connected Transactions (Continued)

The continuing connected transactions have been reviewed by the independent non-executive Directors. The independent non-executive Directors have confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the Master Agreement and the Tenancy Agreement respectively and on terms that are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the external auditors of the Company to perform certain agreed-upon procedures in respect of these continuing connected transactions of the Group. The auditors have reported to the Board that:

- (i) nothing has come to the external auditors' attention that causes them to believe that the non-exempt continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to external auditors' attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) nothing has come to the external auditors' attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the Master Agreement and the Tenancy Agreement respectively; and
- (iv) with respect to the aggregate amount of the non-exempt continuing connected transactions, nothing has come to the external auditors' attention that causes them to believe that the non-exempt continuing connected transactions have exceeded the maximum aggregate annual caps disclosed in the relevant announcements of the Company in respect of the non-exempt continuing connected transactions.

The Directors confirmed that the related party transactions as disclosed in note 41 to the consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) under Chapter 14A of the Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

持續關連交易 (續)

不獲豁免持續關連交易 (續)

獨立非執行董事已審閱持續關連交易。獨立非執行董事已確認，持續關連交易乃：(i)於本公司日常及一般業務過程中訂立；(ii)按一般商業條款訂立；及(iii)分別根據總協議及租賃協議進行，而有關協議之條款屬公平合理，並符合本公司及本公司股東之整體利益。

根據上市規則第14A.56條，本公司已委聘本公司外聘核數師就該等本集團持續關連交易執行若干協定程序。核數師已向董事會報告：

- (i) 外聘核數師並無發現任何事宜會令彼等相信不獲豁免持續關連交易未獲董事會批准；
- (ii) 就涉及本集團提供貨品或服務之交易而言，外聘核數師並無發現任何事宜會令彼等相信有關交易在各重大方面未有遵守本公司之定價政策；
- (iii) 外聘核數師並無發現任何事宜會令彼等相信有關交易在各重大方面並非分別按照總協議及租賃協議訂立；及
- (iv) 就不獲豁免持續關連交易之總額而言，外聘核數師並無發現任何事宜會令彼等相信，不獲豁免持續關連交易已超出本公司有關不獲豁免持續關連交易之相關公告內所披露之年度總值上限。

董事確認，綜合財務報表附註41所披露之關連人士交易符合上市規則第十四A章內有關「關連交易」或「持續關連交易」(視情況而定)之定義。董事確認，就有關交易而言，本公司已遵守上市規則第十四A章之披露規定。

Directors' Report

董事會報告

EMOLUMENT POLICY

The emolument policy of the general staff of the Group is determined by the management of the Group with reference to the market conditions and qualifications of the employees. The reward packages for the staff are generally reviewed on an annual basis, depending on the staff's and the Group's performance.

The emoluments of the Directors and senior management of the Company are recommended by the Remuneration Committee and approved by the Board having regard to the Company's operating results, individual duties and responsibilities and performance and market practice and conditions.

Both Ms. NG Wai Chi and Mr. WAN Kwok Leung, Nicholas, the senior management of the Company received an emolument which falls within the band of HK\$0 to HK\$1,000,000 for the Year.

The Share Option Scheme as set out on page 60 to 62 above was also adopted by the Company as a long-term incentive or rewards for the staff's contribution.

CORPORATE GOVERNANCE

Throughout the Year, the Company applied the principles of and complied with all the provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules, save for certain deviations. Details of the corporate governance practices of the Group during the Year are set out in Corporate Governance Report on pages 28 to 48.

PERMITTED INDEMNITY PROVISION

During the Year and as at the date of this Directors' Report, an indemnity provision was in force such that the Directors should be indemnified by Company against all actions, costs, charges, losses, damages and expenses they may incur or sustain in the execution of their duty.

The Company has arranged for appropriate liability insurance for the directors and officers of the Group for indemnifying their liabilities arising out of corporate activities of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

薪酬政策

本集團一般員工之薪酬政策乃由本集團管理層參考市況及僱員資格後釐定。為員工提供之薪酬待遇一般會每年檢討，當中會視乎員工及本集團的表現調整。

董事及高級管理人員之薪酬由薪酬委員會推薦及由董事批准，並已考慮本公司之經營業績、個別人士之職責及表現及市場慣例及市況。

本公司高級管理層吳惠芝女士及溫國樑先生於本年度均已收取介乎零港元至1,000,000港元的薪金。

本公司亦採納上文第60頁至第62頁所載之購股權計劃作為員工對本公司貢獻的一項長期激勵或獎勵。

企業管治

除若干偏離外，本公司於本年度一直應用上市規則附錄十四所載企業管治守則之原則，並遵守所有條文。有關本集團本年度企業管治常規之詳情載於第28頁至第48頁之「企業管治報告」。

獲准許的彌償條文

於本年度內及截至本董事會報告日期為止，彌償條文已生效，據此，董事獲本公司彌償彼等於履行職責時可能產生或面臨的所有訴訟、成本、費用、虧損、損失及開支。

本公司已為董事及本集團之高級人員安排合適之責任保險，以為彼等因本公司企業活動而產生之法律責任提供賠償保證。

優先認購權

本公司之公司細則或百慕達法律並無關於優先認購權之條文，以規定本公司須按比例向其現有股東提呈新股份。

Directors' Report

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the date of this Directors' Report, at least 25% of the issued Shares were held by the public throughout the Year.

DONATIONS

The Group made donations for charitable or other purposes totalling HK\$192,000 for the Year (Year 2016: HK\$132,000).

SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL POLICIES

The Group is committed to the long term sustainability of the environment and communities in which it engages. Acting in an environmentally responsible manner, the Group endeavours to identify and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Please refer to the Environmental, Social and Governance Report on pages 78 to 102 for further information on the work done and efforts made by the Company on environmental protection and other aspects for sustainable growth and development of the business of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial performance, operating results, business operation and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. However, there may be other risks and uncertainties in addition to those shown below, which are not known to the Group or which may not be material now but could become material in the future. The management of the Company meets periodically to discuss these risks, and where appropriate, will monitor these risks closely and adopt any necessary risk mitigation measures. In respect of the details of the risk management system and internal audit function of the Company, please refer to the paragraphs headed "Risk Management and Internal Control" on pages 41 to 43.

足夠公眾持股量

基於本公司可公開獲得之資料及據董事所知悉，於本董事會報告日期前之最後實際可行日期，於本年度內公眾最少持有已發行股份之25%。

捐款

於本年度，本集團因慈善或其他目的所作的捐款總額為192,000港元。（二零一六年：132,000港元）

社會責任及環境政策

本集團致力於所在環境及社區的長期可持續發展。本集團以對環境負責的方式行事，努力物色及採取有效措施以實現有效地利用資源、節約能源及減少浪費。有關本公司為環境保護及本集團業務可持續增長及發展的其他方面所作的工作及努力，請參閱第78頁至第102頁所載之環境、社會及管治報告以進一步了解詳情。

主要風險及不明朗因素

本集團的財務表現、經營業績、業務營運及前景可能受多項風險及不明朗因素所影響。本集團已識別的主要風險及不明朗因素載於下文。然而，除下文所示者外，亦可能出現本集團所知以外，或現時並不重大但日後可能屬重大的其他風險及不明朗因素。本公司管理層定期會面討論該等風險，並將於適當時緊密監督該等風險，並採納任何必要的風險緩解措施。有關本公司風險管理系統及內部審計職能之詳情，請參閱第41頁至第43頁題為「風險管理及內部審計」各段。

Directors' Report

董事會報告

Business Risk

The Group currently has seven operating segments in various industries and each operating segment has its specific business risks. For the Manufacturing and Sales Business and the Trading Business, the Group is subject to intense competition in terms of product prices and production costs, and is also affected by seasonal factors prevailing in the countries of targeted and existing customers. For the Lending Business, the collectability of outstanding loans and the customer network of the Group are both affecting the financial performance of the segment. The Music and Entertainment Business may be affected by the economic environment of Hong Kong and the People's Republic of China (the "PRC") as it will have impact on the consumption behaviors of both individual and corporate customers. With respect to the Property Business, alternatives can be found in the respective location of the Group's premises and thus the rentals of its units offered to customers are subject to fierce market competition. To maintain the competitiveness of the Group, the management of the Company will meet regularly with the head of the respective business units to update the business environment.

Environmental Risk

The Group's Manufacturing and Sales Business is obliged to comply with a variety of environment protection laws and regulations on the discharge and disposal of waste materials, water and gas imposed by relevant governmental bodies in the PRC. These law and regulations govern the disposal of these wastes and impose fines and penalties for serious violation of environmental requirements, and any non-compliance may jeopardise the operating licences of the Group's subsidiaries engaged in the Manufacturing and Sales Business.

Moreover, environmental laws and regulations applicable to the Group are subject to change from time to time. It may be impracticable for the Group to continuously quantify the costs of complying with such laws and regulations, and any further change may also lead to a substantial increase in the operating costs of the Group. In this regard, the management of the Company regularly reviews adherence to relevant environmental laws and regulations with the head of the Manufacturing and Sales Business.

業務風險

本集團現時擁有七個不同行業的營運分部，各營運分部面對特定的業務風險。就製造及銷售業務以及貿易業務而言，本集團面對產品價格及生產成本的激烈競爭，亦受目標客戶及現有客戶所在國家當前的季節性因素所影響。就放貸業務而言，未償還貸款的可收回性及本集團的客戶網絡均受到分部的財務表現所影響。音樂及娛樂業務可能受香港及中華人民共和國（「中國」）的經濟環境所影響，而中港兩地的經濟會影響個人及公司客戶的消費行為。就物業業務而言，本集團的物業各自所在的地點存在其他選擇，因而向客戶提供的單位租金面對激烈的市場競爭。為維持本集團的競爭力，本公司管理層將與各業務部門主管定期會面，以更新業務環境。

環境風險

本集團的製造及銷售業務有責任就排放及處理廢棄物料、廢水及廢氣遵守由中國相關政府機關頒佈的多項環保法例及規例。有關法例及規例監管此等廢棄物料處理方法，並對嚴重違反環保規定者施加罰款及處罰，而任何不合規情況可能會對本集團旗下從事製造及銷售業務的附屬公司的經營執照造成不利影響。

此外，適用於本集團之環保法例及規例可能不時變動。本集團持續計算遵守有關法例及規例的合規成本可能屬不切實際，而任何其他變動均可能令本集團的營運成本大增。就此方面，本公司管理層與製造及銷售業務主管定期審閱對相關法例及規例的合規情況。

Directors' Report

董事會報告

Market Price Risk

The Group's Securities Trading Business is exposed to the risk of decreasing fair values of equity securities as a result of the volatile market changes. The management of the Company together with the Investment Management Committee of the Board monitor the changes of respective securities' prices and may change the investment portfolio held and investment strategy whenever necessary.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are carried out both in Hong Kong and the PRC and are regulated by their laws and regulations accordingly. In particular, the Group's Manufacturing and Sales Business is obliged to comply with a variety of environmental protection laws and regulations on the discharge of waste, water and pollutants and the labour law in the PRC. While any non-compliance may attract fines and penalties and jeopardise the operating licenses of the Group, the imposition of more stringent regulations may also increase the operating costs of the business segment. For instance, the increased minimum wage in Shenzhen imposed by the PRC government during the Year has led to an increase in staff costs of the Group. To manage such increment, headcounts have been reduced and old machines have been replaced to maintain the staff cost to sales ratio of the Manufacturing and Sales Business for the Year.

During the Year and up to date of this Directors' Report, the Group has complied with the relevant laws and regulations that have significant impact in Hong Kong and the PRC. For details, please refer to the Environmental, Social and Governance Report on pages 78 to 102.

市場價格風險

本集團的證券買賣業務正面臨由於不穩定的市場變化而導致股本證券公平值下降的風險。本公司管理層連同董事會轄下的投資管理委員會監察各證券價格的變動，並在有需要之情況下，可能會改變持有的投資組合及投資策略。

遵守法律及規例

本集團的業務是在香港及中國營運，因此受兩地法律及規例監管。尤其是，本集團的製造及銷售業務須遵守多項有關廢物、污水及污染物排放的環保法律及規例，以及中國的勞動法。任何違規可能會招致罰款及懲處，並會危及本集團經營牌照，而實施更嚴謹的規管亦可能會令本業務分部的經營成本上升。例如，中國政府於本年度內上調深圳的最低工資已導致本集團的員工成本上升。為控制有關成本上升，我們於本年度內已削減人手，並已更換舊機器，以維持製造及銷售業務於本年度的員工成本對銷售比率。

於本年度及截至本董事會報告日期為止，本集團已遵守具重大影響力的香港及中國相關法律及規例。請參閱第78頁至第102頁之環境、社會及管治報告以進一步了解詳情。

Directors' Report

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest supplier accounted for approximately 11.5% (Year 2016: approximately 11.8%) of total purchases for the Year while the Group's five largest suppliers accounted for approximately 27.4% (Year 2016: approximately 25.4%) of total purchases for the Year.

The Group's largest customer accounted for approximately 8.0% (Year 2016: approximately 9.3%) of total revenue for the Year while the Group's five largest customers were accounted for 26.8% (Year 2016: approximately 25.2%) of total revenue for the Year.

At no time during the Year did a Director, a close associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued Shares) had a beneficial interest in any of the Group's five largest customers and five largest suppliers.

AUDITOR

A resolution will be proposed at the 2018 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the external auditors of the Company.

On behalf of the Board

SUEK Ka Lun, Ernie
Chairman

Hong Kong, 27 March 2018

主要客戶及供應商

本集團最大供應商佔本年度總採購額約11.5%（二零一六年度：約11.8%），而本集團五大供應商則佔本年度總採購額約27.4%（二零一六年度：約25.4%）。

本集團最大客戶佔本年度總收益約8.0%（二零一六年度：約9.3%），而本集團五大客戶則佔本年度總收益26.8%（二零一六年度：約25.2%）。

於本年度內任何時間，本公司董事、董事之緊密聯繫人或股東（就董事所知擁有本公司已發行股份5%以上者）於本集團之五大客戶及五大供應商中任何一家均無擁有實益權益。

核數師

本公司將於二零一八年股東週年大會上提呈續聘德勤•關黃陳方會計師行為本公司外聘核數師之決議案。

代表董事會

主席
薛嘉麟

香港，二零一八年三月二十七日

Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THE REPORT

Newway Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) believes the right way to conduct business is to be responsible for the environment, employees, investors and the community while making profit. It has been striving for a sustainable business model by protecting the environment, empowering its people and contributing to the community. To achieve this, not only does it adhere to all relevant local and national laws and regulations as well as industry standards, but also strive for excellence, formulate policies and implement measures to enhance environmental management and employee wellbeing.

Reporting Guideline

This Environmental, Social and Governance (ESG) Report is prepared in compliance with the “comply or explain” provisions of the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting Scope

This ESG Report covers the period from 1 January 2017 to 31 December 2017 (the “Year”) and focuses on the environmental and social performance of the business of the manufacturing and sales of printing products, being the largest business segment of the Group in terms of its contribution to the revenue for the Year. To have a more comprehensive disclosure, the ESG performance of another subsidiary of the Group, 錦翰印刷(深圳)有限公司 (unofficial English translation being Kam Hong Printing (Shenzhen) Co. Ltd.) (“Kam Hong Printing”), is disclosed herein in addition to the ESG performance of Chung Tai Printing (China) Company Limited (“Chung Tai Printing”) and its wholly-owned subsidiary, namely 中星中大印刷(深圳)有限公司 (unofficial English translation being Newway Chung Tai Printing (Shenzhen) Co., Ltd.) (“Newway Chung Tai (SZ)”) when compared to the ESG report for the year ended 31 December 2016 (“Year 2016”). Chung Tai Printing, Newway Chung Tai (SZ) and Kam Hong Printing are the principal subsidiaries of the Group’s business of the manufacturing and sales of printing products. For governance section, please refer to the Corporate Governance Report on pages 28 to 48 of this Annual Report.

As the data of one more subsidiary of the Company for the Year is included in this ESG Report, no meaningful comparisons can be made between the data of the Year and the data as disclosed in the ESG Report for Year 2016. The Board is mindful about the importance of providing consistent methodologies to allow meaningful comparisons of ESG data over time in the future.

報告背景

Newway Group Holdings Limited 中星集團控股有限公司* (「本公司」與其附屬公司，統稱為「本集團」) 相信正確的商業之道為在賺取利潤的同時，需為環境、僱員、投資者及社區負責。本公司始終堅守可持續業務模式，保護環境，尊重員工，貢獻社區。為此，我們不僅遵守所有相關地方及國家法律法規以及行業慣例，亦追求卓越、制訂政策及採取措施，以加強環境管理及改善僱員福利。

報告指引

本環境、社會及管治報告乃根據香港聯合交易所有限公司證券上市規則附錄27所載《環境、社會及管治報告指引》的「不遵守就解釋」條文編製。

報告範圍

本環境、社會及管治報告涵蓋二零一七年一月一日至二零一七年十二月三十一日期間(「本年度」)，集中披露印刷產品製造及銷售業務(以本年度對本集團的收益貢獻計算為本集團的最大業務分部)的環境及社會表現。為作出更詳盡的披露，與截至二零一六年十二月三十一日止年度(「二零一六年度」)的環境、社會及管治報告相比，本年度的報告除披露中大印刷(中國)有限公司(「中大印刷」)及其全資附屬公司中星中大印刷(深圳)有限公司(「中星中大(深圳)」)的環境、社會及管治表現外，亦新加入本集團另一間附屬公司錦翰印刷(深圳)有限公司(「錦翰印刷」)的環境、社會及管治表現。中大印刷、中星中大(深圳)及錦翰印刷為本集團印刷品製造及銷售業務的主要附屬公司。有關管治的內容，請參閱本年報第28頁至第48頁的企業管治報告。

由於本環境、社會及管治報告於本年度新加入一間本公司附屬公司的數據，故本年度的數據與二零一六年度的環境、社會及管治報告所披露的數據無法作出具意義的比較。董事會深明採用一致方法的重要性，以於日後一段期間內對環境、社會及管治數據作出有意義的比較。

* 僅供識別

Environmental, Social and Governance Report

環境、社會及管治報告

MANAGING ESG

The Group has established a comprehensive social responsibility management system to ensure adherence to various standards such as Social Accountability 8000 (SA8000), Electronic Industry Citizen Coalition (EICC), International Council of Toy Industries (ICTI), Suppliers Ethical Data Exchange (Sedex) and requirements of relevant laws and regulations.

Not only does the Group target at bearing its share of social responsibility, it also aims to ensure suppliers and sub-contractors are committed to its standards on social responsibility for issues ranging from labour rights, occupational health and safety, environmental protection to business ethics.

Comprising of representatives from workers, management, and the Environmental, Health and Safety (EHS) Department, a Social Responsibility System Performance Committee was established for the planning, implementation, and improvement of the social responsibility management system, ensuring its compliance and effectiveness.

ENVIRONMENTAL MANAGEMENT

We endeavor to mitigate the environmental impacts of our operations by establishing a sound environmental management system and formulating relevant policies on pollution mitigation and resources conservation.

The Group's Environmental Management Team is responsible for identifying potential environmental impacts of the Group's operational activities by conducting site inspection and reviewing documents. The environmental management system is certified for ISO 14001:2015, demonstrating the Group's ongoing efforts for developing a systematic way to manage its environmental performance. During the Year, the Group was awarded and recognised as the Hong Kong-Guangdong Cleaner Production Partner in manufacturing industry.

管理環境、社會及管治

本集團已建立綜合社會責任管理體系，確保固守各項標準，例如社會責任國際標準體系 (SA8000)、電子行業公民聯盟 (EICC)、國際玩具行業協會 (ICTI)、供應商道德資料交換 (Sedex) 以及相關的法律及法規的規定。

本集團不僅盡力承擔應盡的社會責任，亦努力確保供應商及分包商在勞工權益、職業健康及安全、環境保護以及商業道德等方面恪守我們的社會責任標準。

我們已成立社會責任績效委員會，其中包括職工、管理層以及環境、健康及安全部門代表，以規劃、實施及改善社會責任管理體系，確保其落實及有效性。

環境管理

我們透過建立有效的環境管理體系及制訂污染物減排及資源節約相關政策，盡力降低業務營運的環境影響。

本集團的環境管理團隊負責透過進行實地視察及審閱文件識別本集團經營活動的潛在環境影響。環境管理體系獲 ISO 14001:2015 認證，證明本集團持續努力發展系統化方法管理我們的環境表現。本年度內，本集團獲頒授及認定為粵港清潔生產伙伴（製造業）。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENTAL MANAGEMENT (Continued)

環境管理 (續)

| Identify 識別 | Evaluate 評估 | Record 記錄 | Review 檢討 |
|--|--|---|--|
| <p>Consider impact on the environment of all business activities</p> <p>List out their potential environmental impacts</p> <p>考慮所有業務活動對環境的影響</p> <p>列出彼等對環境的潛在影響</p> | <p>Conduct site inspection</p> <p>Interview with relevant operational staff and departments</p> <p>Review relevant documents</p> <p>進行實地視察</p> <p>與相關營運職員及部門進行面談</p> <p>審閱相關文件</p> | <p>Record the identified environmental factors</p> <p>The environmental factors are reviewed by environmental management representatives</p> <p>記錄已識別的環境因素</p> <p>由環境管理代表審閱環境因素</p> | <p>The environmental factors are reassessed upon change in laws and regulations, introduction of new technology and measures, substantial change in operational procedures and occurrence of severe environmental incidents</p> <p>就法例及規例變動、新技術及方法的引入、營運程序的重大變動及發生嚴重環境事件重新評估環境因素</p> |

The Group identifies material environmental issues through its environmental management procedure as shown above. During the Year, the Group was not aware of any non-compliance relating to emissions, discharge into water or land and generation of hazardous or non-hazardous waste that have a significant impact on the Group.

本集團透過以上所示的環境管理程序識別重大環境問題。於本年度內，本集團並不知悉任何有關排放、向水或土地排污及產生有害或無害廢棄物而對本集團造成重大影響的不合規事件。

Energy Consumption

The major sources of the Group's energy consumption include petrol and diesel for vehicles, purchased electricity for operation and natural gas consumed for boilers during production. During the Year, total energy consumption was approximately 59,994.75 gigajoules (GJ), consisting of approximately 14,000,000 kWh of electricity, 36,410 litres of petrol, 29,576 litres of diesel, and 156,537 cubic metre (m³) of gas.

能源消耗

本集團能源消耗的主要來源包括汽車用汽油及柴油、為經營業務購買的電力及生產過程中鍋爐消耗的天然氣。於本年度內，總能源消耗量約為59,994.75千兆焦耳，包括電力約1,400萬千瓦時、汽油36,410公升、柴油29,576公升及天然氣156,537立方米。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENTAL MANAGEMENT (Continued)

Greenhouse Gas (GHG) Emissions

The major sources of greenhouse gas emissions come from the generation of the purchased electricity, combustion of natural gas and fuels from boilers and vehicles. For the Year, direct emissions (Scope I) amounted to 517.73 tonnes of carbon dioxide equivalent (tCO₂e), while indirect emissions (Scope II) amounted to 12,133.93 tCO₂e.

To minimise GHG emissions, the Group has adopted a cleaner fuel source – natural gas for its boilers' operation since 2012. Meanwhile, with the installation of non-invasive electromagnetic scale control system, the boilers became more energy efficient which contributed to a reduction of 24,805 m³ natural gas consumption per year, which is equivalent to 53.63 tonnes of GHG emissions.

Energy Conservation

The Group has implemented different measures to conserve energy. It enhances ventilation and controls room temperature so as to reduce energy consumption and the traditional energy intensive water dispensers have been replaced by more energy efficient models.

The Group has participated in the Cleaner Production Partnership Programme funded by the Hong Kong government and has installed a non-invasive electromagnetic scale control system in its boilers. Such system significantly improves the boiler efficiency. The system uses electromagnetic waves to remove the old hard scale deposited on the inner walls of boilers and prevents creation of new hard scale due to flocculation of minerals in water. The implementation of non-invasive electromagnetic scale control system saves approximately 12% of energy and extends the lifespan of boiler by reducing boiler's pickling.

Chung Tai Printing has set a target to use not more than 31 kWh of electricity per thousand press pile boards of production units. For the Year, the Group achieved the target and used approximately 30.48 kWh of electricity per thousand press pile boards of production units.

To increase the awareness of the employees about the importance of energy conservation, each department conducts energy conservation training for selected employees. Employees involving in the handling of energy facilities must receive energy conservation training before the job commences.

環境管理 (續)

溫室氣體排放

溫室氣體排放的主要來源來自購買的電力、鍋爐及汽車分別燃燒的天然氣及燃料。於本年度內，直接排放量（範圍I）達517.73噸二氧化碳當量，而間接排放量（範圍II）達12,133.93噸二氧化碳當量。

為盡量減少溫室氣體排放，本集團已於二零一二年起採用更清潔的燃料（天然氣）供鍋爐運作。同時，憑藉安裝非嵌入式電磁波水垢清除系統，提升鍋爐的能源效益，每年減少消耗天然氣24,805立方米，相當於減少排放53.63噸溫室氣體。

節約能源

本集團已實施多項節能措施。我們透過加強通風及控制室溫以減少能源耗用，並以節能型號取代傳統高能耗飲水機。

本集團已參加香港政府資助的清潔生產合作伙伴計劃，並已於鍋爐中安裝非嵌入式電磁波水垢清除系統，大幅提高鍋爐的效率。該系統使用電磁波去除堆積在鍋爐內壁上的舊硬垢，並防止因水中礦物質絮凝產生新的硬垢。採用非嵌入式電磁波水垢清除系統節省約12%能源，並通過減少鍋爐的酸洗還可延長鍋爐的使用壽命。

中大印刷已確立每千印刷生產單位的用電量不超過31千瓦時的目標。於本年度，本集團已實現該目標，每千印刷生產單位的用電量約為30.48千瓦時。

為提高員工對節能重要性的關注，各部門對經選定僱員進行節能培訓。對於參與處理能源設施工作的僱員，其必須在工作開始前接受節能培訓。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENTAL MANAGEMENT (Continued)

Water Conservation

During the Year, the Group's total water consumption was approximately 156,081 tonnes, which was mainly production consumption. Chung Tai Printing has established an environmentally sustainable standard of water consumption of not more than 0.23 tonne of water per thousand press pile boards of production units. For the Year, Chung Tai Printing consumed approximately 0.26 tonnes of water per thousand press pile boards of production units. The Group will continue to strive to meet the target by implementing measures to preserve water resources, not only by checking the consumption of water to prevent overuse, but also by regularly inspecting water facilities and conducting maintenance to prevent water leakage. The Group did not have any issue in sourcing water that is fit for purpose during the Year.

Paper Usage

As a leading printing company, the Group understands that the management of resources is crucial to minimise the impact on the environment, especially for paper which is the major material used in its production. With the use of paper with Forest Stewardship Council (FSC) Chain of Custody Certification, the Group ensures that the paper it uses comes from a certified forest that is managed responsibly, reducing the environmental impacts such as habitat destruction arising from over cutting.

The Group believes that responsible production and consumption are equally important. By launching green products made from FSC certified paper in the market, it enables customers to make wise and environmentally responsible decisions when choosing products.

In office, the Group advocates the use of both sides of paper to reduce paper consumption. The Group's Administration Department conducts a monthly exercise to monitor paper consumption and investigates any abnormal consumption behavior. Chung Tai Printing sets a target to use not more than 4 pieces of paper per thousand press pile boards of production units. For the Year, the Group used approximately 5.18 pieces of paper per thousand press pile boards of production units. The Group will continue to improve its operational efficiency to achieve that target.

環境管理 (續)

節約用水

於本年度內，本集團的總耗水量約為156,081噸，主要為生產消耗。中大印刷已制訂環境可持續用水標準，每千印刷生產單位的用水量不多於0.23噸。於本年度內，中大印刷每千印刷生產單位的用水量約為0.26噸。本集團將繼續實施保護水資源的措施，努力實現該目標，不僅通過檢查用水量防止過度使用，亦定期檢查供水設施並進行維護以防止漏水。本集團於本年度內在取得適合自身用途的用水方面並無任何問題。

用紙

作為一間領先的印刷公司，本集團理解資源管理對減少對環境的影響至關重要。尤其是紙張，為我們生產中使用的主要材料。通過使用經森林管理委員會(FSC)認證的紙張，本集團確保其使用的紙張來自經過認證並獲負責任管理的森林，從而減少不當管理導致的環境影響，如因過度砍伐造成的棲息地破壞等。

本集團認為負責任的生產和消費同樣重要。通過在市場上推出由FSC認證紙製成的綠色產品，我們使客戶在選擇產品時能夠作出明智且對環境負責的決定。

於辦公室內，本集團主張雙面使用紙張以減少紙張消耗。本集團行政部每月一次監測紙張消耗量及調查任何異常消耗行為。中大印刷設定了每千印刷生產單位的用紙量不超過四張的目標。於本年度，本集團每千印刷生產單位的用紙量約為5.18張紙。本集團將繼續提高營運效率以實現該目標。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENTAL MANAGEMENT (Continued)

Packaging

The packaging materials for the Group's products consist of paper, plastic and metal. Paper are the major packaging material. For the Year, the total usage of paper was approximately 9,511.84 tonnes, followed by the plastic usage of approximately 553.62 tonnes and metal usage of approximately 0.6 tonne. To reduce consumption of packaging materials, the Group encourages its clients to return carton boxes for reuse purpose.

Air Emissions

Based on usage, the Group's vehicles generated 1.01 kg, 80.72 kg and 7.09 kg of sulphur oxides (SO_x), nitrogen oxides (NO_x) and particulate matter (PM) respectively for the Year.

To mitigate air pollutants emission arising from motor vehicles, the Group conducts annual maintenance of their exhaust gas treatment systems. For the operations in Shenzhen, the Group fulfils the Shenzhen Motor Vehicle Exhaust Emission Standard during the Year. The Group has also been using high energy-efficiency fuel in some of its vehicles. Such fuels helps reduce friction and increase dirt busting and ultimately enhances the efficiency and performance of engine.

As the usage of ink during production creates volatile organic compounds (VOCs), the Group has installed an exhaust gas treatment facility to process exhaust gas before discharge. The Group's production units discharge VOCs in compliance with the local standard of Guangdong province – "Printing Industry Volatile Organic Compounds Emission Limits" during the Year, which was assured by a third party. With the adoption of advanced technology, the exhaust gas treatment facilities can effectively remove VOCs up to 90%.

環境管理 (續)

包裝

本集團產品的包裝材料包括紙張、塑料及金屬。紙張為主要包裝材料，於本年度，紙張的總用量約為9,511.84噸，塑料用量約為553.62噸及金屬用量約為0.6噸。為減少包裝材料用量，本集團鼓勵客戶退還包裝箱以便再利用。

空氣排放物

根據用量，本集團的汽車於本年度分別產生1.01公斤、80.72公斤及7.09公斤硫氧化物、氮氧化物及懸浮顆粒。

為減少汽車產生的大氣污染物排放，本集團每年對汽車的廢氣處理系統進行維護。就我們於深圳的業務而言，本集團於本年度符合深圳機動車尾氣排放標準。本集團亦在若干車輛中使用高能效燃料。該等燃料有助減少摩擦及改善污垢清除，最終提高發動機的效率及性能。

由於生產過程中使用油墨會產生揮發性有機化合物(VOC)，本集團已安裝廢氣處理設施以於排放前處理廢氣。於本年度，本集團的生產單位按照廣東省地方標準《印刷行業揮發性有機化合物排放限值》排放VOC，並由第三方核證。由於採用先進技術，廢氣處理設施可有效去除高達90%的VOC。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENTAL MANAGEMENT (Continued)

Effluent and Waste

In respect of the handling of waste, the Group strictly observes all relevant national and local laws and regulations such as the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

Waste in each category is reviewed annually or under circumstances such as change in production line, introduction of new products or facilities, etc. After identification of hazardous waste, the Group transfers it to external specialists such as the Dongjiang Environmental Company Limited to properly handle the waste. During the Year, 10.79 tonnes and 660.71 tonnes of hazardous waste and non-hazardous waste were generated, of which 100% of hazardous waste was handled to external specialists.

To better manage the waste, the Group has established a waste management procedure. First, waste is categorised into hazardous waste, non-hazardous waste, recyclable waste and non-recyclable waste. Second, hazardous waste is classified according to the National Hazardous Waste Inventory. All departments are required to record the type of waste identified. The Group continues to strive for waste reduction. With the installation of non-invasive electromagnetic scale control system, the hydrochloric acid waste was reduced by 8 tonnes per year.

For discharge of wastewater, the Group strictly follows the Discharge Limits of Water Pollutants in Guangdong province. An external party was appointed to conduct testing on discharged wastewater. During the Year, the total wastewater discharged was approximately 25,688 tonnes. The Group has obtained assurance from an external party regarding its compliance with laws and regulations.

環境管理（續）

污水及廢物

在廢物處理方面，本集團嚴格遵守《中國固體廢物污染環境防治法》等所有國家及地方有關法律法規。

我們每年檢查每個類別的廢物，或在生產線變動、引入新產品或設施等情況下進行檢查。在識別出有害廢棄物後，本集團將其轉移予東江環保股份有限公司等外部專家以妥善處理有關廢物。於本年度，共產生10.79噸有害廢棄物及660.71噸無害廢棄物，所有有害廢棄物均由外部專家處理。

為更好地管理廢物，本集團制訂了廢物管理程序。首先，廢物會分類為有害廢棄物、無害廢棄物、可回收廢棄物及不可回收廢棄物。然後，根據國家危險廢物名錄對有害廢棄物進行分類。所有部門都需記錄已識別的廢棄物類型。本集團繼續致力減廢。透過安裝非嵌入式電磁波水垢清除系統，以將鹽酸廢物的每年排放量減少8噸。

就廢水排放而言，本集團嚴格遵守《廣東省水污染物排放限值》。我們委聘外部人士對所排放廢水進行檢測。於本年度，排放廢水總量約為25,688噸，本集團已獲得外部人士對其遵守法律法規的核證。

Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE

We have established comprehensive systems for protecting employees' rights and providing development opportunities, hoping our employees can work in a safe and healthy workplace and serve our customers with the best products and services.

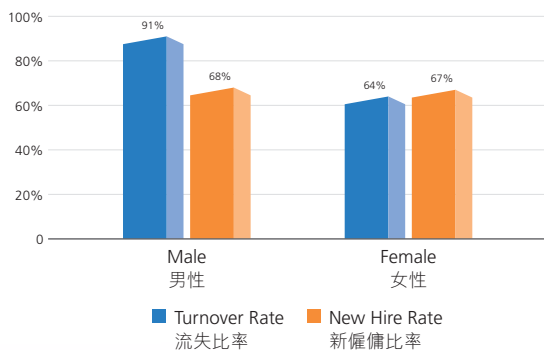
Employee Profile

As at 31 December 2017, the Group had approximately 1,500 full-time employees in both Hong Kong and the PRC, approximately 95% of whom were employed in the PRC. The proportion of male to female employees is approximately 54%:46%. Approximately 73% and 24% of its workforce aged 31 to 50 years and 30 years or below respectively.

Regarding educational profile, approximately 8% of the employees possess tertiary qualifications or above. Among all employees, approximately 19% of them are at managerial level.

The turnover and new hire rates are approximately 76% and 68% respectively for the Year. Such high turnover rate is mainly due to the fluctuation of non-skilled labours employed in the PRC during the Year. The proportion of employees by age and gender are presented in the charts below.

Turnover and New Hire Rates by Gender Category
流失比率及新僱傭比率按性別分佈



員工

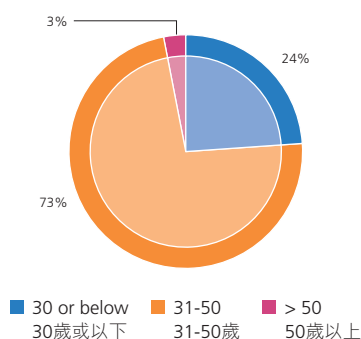
本集團已建立綜合體系保護僱員權益及提供發展機會，以期望僱員能夠於安全健康的工作環境中工作，並為客戶提供最好的產品及服務。

僱員情況

於二零一七年十二月三十一日，本集團於香港及中國有約1,500名全職僱員，其中約95%於中國僱用。男性僱員與女性僱員的比例約為54%：46%。我們的員工中，31歲至50歲及30歲或以下者分別佔約73%及24%。

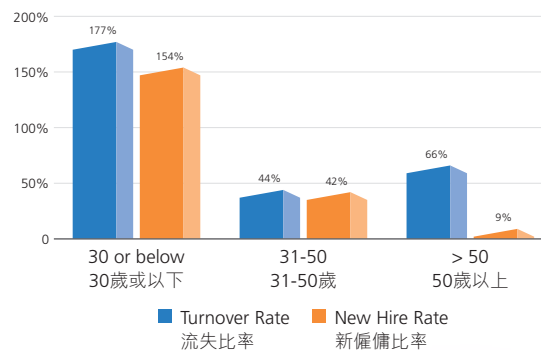
關於教育情況，約8%的僱員擁有大專或以上學歷。在所有員工中，約19%為管理層。

Employee Distribution by Age
僱員按年齡分佈



於本年度，流失比率及新僱傭比率分別約為76%及68%。其高流失率主要由本年度在中國僱用的非技術性勞工的波動所引致。按年齡及性別劃分的僱員比例如下圖所示。

Turnover and New Hire Rates by Age Category
流失比率及新僱傭比率按年齡分佈



Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE (Continued)

Employment Practices

The Group strictly complies with all labour laws and regulations in both Hong Kong and the PRC and deployment of child and forced labour are strictly prohibited within the Group. The Group is certified with SA8000:2014 Social Accountability Certification during the Year, demonstrating its efforts in social performance, especially employees' rights and welfare.

The Group has established a guideline for Human Resources (HR) Department to follow during hiring process. All staff must be 16 or above, for those under 18 are prohibited from undertaking work involving hazardous and dangerous operations as well as night shifts. Identification documents of newcomers are checked and there is a random checking of the existing staff on a half-yearly basis. If the employees are found using counterfeit or others' documents, they will be dismissed.

The Group has set up an anti-discrimination policy aiming at creating a respectful working environment for its workforce and providing equal opportunities to all qualified employees and applicants from all employment phases. The Group engages appropriate candidates mainly based on their professional experience and skills. Diversity of the workforce will be considered as and when necessary. The Group does not tolerate discrimination on any grounds of race, gender, age, etc.

The Group protects employee rights, especially for pregnant females and interns. It ensures those pregnant and student interns can have enough rest based on their physical conditions and study requirements. Employees will not be asked to work overtime, at night and undertake work that involves high physical intensity during pregnancy, labour and lactation. For student interns, the Group ensures that their salary meets the governmental requirements and they can only work during summer or winter breaks. If they have overtime work, it should not be longer than 3 hours.

員工 (續)

僱傭慣例

本集團嚴格遵守香港及中國所有勞動法律及法規，並嚴禁僱用童工及強制勞工。本集團於本年度獲得SA8000：2014社會責任認證，證明我們在社會表現的努力，尤其在僱員權利及福利方面。

本集團已為人力資源部制訂於招聘過程中遵循的指引。我們的全體員工必須為16歲或以上，18歲以下不得從事有害及危險作業和夜班工作。我們會檢查新進人員的身份證明文件，並每半年隨機檢查現有員工。員工如被發現使用偽造或他人文件，將被解僱。

本集團已制訂反歧視政策，旨在為我們的員工創造一個相互尊重的工作環境，不論任何僱用階段都會為所有合資格僱員及求職者提供平等機會。我們聘用員工時主要以其專業經驗及技能作出考慮，於必要時將會考慮員工的多元性。本集團絕不容忍種族、性別、年齡等方面的歧視。

本集團保護僱員權利，尤其對孕婦及實習生。其確保孕婦及實習生能夠根據自己的身體狀況及學習要求獲得足夠的休息。我們不會要求懷孕、分娩期及哺乳期之僱員加班、夜間工作，或從事涉及重體力的工作。對實習生，本集團確保彼等的工資符合政府要求，且彼等只可在夏季或冬季假期工作。如有加班工作，不應超過3小時。

Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE (Continued)

Employment Practices (Continued)

Also, it is a mutual agreement between the Group and employees that they can refuse to work overtime. Those who work overtime or on holidays receive cash allowance. In addition to statutory benefits plans, the Group offers bonus to employees who have higher productivity as a way to recognise their contributions.

Regarding employee dismissal, financial compensation and injury/disability subsidies are provided in accordance to relevant laws and regulations. In Hong Kong, subject to certain conditions under the Employment Ordinance of Hong Kong (Cap. 57, Laws of Hong Kong), employees employed under a continuous contract for not less than five years are eligible for long service payment. The way of calculating long service payment and the maximum entitlement of employees accord to the Employment Ordinance (Cap. 57, Laws of Hong Kong).

To enhance engagement of employees, the Group encourages them to report to managers through mailbox or to HR directly for any discrimination acts. Managerial staff investigate the cases carefully and reply to the complainants with results within one month. During the Year, the Group is not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment and labour practices. Nor did the Group identify any incidents relating to the use of child or forced labour.

Occupational Health and Safety

To ensure safety, health and wellbeing of its staff, the Group has formulated a strategy of "Minimise potential hazards, safe printing, strict compliance and continuous improvement". The Group's occupational health and safety management system has been complying with the established standards, being OHSAS 18001:2007 and GB/T 28001-2011.

Measures on aspects of work-related injuries, occupational diseases and fire accidents are implemented to promote safety and health in the workplace. The number of work-related incidents is 9 and the lost days due to work injuries was 206 for the Year.

員工 (續)

僱傭慣例 (續)

此外，本集團與僱員之間已協商一致，彼等可拒絕加班。加班或在假期工作的僱員可獲得現金津貼。除法定福利計劃外，本集團為生產率較高的僱員提供花紅，以嘉獎彼等的貢獻。

在解僱僱員方面，本集團會根據相關法律及法例向有關員工提供經濟補償及意外傷殘賠償。在香港法例第57章《香港僱傭條例》下若干條件的規限下，於香港，連續任職不少於五年的僱員可獲發放長期服務金。僱員之長期服務金及有關最高金額乃根據香港法例第57章《僱傭條例》計算。

為增加與僱員的接觸，本集團鼓勵彼等透過郵箱向經理或直接向人力資源部報告任何歧視行為。管理級人員會仔細調查案件，並於一個月內向投訴人回覆結果。於本年度內，本集團並不知悉任何不遵守僱傭及勞工慣例且對本集團造成重大影響的法律及法規的事件。本集團亦未發現任何與使用童工或強制勞工有關的事件。

職業健康及安全

為確保員工的安全、健康及福祉，本集團已制訂一項策略，即「消除隱患，安全印刷；嚴守法規，持續改進」。本集團的職業健康及安全管理體系一直符合多個既定標準，如OHSAS 18001:2007及GB/T 28001-2011。

我們實施工傷、職業病及火災事故方面的措施，以促進工作場所的安全及健康。於本年度，工作作業相關事故數量為9宗，而因工傷損失工作日數為206天。

Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE (Continued)

Occupational Health and Safety (Continued)

The Group strictly follows the laws and regulations relating to occupational health and safety in the PRC, including but not limited to the "Work Safety Law of the PRC", the "Law of the PRC on the Prevention and Control of Occupational Diseases", the "Fire Prevention Law of the PRC". During the Year, the Group was not aware of any non-compliance with laws and regulations having a significant impact on the Group relating to occupation health and safety.

Ongoing Monitoring and Evaluation

The Group's EHS Department is responsible for implementing and monitoring policies under OHSAS 18001. This committee recommends remedial measures to the responsible departments when it identifies any violation of the health and safety regulations. All departments and divisions in the Group cooperate tightly with the committee. The performance on health and safety is evaluated yearly in order to provide a safe working environment to all employees.

An occupational health and safety indicators management program has been set up to monitor the daily operations of the Group. To prevent employees from getting injured, all technicians must be qualified to handle machineries. In addition to regular training, the Group requires all staff to wear personal protective gears when they are in operations. Safety Division will conduct random checks at sites to make sure that the rules are strictly complied.



Monthly Safety Checking Procedure 安全月檢程序

In order to control fire accidents, the Safety Division is also responsible for maintaining fire prevention facilities on a regular basis such as fire extinguishers and monitoring the storage of electrical facilities and flammable materials cooperatively with Engineering Department.

員工 (續)

職業健康及安全 (續)

本集團嚴格遵守中國與職業健康及安全相關的法律法規，包括但不限於《中華人民共和國安全生產法》、《中華人民共和國職業病防治法》及《中華人民共和國消防法》。於本年度內，本集團並不知悉任何不遵守職業健康及安全且對本集團造成重大影響的法律及法規的事件。

持續監察及評估

本集團的EHS部門負責實施及監督OHSAS 18001下的政策。該委員會在確定任何違反健康及安全條例的行為時，向負責部門提出補救措施建議。本集團內所有部門及科室與該委員會緊密合作。我們每年對健康及安全表現進行評估，以便為所有僱員提供安全的工作環境。

我們已建立職業健康安全目標指標管理方案，以監督本集團的日常營運。為防止僱員受傷，所有技術人員必須具備操作機器的資格。除定期培訓外，本集團亦要求所有員工於作業時佩戴個人防護裝備。安全組將於現場進行抽查，確保員工嚴格遵守規則。

為控制火災事故，安全組亦負責定期維護滅火器等消防設施，並與工程部合作監測電氣設施及易燃材料的儲存。

Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE (Continued)

Safety Training

Education is always the first task in achieving the goal of “safety first, take preventive measures”. Employees at different levels are required to take safety training pursuant to the Group’s safety training management policy and management procedures.

During the Year, there were a total of 2,947 person-times and 3,581 hours of safety training. The participants received education on emergency handling and use of protection gears during the training organised by the Training Division and Safety Division.

Managerial staff will learn more about the safety production laws and regulations established by the government and the Group, so that they can manage and monitor the implementation of relevant regulations in a better way. The Group has also provided specific trainings for new-comers to minimise risks of accidents. To ensure all operations comply with the relevant laws and regulations, the Group organises corresponding courses when there is an introduction of new operation.

Training and Development

The Group implements its annual training and development plan based on the needs of different departments. It provides development opportunities for employees from different stages including newly-joined employees, transferees and in-service staff.

All new-comers are required to attend training and development courses, including 24 hours of three-level safety education. There are training programs for transferees which focus on operations of the new posts. For the existing staff, the Group provides training on 14 aspects, including courses on enhancing employees work quality and management knowledge. There are evaluations after completion of the courses. During the Year, 3,871 person-times received training.

員工 (續)

安全培訓

教育始終是實現「安全第一，預防為主」目標的首要工作。各級員工須根據本集團安全培訓管理制度及管理程序接受安全培訓。

於本年度，共進行2,947人次及3,581小時安全培訓。參加者在培訓組及安全組組織的培訓期間接受應急處理及使用防護裝備方面的教育。

管理級人員將學習更多有關政府及本集團制訂的安全生產法律及規定，從而恰當地管理及監督相關法規的實施。本集團亦為新進員工提供特別培訓，以盡量減少事故風險。為確保所有業務符合相關法律法規，本集團於引入新業務時會組織相應課程。

培訓及發展

本集團根據不同部門的需求實施年度培訓及發展計劃，為新進僱員、轉職員工及在職員工等不同階段僱員安排發展機會。

所有新進人員均須參加培訓及發展課程，包括24小時企業職工三級安全教育。我們設有針對轉職員工的培訓課程，重點關注新職位的運作。就現有員工而言，本集團提供14個方面的培訓，課程包括提高僱員工作質素、強化管理知識等。完成課程後會進行評估。於本年度，總培訓人次為3,871。

Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE (Continued)

Caring for Our Employees

The Group strives to ensure work-life balance for its employees. It organises team-building activities and celebration events to strengthen the bonding among employees.



Monthly birthday celebration
每月生日會



Chinese New Year Dinner
農曆新年晚宴



Mid-Autumn Festival event
中秋節活動

The Group respects opinions of every employee. It has created several communication platforms for them. In addition to WeChat, there are also channels such as forum for new staff, worker representatives meeting and mailboxes at both production sites and dormitories. Employees are encouraged to raise their concerns through these channels.

本集團尊重每位員工的意見。本集團為員工設立了多個交流平台。除微信外，亦有新進員工論壇、職工代表會議、生產現場及宿舍設置郵箱等渠道。我們鼓勵員工通過該等渠道提出各自關注的問題。



Forum for new staff
新進員工論壇



Worker representatives meeting
職工代表會議

員工 (續)

關愛員工

本集團努力確保員工的工作與生活取得平衡。本集團組織團隊建設活動及慶祝活動，以加強員工之間的聯繫。

Environmental, Social and Governance Report

環境、社會及管治報告

OUR PEOPLE (Continued)

Community Investment

The Group does not only pursue economic development, it also commits to its social responsibility and implements the philosophy of "taking from society and giving back to society". During the Year, the Group donated approximately HK\$192,000 in community investment and devoted 1,600 hours in voluntary work. Through such community investments, the Group understands more about the needs of the community and ensures that its activities take into consideration of the communities' interests. The Group will continue to explore different ways to fulfill its commitment to society in the future.

OPERATING PRACTICES

We endeavor to manage our operating practices to ensure a superior supply chain management and responsible product delivery throughout the operation process. Striving to achieve operational excellence, we build long term trust with our customers and continuously strive to fulfil customers' growing expectations.

Product Responsibility

Being certified for ISO 9001 Quality Management System, the Group ensures that high quality standards are maintained in all its products and the Group is socially and environmentally responsible. During the Year, the Group established a management evaluation procedure, providing guidelines to evaluate the quality management system in order to maintain its applicability, effectiveness and alignment with corporate strategies.

To safeguard the health and safety of customers, the Group strictly controls its product safety and targets to have zero recalls of products resulting from excessive hazardous materials content. By setting up internal and external environmental monitoring programme, the Group strictly monitors the procurement and production process, especially in the context of hazardous materials. A sound Bill of Substance (BOS) system was established to determine whether the material contains hazardous ingredients. There are also various procedures in place to assure product safety such as sharp objects control programme, fragile goods control programme, raw materials and dangerous goods humidity control manual and pest control programme.

員工 (續)

社區投資

本集團不僅追求經濟發展，亦盡力履行社會責任，貫徹「取之於社會，回饋予社會」的理念。於本年度內，本集團捐贈約192,000港元用於社區投資，參與義務工作約1,600小時。透過有關社區投資，本集團能更深入了解社區的需要，並確保其活動會考慮到社區的利益。未來，本集團將繼續探索不同的方式履行我們對社會的承諾。

營運常規

我們致力於管理我們的營運常規，以確保於整個營運過程中實現卓越的供應鏈管理和負責任的產品交付。我們努力實現卓越營運，與客戶建立長期信任關係，並不斷盡力滿足客戶日益增長的預期。

產品責任

本集團已通過ISO 9001質量管理體系認證，確保所有產品保持高質量標準，以及本集團承擔社會及環境責任。於本年度內，本集團建立了管理評估程序，為評估質量管理體系提供指引，以保持其適用性、有效性及與企業策略的一致性。

為保護客戶的健康及安全，本集團嚴格控制產品安全，並力求實現零產品因過量有害物質而召回。透過建立內部及外部環境監測計劃，本集團嚴格監控採購及生產過程，特別是在有害物質方面。本集團已建立完善的物質清單系統以釐定原料成分是否有害。亦應用各種程序確保產品安全，如利器控制程序、易碎品控制程序、原材料及危險品濕度控制手冊以及害蟲控制程序。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Product Responsibility (Continued)

Maintaining product quality is the responsibility of everyone in the Group, each department or team has a clear role to play. The Environmental Team updates the chemical content requirements stated in laws and regulations regularly or upon request by the customers. The updated information is delivered to all related departments to ensure product standards are up-to-date.

The Production Department is responsible for controlling the use of materials and procedures of production to prevent mixing of different materials and creation of pollution. The Quality Control (QC) Department plays a crucial role in ensuring product quality. The department regularly monitors suppliers/sub-contractors and compiles an annual appraisal report to ensure approved vendors and sub-contractors maintain the required quality standards of the Group. It also conducts a monthly statistical analysis to identify any unfulfilled targets and suggests feasible corrective measures accordingly. Other responsibilities of the QC Department include inspection of product materials and environmental testing before launch of products.

The Group has developed a recall system for handling cases of defective products. If any defective products are reported, the Group will inform the customers within 24 hours to prevent the defective products from being launched in the market. If the products have been launched already, the Group will collaborate with customers to recall all related products. All recalled product are scrapped. After that, the Group will investigate the causes of defective products by conducting environmental testing of the raw materials, products in different stages of manufacturing and final products.

The Group will also trace back to the previous three lots of products and conduct testing of their quality standards. When causes of defective products are found, the Group will take proper corrective measures to prevent reoccurrence.

營運常規 (續)

產品責任 (續)

保持產品質量是本集團每個人的責任，各個部門或團隊均有明確的職責。我們的環保小組會定期或應客戶要求更新法律及法規規定的化學成分要求。經更新的資料會發送至所有相關部門，以確保產品標準均達至最新標準。

我們的生產部負責控制材料的選用及生產程序，以防止不同材料混合並產生污染。我們的品控部在確保產品質量方面發揮至關重要的作用。該部門定期監督供應商／分包商並編製年度評估報告，以確保認可供應商及分包商維持本集團的質量標準要求。其亦進行月度統計分析，以確定任何未實現目標，並提出相應可行的糾正措施建議。品控部的其他職責包括檢驗產品材料及於產品推出前進行環境測試。

本集團已制訂召回制度處理不合格產品的事件。若接獲任何不合格產品報告，本集團會於24小時內通知客戶，以防止不合格產品在市場上推出。若產品已經推出，本集團會與客戶合作召回所有相關產品。所有召回的產品均會報廢。然後，本集團通過對原材料、生產過程中不同階段的產品及製成品進行環境測試，調查導致不合格產品的原因。

本集團亦會追溯之前三批產品，並會測試其質量標準。當確定導致不合格產品的原因時，本集團將會採取適當糾正措施以防止再次發生。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Product Responsibility (Continued)

For fair competition, advertisements, posters and announcements made by the Group are totally based on authentic information. The Group accepts public scrutiny for any inappropriate acts. In case any inappropriate act is reported, the HR Department and the Administration Department will immediately follow up and investigate. The investigation results are published afterwards. During the Year, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to the products and services provided.

Customer Satisfaction

The Group continuously improves quality of its products and ensures that customers' requirements are met. Before commencement of production, the Group communicates with its customers to understand their environmental requirements. The Group follows either internal environmental requirements or customers' requirements and applies the one with higher standards. Then Customer Service (CS) Department and Production Department will suggest a list of materials by filling the BOS. The working procedures and materials are verified by the Production Department before production commences.

During the process, CS Department communicates closely with the customers if any problems are found. In case there is a complaint from customers regarding product quality, the QC Department liaises with customers within 2 hours and immediately conducts an investigation to follow up customers' concerns.

營運常規 (續)

產品責任 (續)

為公平競爭，本集團所製作的廣告、海報及公告均完全基於真實資訊。本集團接受公眾對任何不適當行為的監督。一旦接獲任何不適當行為報告，我們的人力資源部及行政部會立即跟進並調查。調查結果會及時發佈。於本年度內，就本集團所提供產品及服務所涉及的健康與安全、廣告、標籤及私隱事宜以及補救方法，未發現對本集團造成重大影響，並違反法律及法規的事件。

客戶滿意度

本集團不斷提高產品質量，並確保其符合客戶的要求。於開始生產之前，本集團會與客戶溝通以了解其環境要求。本集團遵循內部環境要求或客戶要求，並採用較高標準。然後，客戶服務部及生產部將透過填寫物質清單提出建議材料清單。生產部在開始生產前會驗證工作程序及材料。

在此過程中，若發現任何問題，客戶服務部會與客戶密切溝通。若客戶對我們的產品質量提出投訴，品控部會在兩小時內與客戶聯絡，並立即展開調查以跟進客戶的疑慮。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Product Responsibility (Continued)

Data Protection and Privacy

The Group is committed to keeping personal information of all persons with whom it does business confidential. It has a specific department for encrypting confidential personal information and the Group will not disclose any such information without written consent. Besides, specific personnel are appointed to ensure the confidentiality of personal information.

In the production area, taking photos is strictly prohibited. Clients and suppliers are prohibited to visit the production area of any products which have not yet been launched. Employees should report immediately if any violation relating to intellectual property rights is found. Employees are also subject to the Employee Code of Ethics which prohibits them from disclosing or publishing any confidential documents of the Group and the confidentiality obligation remains valid after termination of services.

The Group has also implemented a product privacy control procedure to keep product information confidential. For every order received, the Group signs a confidentiality agreement with its clients. To minimise the chance of data leakage, every department designates a responsible person to follow up the whole product drafting process.

Intellectual Property Rights

During the Year, the Group obtained 13 utility model patents. The Group is committed to protecting its own intellectual property rights. The customers, suppliers and other related parties of the Group can only legally use the patents, trademarks, technologies and other intellectual property rights owned by the Group with its authorisation. It also respects intellectual property rights of its customers, suppliers and employees, ensuring that the Group does not infringe their patents, trademarks, and technologies.

營運常規 (續)

產品責任 (續)

數據保護及私隱

本集團承諾把所有與本集團有業務往來人士的個人資料保密。本集團設有專門部門將保密個人資料加密，而本集團不會在未經書面同意的情況下披露任何有關資料。此外，本集團已指派專員確保個人資料得到保密。

生產區內嚴禁拍照。禁止客戶及供應商到訪未經推出產品的生產區。若發現任何與知識產權相關的違規行為，僱員應立即報告。僱員亦須遵守《員工道德規範守則》，有關守則禁止彼等披露或發佈本集團任何保密文件，且即使僱員終止服務，保密義務仍然有效。

本集團亦已實施產品私隱控制程序以對產品資料保密。對於接獲的每一份訂單，本集團均會與客戶簽署保密協議。為盡量減少數據洩漏機會，每個部門均需指定一名負責人跟進整個產品繪製過程。

知識產權

於本年度，本集團獲得13項實用新型專利。本集團致力保護我們的自有知識產權。本集團的客戶、供應商及其他相關方僅可經授權後合法使用本集團擁有的專利、商標、技術及其他知識產權。本集團亦尊重客戶、供應商及員工的知識產權，確保本集團不侵犯彼等的專利、商標及技術。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Supply Chain Management

To assure suppliers, sub-contractors as well as sub-suppliers of the Group fulfill social responsibility standards, the Group has established a social responsibility management procedure, which is managed by the Procurement Department. Any forms of child labour, forced labour and prison labour are prohibited in its supply chain.

- | | |
|-----------------|---|
| Screening 篩選 | <ul style="list-style-type: none">• Take into account of social responsibility performance while selecting suppliers and sub-contractors. 挑選供應商及分包商時會考慮社會責任表現。 |
| Record 記錄 | <ul style="list-style-type: none">• Establish a social responsibility record for suppliers and sub-contractors. 建立供應商及分包商社會責任記錄。• Record the evaluation results and corrective measures adopted by suppliers and sub-contractors. 記錄評估結果，以及供應商及分包商所採取的改正措施。 |
| Pledge 承諾 | <ul style="list-style-type: none">• Suppliers and sub-contractors should sign a social responsibility charter committing to comply with local laws and regulations as well as Business Social Compliance Initiative (BSCI) social responsibility standard. 供應商及分包商應簽署社會責任約章，承諾遵守地方法例及規例，以及企業社會責任倡議(Business Social Compliance Initiative)訂明的社會責任準則。 |
| Inspect 檢查 | <ul style="list-style-type: none">• Procurement Department arranges an annual inspection suppliers and sub-contractors so as to evaluate their social responsibility performance and follows up with corrective measures. 採購部安排對供應商及分包商進行年檢，以評估彼等的社會責任表現，並跟進其補救措施。 |
| Detect 偵查 | <ul style="list-style-type: none">• Discovery of child labour, forced labour or other violations of relevant labour laws and regulations may lead to termination of business cooperation. 如發現有童工、非自願勞工及其他違反相關勞工法例的情況，業務合作將會終止。 |
| Monitor 監察 | <ul style="list-style-type: none">• Understand the business relationships of suppliers and sub-contractors with their sub-suppliers to prevent violation of relevant labour laws and regulations. 了解供應商及分包商與彼等的次級供應商之間的業務關係，防止違反相關勞工法例及規例。 |

Apart from labour rights issues, the Group concerns about the working environment of suppliers/sub-contractors' workers. The Group's qualified suppliers/sub-contractors are expected to have adequate safety facilities and measures in place such as personal protective equipment (PPE), fire-fighting equipment and relevant health and safety training. The Group will also evaluate whether the suppliers/sub-contractors have established a management system regarding labour standards, health and safety, environment protection and so on.

營運常規 (續)

供應鏈管理

為保證本集團的供應商、分包商及次級供應商履行社會責任準則，本集團已建立由採購部管理的社會責任管理程序。我們的供應鏈中禁止任何形式的童工、強制勞工及監獄勞工。

除勞工權益問題外，本集團關注供應商／分包商工人的工作環境。預期本集團的合資格供應商／分包商將採取適當安全設施及措施，如個人防護設備、消防設備及相關健康及安全培訓。本集團亦將評估供應商／分包商是否已建立與勞工準則、健康及安全、環境保護等相關的管理體系。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Supply Chain Management (Continued)

Supplier Evaluation

The Group has formulated a comprehensive evaluation system for choosing suppliers and sub-contractors. In addition to their operational licenses and price competitiveness, quality and social and environmental performance of the potential suppliers are also considered.

- European and US Standards
歐洲及美國標準
- Sony Standard
索尼標準
- Panasonic Standard
松下標準
- Waste/rubbish classification
廢物／垃圾分類
- Emergency Plan
應急計劃
- Prohibition of child labour, forced labour and prison labour
禁止聘用童工、非自願勞工及監獄勞工
- Safety Management
安全管理

Supplier's Assessment Criteria

評估供應商準則



- Certification of ISO 9001
ISO 9001 認證
- Quality management measures
品質管理措施

- Material Safety Data Sheet (MSDS)
物料安全數據表
- Security management system
安全管理系統
- Control of the process of storage and transportation of goods
貨物儲存及運輸程序控制
- Control of the personnel in and out of factory
人員進出工廠控制

The Group has established a set of supplier assessment criteria that include the aspects of green procurement, quality system, social responsibility, chemical safety and security management. Suppliers who pass the assessment or those with materials approved by customers are qualified and recorded in the Approved Supplier List, while qualified sub-contractors are recorded in the Approved Sub-contractor List.

For the main qualified suppliers/sub-contractors, the Group conducts a monthly evaluation in the aspects of quality, price, on-time delivery, cooperation and technical support. The Group also conducts an annual evaluation by summarising the monthly performance and having a site inspection. In case suppliers/sub-contractors do not meet the standards and no corrective measures have been taken, they will be disqualified.

營運常規 (續)

供應鏈管理 (續)

供應商評估

本集團已制訂甄選供應商及分包商的綜合評估體系。除營運牌照及價格競爭力外，亦會考慮潛在供應商的質量以及社會與環境表現。

本集團已制訂一套供應商評估標準，包括綠色採購、品質系統、社會責任、化學品安全及安防管理等方面。通過我們評估的供應商或擁有客戶認可材料的供應商，均符合資格並記錄於我們的認可供應商名單中，而合資格分包商則記錄於我們的認可分包商名單中。

就主要合資格供應商／分包商而言，本集團在質量、價格、準時交付、合作及技術支持方面進行月度評估。本集團亦通過總結每月表現及現場視察進行年度評估。若供應商／分包商不符合我們的標準且沒有採取糾正措施，將被取消資格。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Supply Chain Management (Continued)

Green Procurement

Striving to produce greener products, the Group carefully chooses its suppliers and give priority to those who implement eco-friendly measures and meet environmental standards. All suppliers of the Group are required to fulfil the requirements of applicable laws and regulations. The Group is committed to the prohibition of use of environmentally hazardous materials. Suppliers involved in production of green products are required to sign a hazardous material management contract and provide to the Group, the relevant environmental testing reports issued by credible third parties, BOS, product manual and the material safety data sheet (MSDS) to ensure the chemical safety of the products.

If a supplier refuses to sign the hazardous material management contract but can provide a third-party inspection report, the Procurement Department and the Environmental Team will conduct risk assessment and cooperation will only be made with suppliers passing the risk assessment. If the suppliers refuse to sign the contract or to provide an acceptable inspection report, however their materials are essential for the Group's production, the Group will appoint a third party to conduct sample testing before placing orders with such suppliers. However, adopting them is a temporary measure and such suppliers are not included in the Approved Vendor List.

Quality Assurance

The quality system of the Group ensures suppliers are assessed. Suppliers and sub-contractors have to provide ISO 9001 certification if available. The Group will conduct audits on the quality management items such as control of documents, data, quality records, materials quality, process, defective products, product traceability, etc. The overall rating is calculated based on audit. For security management, the Group assesses whether suppliers and sub-contractors have a security management system in place, and whether they have control on the process of storage and transportation of goods as well as the personnel moving in and out of factory.

營運常規 (續)

供應鏈管理 (續)

綠色採購

力求生產更為綠色的產品，本集團仔細甄選供應商，優先考慮實施環保措施及符合環保標準的供應商。本集團所有供應商均須遵守適用法律及法規的要求。本集團承諾禁止使用對環境有害的材料。參與生產綠色產品的供應商須簽署有害物質含量管制合約書，並向本集團提供由可靠的第三方發出的相關環境檢測報告、物質清單、產品手冊及材料安全數據表，以確保產品的化學安全性。

若供應商拒絕簽署有害物質含量管制合約書，但卻可提供第三方檢驗報告，我們的採購部及環境團隊將進行風險評估，並僅會與通過風險評估的供應商合作。若供應商拒絕簽署合約或提供可接受的檢驗報告，但其材料對本集團的生產至關重要，本集團將委託第三方為該等供應商進行抽樣檢測，然後才決定下達訂單。然而，採用該等材料乃臨時之舉，因此該等供應商未被列入認可供應商名單。

質量保證

本集團確保已對供應商的質量體系進行評估。供應商及分包商必須於適用情況下提供ISO 9001認證。本集團將對質量管理項目進行審核，如文件控制、數據、質量記錄、材料質量、流程、不合格產品、產品可追溯性等。整體評級乃根據審核計算。對於安防管理，本集團會評估供應商及分包商是否有適當安全管理系統，以及彼等是否能夠控制貨品的存儲及運輸過程以及管理進出工廠的人員。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICES (Continued)

Anti-corruption

Integrity is the core business value of the Group and all forms of corruption such as bribery, extortion, fraud and money laundering are prohibited. The Group targets to strengthen its internal control for anti-corruption to maintain the highest ethical standards.

The Group has formulated an anti-corruption policy, stating the forbidden unethical acts and the procedures for managing corruption issues. To raise the awareness of its employees regarding anti-corruption practices, the HR Department and the Administration Department regularly inform employees about the latest anti-corruption laws and regulations through different means such as announcements and bulletin boards.

Complainants can report violations through various means such as face to face dialogue, email, letter, hotline, suggestion box and so on. For all reported cases, details and complainant's identity are kept confidential and the HR Department and the Administration Department will closely investigate and verify the issues. During the process, complainants are protected by the policy from any retaliation.

During the Year, the Group was not aware of any non-compliance relating to bribery, extortion, fraud and money laundering that have a significant impact to the Group.

營運常規 (續)

反貪污

誠信是本集團的核心商業價值，本集團禁止一切形式的賄賂、勒索、欺詐及洗錢等貪污行為。本集團力求加強反貪污的內部控制，以維持最高道德標準。

本集團已制訂反貪污政策，明確禁止不道德行為及管理貪污問題的程序。為提高員工對反貪污行為的認識，人力資源部及行政部透過通告及公告板等不同方式定期向員工通報最新反貪污法律及法規。

投訴人可透過面談、電郵、信函、熱線、意見箱等多種方式舉報違規行為。所有舉報案件中的細節及投訴人身份均會保密，而人力資源部及行政部將密切調查及核實有關事宜。在此過程中，投訴人受到政策保護，確保不會受到任何報復。

於本年度內，本集團並不知悉任何與賄賂、勒索、欺詐及洗錢有關而對本集團產生重大影響的不合規事件。

Environmental, Social and Governance Report

環境、社會及管治報告

PERFORMANCE DATA SUMMARY

表現數據概要

| | | | Unit 單位 | 2017 二零一七年 | |
|--|----------------------------|---|---|---------------|-----------|
| Environment 環境 | Air Emissions 空氣排放 | Emission of SOx 排放硫氧化物 | kg 公斤 | 1.01 | |
| | | Emission of NOx 排放氮氧化物 | kg 公斤 | 80.72 | |
| | | Emission of PM 排放細微顆粒 | kg 公斤 | 7.09 | |
| | GHG Emissions 溫室氣體排放 | Direct emission (scope1) 直接排放物 (範圍1) | tCO ₂ e 噸二氧化碳當量 | | 517.73 |
| | | Indirect emissions (scope 2) 間接排放物 (範圍2) | tCO ₂ e 噸二氧化碳當量 | | 12,133.93 |
| | | Total GHG emissions 溫室氣體總排放量 | tCO ₂ e 噸二氧化碳當量 | | 12,651.65 |
| | | Total GHG emission intensity 溫室氣體總排放量密度 | tCO ₂ e/ HKD('000) 噸二氧化碳當量 /港元(千) | | 0.03 |
| | Waste 廢物 | Hazardous waste 有害廢棄物 | tonnes 噸 | | 10.79 |
| | | Hazardous waste intensity 有害廢棄物密度 | kg/HKD('000) 公斤/ 港元(千) | | 0.02 |
| | | Non-hazardous waste 無害廢棄物 | tonnes 噸 | | 660.71 |
| Non-hazardous waste intensity 無害廢棄物密度 | | kg/HKD('000) 公斤/ 港元(千) | | 1.44 | |
| Effluent 污水 | | tonnes 噸 | | 25,688.00 | |
| | Effluent intensity 污水密度 | tonnes/ HKD('000) 噸/ 港元(千) | | 0.06 | |

Environmental, Social and Governance Report

環境、社會及管治報告

PERFORMANCE DATA SUMMARY (Continued)

表現數據概要 (續)

| | | Unit 單位 | 2017 二零一七年 |
|------------------------|--------------------------------------|---------------------------------|---------------|
| Energy Usage 能源使用 | Energy consumption 能耗 | GJ 千兆焦耳 | 59,994.75 |
| | Energy consumption intensity 能耗密度 | GJ/HKD('000) 千兆焦耳/ 港元(千) | 0.12 |
| | Petrol 汽油 | litres 公升 | 36,410.39 |
| | Diesel 柴油 | litres 公升 | 29,576.19 |
| | Gas 天然氣 | m ³ 立方米 | 156,537.14 |
| | Electricity 電力 | kWh 千瓦時 | 14,355,885.00 |
| Resource Usage 資源使用 | Water consumption 耗水 | tonnes 噸 | 156,081.00 |
| | Water consumption intensity 耗水密度 | tonnes/ HKD('000) 噸/港元(千) | 0.34 |
| | Paper 紙張 | tonnes 噸 | 9,511.84 |
| | Paper usage intensity 用紙密度 | kg/HKD('000) 公斤/ 港元(千) | 20.74 |
| | Plastic 塑料 | tonnes 噸 | 553.62 |
| | Plastics usage intensity 塑料使用密度 | kg/HKD('000) 公斤/ 港元(千) | 1.21 |
| | Metal 金屬 | tonnes 噸 | 0.60 |
| | Metal usage intensity 金屬使用密度 | kg/HKD('000) 公斤/ 港元(千) | 0.00 |

* All intensity computation is based on the Group's revenue for its manufacturing and sales business.

* 所有密度均根據本集團製造及銷售業務的收益計算。

Environmental, Social and Governance Report

環境、社會及管治報告

PERFORMANCE DATA SUMMARY (Continued)

表現數據概要 (續)

| | | Unit 單位 | 2017 二零一七年 |
|-----------------------|---|--|---------------|
| Employment 僱傭 | Total Workforce by Gender 按性別劃分的員工總數 | Male 男性 | 828 |
| | | Female 女性 | 709 |
| | Total Workforce by Age Group 按年齡組別劃分的員工總數 | ≤30 30歲或以下 | 362 |
| | | 31-50 31歲至50歲 | 1128 |
| | | >50 50歲以上 | 47 |
| | Total Workforce by Geographical Region 按地區劃分的員工總數 | PRC 中國 | 1460 |
| | | HK 香港 | 77 |
| | Total Workforce by Education Level 按受教育程度劃分的員工總數 | Undergraduate degree or above 本科或以上 | 122 |
| | | Below tertiary education 大專以下 | 1415 |
| | Total Workforce by Professional Profile 按專業背景劃分的員工總數 | Management 管理層 | 286 |
| General staff 普通員工 | | 1251 | |

Environmental, Social and Governance Report

環境、社會及管治報告

PERFORMANCE DATA SUMMARY (Continued)

表現數據概要 (續)

| | | Unit 單位 | 2017 二零一七年 |
|---|--|------------|---------------|
| Total Turnover Rate by Age Group 按年齡組別劃分的總流失比率 | ≤30 30歲或以下 | | 177% |
| | 31-50 31歲至50歲 | | 44% |
| | >50 50歲以上 | | 66% |
| New Hire Rate by Gender 按性別劃分的新僱傭比率 | Male 男性 | | 68% |
| | Female 女性 | | 67% |
| New Hire Rate by Age Group 按年齡組別劃分的新僱傭比率 | ≤30 30歲或以下 | | 154% |
| | 31-50 31歲至50歲 | | 42% |
| | >50 50歲以上 | | 9% |
| Health and Safety 健康及安全 | Number of Work-related Fatalities 因工作關係而死亡的人數 | | 0 |
| | Lost Days Due to Work Injury 因工傷損失工作日數 | day 天 | 206 |
| | Health and Safety Training Hour 健康及安全培訓時數 | hour 小時 | 3,581 |
| Community Investment 社區投資 | Hour Contributed to Volunteer Work 參與義工時數 | hour 小時 | 1,600 |

Independent Auditor's Report 獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF NEWAY GROUP HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

致中星集團控股有限公司股東
(於百慕達註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Neway Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 111 to 245, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

本核數師(以下簡稱「我們」)已審計列載於第111頁至第245頁的Neway Group Holdings Limited中星集團控股有限公司*(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此財務報表包括於二零一七年十二月三十一日的綜合財務狀況報表與截至該日止年度的綜合損益及其他全面收入報表、綜合權益變動表及綜合現金流量報表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一七年十二月三十一日的綜合財務狀況,以及其於截至該日止年度的綜合財務表現及綜合現金流量,並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則項下承擔的責任在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」),我們獨立於貴集團,並已履行守則中的其他專業道德責任。我們相信,我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

* 僅供識別

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to the inherent level of complex and subjective judgments and estimates required in determining the fair values.

The Group's investment properties portfolio comprises commercial, industrial and residential properties located in Hong Kong and the People Republic of China (the "PRC") and is stated at fair value of HK\$229,165,879 as at 31 December 2017 with a fair value gain of HK\$20,273,024 recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended.

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities and objectivity of the valuers and obtaining an understanding of the valuers' scope of work and their terms of engagement;

關鍵審計事項

關鍵審計事項是我們的專業判斷，認為對審計本期綜合財務報表最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

| 關鍵審計事項 | 我們的審計如何對關鍵審計事項進行處理 |
|--------|--------------------|
|--------|--------------------|

投資物業的估值

我們認為投資物業的估值為關鍵審計事項，此乃由於釐定公平值時需要無可避免地作出複雜及主觀的判斷及估計。

貴集團的投資物業組合包括位於香港及中華人民共和國（「中國」）的商業、工業及住宅物業，並以於二零一七年十二月三十一日的公平值229,165,879港元列值，並於截至當日止年度的綜合損益及其他全面收入報表內確認公平值收益20,273,024港元。

我們有關投資物業的估值的程序包括：

- 評估估值師的資格、能力及客觀性，以及了解估值師的工作範圍及彼等的委聘條款；

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| The Group's investment properties are measured using the fair value model based on a valuation performed by independent qualified professional valuers. As disclosed in notes 4 and 16 to the consolidated financial statements, in determining the fair values of the Group's investment properties, the valuers have applied income capitalisation approach or direct comparison approach, as appropriate, for respective properties, which involve, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and market transactions of comparable properties, as appropriate. | <ul style="list-style-type: none"> Evaluating the appropriateness of the valuers' valuation approaches to assess if they meet the requirements of the HKFRSs and industry norms; Challenging the reasonableness of the key assumptions and appropriateness of valuation models applied based on available market data and our knowledge of the property industry and whether the assumptions and methodologies are consistent with the bases used in prior year; and Assessing the reasonableness of key inputs used in the valuation, on a sample basis, by checking to the publicly available information on comparable market transactions, comparing rental income, terms of existing leases to the existing lease summaries of the Group and evaluating whether capitalisation rates adopted are comparable to the market. |

關鍵審計事項 (續)

| 關鍵審計事項 | 我們的審計如何對關鍵審計事項進行處理 |
|--|---|
| 貴集團的投資物業乃使用公平值模式，根據獨立合資格專業估值師所進行的估值計量。誠如綜合財務報表附註4及16所披露，於釐定貴集團投資物業的公平值時，估值師已對該等物業應用收入資本法或直接比較法（視何者適用），當中涉及（其中包括）若干估計（包括合適的資本化率、復歸收入潛力及可資比較物業之市場交易（如適用））。 | <ul style="list-style-type: none"> 評估估值師所採用的估值方法是否適當，以評估彼等是否符合香港財務報告準則及行業慣例； 根據可得之市場數據及我們對物業行業的認識以及假設及方法是否與上年所用基準一致，對所應用的主要假設的合理性及估值模型的適合性提出質疑；及 透過核對可資比較市場交易的公開可得資料，將現有租約租金收入、條款與貴集團現有租約概要進行比較，抽樣評定估值所使用的主要輸入數據的合理性，以及評估所採用的資本化率是否與市場可資比較者相若。 |

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Impairment of properties under development for sale

We identified the impairment of properties under development as a key audit matter because of the management's judgment involved in the impairment assessment for the relevant project.

Included in the consolidated statement of financial position are the properties under development for sale amounted to HK\$45,351,716 as at 31 December 2017, which is stated at the lower of cost and net realisable value.

As set out in note 4 to the consolidated financial statements, management has estimated the impairment of the Group's properties under development for sale with reference to the comparable market transactions in similar locations.

Our procedures in relation to evaluating the appropriateness of the management's impairment assessment of properties under development for sale included:

- Discussing with management to obtain an understanding of the impairment assessment;
- Evaluating the appropriateness of the comparable market transactions in similar locations identified by the management; and
- Obtaining legal opinion on whether there is any restrictions for the Group to realise the properties under development for sale pursuant to the updated Freeze Order (as defined in note 22 to the consolidated financial statements).

關鍵審計事項 (續)

| 關鍵審計事項 | 我們的審計如何對關鍵審計事項進行處理 |
|--------|--------------------|
|--------|--------------------|

對待售發展中物業減值

我們認為發展中物業的減值為關鍵審計事項，因為相關項目的減值評估涉及管理層判斷。

綜合財務狀況報表包括於二零一七年十二月三十一日的待售發展中物業45,351,716港元，其乃以成本及可變現淨值之較低者列賬。

誠如綜合財務報表附註4所載，管理層通過參考相若位置的可資比較市場交易，估計貴集團待售發展中物業的減值。

我們有關評估管理層對待售發展中物業的減值評估是否適當的程序包括：

- 與管理層討論，以了解減值評估；
- 評估管理層識別的相若位置可資比較市場交易是否適當；及
- 就貴集團根據更新凍結令（定義見綜合財務報表附註22）將待售發展中物業變現是否存在限制獲取法律意見。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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.

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

其他資訊

貴公司董事對其他資訊負責。其他資訊包括刊載於年報內的資訊，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資訊，我們亦不對該等資訊發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他資訊，在此過程中，考慮其他資訊是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸，或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資訊存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及管治層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營的會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

管治層須負責監督貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment 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的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並按照百慕達公司法第90條的規定僅向全體成員出具包括我們意見的核數師報告。除此之外，我們的報告不可用作其他用途。本行並不就本報告之內容對任何其他人士承擔任何責任或接受任何義務。合理保證是高水準的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程式以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審核相關的內部控制，以設計適當的審計程式，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計及相關披露的合理性。

Independent Auditor's Report

獨立核數師報告

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師就審計綜合財務報表承擔的責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體呈列方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內各實體或業務活動的財務資訊獲取充足、適當的審計憑證，以對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

我們亦向管治層提交聲明，說明我們已符合有關獨立性的相關道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的關係和其他事項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report

獨立核數師報告

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

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. CHAU Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 March 2018

核數師就審計綜合財務報表承擔的責任（續）

從與管治層溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不容許公開披露這些事項，或在極罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計專案合夥人是周志嘉先生。

執業會計師
德勤•關黃陳方會計師行

香港
二零一八年三月二十七日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收入報表

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

| | | NOTES 附註 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|--------------------------|-------------|-----------------------------|-----------------------------|
| Revenue | 收益 | 5 | 515,533,643 | 562,911,033 |
| Gross proceeds from sale of held-for-trading investments | 出售持作買賣投資所得款項總額 | | 118,243,982 | 74,508,138 |
| | | | 633,777,625 | 637,419,171 |
| Revenue | 收益 | 5 | 515,533,643 | 562,911,033 |
| Cost of sales | 銷售成本 | | (356,859,195) | (384,742,566) |
| Gross profit | 毛利 | | 158,674,448 | 178,168,467 |
| Interest income | 利息收入 | | 1,932,508 | 1,990,981 |
| Other income | 其他收入 | | 3,168,076 | 2,031,543 |
| Selling and distribution expenses | 銷售及經銷開支 | | (26,041,840) | (29,294,729) |
| Administrative expenses | 行政開支 | | (123,099,454) | (133,351,116) |
| Other gains and losses | 其他收益及虧損 | 6 | 41,317,618 | 72,586,955 |
| Finance costs | 融資成本 | 7 | (2,509,172) | (3,907,893) |
| Share of results of joint ventures | 應佔合營公司之業績 | | (1,349,720) | (1,500,119) |
| Profit before taxation | 除稅前溢利 | | 52,092,464 | 86,724,089 |
| Taxation | 稅項 | 10 | (4,142,567) | (12,720,487) |
| Profit for the year | 本年溢利 | 11 | 47,949,897 | 74,003,602 |
| Other comprehensive income (expense): | 其他全面收入 (開支): | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | <i>其後可重新分類至損益之項目:</i> | | | |
| Exchange differences arising on translation of foreign operations | 換算海外業務所產生之匯兌差額 | | 40,699,906 | (26,715,082) |
| <i>Items that will not be reclassified to profit or loss:</i> | <i>不可重新分類至損益之項目:</i> | | | |
| Surplus on transfer from property, plant and equipment to investment properties | 物業、廠房及設備轉撥至投資物業後之盈餘 | | 9,371,865 | – |
| Deferred tax arising from transfer of property, plant and equipment to investment properties | 由物業、廠房及設備轉撥至投資物業所產生之遞延稅項 | | (2,342,966) | – |
| | | | 47,728,805 | (26,715,082) |
| Total comprehensive income for the year | 本年全面收入總額 | | 95,678,702 | 47,288,520 |

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收入報表

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

| | | NOTE 附註 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|---------------------|------------|-----------------------------|-----------------------------|
| Profit (loss) for the year attributable to: | 以下人士應佔本年溢利(虧損): | | | |
| Owners of the Company | 本公司擁有人 | | 48,145,604 | 74,205,738 |
| Non-controlling interests | 非控股權益 | | (195,707) | (202,136) |
| | | | 47,949,897 | 74,003,602 |
| Total comprehensive income (expense) for the year attributable to: | 以下人士應佔本年全面收入(開支)總額: | | | |
| Owners of the Company | 本公司擁有人 | | 94,849,265 | 48,443,936 |
| Non-controlling interests | 非控股權益 | | 829,437 | (1,155,416) |
| | | | 95,678,702 | 47,288,520 |
| Earnings per share | 每股盈利 | | | |
| Basic | 基本 | 13 | 18.98 HK cents 港仙 | 33.60 HK cents |

Consolidated Statement of Financial Position

綜合財務狀況報表

At 31 December 2017

於二零一七年十二月三十一日

| | | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|--------------------|----|-----------------------------|-----------------------------|
| | | | NOTES 附註 | |
| Non-current assets | | | | |
| 非流動資產 | | | | |
| Property, plant and equipment | 物業、廠房及設備 | 14 | 125,412,446 | 136,221,165 |
| Prepaid lease payments | 預付租賃款項 | 15 | 63,444,314 | 28,767,708 |
| Investment properties | 投資物業 | 16 | 229,165,879 | 190,125,000 |
| Deposits for land use rights | 土地使用權訂金 | 17 | – | 17,378,953 |
| Available-for-sale investments | 可供出售投資 | 18 | 24,870,548 | 41,735,027 |
| Loans to joint ventures | 給予合營公司之貸款 | 20 | – | 2,216,491 |
| Interests in joint ventures | 於合營公司之權益 | 20 | 421,268 | 424,647 |
| Deposit paid for acquisition of property, plant and equipment | 已付收購物業、廠房及設備訂金 | | 5,543,984 | 1,370,661 |
| | | | 448,858,439 | 418,239,652 |
| Current assets | | | | |
| 流動資產 | | | | |
| Inventories and record masters | 存貨及唱片母帶 | 21 | 42,551,931 | 35,340,492 |
| Properties under development for sale | 待售發展中物業 | 22 | 45,351,716 | 42,309,793 |
| Held-for-trading investments | 持作買賣投資 | 23 | 107,374,656 | 132,247,356 |
| Derivative financial instrument | 衍生金融工具 | 18 | 7,851,180 | 10,416,328 |
| Available-for-sale investments | 可供出售投資 | 18 | 14,192,719 | – |
| Trade and other receivables, prepayments and deposits | 貿易及其他應收款項、預付款項以及訂金 | 24 | 200,166,882 | 175,947,838 |
| Loan to an available-for-sale investee | 給予可供出售被投資方之貸款 | 19 | – | 31,256,977 |
| Loans to joint ventures | 給予合營公司之貸款 | 20 | 3,874,009 | 3,864,955 |
| Loans receivable | 應收貸款 | 25 | 31,055,801 | 36,785,343 |
| Prepaid lease payments | 預付租賃款項 | 15 | 1,345,094 | 665,931 |
| Amount due from a related company | 應收一家關連公司款項 | 26 | 1,310,456 | 1,481,546 |
| Tax recoverable | 可收回稅項 | | – | 349,534 |
| Short-term bank deposits | 短期銀行存款 | 27 | 102,879,162 | 61,766,602 |
| Cash and cash equivalents | 現金及現金等值 | 27 | 199,687,987 | 165,573,968 |
| | | | 757,641,593 | 698,006,663 |

Consolidated Statement of Financial Position

綜合財務狀況報表

At 31 December 2017

於二零一七年十二月三十一日

| | | NOTES 附註 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|---------------------------|-------------|-----------------------------|-----------------------------|
| Current liabilities | 流動負債 | | | |
| Trade and other payables and accruals | 貿易及其他應付款項 以及應計款項 | 28 | 102,238,651 | 99,195,766 |
| Tax liabilities | 稅項負債 | | 4,656,583 | 907,785 |
| Amount due to a non-controlling shareholder of a subsidiary | 應付一家附屬公司 一名非控股股東 款項 | 29 | 18,011,527 | 16,744,809 |
| Amount due to a related company | 應付一家關連 公司款項 | 30 | 903,191 | 11,536,034 |
| Obligations under finance leases – due within one year | 融資租賃責任 – 於一年內到期 | 32 | 182,179 | 236,890 |
| Bank borrowings | 銀行借貸 | 31 | 59,892,800 | 61,343,200 |
| | | | 185,884,931 | 189,964,484 |
| Net current assets | 流動資產淨值 | | 571,756,662 | 508,042,179 |
| Total assets less current liabilities | 總資產減流動負債 | | 1,020,615,101 | 926,281,831 |
| Non-current liabilities | 非流動負債 | | | |
| Amount due to a related company | 應付一家關連公司 款項 | 30 | 380,146 | 422,940 |
| Deferred taxation | 遞延稅項 | 33 | 10,722,401 | 11,842,860 |
| Obligations under finance leases – due after one year | 融資租賃責任 – 於一年後到期 | 32 | – | 182,179 |
| | | | 11,102,547 | 12,447,979 |
| Net assets | 資產淨值 | | 1,009,512,554 | 913,833,852 |
| Capital and reserves | 資本及儲備 | | | |
| Share capital | 股本 | 34 | 2,536,395 | 2,536,395 |
| Reserves | 儲備 | | 1,008,687,044 | 913,837,779 |
| Total attributable to owners of the Company | 本公司擁有人應佔總額 | | 1,011,223,439 | 916,374,174 |
| Non-controlling interests | 非控股權益 | | (1,710,885) | (2,540,322) |
| Total equity | 權益總額 | | 1,009,512,554 | 913,833,852 |

The consolidated financial statements on pages 111 to 245 were approved and authorised for issue by the Board of Directors on 27 March 2018 and are signed on its behalf by:

載於第111頁至第245頁之綜合財務報表已由董事會於二零一八年三月二十七日批准及授權刊發，並由以下董事代表簽署：

SUEK Ka Lun, Ernie 薛嘉麟
Chairman 主席

SUEK Chai Hong 薛濟匡
Director 董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

| | | Attributable to owners of the Company 本公司擁有人應佔 | | | | | | | | | | |
|--|--------------------------------|---|--------------------|---|--------------------------------------|-----------------------------|--|-----------------------------|--------------------------|------------------|---------------------------|------------------|
| | | Share capital | Share premium | Deemed contribution from a shareholder 視作一名股東之貢獻 | Capital redemption reserve 資本贖回儲備 | Contributed surplus 實繳盈餘 | Properties valuation reserve 物業估值儲備 | Translation reserve 匯兌儲備 | Retained profits 保留溢利 | Total | Non-controlling interests | Total |
| | | 股本 HK\$ 港元 | 股份溢價 HK\$ 港元 | 股東之貢獻 HK\$ 港元 | 儲備 HK\$ 港元 | 實繳盈餘 HK\$ 港元 | 物業估值 儲備 HK\$ 港元 | 匯兌儲備 HK\$ 港元 | 保留溢利 HK\$ 港元 | 總計 HK\$ 港元 | 非控股權益 HK\$ 港元 | 總計 HK\$ 港元 |
| At 1 January 2016 | 於二零一六年一月一日 | 105,684,728 | 349,902,265 | 188,956,957 | 62,400 | - | 56,223,266 | 25,878,262 | 121,752,798 | 848,460,676 | (1,384,906) | 847,075,770 |
| Profit (loss) for the year | 本年溢利(虧損) | - | - | - | - | - | - | - | 74,205,738 | 74,205,738 | (202,136) | 74,003,602 |
| Exchange differences arising on translation of foreign operations | 換算海外業務所產生之匯兌差額 | - | - | - | - | - | (25,761,802) | - | - | (25,761,802) | (953,280) | (26,715,082) |
| Total comprehensive (expense) income for the year | 本年全面(開支)收入總額 | - | - | - | - | - | (25,761,802) | - | 74,205,738 | 48,443,936 | (1,155,416) | 47,288,520 |
| Effect of capital reduction (note 34) | 股本削減之影響(附註34) | (103,571,033) | - | - | - | 103,571,033 | - | - | - | - | - | - |
| Issue of new shares | 發行新股份 | 422,700 | 19,444,200 | - | - | - | - | - | - | 19,866,900 | - | 19,866,900 |
| Transaction costs attributable to issue of new shares | 發行新股份應佔交易成本 | - | (397,338) | - | - | - | - | - | - | (397,338) | - | (397,338) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 2,536,395 | 368,949,127 | 188,956,957 | 62,400 | 103,571,033 | 56,223,266 | 116,460 | 195,958,536 | 916,374,174 | (2,540,322) | 913,833,852 |
| Profit (loss) for the year | 本年溢利(虧損) | - | - | - | - | - | - | - | 48,145,604 | 48,145,604 | (195,707) | 47,949,897 |
| Exchange differences arising on translation of foreign operations | 換算海外業務所產生之匯兌差額 | - | - | - | - | - | 39,674,762 | - | - | 39,674,762 | 1,025,144 | 40,699,906 |
| Surplus on transfer from property, plant and equipment to investment properties (note 16) | 物業、廠房及設備轉撥至投資物業後之盈餘(附註16) | - | - | - | - | 9,371,865 | - | - | - | 9,371,865 | - | 9,371,865 |
| Deferred tax arising from transfer of property, plant and equipment to investment properties (note 33) | 由物業、廠房及設備轉撥至投資物業所產生之遞延稅項(附註33) | - | - | - | - | - | (2,342,966) | - | - | (2,342,966) | - | (2,342,966) |
| Other comprehensive income for the year | 本年其他全面收入 | - | - | - | - | - | 7,028,899 | 39,674,762 | - | 46,703,661 | 1,025,144 | 47,728,805 |
| Total comprehensive income for the year | 本年全面收入總額 | - | - | - | - | - | 7,028,899 | 39,674,762 | 48,145,604 | 94,849,265 | 829,437 | 95,678,702 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,536,395 | 368,949,127 | 188,956,957 | 62,400 | 103,571,033 | 63,252,165 | 39,791,222 | 244,104,140 | 1,011,223,439 | (1,710,885) | 1,009,512,554 |

Consolidated Statement of Cash Flows

綜合現金流量報表

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\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------------------|-----------------------------|-----------------------------|
| OPERATING ACTIVITIES | 經營業務 | | |
| Profit before taxation | 除稅前溢利 | 52,092,464 | 86,724,089 |
| Adjustments for: | 已作出下列調整： | | |
| (Reversal of) allowance for bad and doubtful debts, net | 呆壞賬(撥回) | | |
| Write-down of inventories | 撥備·淨額 | (1,150,168) | 1,715,533 |
| Depreciation of property, plant and equipment | 撇減存貨 | 543,411 | 268,039 |
| Amortisation of prepaid lease payments | 物業·廠房及設備折舊 | 10,273,310 | 11,174,567 |
| (Gain) loss on disposal of property, plant and equipment | 預付租賃款項攤銷 | 1,031,454 | 718,048 |
| Loss on disposal of a subsidiary | 出售物業·廠房及設備之(收益)虧損 | (4,244,150) | 26,709 |
| Gain on Land Swap Transaction (as defined in note 6) | 出售一家附屬公司之虧損 | 5,396,840 | - |
| Change in fair value of investment properties | 土地置換交易之收益(在附註6內定義) | (46,611,407) | - |
| Impairment loss recognised in respect of an available-for-sale investment | 投資物業之公平值變動 | (20,273,024) | (630,600) |
| Impairment loss recognised in respect of loans to joint ventures | 就一項可供出售投資確認之減值虧損 | - | 5,581,603 |
| Change in fair value of derivative financial instrument | 就給予合營公司貸款確認之減值虧損 | 2,874,868 | 5,268,340 |
| Share of results of joint ventures | 衍生金融工具之公平值變動 | 2,837,217 | (752,339) |
| Dividend income | 應佔合營公司之業績 | 1,349,720 | 1,500,119 |
| Interest expense | 股息收入 | (1,518,823) | (715,278) |
| Interest income | 利息開支 | 2,509,172 | 3,907,893 |
| | 利息收入 | (1,932,508) | (1,990,981) |
| Operating cash flows before movements in working capital | 未計營運資金變動前之經營現金流量 | 3,178,376 | 112,795,742 |
| (Increase) decrease in inventories and record masters | 存貨及唱片母帶(增加)減少 | (6,379,932) | 2,337,580 |
| Increase in trade and other receivables, prepayments and deposits | 貿易及其他應收款項·預付款項以及訂金增加 | (17,876,120) | (6,562,654) |
| Decrease in amount due from a related company | 應收一家關連公司款項減少 | 171,090 | 2,007,092 |
| Decrease (increase) in held-for-trading investments | 持作買賣投資減少(增加) | 24,872,700 | (87,157,694) |
| Decrease in loans receivable | 應收貸款減少 | 5,729,542 | 39,435,067 |
| Increase (decrease) in trade and other payables and accruals | 貿易及其他應付款項以及應計款項增加(減少) | 171,290 | (93,189) |
| Cash from operations | 經營所得之現金 | 9,866,946 | 62,761,944 |
| Dividend income | 股息收入 | 1,518,823 | 715,278 |
| Hong Kong Profits Tax paid | 已付香港利得稅 | (610,195) | (1,162,154) |
| Overseas tax paid | 已付海外稅項 | (2,897,465) | (4,610,970) |
| NET CASH FROM OPERATING ACTIVITIES | 經營業務所得現金淨額 | 7,878,109 | 57,704,098 |

Consolidated Statement of Cash Flows

綜合現金流量報表

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

| | | NOTES 附註 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------------------|-------------|-----------------------------|-----------------------------|
| INVESTING ACTIVITIES | 投資活動 | | | |
| Investment in available-for-sale investments | 投資於可供出售投資 | | (3,505,900) | (2,377,434) |
| Repayment from loan to an available-for-sale investee | 給予可供出售被投資方之貸款還款 | | 32,362,460 | 2,332,090 |
| Deposit paid for acquisition of property, plant and equipment | 已付收購物業、廠房及設備訂金 | | (5,543,984) | (1,370,661) |
| Placement of short-term bank deposits | 存置短期銀行存款 | | (64,101,510) | (36,147,388) |
| Withdrawal of short-term bank deposits | 提取短期銀行存款 | | 28,164,048 | 86,107,178 |
| Disposal of a subsidiary | 出售一家附屬公司 | 37 | 2,340,000 | - |
| Loans to joint ventures | 給予合營公司之貸款 | | (3,013,772) | (1,093,026) |
| Repayment from loan to a joint venture | 給予一家合營公司之貸款還款 | | 1,000,000 | 1,500,000 |
| Purchase of property, plant and equipment | 購入物業、廠房及設備 | | (12,257,936) | (5,859,035) |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | | 4,268,943 | - |
| Compensation received for Land Swap Transaction | 就土地置換交易所收取的補償 | 6 | 52,022,307 | - |
| Interest received | 已收利息 | | 1,932,508 | 1,195,950 |
| Acquisition of a subsidiary | 收購一家附屬公司 | 36 | - | (85,449,791) |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | 投資活動所得(所用)現金淨額 | | 33,667,164 | (41,162,117) |
| FINANCING ACTIVITIES | 融資活動 | | | |
| Repayment of bank borrowings | 償還銀行借貸 | | (1,450,400) | (6,120,800) |
| New bank borrowings raised | 新增銀行借貸 | | - | 35,000,000 |
| Repayment to a related company | 向一家關連公司之還款 | | (10,675,637) | (13,155,570) |
| Issue of new shares | 發行新股份 | | - | 19,866,900 |
| Share issues expenses | 發行股份開支 | | - | (397,338) |
| Repayment of obligations under finance leases | 償還融資租賃責任 | | (236,890) | (293,031) |
| Interest paid | 已付利息 | | (2,509,172) | (3,907,893) |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | 融資活動(所用)所得現金淨額 | | (14,872,099) | 30,992,268 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 現金及現金等值增加淨額 | | 26,673,174 | 47,534,249 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 年初之現金及現金等值 | | 165,573,968 | 120,746,792 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | 匯率變動影響 | | 7,440,845 | (2,707,073) |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 年終之現金及現金等值 | | 199,687,987 | 165,573,968 |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS | 現金及現金等值結餘之分析 | | | |
| Bank balances and cash | 銀行結餘及現金 | | 199,687,987 | 165,573,968 |

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

Newway Group Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information to the annual report.

The Company acts as an investment holding company. The principal activities and other details of its subsidiaries are set out in note 47.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

| | |
|------------------------|--|
| Amendments to HKAS 7 | Disclosure initiative |
| Amendments to HKAS 12 | Recognition of deferred tax assets for unrealised losses |
| Amendments to HKFRS 12 | As part of annual improvements to HKFRSs 2014 – 2016 cycle |

1. 一般資料

Newway Group Holdings Limited 中星集團控股有限公司*（「本公司」）於百慕達註冊成立為一家受豁免之有限責任公司，其股份在香港聯合交易所有限公司上市。本公司之註冊辦事處及主要營業地點已載於年報「公司資料」內。

本公司為一家投資控股公司。其主要業務及附屬公司之其他詳情載於附註47。

綜合財務報表以港元（「港元」）呈列，而港元亦為本公司之功能貨幣。

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度強制生效的香港財務報告準則之修訂

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

| | |
|-----------------|----------------------------------|
| 香港會計準則第7號之修訂 | 披露計劃 |
| 香港會計準則第12號之修訂 | 就未變現虧損確認遞延稅項資產 |
| 香港財務報告準則第12號之修訂 | 作為二零一四年至二零一六年週期香港財務報告準則之年度改進之一部份 |

* 僅供識別

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

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

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

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

Amendments to Hong Kong Accounting Standard (“HKAS”) 7 “Disclosure initiative”

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. In addition, the amendments also require disclosure on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 44. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 44, the application of these amendments has had no impact on the Group’s consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

於本年度強制生效的香港財務報告準則之修訂（續）

除下文所述外，於本年度應用該等香港財務報告準則之修訂對此等綜合財務報表所載本集團於本年度及過往年度之財務表現及狀況及／或當中所載披露並無重大影響。

香港會計準則（「香港會計準則」）第7號「披露計劃」之修訂

本集團於本年度首次應用此等修訂。有關修訂規定實體作出的披露可讓財務報表使用者評估融資活動產生之負債變動，包括現金流量產生的變動及非現金變動。此外，該等修訂亦要求倘來自金融資產的現金流量或未來現金流量會或將會計入融資活動現金流量中則須披露該等金融資產之變動。

具體而言，該等修訂要求披露以下各項：(i) 融資現金流量變動；(ii) 取得或失去附屬公司或其他業務的控制權產生之變動；(iii) 外匯匯率變動之影響；(iv) 公平值變動；及(v) 其他變動。

附註44載有該等項目的期初及期末結餘的對賬。與該等修訂的過渡性條文一致，本集團並無披露過往年度的比較資料。除於附註44作出的額外披露外，應用該等修訂對本集團的綜合財務報表並無影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

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

New and revised HKFRSs issued but not yet effective

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

| | |
|------------------------------------|--|
| HKFRS 9 | Financial instruments ¹ |
| HKFRS 15 | Revenue from contracts with customers and the related amendments ¹ |
| HKFRS 16 | Leases ² |
| HKFRS 17 | Insurance contracts ⁴ |
| HK(IFRIC) – Int 22 | Foreign currency transactions and advance consideration ¹ |
| HK(IFRIC) – Int 23 | Uncertainty over income tax treatments ² |
| Amendments to HKFRS 2 | Classification and measurement of share-based payment transactions ¹ |
| Amendments to HKFRS 4 | Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts” ¹ |
| Amendments to HKFRS 9 | Prepayment features with negative compensation ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture ³ |
| Amendments to HKAS 28 | Long-term interests in associates and joint ventures ² |
| Amendments to HKAS 28 | As part of the annual improvements to HKFRSs 2014–2016 cycle ¹ |
| Amendments to HKAS 40 | Transfers of investment property ¹ |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2015 – 2017 cycle ² |

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並未提早應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

| | |
|----------------------------|--|
| 香港財務報告準則第9號 | 金融工具 ¹ |
| 香港財務報告準則第15號 | 客戶合約收益及有關修訂 ¹ |
| 香港財務報告準則第16號 | 租賃 ² |
| 香港財務報告準則第17號 | 保險合約 ⁴ |
| 香港（國際財務報告詮釋委員會）— 詮釋第22號 | 外幣交易及預付代價 ¹ |
| 香港（國際財務報告詮釋委員會）— 詮釋第23號 | 所得稅處理之不确定性 ² |
| 香港財務報告準則第2號之修訂 | 以股份為基礎付款交易的分類及計量 ¹ |
| 香港財務報告準則第4號之修訂 | 一併應用香港財務報告準則第9號「金融工具」與香港財務報告準則第4號「保險合約」 ¹ |
| 香港財務報告準則第9號之修訂 | 具有負補償之提前還款特性 ² |
| 香港財務報告準則第10號及香港會計準則第28號之修訂 | 投資者與其聯營公司或合營公司之間的資產銷售或注資 ³ |
| 香港會計準則第28號之修訂 | 於聯營公司及合營公司的長期權益 ² |
| 香港會計準則第28號之修訂 | 作為二零一四年至二零一六年週期香港財務報告準則之年度改進之一部份 ¹ |
| 香港會計準則第40號之修訂 | 轉讓投資物業 ¹ |
| 香港財務報告準則之修訂 | 二零一五年至二零一七年週期香港財務報告準則之年度改進 ² |

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

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

New and revised HKFRSs issued but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ Effective for annual periods beginning on or after a date to be determined
- ⁴ Effective for annual periods beginning on or after 1 January 2021

HKFRS 9 “Financial instruments”

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

- ¹ 於二零一八年一月一日或之後開始之年度期間生效
- ² 於二零一九年一月一日或之後開始之年度期間生效
- ³ 於有待釐定之日期或其後開始之年度期間生效
- ⁴ 於二零二一年一月一日或之後開始之年度期間生效

香港財務報告準則第9號「金融工具」

香港財務報告準則第9號引入分類及計量金融資產、金融負債、一般對沖會計及金融資產減值要求之新規定。

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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

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 “Financial instruments” (Continued)

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

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第9號「金融工具」（續）

與本集團有關的香港財務報告準則第9號的主要規定：

- 香港財務報告準則第9號範圍內所有已確認之金融資產須於其後按攤銷成本或公平值計量。具體而言，在目標為收取合約現金流量及有僅為本金及未付本金利息付款之合約現金流量之業務模式中持有之債務投資，一般在往後會計期末按攤銷成本計量。債務工具以達到收回合約性現金流量及出售金融資產為目的的業務模式下持有，且僅為支付本金及未付本金利息的現金流量（由合約性條款於特定日期產生）一般按公平值計入其他全面收入（「按公平值計入其他全面收入」）計量。所有其他金融資產均在往後會計期間後按其公平值計量。此外，根據香港財務報告準則第9號，實體可不可撤回地選擇在其他全面收入中呈列股權投資（非持作買賣）公平值之其後變動，僅股息收入一般於損益確認。
- 就金融資產的減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算有所不同，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損的變動入賬，以反映信貸風險自初步確認以來的變動。換言之，毋須再待發生信貸事件後方可確認信貸虧損。

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綜合財務報表附註

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截至二零一七年十二月三十一日止年度

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 “Financial instruments” (Continued)

Based on the Group’s financial instruments and risk management policies as at 31 December 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group’s available-for-sale financial assets. Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 18 are qualified for designation as measured at FVTOCI under HKFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve. Upon initial application of HKFRS 9, the fair value gain relating to these securities would be adjusted to investments revaluation reserve as at 1 January 2018. All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised costs, contract assets under HKFRS 15 “Revenue from contracts with customers” and lease receivables that subject to the impairment provisions upon application of HKFRS 9 by the Group.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第9號「金融工具」（續）

根據本集團於二零一七年十二月三十一日的金融工具及風險管理政策，於未來應用香港財務報告準則第9號可能會對本集團可供出售金融資產的分類及計量造成重大影響。分類為按成本扣除減值列賬（見附註18所披露）的可供出售投資的股本證券合資格根據香港財務報告準則第9號指定為按公平值計入其他全面收入計量，本集團將於往後報告期末後按公平值計量該等證券，而公平值損益則作為其他全面收入確認，並於投資重估儲備內累計。於首次應用香港財務報告準則第9號時，有關該等證券的公平值收益將調整為於二零一八年一月一日的投資重估儲備。所有其他金融資產及金融負債將繼續按與現時根據香港會計準則第39號的相同計量基準計量。

總括而言，本公司董事預期應用香港財務報告準則第9號的預期信貸虧損模式會導致提前就本集團按攤銷成本計量之金融資產、香港財務報告準則第15號「客戶合約收益」項下之合約資產以及於本集團應用香港財務報告準則第9號後須作出減值撥備的應收租賃款項尚未產生的信貸虧損作出撥備。

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綜合財務報表附註

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截至二零一七年十二月三十一日止年度

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 “Financial instruments” (Continued)

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables, deposits with brokers' houses, loans to joint ventures, loans receivable, amount due from a related company, short-term bank deposits and cash and cash equivalents. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

HKFRS 15 “Revenue from contracts with customers”

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第9號「金融工具」（續）

根據本公司董事的評估，倘本集團應用預期信貸虧損模式，與根據香港會計準則第39號所確認的累計金額相比，本集團於二零一八年一月一日確認的累計減值虧損金額將會增加，主要因為貿易應收款項、經紀行存款、給予合營公司之貸款、應收貸款、應收一家關連公司款項、短期銀行存款及現金及現金等值的預期信貸虧損撥備。有關根據預期信貸虧損模式確認的進一步減值將會減少於二零一八年一月一日的期初保留溢利。

香港財務報告準則第15號「客戶合約收益」

香港財務報告準則第15號已頒佈，其制定一項單一全面模式供實體用作將自客戶合約所產生之收益入賬。於香港財務報告準則第15號生效後，其將取代香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋現時所載目前之收益確認指引。

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 “Revenue from contracts with customers” (Continued)

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

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

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

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第15號「客戶合約收益」（續）

香港財務報告準則第15號之核心原則為實體應確認描述向客戶轉讓承諾貨品或服務之收益，金額為能反映該實體預期就交換該等貨品或服務有權獲得之代價。具體而言，該準則引入確認收益之五個步驟：

- 第一步：識別與客戶訂立之合約
- 第二步：識別合約中之履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中之履約責任
- 第五步：於（或當）實體完成履約責任時確認收益

根據香港財務報告準則第15號，一間實體於（或當）完成履約責任時（即於與特定履約責任相關之商品或服務之「控制權」轉讓予客戶時）確認收益。香港財務報告準則第15號已就特別情況之處理方法加入更明確之指引。此外，香港財務報告準則第15號要求更詳盡之披露。

於二零一六年，香港會計師公會對香港財務報告準則第15號有關識別履約責任、主事人與代理人之代價及發牌申請指引方面作出澄清。

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 “Revenue from contracts with customers” (Continued)

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

HKFRS 16 “Leases”

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

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第15號「客戶合約收益」（續）

本公司董事預期，應用香港財務報告準則第15號或導致有關收益的更多披露。然而，本公司董事預期，應用香港財務報告準則第15號將不會對各報告期間確認收益的時間及金額造成重大影響。

香港財務報告準則第16號「租賃」

香港財務報告準則第16號為出租人及承租人引入識別租賃安排的全面模式及會計處理。於香港財務報告準則第16號生效後，其將取代香港會計準則第17號「租賃」及相關詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。承租人會計處理中已毋須區分經營租賃及融資租賃，並以承租人須就所有租賃（短期租賃或低價值資產的租賃除外）確認使用權資產及相應負債的模式所取代。

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 16 “Leases” (Continued)

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is an operating lease lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第16號「租賃」（續）

使用權資產初步按成本計量，其後則按成本（若干例外情況除外）減累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。租賃負債初步按於該日尚未支付的租賃付款的現值計量。其後，租賃負債會就利息及租賃付款，以及租賃修訂等影響作出調整。至於現金流量分類，本集團現時將經營租賃項下預付租賃付款呈列為自用租賃土地及分類為投資物業的租賃土地的投資現金流量，而其他經營租賃付款則呈列為經營現金流量。於應用香港財務報告準則第16號後，有關租賃負債的租賃付款將就本金及利息部份作出分配，並將由本集團呈列為融資現金流量。

根據香港會計準則第17號，本集團已就融資租賃安排確認一項資產及一項相關融資租賃負債，並就本集團作為經營租賃承租人的租賃土地確認預付租賃款項。視乎本集團的使用權資產乃分開呈列或與對應的相關資產（如擁有有關資產）所呈列的同一項目中呈列，應用香港財務報告準則第16號可能導致該等資產的分類出現潛在變動。

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

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 16 “Leases” (Continued)

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK\$57,382,383 as disclosed in note 38. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$1,149,996 and refundable rental deposits received of HK\$1,110,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

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

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第16號「租賃」（續）

與承租人的會計處理方法不同，香港財務報告準則第16號大體上沿用香港會計準則第17號出租人會計處理方法的規定，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求更詳盡的披露。

誠如附註38所披露，截至二零一七年十二月三十一日止，本集團有不可撤銷經營租賃承擔57,382,383港元。初步評估顯示，此等安排將符合租賃的定義。於應用香港財務報告準則第16號時，本集團將就所有此等租賃確認使用權資產及相應的負債。

此外，本集團現時將已付的可退還租金按金1,149,996港元及已收的可退還租金按金1,110,000港元視為香港會計準則第17號所適用的租賃權利及責任。根據香港財務報告準則第16號項下租賃付款的定義，有關按金並非與相關資產使用權相關的權利，有關按金的賬面金額可調整至攤銷成本，而有關調整被視為額外租賃款項。對已付可退還租金按金作出的調整將計入使用權資產的賬面值中。對已收可退還租金按金作出的調整將視作預付租賃付款。

此外，應用新規定可能導致上述計量、呈列及披露的變動。

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

New and revised HKFRSs issued but not yet effective (Continued)

Except as disclosed above, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective will have no material impact on the Group’s consolidated financial statements in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則（續）

除上述者外，本公司董事預期，應用其他已頒佈但尚未生效的新訂及經修訂香港財務報告準則對本集團未來的綜合財務報表並無重大影響。

3. 主要會計政策

綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有香港聯合交易所有限公司證券上市規則及香港《公司條例》所規定之適用披露事項。

綜合財務報表乃按歷史成本基準編製，惟誠如下文所載會計政策所闡述，於報告期末按公平值計量之投資物業及若干金融工具除外。歷史成本一般以就交換貨品及服務給予之代價之公平值為基礎。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. 主要會計政策 (續)

公平值指市場參與者之間在計量日期進行有序交易中出售一項資產所收取或轉移一項負債所支付之價格，而不論該價格是否可直接觀察或採用其他估值技術估計。在對資產或負債之公平值作出估計時，倘市場參與者在計量日期為該資產或負債定價時將會考慮有關該資產或負債之特點，則本集團亦會考慮該等特點。在此等綜合財務報表中就計量及／或披露用途而採用之公平值均按此基礎釐定，惟香港財務報告準則第2號「以股份為基礎付款」範圍界定之股份付款交易、香港會計準則第17號「租賃」範圍界定之租賃交易及與公平值部分相若但非公平值之計量（例如，香港會計準則第2號「存貨」中之可變現淨值或香港會計準則第36號「資產減值」中之使用價值）除外。

非金融資產之公平值計量會計及市場參與者將資產用於最高價值及最佳用途或售予會將資產用於最高價值及最佳用途之另一名市場參與者而產生經濟利益的能力。

就按公平值轉撥，且需要使用不可觀察輸入數據的估計技術計量其其後期間公平值的金融工具及投資物業而言，有關估值技術會作出調整以使估值技術的結果與交易價相同。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

3. 主要會計政策 (續)

此外，就財務申報而言，公平值計量按照公平值計量之輸入數據可觀察程度及公平值計量輸入數據之整體重要性，分類為1級、2級或3級，情況如下所述：

- 1級輸入數據是實體於計量日期可取得之相同資產或負債於活躍市場之報價（未經調整）；
- 2級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（1級包括之報價除外）；及
- 3級輸入數據是資產或負債之不可觀察輸入數據。

主要會計政策載列如下。

綜合賬目基準

綜合財務報表包括本公司以及本公司及其附屬公司控制之實體財務報表。當本公司出現以下情況時，即取得控制權：

- 可向被投資方行使權力；
- 因參與被投資方事務而承擔風險或有權擁有被投資方之可變回報；及
- 有能力運用其對被投資方之權力影響回報。

倘事實及情況顯示上述三項控制權元素中一項或以上有所變動，則本集團會重新評估是否對被投資方擁有控制權。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. 主要會計政策 (續)

綜合賬目基準 (續)

附屬公司之綜合入賬自本集團取得有關附屬公司之控制權起開始，並於本集團失去有關附屬公司之控制權時終止。具體而言，年內所收購或出售附屬公司之收入及開支自本集團取得控制權之日期起計入綜合損益及其他全面收入報表，直至本集團不再控制有關附屬公司之日期為止。

損益及其他全面收入之各項目歸屬於本公司擁有人及非控股權益。附屬公司之全面收入總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益產生虧絀結餘。

附屬公司之財務報表視乎需要作出調整，以使其會計政策與本集團之會計政策一致。

本集團內各公司間所有資產及負債、權益、收入、開支及與本集團成員公司間交易有關的現金流量均於綜合賬目時悉數對銷。

附屬公司之非控股權益與本集團於附屬公司之權益分開呈列。

收購不構成業務之附屬公司

當本集團收購一組不構成一項業務的資產及負債時，本集團最初將購買價分配至其後按公平值模式計量的投資物業，餘下之購買價隨後按照其他單一可識別資產及負債於購買日期彼等各自的公平值分配，以識別並確認收購的單一可識別資產及負債。該交易不會造成商譽上漲或購買收益的減少。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. 主要會計政策 (續)

於合營公司之權益

合營公司指一項聯席安排，對安排擁有共同控制權之訂約方據此對聯席安排之資產淨值擁有權利。共同控制權指按照合約協定對一項安排所共有之控制權，僅在相關活動必須獲得共同享有控制權之各方一致同意方能決定時存在。

合營公司之業績及資產與負債使用權益會計法計入綜合財務報表。就權益會計法所用合營公司之財務報表，採用本集團於類似情況下類似交易及事項所用之相同會計政策編製。根據權益法，於合營公司之投資初始於綜合財務狀況報表按成本確認，其後作出調整，以確認本集團應佔合營公司之損益及其他全面收入。倘本集團應佔合營公司虧損超出本集團於該合營公司之權益（包括大致上構成本集團於合營公司之投資淨額部分之長期權益），則本集團會終止確認應佔之進一步虧損。額外虧損僅於本集團產生法定或推定責任或代表合營公司付款時確認。

自被投資方成為一家合營公司當日起，於合營公司之投資採用權益法入賬。於收購一間合營公司之投資時，投資成本超出本集團分佔該被投資方可識別資產及負債公平淨值之任何差額會確認為商譽，並計入投資賬面值。本集團所佔可識別資產及負債於重新評估後之公平淨值與投資成本之任何差額，會於收購投資期間即時於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint ventures (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of investment (include goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

Revenue from sales of goods (including manufactured and trading printing products and gaming machines) is recognised when the goods are delivered and titles have passed.

Sales of albums are recognised when the albums are delivered and the title has passed.

Artistes management fee income is recognised when the services are provided.

Promotion income is recognised when the services are provided.

3. 主要會計政策 (續)

於合營公司之權益 (續)

本集團應用香港會計準則第39號之規定，以釐定是否需要就本集團於合營公司之投資確認任何減值虧損。如有需要，該項投資之全部賬面值（包括商譽）會根據香港會計準則第36號「資產減值」，以單一資產方式進行減值測試，比較其可收回金額（即使用價值與公平值減出售成本之較高者）與賬面值。任何已確認減值虧損構成該項投資賬面值一部分。有關減值虧損之任何撥回乃於該項投資之可收回金額其後增加時根據香港會計準則第36號確認。

收益確認

收益按已收或應收代價之公平值計量，乃於正常業務過程中就已售貨品及已提供服務所應收取之款項（扣除折扣及銷售相關稅項）。

收益於收益金額能可靠地計量時；未來經濟利益將有可能流入本集團時；及本集團各業務活動達致特定條件時確認，詳情參見下文。

銷售貨物（包括製造及買賣印刷產品及遊戲機）的收益於貨物交付及擁有權轉移時確。

唱片之銷售於交付唱片及轉移擁有權時確認。

藝人管理費收入於提供服務時確認。

宣傳收入於提供服務時確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Concerts and shows income is recognised on the completion of the relevant concerts and shows.

Income from the licensing of the musical works is recognised when the Group's entitlement to such payments has been established.

Service income is recognised when services are provided.

Deposits received from purchases prior to meeting the above criteria for revenue recognition are included in consolidated statement of financial position under current liabilities.

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

Rental income is recognised, on a straight-line basis, over the terms of relevant leases. The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. 主要會計政策 (續)

收益確認 (續)

音樂會及表演收入於相關音樂會及表演完成時確認。

音樂作品特許收入於本集團獲得有關款項之權利確立時確認。

服務收入於提供服務時確認。

於符合上述收益確認條件前自買入收取之訂金會計入綜合財務狀況報表內流動負債項下。

利息收入就未償還本金額及適用實際利率按時間基準累計，有關利率為於金融資產之預計年期將估計日後所收現金準確折算至該資產於初始確認時之賬面淨額之利率。

租金收入於相關租賃期內按直線法確認。本集團確認經營租賃收益的會計政策已於下列租賃會計政策中說明。

投資物業

投資物業乃指持有作為賺取租金及／或作為資本增值的物業。

投資物業初步按成本計量，包括任何直接相關支出。於初步確認後，投資物業按公平值計量。本集團就賺取租金或資本增值而根據經營租約持有之全部物業權益分類並作為投資物業入賬，且使用公平值模式計量。投資物業公平值變動產生的收益或虧損，已計入其產生期間的損益表內。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Transfer from owner-occupied property to investment property carried at fair value

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserve. On the subsequent sale or retirement of the asset, the properties revaluation reserve will be transferred directly to retained profits.

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance leases), other than properties construction in progress as described below, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. 主要會計政策 (續)

投資物業 (續)

投資物業於出售後或在投資物業永久不再使用及預期出售該等物業不會產生未來經濟利益時取消確認。取消確認物業所產生的任何收益或虧損(按出售所得款項淨額與資產賬面值的差額計算)將計入該項目取消確認期間的損益賬內。

由業主自用物業轉撥至以公平價值列賬之投資物業

倘某一物業、廠房及設備項目不再由業主自用，顯示用途已改變，則成為投資物業，而該項目於轉撥日期之賬面值與公平值之間之任何差額，乃於其他全面收入確認及於物業重估儲備中累計。當資產其後銷售或報廢時，物業重估儲備將直接轉撥至保留溢利。

物業、廠房及設備

物業、廠房及設備(包括樓宇、租賃土地(分類為融資租賃)下文所述的在建物業工程除外)乃於綜合財務狀況表按成本減其後累計折舊及累計減值虧損(如有)後列賬。

供生產、供應或行政用途之在建物業按成本減任何已確認減值虧損列賬。成本包括專業費用及(就合資格資產而言)按照本集團會計政策撥充資本之借貸成本。有關物業於竣工及已可作擬定用途時歸類為物業、廠房及設備之適當類別。該等資產在已可作擬定用途時按與其他物業資產相同之基準開始計算折舊。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Property, plant and equipment acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, was measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Record masters

Record masters represent the accumulated costs incurred in the production of master tapes of relevant audio-visual products at the end of the reporting period and are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

3. 主要會計政策 (續)

物業、廠房及設備 (續)

以一項或多項非貨幣資產或貨幣資產加非貨幣資產所交換的物業、廠房及設備乃以公平值計量，除非交換交易缺乏商業實質或已收資產及已放棄資產的公平值無法合理地計量。

折舊乃根據資產（在建工程除外）之估計可使用年期以直線法確認，以撇銷其減去剩餘價值後之成本。估計可使用年期、剩餘價值及折舊方法會在各報告期末檢討，並按未來基準法將任何估計變更之影響入賬。

根據融資租賃持有之資產於預期可使用年期內按自有資產相同之基準折舊。然而，未能合理確定可於租期結束後獲得擁有權之資產，乃於租期及彼等之可使用年期（以較短者為準）計算折舊。

物業、廠房及設備項目於出售或當預期持續使用該資產將不會產生未來經濟利益時終止確認。出售物業、廠房及設備項目或將有關項目報廢所產生之任何收益或虧損乃以銷售所得款項與該資產之賬面值之差額釐定，並於損益中確認。

存貨

存貨以成本與可變現淨值兩者中之較低值入賬。成本按先進先出方法計算。可變現淨值指估計存貨售價減所有估計完成成本及銷售所需成本。

唱片母帶

唱片母帶指製作相關影音產品母帶時於報告期末產生之累計成本，並按成本與可變現淨值兩者中之較低者列賬。成本乃以先入先出方法計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Cost comprises both the land use rights and development cost of the property. Net realisable value takes into account the price ultimately expected to be realised, less applicable selling expenses and the anticipated costs of completion.

Development cost of property comprises construction costs, borrowing costs capitalised according to the Group's accounting policy and directly attributable cost incurred during the development period.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. 主要會計政策 (續)

待售發展中物業

待售發展中物業按成本與可變現淨值之較低者入賬。成本包括土地使用權及物業開發成本。可變現淨值考慮最終預期實現之價格，扣除適用銷售開支以及預期竣工成本。

物業開發成本包括建築成本、按照本集團會計政策資本化之借貸成本及發展期內產生之直接應佔成本。

有形資產之減值

於報告期末，本集團檢討其有形資產之賬面值，以釐定有否跡象顯示該等資產出現減值虧損。倘出現任何有關跡象，則須估計相關資產之可收回金額，以釐定減值虧損（如有）之程度。

倘無法估計個別資產之可收回金額，則本集團會估計該資產所屬現金產生單位之可收回金額。倘可識別合理及一致之分配基準，則企業資產亦會分配至個別現金產生單位，或分配至可識別合理及一致分配基準之最小組別現金產生單位。

可收回金額為公平值（減出售成本）與使用價值兩者中之較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產（或現金產生單位）於估計未來現金流量調整前之獨有風險之稅前折算率折算估計未來現金流量至其現值。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible assets (Continued)

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as and included in profit or loss in the period in which they are incurred.

3. 主要會計政策 (續)

有形資產之減值 (續)

倘估計資產 (或現金產生單位) 之可收回金額少於其賬面值, 資產 (或現金產生單位) 之賬面值被削減至其可收回金額。資產的賬面值不會被調低至低於其公平值減出售成本 (如可計量)、其使用價值 (如可釐定) 及零 (以較高者為準)。其他已分配至資產的減值虧損金額則按比例分配至該單位內的其他資產。減值虧損即時於損益確認。

倘減值虧損於其後撥回, 則該項資產 (或現金產生單位) 之賬面值會增加至其經修訂之估計可收回金額, 惟增加後之賬面值不得超出假設過往年度並無就該項資產 (或現金產生單位) 確認減值虧損原應釐定之賬面值。減值虧損撥回即時於損益確認。

借貸成本

收購、建造或生產合資格資產 (即需要長時間準備方可作擬定用途或銷售之資產) 直接應佔之借貸成本, 會加入該等資產之成本, 直至該等資產已大致完成可作擬定用途或銷售為止。

所有其他借貸成本均於產生期間確認, 並計入損益。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

3. 主要會計政策 (續)

稅項

所得稅開支指現時應付稅項及遞延稅項之總和。

現時應付稅項乃按本年內應課稅溢利計算。應課稅溢利與綜合損益及其他全面收入報表所報之除稅前溢利不同，乃由於在其他年度應課稅或可扣稅之收入或開支項目及從不課稅或扣稅之項目所致。本集團之即期稅項負債乃採用於報告期末經已生效或實際上已生效之稅率計算。

遞延稅項乃就綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基兩者間之臨時差額確認。遞延稅項負債通常會就所有應課稅臨時差額確認。遞延稅項資產通常會在有可能利用可扣稅臨時差額抵銷應課稅溢利時，就所有可扣稅臨時差額確認。若於一項交易中，因業務合併以外原因開始確認其他資產及負債而引致之臨時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等遞延稅項資產及負債。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項負債會就於附屬公司之投資及合營公司之權益所產生之應課稅臨時差額確認，惟本集團能夠控制臨時差額之撥回，且臨時差額在可見將來可能不會撥回則作別論。與該等投資相關之可扣稅臨時差額所產生之遞延稅項資產於可能有足夠應課稅溢利可以使用臨時差額之益處，且預計於可見將來可以撥回時方會確認。

遞延稅項資產之賬面值於報告期末檢討，並在不大可能有足夠應課稅溢利抵銷將予收回之全部或部分資產時調減。

遞延稅項資產及負債基於報告期末經已生效或實際上已生效之稅率（及稅法）按預期於清償負債或變現資產之期間適用之稅率計量。

遞延稅項負債及資產之計量方式反映本集團預期於報告期末收回資產或清償負債賬面值之方式所產生之稅務影響。

就使用公平值模式計量的投資物業而言，在計量其遞延稅項時，這些物業之賬面值乃假設是透過出售時全數收回，除非假設被推翻。當投資物業可予折舊及以一個商業模式持有，而有關模式的目的並非透過出售而是隨時間流逝耗用投資物業所包含的絕大部分經濟利益，則假設會被推翻。

即期及遞延稅項於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs increased in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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

3. 主要會計政策 (續)

租賃

當租賃之條款實質上將擁有權所產生之絕大部分風險及回報轉移至承租人時，該等租賃被分類為融資租賃。所有其他租賃則分類為經營租賃。

本集團作為出租人

經營租賃之租金收入乃按相關租賃年期以直線法於損益內確認。初步直接成本於磋商及安排經營租賃期間的上升部份，乃計入所租賃資產的賬面值。除按公平值模式計量之投資物業外，有關成本於租期內按直線法確認為開支。

本集團作為承租人

根據融資租賃持有的資產按有關資產於租約開始時之公平值或（如為較低者）最低租賃付款之現值確認為本集團之資產。對出租人的相關責任作為融資租賃責任計入綜合財務狀況報表。

租賃付款在融資開支及租賃責任扣減之間劃撥，以使責任餘額之利率維持一致。融資開支即時於損益中確認，除非有關開支由合資格資產直接產生，於該情況下，彼等根據本集團借款成本之一般政策撥充資本（見下文之會計政策）。

經營租賃款項於租期內按直線法確認為開支。

倘收取租賃獎勵以訂立經營租賃，則該等獎勵確認為負債。獎勵總利益按直線法確認為扣減租金開支。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold at initial recognition land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. 主要會計政策 (續)

租賃 (續)

租賃土地及樓宇

當本集團為一項包括初步確認時的租賃土地及樓宇部分的物業權益付款時，則本集團會依照其所評估與各部分擁有權有關之絕大部分風險與回報是否已轉移至本集團，分別評定各部分應分類為融資或經營租賃，除非明顯兩個部分均為經營租賃，在此情況下則整項物業作為經營租賃入賬。具體而言，於初步確認時，整項代價（包括任何一次性預付款項）在租賃開始時，按租賃土地部分及樓宇部分租賃權益之相對公平值之比例分為土地及樓宇部分。

倘相關款項能可靠地分配，入賬列為經營租賃之租賃土地之權益會於綜合財務狀況報表呈列為「預付租賃款項」，並於租期內按直線法攤銷。

外幣

於編製各集團實體之財務報表時，以該實體之功能貨幣以外貨幣（外幣）進行之交易按交易日期之通用匯率換算為其功能貨幣（即該實體經營之主要經濟環境之貨幣）記錄。於報告期末，以外幣列值之貨幣項目按該日之通用匯率重新換算。以外幣及按歷史成本計量之非貨幣項目不會重新換算。

結算貨幣項目及貨幣項目之重新換算產生之匯兌差額於產生期間之損益內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to subsidy income from government for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

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

3. 主要會計政策 (續)

外幣 (續)

就呈列綜合財務報表而言，本集團之海外業務資產及負債按於報告期末之通用匯率換算為本集團之呈列貨幣（即港元），而其收入及開支則按該年度之平均匯率換算，惟倘期內之匯率大幅波動，則使用交易當日之通用匯率換算。所產生之匯兌差額（如有）於其他全面收入中確認及於匯兌儲備中的權益累計（計入非控股權益（如適用））。

政府補助

政府補助於能合理確保本集團將會符合補助所附帶的條件及將會收到補助金前不予確認。

政府補助於本集團將本集團補助擬補償的相關成本確認為開支的期間內，有系統地於損益中確認。就為本集團提供即時財政援助而不涉及未來相關成本的政府補貼收入的政府補助金，均於應收的期間內在損益中確認。

退休福利成本

定額供款退休福利計劃、國家管理退休福利計劃及強制性公積金計劃之供款均於僱員提供服務而使其有權享有供款時扣除作為開支。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 主要會計政策 (續)

短期及其他長期僱員福利

短期僱員福利按預期於僱員提供服務時支付的福利的未貼現金額確認。除非另一項香港財務報告準則規定或允許將福利計入一項資產的成本中，否則所有短期僱員福利會確認為開支。

負債於扣除任何已付金額後就僱員的累計福利（如工資及薪金、年假及病假）確認。

就其他長期僱員福利確認的負債乃按本集團預期就僱員於截至本報告日期所提供之服務估計之未來現金流出之現值計量。負債賬面值因服務成本、利息及重新計量導致的變動乃於損益中確認，除非另一項香港財務報告準則規定或允許將有關變動計入一項資產的成本中。

金融工具

當某集團實體成為工具合約條文之一方時，會確認金融資產及金融負債。

金融資產及金融負債在初始時以公平值計量。購置或發行金融資產及金融負債（按公平值計入損益之金融資產或金融負債除外）直接應佔之交易成本在初始確認時計入或扣自各金融資產或金融負債（倘適用）之公平值。購置按公平值計入損益之金融資產或金融負債直接應佔之交易成本即時在損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables, held-for-trading investments and available-for-sale investments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Held-for-trading investments

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 主要會計政策 (續)

金融工具 (續)

金融資產

本集團之金融資產分類為貸款及應收款項、持作買賣投資及可供出售投資。以常規方式買賣之所有金融資產均按交易日基準確認及終止確認。以常規方式買賣乃指要求在相關市場之規例或慣例約定之時間內交付資產之金融資產買賣。

實際利率法

實際利率法為就有關期間計算債務工具攤銷成本及分配利息收入之方法。實際利率為於債務工具之預計年期或(倘適用)較短期間將估計日後所收現金(包括構成實際利率一部分之所有已付或已收費用、交易成本及其他溢價或折讓)準確折算至該資產於初始確認時之賬面值淨額之利率。債務工具之利息收入按實際利率法確認。

持作買賣投資

倘金融資產屬以下性質，則分類為持作買賣：

- 收購之主要目的為於不久將來出售；或
- 於初步確認時，屬於本集團合併管理之已識別金融工具組合之一部分，並於近期具有短期獲利之實際模式；或
- 並非指定及實質為對沖工具之衍生工具。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Held-for-trading investments (Continued)

Held-for-trading investments are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 43.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investment.

Equity securities held by the Group that are classified as available-for-sale financial assets and are measured at fair value at the end of the reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

持作買賣投資 (續)

持作買賣投資按公平值列賬，因重新計量產生之損益於損益確認。於損益確認之收益或虧損淨額不包括金融資產所賺取之任何股息或利息，並計入「其他收益及虧損」一項。公平值乃以附註43所述方式釐定。

可供出售金融資產

可供出售金融資產乃指定為或並非分類為按公平值計入損益之金融資產、貸款及應收款項或持至到期投資之非衍生工具。

本集團所持的股本證券分類為可供出售金融資產，並於報告期末按公平值計量，惟公平值不能可靠地計量的無報價權益投資除外。可供出售股本工具之股息於本集團收取股息之權利確立時在損益確認。可供出售金融資產賬面值之其他變動於其他全面收益確認，並於投資重估儲備累計。當投資出售或被釐定為減值時，過往於投資重估儲備累計之累計收益或虧損重新分類為損益。

至於並無活躍市場報價且公平值不能可靠地計量之可供出售股本投資而言，乃於報告期末按成本減任何已識別減值虧損計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan to an available-for-sale investee, loans to joint ventures, trade and other receivables and deposits, loans receivable, amount due from a related company, short-term bank deposits and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項

貸款及應收款項為有固定或可釐定款項、且並無在活躍市場報價之非衍生金融資產。於初始確認後，貸款及應收款項（包括給予可供出售被投資方之貸款、給予合營公司之貸款、貿易及其他應收款項以及訂金、應收貸款款項、應收一家關連公司款項、短期銀行存款以及現金及現金等值）以實際利率法按攤銷成本減任何已識別減值虧損（詳見下文有關金融資產減值之會計政策）列賬。

利息收入以實際利率確認，惟所確認權益並不重大的短期應收款項除外。

金融資產減值

本集團會於各報告期末評估金融資產（按公平值計入損益者除外）有否跡象顯示出現減值。倘有客觀證據顯示金融資產之估計未來現金流量因初始確認後發生之一宗或多宗事件而受影響，則該等金融資產為已減值。

至於可供出售權益投資，證券之公平值大幅或持續低於其成本亦可被視為出現減值之客觀證據。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

For loans and receivables, objective evidence of impairment could include:

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值 (續)

就貸款及應收款項而言，減值之客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違反合約，如逾期或拖欠利息及本金還款；或
- 借款人有可能破產或進行財務重組。

應收款項組合之客觀減值證據可包括本集團之過往收款經驗，以及與應收款項逾期有關之全國或地方經濟狀況之明顯改變。

就按攤銷成本列賬之金融資產而言，所確認的減值虧損金額乃按該資產之賬面值與以原實際利率折算之估計未來現金流量現值之間的差額計量。

所有金融資產之賬面值均直接按減值虧損減少，惟貿易應收款項則透過使用撥備賬扣減賬面值。撥備賬之賬面值變動於損益確認。倘貿易應收款項被視為無法收回，則自撥備賬撇銷。其後收回之過往已撇銷款項乃計入損益。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Financial liabilities and equity instruments

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

Equity instruments

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產減值 (續)

當可供出售金融資產被視為出現減值時，過往於其他全面收益確認之累計收益或虧損會重新分類至期內的損益。

就按攤銷成本計量之金融資產而言，倘減值虧損金額於往後期間減少，且減少可客觀地與確認減值虧損後發生之事件連繫，則先前確認之減值虧損乃透過損益撥回，惟該資產於撥回減值當日之賬面值不得超過在並無確認減值之情況下應有之攤銷成本。

就可供出售股本投資而言，過往於損益確認的減值虧損不會透過損益撥回。至於在確認減值虧損後出現的任何公平值增加，則於其他全面收益確認。

金融負債及股本工具

由集團實體發行之債務及股本工具按照合約安排之實質內容以及金融負債及股本工具之定義歸類為金融負債或權益。

股本工具

股本工具指能證明擁有本集團在減除其所有負債後之資產中之剩餘權益之任何合約。本公司發行之股本工具按已收所得款項減除直接發行成本後入賬。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank borrowings and amounts due to a non-controlling shareholder of a subsidiary and a related company are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instrument

Derivative is initially recognised at fair value at the dates when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Forward contracts to dispose an available-for-sale investment at a future disposal date are accounted for as derivative financial instruments. Changes in fair value of such contracts are recognised in profit or loss up to the completion of the disposal.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

實際利率法

實際利率法為就有關期間計算金融負債攤銷成本及分配利息開支之方法。實際利率為於金融負債之預計年期或(倘適用)較短期間將估計日後所付現金(包括構成實際利率一部分之所有已付或已收費用、點子、交易成本及其他溢價或折讓)準確折算至初始確認時之賬面值淨額之利率。利息開支按實際利率法確認。

按攤銷成本計量之金融負債

金融負債(包括貿易及其他應付款項、銀行借貸及應付一家附屬公司一名非控股股東及一家關聯公司款項)於其後以實際利率法按攤銷成本計量。

衍生金融工具

衍生工具於訂立衍生工具合約時按公平值初始確認,其後按報告期結束時之公平值重新計量。由此產生的損益立即於損益確認,惟倘該衍生工具被指定為有效對沖工具則除外,在該情況下,於損益賬確認之時間乃視乎對沖關係之性質而定。

於未來出售日期出售可供出售投資的遠期合約作為衍生金融工具入賬。有關合約截至出售完成前的公平值變動於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. 主要會計政策 (續)

金融工具 (續)

終止確認

只有於從資產收取現金流量之合約權利屆滿時，本集團方會終止確認金融資產。

於終止確認金融資產時，該資產之賬面值與已收及應收代價兩者總和之間之差額會於損益中確認。

本集團僅會在本集團之責任解除、取消或到期時，方會終止確認金融負債。已終止確認之金融負債賬面值與已付及應付代價兩者間之差額會於損益中確認。

4. 關鍵會計判斷及估計不確定因素之主要來源

在應用附註3所述本集團之會計政策期間，本公司董事須對不可隨時從其他來源取得之資產及負債賬面值作出判斷、估計及假設。該等估計乃基於過往經驗及其他視為相關之因素作出。實際結果可能與該等估計不同。

有關估計會持續予以檢討。倘會計估計之修訂僅影響作出修訂之期間，則於修訂估計期間確認有關修訂；倘修訂同時影響當前及未來期間，則於修訂期間及未來期間確認有關修訂。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax arising from fair value changes in investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Key sources of estimated uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

4. 關鍵會計判斷及估計不確定因素之主要來源 (續)

應用會計政策時作出之關鍵判斷

以下是本公司董事在應用本集團之會計政策過程中所作出，且對綜合財務報表中確認之金額產生的影響最為重大之關鍵判斷（涉及估計者除外（見下文））。

投資物業公平值變動產生的遞延稅項

為計量使用公平值模式計量之投資物業所產生之遞延稅項，本公司董事已審閱本集團之投資物業組合，並斷定本集團之投資物業並非按目的為隨時間消耗投資物業所體現之絕大部分經濟利益之業務模式持有。因此，在釐定本集團之投資物業遞延稅項時，本公司董事確定全數透過出售收回使用公平值模式計量之投資物業之賬面值這個假定不被推翻。

估計不確定因素之主要來源

下文載述之未來主要假設及於報告期末存在之其他估計不確定因素主要來源存在重大風險，可能導致須於下一財政年度對資產之賬面值作出重大調整。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimated uncertainty (Continued)

Fair value of investment properties

As at the end of the reporting period, the Group's investment properties are stated at fair value based on the valuation performed by independent qualified professional valuers. In determining the fair value, the valuers have based its valuation on income capitalisation approach or direct comparison, as appropriate for respective investment properties, which involves certain estimates, including appropriate capitalisation rates and reversionary income potential and comparable market transactions, as appropriate. In relying on the valuation, management has exercised its judgement and is satisfied that the methods of valuation adopted are appropriate for the relevant property and reflective of current market conditions. As at 31 December 2017, the aggregate fair value of investment properties is HK\$229,165,879 (2016: HK\$190,125,000). Details of the valuation methodology are disclosed in note 16.

Estimated impairment of properties under development for sale

As at 31 December 2017, properties under development for sale of HK\$45,351,716 (2016: HK\$42,309,793) is stated at lower of cost and net realisable value. The directors of the Company use their judgement in determining the impairment of properties under development for sale with reference to the comparable market transactions in similar locations. Where there are any decrease in the net realisable value arising from any changes to the market conditions in the People's Republic of China (the "PRC"), impairment loss may be recognised on the properties under development for sale.

4. 關鍵會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

投資物業公平值

於報告期末，本集團的投資物業乃根據獨立專業估值師所進行的估值按公平值列值。於釐定公平值時，估值師已根據收入資本化法或直接比較法（視何者適用）對各項投資物業進行估值，當中涉及若干估計，包括合適的資本化率及復歸收入潛力，以及可資比較市場交易（如適用）。於依賴估值時，管理層已作出判斷，並信納所採納的估值方法就相關物業而言屬合適，並可反映當前市場狀況。於二零一七年十二月三十一日，投資物業公平值總額為229,165,879港元（二零一六年：190,125,000港元）。估值方法的詳情已於附註16內披露。

待售發展中物業之估計減值

於二零一七年十二月三十一日，待售發展中物業之價值為45,351,716港元（二零一六年：42,309,793港元），乃按成本及可變現淨值之較低者列賬。本公司董事於釐定待售發展中物業的減值時運用了彼等之判斷，並參考相若位置的可比較市場交易。倘中華人民共和國（「中國」）市場狀況出現任何變動，令可變現淨值減少，則可能就待售發展中物業確認減值虧損。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimated uncertainty (Continued)

Valuation of interests in Sichuan Yinghua Real Estate Company Limited (四川英華房地產有限公司) (“Yinghua”)

The valuation of the interests in Yinghua included the fair value of 16.67% equity interest of Yinghua recorded as the available-for-sale unlisted equity investment amounting to HK\$14,192,719 (2016: HK\$14,142,889) as at 31 December 2017. Details of the valuation methodology are disclosed in note 43.

During the assessment of the fair value of equity interest of Yinghua, the directors of the Company use their judgment in selecting appropriate valuation inputs for the valuation of financial instruments not quoted in an active market. The Group engaged an independent professional valuer to perform the valuation. The fair value of available-for-sale unlisted equity investments are assessed based on asset-based approach which incorporated key inputs including estimated fair value on its properties under development for sale and application of marketability discount. The fair value on the properties under development for sale is assessed based on the residual approach with reference to market unit prices, expected market profit margin and discount rate. Those inputs are subject to uncertainty and might materially differ from the actual results. The market unit prices represent the market asking price of similar properties that are located within the same district of the properties held by Yinghua. The expected market profit margin represents the estimated profit margin of the comparable companies in the real estate industry in the PRC. The discount rate represents a rate that reflects current market assessments of the time value of money. The marketability discount represents the discount exists between the value of a company's stock that is and is not marketable. Where there are any changes in the assumptions due to the market conditions, the estimate of fair value of unlisted investment may be significantly affected.

4. 關鍵會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

對四川英華房地產有限公司 (「英華房地產」) 權益進行的估值

於二零一七年十二月三十一日，英華房地產權益的估值金額包括作為可供出售非上市權益投資入賬的英華房地產16.67%股本權益的公平值14,192,719港元(二零一六年：14,142,889港元)。估值方法於附註43披露。

於評估英華房地產股本權益的公平值時，本公司董事於對並無活躍市場報價的金融工具的估值選擇合適的估值輸入數據時作出判斷。本集團已委聘一名獨立專業估值師進行估值。可供出售非上市權益投資的公平值乃根據資產法評定，有關方法的主要輸入數據包括待售發展中物業的估計公平值，以及市場流通性折讓。待售發展中物業的公平值乃根據剩餘法評定，當中會參考市場單位價格、預期市場利潤及貼現率。該等輸入數據涉及不確定性，可能會與實際業績有重大不同。市場單位價格即與英華房地產所持物業位於相同地區的類似物業的市場放售價。預期市場利潤指中國房地產業內可資比較公司的估計利潤。貼現率指反映當前市場對金錢時間價值評估的比率。市場流通性折讓指公司於市場流通及非市場流通的股票間價值所存在的折讓。倘假設因市場狀況而出現任何變動，則可能會對非上市投資公平值的估計造成重大影響。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimated uncertainty (Continued)

Fair value of derivative financial instrument

As at 31 December 2017, the obligation to deliver a financial asset in the future in return of cash is considered as derivative and measured at fair value. The directors of the Company use their judgment in selecting appropriate valuation inputs for the valuation of financial instruments not quoted in an active market which involves several key assumptions and estimates. As at 31 December 2017, the fair value of forward contract measured at fair value was HK\$7,851,180. Details of the valuation methodology are disclosed in note 18.

As at 31 December 2016, the Group has a put option to dispose entire interests in Yinghua. Details are disclosed in note 18. The directors of the Company used their judgement in selecting appropriate valuation inputs for the valuation of financial instruments not quoted in an active market which involved several key assumptions and estimates. As at 31 December 2016, the fair value of put option measured at fair value was HK\$10,416,328. Details of the valuation methodology are disclosed in note 18.

Estimated impairment of trade receivables

In determining whether there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2017, the carrying amount of trade receivables is HK\$152,122,389 (net of allowance for doubtful debts of HK\$3,127,071) (2016: carrying amount of trade receivables is HK\$140,036,655 (net of allowance for doubtful debts of HK\$4,336,405)).

4. 關鍵會計判斷及估計不確定因素之主要來源 (續)

估計不確定因素之主要來源 (續)

衍生金融工具公平值

於二零一七年十二月三十一日，為換取現金而於未來交付金融資產的責任視為衍生工具，並按公平值計量。本公司董事就並無活躍市場報價的金融工具選擇適當之估值方法時運用了彼等之判斷，當中涉及多個關鍵假設及估計。截至二零一七年十二月三十一日止，按公平值計量的遠期合約的公平值為7,851,180港元。估值方法之詳情於附註18內披露。

於二零一六年十二月三十一日，本集團擁有認沽期權以出售於英華房地產之全部權益。詳情披露於附註18。本公司董事運用其判斷選取合適的估值輸入值（涉及多個關鍵假設及估計）以評估並無於活躍市場報價的金融工具。於二零一六年十二月三十一日，按公平值計量的認沽期權之公平值為10,416,328港元。估值方法之詳情披露於附註18。

貿易應收款項之估計減值

在釐定是否存在客觀證據證明出現減值虧損時，本集團會考慮未來現金流量之估計。減值虧損金額以有關資產賬面值與按該項金融資產原實際利率（即於初始確認時計算之實際利率）折算之估計未來現金流量（不包括並未產生之未來信貸虧損）現值兩者間之差額計量。倘實際未來現金流量較預期為少，則可能出現重大減值虧損。截至二零一七年十二月三十一日止，貿易應收款項之賬面值約為152,122,389港元（已扣除呆賬撥備約3,127,071港元）（二零一六年：貿易應收款項賬面值140,036,655港元（已扣除呆賬撥備約4,336,405港元））。

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5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold and services provided by the Group, less discounts and sales related taxes during the year.

Segment revenue and results

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

- (a) Sales of gaming machines ("Gaming Distribution Business");
- (b) Money lending ("Lending Business");
- (c) Manufacturing and sales of printing products ("Manufacturing and Sales Business");
- (d) Artistes management, production and distribution of music albums and movies ("Music and Entertainment Business");
- (e) Property development and investment ("Property Business"), including properties development projects and properties leasing and investments in the PRC, mini storage business and office leasing and properties leasing and investment in Hong Kong;
- (f) Securities trading ("Securities Trading Business"); and
- (g) Trading of printing products ("Trading Business").

5. 收益及分類資料

收益指本集團年內就售出貨品及提供服務所收及應收之款項（減折扣及銷售相關稅項）。

分類收益及業績

就分配資源及評估分類表現而向本公司執行董事（即主要經營決策者）報告之資料，主要按所交付貨品或所提供服務類型劃分。

因此，本集團之可報告及經營分類如下：

- (a) 遊戲機銷售（「遊戲分銷業務」）；
- (b) 放貸（「放貸業務」）；
- (c) 印刷產品製造及銷售（「製造及銷售業務」）；
- (d) 藝人管理、製作及發行音樂唱片及電影（「音樂及娛樂業務」）；
- (e) 物業發展及投資（「物業業務」）（包括位於中國之物業發展項目及物業租賃及投資，以及於香港之迷你倉業務、辦公室租賃、物業租賃及投資業務）；
- (f) 證券買賣（「證券買賣業務」）；及
- (g) 印刷產品貿易（「貿易業務」）。

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截至二零一七年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The following is an analysis of the Group's revenue and results by operating and reportable segments.

5. 收益及分類資料 (續)

分類收益及業績 (續)

本集團按經營及可報告分類劃分之收益及業績分析如下：

| | | Revenue 收益 | | Segment profit (loss) 分類溢利 (虧損) | |
|---|-----------------|---------------|---------------|------------------------------------|---------------|
| | | 2017 二零一七年 | 2016 二零一六年 | 2017 二零一七年 | 2016 二零一六年 |
| | | HK\$ 港元 | HK\$ 港元 | HK\$ 港元 | HK\$ 港元 |
| Gaming Distribution Business | 遊戲分銷業務 | 1,513,933 | 88,319 | (27,552,115) | (19,795,026) |
| Lending Business | 放貸業務 | 4,611,231 | 8,215,087 | 2,211,095 | 3,320,390 |
| Manufacturing and Sales Business | 製造及銷售業務 | 458,620,260 | 492,941,761 | 43,407,080 | 58,337,913 |
| Music and Entertainment Business | 音樂及娛樂業務 | 10,513,580 | 27,039,363 | (2,882,781) | 659,976 |
| Property Business | 物業業務 | 6,500,175 | 1,713,770 | 16,140,229 | (6,608,054) |
| Securities Trading Business | 證券買賣業務 | - | - | (17,682,487) | 68,591,575 |
| Trading Business | 貿易業務 | 33,774,464 | 32,912,733 | 2,332,176 | 2,086,385 |
| Total | 總計 | 515,533,643 | 562,911,033 | 15,973,197 | 106,593,159 |
| Bank interest income | 銀行利息收入 | | | 1,339,407 | 1,195,950 |
| Unallocated corporate expenses | 未分配企業支出 | | | (11,828,168) | (15,480,164) |
| Gain on Land Swap Transaction | 土地置換交易收益 | | | 46,611,407 | - |
| Impairment loss recognised in respect of an available-for-sale investment | 就一項可供出售投資確認減值虧損 | | | - | (5,581,603) |
| Unallocated share of results of joint ventures | 未分配之應佔合營公司業績 | | | (3,379) | (3,253) |
| Profit before taxation | 除稅前溢利 | | | 52,092,464 | 86,724,089 |

All of the segment revenue reported above is from external customers.

上文所報告之所有分類收益均來自外部客戶。

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of bank interest income, unallocated corporate expenses, gain on Land Swap Transaction, impairment loss recognised in respect of an available-for-sale investment, unallocated share of results of joint ventures and taxation. This is the measure reported to the Group's management for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As at 31 December 2017

| | | Gaming Distribution Business | Lending Business | Manufacturing and Sales Business | Music and Entertainment Business | Property Business | Securities Trading Business | Trading Business | Consolidated |
|--------------------------|------|------------------------------------|---------------------|--|--|----------------------|-----------------------------------|---------------------|---------------|
| | | 遊戲分銷業務 | 放貸業務 | 製造及 銷售業務 | 音樂及 娛樂業務 | 物業業務 | 證券買賣 業務 | 貿易業務 | 綜合 |
| | | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| | | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 |
| Segment assets | 分類資產 | 3,537,434 | 32,539,044 | 308,153,073 | 10,825,137 | 309,532,191 | 130,840,443 | 17,854,635 | 813,281,957 |
| Other assets | 其他資產 | | | | | | | | 393,218,075 |
| Consolidated assets | 綜合資產 | | | | | | | | 1,206,500,032 |
| Segment liabilities | 分類負債 | 764,250 | 1,898,622 | 117,970,294 | 3,971,587 | 45,109,287 | 130,000 | 10,060,787 | 179,904,827 |
| Other liabilities | 其他負債 | | | | | | | | 17,082,651 |
| Consolidated liabilities | 綜合負債 | | | | | | | | 196,987,478 |

5. 收益及分類資料 (續)

分類收益及業績 (續)

經營及可報告分類之會計政策與附註3內所述之本集團之會計政策相同。分類溢利(虧損)指各分類賺取之溢利/產生之虧損,且並無就銀行利息收入、未分配企業支出、土地置換交易收益、就一項可供出售投資確認減值虧損、未分配之應佔合營公司業績及稅項作出分配。此為就資源分配及表現評估向本集團管理層報告之計量方法。

分類資產及負債

本集團按經營及可報告分類劃分之資產及負債分析如下:

於二零一七年十二月三十一日

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2016

| | | Gaming Distribution Business | Lending Business | Manufacturing and Sales Business | Music and Entertainment Business | Property Business | Securities Trading Business | Trading Business | Consolidated |
|--------------------------|------|------------------------------------|---------------------|--|--|----------------------|-----------------------------------|---------------------|---------------|
| | | 遊戲分銷業務 | 放貸業務 | 製造及 銷售業務 | 音樂及 娛樂業務 | 物業業務 | 證券買賣 業務 | 貿易業務 | 綜合 |
| | | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| | | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 |
| Segment assets | 分類資產 | 8,253,558 | 37,294,789 | 285,627,273 | 12,881,213 | 291,477,500 | 148,337,998 | 15,762,384 | 799,634,715 |
| Other assets | 其他資產 | | | | | | | | 316,611,600 |
| Consolidated assets | 綜合資產 | | | | | | | | 1,116,246,315 |
| Segment liabilities | 分類負債 | 363,124 | 11,505,016 | 119,097,575 | 9,194,593 | 45,000,946 | 30,360 | 3,116,159 | 188,307,773 |
| Other liabilities | 其他負債 | | | | | | | | 14,104,690 |
| Consolidated liabilities | 綜合負債 | | | | | | | | 202,412,463 |

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating and reportable segments other than certain interest in a joint venture, certain loan to a joint venture and an available-for-sale investee, certain available-for-sale investments, certain other receivables, prepayments and deposits, tax recoverable, short-term bank deposits and cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, tax liabilities and deferred taxation.

5. 收益及分類資料 (續)

分類資產及負債 (續)

於二零一六年十二月三十一日

就監察分類表現及於分類間分配資源而言：

- 除於一間合營公司之若干權益、給予合營公司及可供出售被投資方之若干貸款、若干可供出售投資、若干其他應收款項、預付款項及訂金、可收回稅項、短期銀行存款以及現金及現金等值外，所有資產會分配至經營及可報告分類。
- 除若干其他應付款項及應計款項、稅項負債及遞延稅項外，所有負債會分配至經營及可報告分類。

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2017

5. 收益及分類資料 (續)

其他分類資料

截至二零一七年十二月三十一日止年度

| | Gaming Distribution Business | Lending Business | Manufacturing and Sales Business | Music and Entertainment Business | Property Business | Securities Trading Business | Trading Business | Segment total | Unallocated | Consolidated |
|---|------------------------------------|---------------------|--|--|----------------------|-----------------------------------|---------------------|------------------|-------------|--------------|
| | 遊戲分銷業務 | 放貸業務 | 製造及 銷售業務 | 音樂及 娛樂業務 | 物業業務 | 證券買賣 業務 | 貿易業務 | 分類總計 | 未分配 | 綜合 |
| | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 | HKS 港元 |
| Amounts included in the measure of segment results or segment assets: | 計算分類業績或分類資產時計入之金額: | | | | | | | | | |
| Interest income (exclusive of interest income from Lending Business) | - | - | - | - | (593,101) | - | - | (593,101) | (1,339,407) | (1,932,508) |
| Interest expenses | - | 778,046 | 1,116,192 | - | 606,052 | - | 8,882 | 2,509,172 | - | 2,509,172 |
| Amortisation of prepaid lease payments | - | - | 1,031,454 | - | - | - | - | 1,031,454 | - | 1,031,454 |
| Depreciation of property, plant and equipment | 540,101 | 81,716 | 7,728,082 | 12,766 | 1,170,033 | - | 740,612 | 10,273,310 | - | 10,273,310 |
| Write-down of inventories | 146,121 | - | - | 397,290 | - | - | - | 543,411 | - | 543,411 |
| Reversal of bad and doubtful debts, net | - | - | (1,150,168) | - | - | - | - | (1,150,168) | - | (1,150,168) |
| Gain on disposal of property, plant and equipment | - | - | (4,244,150) | - | - | - | - | (4,244,150) | - | (4,244,150) |
| Additions to property, plant and equipment | 681,710 | 1,180 | 12,891,815 | 5,000 | 18,040 | - | 30,852 | 13,628,597 | - | 13,628,597 |
| Impairment loss recognised in respect of loans to joint ventures | - | - | - | - | 2,874,868 | - | - | 2,874,868 | - | 2,874,868 |
| Change in fair value of derivative financial instrument | - | - | - | - | 2,837,217 | - | - | 2,837,217 | - | 2,837,217 |
| Change in fair value of held-for-trading investments | - | - | - | - | - | 19,173,556 | - | 19,173,556 | - | 19,173,556 |
| Change in fair value of investment properties | - | - | - | - | (20,273,024) | - | - | (20,273,024) | - | (20,273,024) |
| Loss on disposal of a subsidiary | 5,396,840 | - | - | - | - | - | - | 5,396,840 | - | 5,396,840 |

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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5. 收益及分類資料 (續)

其他分類資料 (續)

截至二零一六年十二月三十一日止年度

| | Gaming Distribution Business | Lending Business | Manufacturing and Sales Business | Music and Entertainment Business | Property Business | Securities Trading Business | Trading Business | Segment total | Unallocated | Consolidated |
|---|------------------------------------|---------------------|--|--|----------------------|-----------------------------------|---------------------|------------------|-------------|--------------|
| | 遊戲分銷業務 | 放貸業務 | 製造及 銷售業務 | 音樂及 娛樂業務 | 物業業務 | 證券買賣 業務 | 貿易業務 | 分類總計 | 未分配 | 綜合 |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 |
| Amounts included in the measure of segment results or segment assets: | 計算分類業績或分類資產時計入之金額 | | | | | | | | | |
| Interest income (exclusive of interest income from Lending Business) | - | - | - | - | (795,031) | - | - | (795,031) | (1,195,950) | (1,990,981) |
| Interest expenses | - | 3,064,918 | 784,154 | - | 44,637 | - | 14,184 | 3,907,893 | - | 3,907,893 |
| Amortisation of prepaid lease payments | - | - | 718,048 | - | - | - | - | 718,048 | - | 718,048 |
| Depreciation of property, plant and equipment | 444,947 | 106,205 | 8,471,679 | 12,635 | 1,256,562 | - | 882,539 | 11,174,567 | - | 11,174,567 |
| Write-down of inventories | - | - | 268,039 | - | - | - | - | 268,039 | - | 268,039 |
| Allowance for bad and doubtful debts, net | - | - | 1,653,133 | 62,400 | - | - | - | 1,715,533 | - | 1,715,533 |
| Loss on disposal of property, plant and equipment | - | 26,709 | - | - | - | - | - | 26,709 | - | 26,709 |
| Additions to property, plant and equipment | 537,490 | 92,975 | 4,933,883 | - | 617,664 | - | 729,381 | 6,911,393 | - | 6,911,393 |
| Additions to investment properties | - | - | - | - | 113,129,400 | - | - | 113,129,400 | - | 113,129,400 |
| Impairment loss recognised in respect of an available-for-sale investment | - | - | - | - | - | - | - | - | 5,581,603 | 5,581,603 |
| Impairment loss recognised in respect of loans to joint ventures | - | - | - | - | 5,268,340 | - | - | 5,268,340 | - | 5,268,340 |
| Change in fair value of derivative financial instrument | - | - | - | - | (752,339) | - | - | (752,339) | - | (752,339) |
| Change in fair value of held-for-trading investments | - | - | - | - | - | (79,983,930) | - | (79,983,930) | - | (79,983,930) |
| Change in fair value of investment properties | - | - | - | - | (630,600) | - | - | (630,600) | - | (630,600) |

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major products and services

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

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-------------------|-----------------------------|-----------------------------|
| Artistes management fee income | 藝人管理費收入 | 1,578,804 | 1,309,737 |
| Concerts and shows income | 演唱會及表演收入 | 2,189,293 | 17,491,920 |
| Income from the licensing of the musical works | 音樂作品特許收入 | 3,698,379 | 4,174,044 |
| Loan interest income from Lending Business | 來自放貸業務之 貸款利息收入 | 4,611,231 | 8,215,087 |
| Other music and entertainment services | 其他音樂及娛樂服務 | 176,505 | 1,119,407 |
| Sales of printing products | 銷售印刷產品 | 492,394,724 | 525,854,494 |
| Promotion income | 宣傳收入 | 1,055,143 | 1,453,718 |
| Rental income | 租金收入 | 6,500,175 | 1,713,770 |
| Sales of albums | 銷售唱片 | 1,815,456 | 1,490,537 |
| Sales of gaming machines | 銷售遊戲機 | 1,513,933 | 88,319 |
| | | 515,533,643 | 562,911,033 |

Geographical information

The Group's income from Manufacturing and Sales Business and Property Business is mainly derived from Hong Kong and the PRC. The Group's income from Lending Business, Trading Business, Music and Entertainment Business and Securities Trading Business are derived from Hong Kong. The Group's income from Gaming Distribution Business is derived from outside Hong Kong.

5. 收益及分類資料 (續)

來自主要產品及服務之收益

以下為本集團來自其主要產品及服務之收益分析：

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------------------------|-----------------------------|
| Artistes management fee income | 1,578,804 | 1,309,737 |
| Concerts and shows income | 2,189,293 | 17,491,920 |
| Income from the licensing of the musical works | 3,698,379 | 4,174,044 |
| Loan interest income from Lending Business | 4,611,231 | 8,215,087 |
| Other music and entertainment services | 176,505 | 1,119,407 |
| Sales of printing products | 492,394,724 | 525,854,494 |
| Promotion income | 1,055,143 | 1,453,718 |
| Rental income | 6,500,175 | 1,713,770 |
| Sales of albums | 1,815,456 | 1,490,537 |
| Sales of gaming machines | 1,513,933 | 88,319 |
| | 515,533,643 | 562,911,033 |

地區資料

本集團來自製造及銷售業務及物業業務之收入主要源於香港及中國。本集團來自放貸業務、貿易業務、音樂及娛樂業務及證券買賣業務之收入主要源於香港。本集團來自遊戲分銷業務之收入源於香港以外地區。

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5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

The Group's revenue from external customers and information about non-current assets by geographical location of the customers and assets respectively are set out below:

| | | Revenue from external customers 來自外部客戶之收益 | | Non-current assets 非流動資產 | |
|---------------|----|---|-----------------------------|-----------------------------|-----------------------------|
| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
| Hong Kong | 香港 | 244,837,558 | 272,421,151 | 225,561,412 | 205,685,947 |
| The PRC | 中國 | 139,952,285 | 169,249,675 | 198,426,479 | 168,602,187 |
| Europe | 歐洲 | 45,446,256 | 54,614,355 | - | - |
| United States | 美國 | 49,270,510 | 39,849,765 | - | - |
| Others | 其他 | 36,027,034 | 26,776,087 | - | - |
| | | 515,533,643 | 562,911,033 | 423,987,891 | 374,288,134 |

Note: Non-current assets exclude available-for-sale investments and loans to joint ventures.

Information about major customers

There was no customer contributing over 10% of total sales of the Group for the years ended 31 December 2017 and 2016.

5. 收益及分類資料 (續)

地區資料 (續)

本集團來自外部客戶之收益及有關非流動資產之資料分別按客戶及資產所在地區載列如下：

附註：非流動資產不包括可供出售投資及給予合營公司之貸款。

主要客戶資料

於截至二零一七年及二零一六年十二月三十一日止年度，概無客戶貢獻佔本集團銷售總額超過10%。

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6. OTHER GAINS AND LOSSES

6. 其他收益及虧損

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-------------------------|-----------------------------|-----------------------------|
| Change in fair value of derivative financial instrument | 衍生金融工具 公平值變動 | (2,837,217) | 752,339 |
| Change in fair value of held-for-trading investments | 持作買賣投資 公平值變動 | (19,173,556) | 79,983,930 |
| Fair value changes in investment properties (note 16) | 投資物業之公平值變動 (附註16) | 20,273,024 | 630,600 |
| Gain on Land Swap Transaction (Note) | 土地置換交易之收益 (附註) | 46,611,407 | - |
| Impairment loss recognised in respect of an available-for-sale investment | 就一項可供出售投資確認 之減值虧損 | - | (5,581,603) |
| Impairment loss recognised in respect of loans to joint ventures | 就給予合營公司貸款 確認之減值虧損 | (2,874,868) | (5,268,340) |
| Loss on disposal of a subsidiary (note 37) | 出售一家附屬公司之虧損 (附註37) | (5,396,840) | - |
| Net foreign exchange (loss) gain | 外匯(虧損)收益淨額 | (678,650) | 3,812,271 |
| Net gain (loss) on disposal of property, plant and equipment | 出售物業、廠房及設備之 收益(虧損)淨額 | 4,244,150 | (26,709) |
| Reversal of (allowance for) bad and doubtful debts, net | 呆壞賬撥回(撥備)淨額 | 1,150,168 | (1,715,533) |
| | | 41,317,618 | 72,586,955 |

Note: On 17 March 2017, a wholly-owned subsidiary of the Company, Guangdong Qingyuan New High Technology Industrial Development Zone Management Committee (the "Committee") and the Qingyuan government entered into a compensation agreement and a state-owned land swap agreement (國有土地置換協議書) pursuant to which the Committee agreed to compensate the subsidiary of the Company with the amount of Renminbi ("RMB") 45,009,700 (equivalent to HK\$52,022,307) in cash together with certain land use rights located in Qingyuan in exchange of the deposits for land use rights with carrying amount of HK\$18,161,279, certain construction in progress with carrying amount of HK\$15,144,396 and certain land use rights with carrying amount of HK\$32,576,792 held by the subsidiary of the Company (the "Land Swap Transaction"). The fair value of the land use rights located in Qingyuan is RMB52,320,000 (equivalent to HK\$60,471,567), which is arrived at on the basis of valuations carried out by RHL Appraisal Limited which is an independent qualified professional valuer not related to the Group. Accordingly, the Group recognised a gain of HK\$46,611,407 on the Land Swap Transaction.

附註：於二零一七年三月十七日，本公司一間全資附屬公司與廣東清遠高新技術產業開發區管理委員會（「委員會」）及清遠政府訂立一項補償協議及國有土地置換協議書。據此，委員會同意向該本公司附屬公司支付現金補償人民幣（「人民幣」）45,009,700元（相當於52,022,307港元）連同位於清遠的若干土地使用權，以交換該本公司附屬公司所持有賬面值為18,161,279港元之土地使用權訂金、賬面值為15,144,396港元之若干在建工程及賬面值為32,576,792港元之若干土地使用權（「土地置換交易」）。位於清遠的土地使用權的公平值為人民幣52,320,000元（相當於60,471,567港元），乃以與本集團並無關連之獨立合資格專業估值師永利行評值顧問有限公司所進行之估值為依據得出。因此，本集團就土地置換交易確認收益46,611,407港元。

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7. FINANCE COSTS

7. 融資成本

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|----------------------------------|------------|-----------------------------|-----------------------------|
| Interest on: | 以下項目之利息： | | |
| Bank borrowings | 銀行借貸 | 1,722,244 | 828,791 |
| Amount due to a related company | 應付一間關連公司款項 | 778,046 | 3,064,918 |
| Obligations under finance leases | 融資租賃責任 | 8,882 | 14,184 |
| | | 2,509,172 | 3,907,893 |

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

8. 董事及行政總裁酬金

The emoluments paid or payable to each of the eleven (2016: nine) directors are as follows:

以下為已付或應付予11名(二零一六年: 9名)董事之酬金:

| | Executive directors 執行董事 | | Non-executive directors 非執行董事 | | | Independent non-executive directors 獨立非執行董事 | | | Alternate director 替任董事 | | Total 總計 | |
|--|---|--|--|--------------------------------------|-------------------------------------|--|---|--|--|---|-------------|---|
| | SUEK Ka Lun, Ernie 薛嘉麟 HK\$ 港元 | SUEK Chai Hong 薛濟匡 HK\$ 港元 <i>(note i)</i> <i>(附註i)</i> | CHAN Kwing Choi, Warren 陳炳材 HK\$ 港元 | WONG Sun Fat 黃新發 HK\$ 港元 | NG Wai Kwan 吳惠群 HK\$ 港元 | TSE Tin Tai 謝天泰 HK\$ 港元 <i>(note iii)</i> <i>(附註iii)</i> | LEE Kwok Wan 李國雲 HK\$ 港元 | LUI Lai Ping, Cecily 呂麗萍 HK\$ 港元 <i>(note iv)</i> <i>(附註iv)</i> | CHU Gun Pui 朱瑾沛 HK\$ 港元 <i>(note v)</i> <i>(附註v)</i> | LAI Sai Wo, Ricky 賴世和 HK\$ 港元 <i>(note vi)</i> <i>(附註vi)</i> | | LAU Kam Cheong 劉錦昌 HK\$ 港元 |
| 2017 | 二零一七年 | | | | | | | | | | | |
| Fees | 袍金 | | | | | | | | | | | |
| Other emoluments | 其他酬金 | | | | | | | | | | | |
| - Salaries and other benefits | —薪金及其他福利 | | | | | | | | | | | |
| - Bonus <i>(note vii)</i> | —花紅 <i>(附註vii)</i> | | | | | | | | | | | |
| - Contributions to retirement benefits schemes | —退休福利計劃供款 | | | | | | | | | | | |
| | 18,000 | 18,000 | 7,500 | - | - | - | - | - | - | - | 18,000 | 61,500 |
| Total emoluments | 3,202,500 | 1,606,500 | 150,000 | 100,000 | 100,000 | 41,667 | 100,000 | 44,167 | 52,222 | 70,000 | 470,392 | 5,937,448 |

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8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

8. 董事及行政總裁酬金 (續)

| | Executive directors 執行董事 | | Non-executive directors 非執行董事 | | | Independent non-executive directors 獨立非執行董事 | | | Alternate director 替任董事 | Total 總計 | |
|--|--|--|--|--------------------------------------|-------------------------------------|--|---|--|---|-------------|-----------|
| | SUEK Ka Lun Ernie 薛嘉麟 HK\$ 港元 | SUEK Chai Hong 薛濟匡 HK\$ 港元 (note i) (附註i) | CHAN Kwing Choi, Warren 陳炳材 HK\$ 港元 | WONG Sun Fat 黃新發 HK\$ 港元 | NG Wai Kwan 吳惠群 HK\$ 港元 | TSE Tin Tai 謝天泰 HK\$ 港元 (note iii) (附註iii) | LEE Kwok Wan 李國雲 HK\$ 港元 | LUI Lai Ping, Cecily 呂麗萍 HK\$ 港元 (note iv) (附註iv) | LAU Kam Cheong 劉錦昌 HK\$ 港元 | | |
| 2016 | 二零一六年 | | | | | | | | | | |
| Fees | 袍金 | | - | - | 142,500 | 100,000 | 100,000 | 100,000 | 100,000 | - | 642,500 |
| Other emoluments | 其他酬金 | | | | | | | | | | |
| - Salaries and other benefits | - 薪金及其他福利 | | 2,082,000 | 1,242,000 | - | - | - | - | - | 430,807 | 3,754,807 |
| - Contributions to retirement benefits schemes | - 退休福利計劃供款 | | 18,000 | 18,000 | 7,500 | - | - | - | - | 18,000 | 61,500 |
| Total emoluments | 酬金總額 | | 2,100,000 | 1,260,000 | 150,000 | 100,000 | 100,000 | 100,000 | 100,000 | 448,807 | 4,458,807 |

Notes:

- (i) Mr. SUEK Chai Hong is also the chief executive of the Company and his remuneration disclosed above included those for services rendered by him as chief executive.
- (ii) The emoluments of executive directors were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of non-executive directors and independent non-executive directors were for their services as directors of the Company.
- (iii) Mr. TSE Tin Tai resigned as an independent non-executive director of the Company on 1 June 2017.
- (iv) Ms. LUI Lai Ping, Cecily, an independent non-executive director, was retired on 9 June 2017.
- (v) Mr. CHU Gun Pui was appointed as an independent non-executive director of the Company on 23 June 2017.
- (vi) Mr. LAI Sai Wo, Ricky was appointed as an independent non-executive director of the Company on 19 April 2017.
- (vii) Incentive performance bonuses for the year ended 31 December 2017 were determined by the remuneration committee and approved by the board of directors having regard to the performance and duties of directors.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office in any of the year.

附註：

- (i) 薛濟匡先生亦為本公司之行政總裁，其於上文披露之酬金已包括其身為行政總裁所提供服務之酬金。
- (ii) 執行董事之薪酬乃就彼等管理本公司及本集團的事宜所提供之服務發放。非執行董事及獨立非執行董事之薪酬乃就彼等作為本公司董事所提供之服務而發放。
- (iii) 謝天泰先生於二零一七年六月一日辭任本公司獨立非執行董事。
- (iv) 獨立非執行董事呂麗萍女士於二零一七年六月九日退任。
- (v) 朱瑾沛先生於二零一七年六月二十三日獲委任為本公司獨立非執行董事。
- (vi) 賴世和先生於二零一七年四月十九日獲委任為本公司獨立非執行董事。
- (vii) 截至二零一七年十二月三十一日止年度的獎勵表現花紅乃由本公司薪酬委員會釐定，並經董事會批准，當中已考慮董事的表現及職務。

於本年度，概無董事或行政總裁放棄或同意放棄任何薪酬之安排。

於任何有關年度，本集團概無向本公司董事支付任何酬金，作為加入本集團或加盟後之獎勵或失去職位之補償。

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9. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2016: two) were directors of the Company whose emoluments are set out in note 8 above. The emoluments of the remaining three (2016: three) highest paid employees who were neither a director nor chief executive of the Company are as follows:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|----------|-----------------------------|-----------------------------|
| Salaries and other benefits | 薪金及其他福利 | 3,439,000 | 2,836,500 |
| Bonus (note) | 花紅(附註) | 162,500 | 11,393,101 |
| Contributions to retirement benefits schemes | 退休福利計劃供款 | 54,000 | 54,000 |
| | | 3,655,500 | 14,283,601 |

Note: Bonus was determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

The number of the highest paid employees who were not the directors of the Company and whose remuneration fell within the following bands is as follows:

| | | 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 |
|----------------------------------|-------------------------------|---|---|
| Nil to HK\$1,000,000 | 零至1,000,000港元 | 1 | - |
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至 1,500,000港元 | 1 | 2 |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001港元至 2,000,000港元 | 1 | - |
| HK\$11,000,001 to HK\$11,500,000 | 11,000,001港元至 11,500,000港元 | - | 1 |
| | | 3 | 3 |

9. 五名最高薪僱員

在本集團五名最高薪人士中，兩名(二零一六年：兩名)為本公司董事，彼等酬金之詳情已載於上文附註8。其餘三名(二零一六年：三名)並非本公司董事或行政總裁之最高薪人士之酬金如下：

附註：花紅乃根據彼等各自於本集團的職責及責任以及本集團的業績釐定。

並非本公司董事之最高薪僱員的酬金屬於以下範圍之人數如下：

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9. FIVE HIGHEST PAID EMPLOYEES (Continued)

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in any of the years.

10. TAXATION

9. 五名最高薪僱員（續）

於任何年度，本集團概無向五名最高薪人士支付任何酬金，作為加入本集團或加盟後之獎勵或失去職位之補償。

10. 稅項

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|------------------------|-----------------------------|-----------------------------|
| The taxation comprises: | 稅項包括： | | |
| Hong Kong Profits Tax Charge for the year | 香港利得稅 本年支出 | 1,687,471 | 1,051,300 |
| Underprovision in prior years | 過往年度撥備不足 | - | 50,275 |
| | | 1,687,471 | 1,101,575 |
| PRC Enterprise Income Tax Charge for the year | 中國企業所得稅 本年支出 | 5,918,521 | 3,452,851 |
| | | 7,605,992 | 4,554,426 |
| Deferred tax (credit) charge for the year (note 33) | 本年遞延稅項 (抵免)開支(附註33) | (3,463,425) | 8,166,061 |
| | | 4,142,567 | 12,720,487 |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

香港利得稅乃根據兩個年度之估計應課稅溢利按稅率16.5%計算。

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

根據《中國企業所得稅法》(「《企業所得稅法》」)及《企業所得稅法實施條例》，中國附屬公司於兩個年度之稅率均為25%。

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10. TAXATION (Continued)

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

10. 稅項 (續)

年內稅項可與綜合損益及其他全面收入報表所示除稅前溢利對賬如下:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|--|-----------------------------|-----------------------------|
| Profit before taxation | 除稅前溢利 | 52,092,464 | 86,724,089 |
| Tax at the income tax rate of 16.5% (2016: 16.5%) | 按所得稅稅率16.5% 計算之稅項 (二零一六年: 16.5%) | 8,595,257 | 14,309,475 |
| Tax effect of expenses not deductible for tax purposes | 不可扣稅開支之 稅務影響 | 1,605,907 | 2,936,429 |
| Tax effect of income not taxable for tax purposes | 毋須課稅收入之 稅務影響 | (10,850,045) | (805,296) |
| Tax effect of losses/deductible temporary differences not recognised | 未獲確認虧損/ 可扣減臨時差額之 稅務影響 | 3,742,361 | 4,805,036 |
| Underprovision in prior years | 過往年度撥備不足 | - | 50,275 |
| Utilisation of tax losses previously not recognised | 動用先前未確認 稅務虧損 | (299,642) | (8,363,178) |
| Tax effect of recognition of tax losses previously not recognised | 先前未確認稅務虧損之 稅務影響 | (329,015) | (1,518,080) |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 於其他司法權區經營之 附屬公司不同稅率之 影響 | 1,455,040 | 1,058,306 |
| Tax effect of share of results of joint ventures | 分佔合營公司業績之 稅務影響 | 222,704 | 247,520 |
| Taxation for the year | 年內稅項 | 4,142,567 | 12,720,487 |

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11. PROFIT FOR THE YEAR

11. 本年溢利

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|---|-----------------------------|-----------------------------|
| Profit for the year has been arrived at after charging (crediting): | 計算本年溢利時已扣除 (計入): | | |
| Auditor's remuneration | 核數師酬金 | 1,900,000 | 1,800,000 |
| Cost of inventories and record masters recognised as an expense (including write-down of inventories of HK\$543,411 (2016: HK\$268,039)) | 確認為開支之存貨及唱片母帶成本 (包括撇減存貨 543,411港元 (二零一六年: 268,039港元)) | 356,859,195 | 384,742,566 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 10,273,310 | 11,174,567 |
| Less: capitalised in inventories | 減: 撥充資本之存貨 | (5,901,425) | (7,456,684) |
| | | 4,371,885 | 3,717,883 |
| Amortisation of prepaid lease payments | 預付租賃款項攤銷 | 1,031,454 | 718,048 |
| Minimum lease payments in respect of office/factory premises | 辦公室/工廠物業之最低租金 | 12,540,307 | 13,232,616 |
| Staff costs including directors' emoluments | 員工成本 (包括董事酬金) | | |
| – Salaries, wages and other benefits | – 薪金、工資及其他福利 | 149,899,872 | 171,467,227 |
| – Contributions to retirement benefits schemes | – 退休福利計劃供款 | 7,416,030 | 9,424,545 |
| Less: capitalised in inventories | 減: 撥充資本之存貨 | (78,907,026) | (87,536,315) |
| Total staff costs | 總員工成本 | 78,408,876 | 93,355,457 |
| Research expense (included in administrative expenses) | 研究開支 (計入行政開支內) | 2,595,935 | 8,057,556 |
| Bank interest income (included in interest income) | 銀行利息收入 (計入利息收入內) | (1,339,407) | (1,195,950) |
| Interest income on loan to an available-for-sale investee (included in interest income) | 來自給予可供出售被投資方之貸款之利息收入 (計入利息收入) | (593,101) | – |
| Effective interest income on loan to an available-for-sale investee (included in interest income) | 來自給予可供出售被投資方之貸款之實際利息收入 (計入利息收入內) | – | (795,031) |
| Dividend income (included in other income) | 股息收入 (計入其他收入內) | (1,518,823) | (715,278) |
| Government grants (included in other income) | 政府補助 (計入其他收入內) | (1,034,443) | – |
| Gross rental income from investment properties | 來自投資物業之租金收入總額 | (6,500,175) | (1,713,770) |
| Less: Direct operating expenses incurred for investment properties that generated rental income during the year | 減: 本年產生租金收入之投資物業之直接經營開支 | 9,838 | 54,072 |
| | | (6,490,337) | (1,659,698) |

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12. DIVIDENDS

No dividend was paid or proposed for the years ended 31 December 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the year is based on the following data:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------------------|-----------------------------|-----------------------------|
| Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share | 計算每股基本盈利之本公司擁有人應佔年內溢利 | 48,145,604 | 74,205,738 |
| Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share | 計算每股基本盈利之加權平均已發行股數 | 253,639,456 | 220,839,784 |

No separate diluted earnings per share information has been presented as there were no potential ordinary shares outstanding in issue for both years ended 31 December 2017 and 2016.

12. 股息

截至二零一七年及二零一六年十二月三十一日止年度內並無派付或建議派付任何股息，自報告期末以來亦無建議派付任何股息。

13. 每股盈利

本年本公司擁有人應佔每股基本盈利按以下數據計算：

於截至二零一七年及二零一六年十二月三十一日止年度並無發行在外之潛在普通股，故並無獨立呈列每股攤薄盈利之資料。

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

| | | Construction in progress | Leasehold land and buildings | Leasehold improvements | Furniture, fixtures and office equipment | Machinery and equipment | Motor vehicles | Total |
|--|------------------|-----------------------------|------------------------------------|---------------------------|---|-------------------------------|-------------------|--------------|
| | | 在建工程 | 租賃土地 及樓宇 | 租賃 物業裝修 | 傢俬、裝置及 辦公室設備 | 機器及設備 | 汽車 | 總計 |
| | | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| | | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 |
| COST | 成本 | | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | 16,539,997 | 157,105,354 | 61,920,767 | 45,953,373 | 479,408,290 | 12,505,790 | 773,433,571 |
| Exchange adjustments | 匯兌調整 | (973,860) | (6,589,753) | (2,275,832) | (2,094,815) | (3,422,967) | (351,963) | (15,709,190) |
| Additions | 添置 | - | - | 96,600 | 988,755 | 3,609,559 | 2,216,479 | 6,911,393 |
| Disposals | 出售 | - | - | (7,400) | (37,128) | - | - | (44,528) |
| Written off | 撇銷 | - | - | - | - | (24,911,998) | - | (24,911,998) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 15,566,137 | 150,515,601 | 59,734,135 | 44,810,185 | 454,682,884 | 14,370,306 | 739,679,248 |
| Exchange adjustments | 匯兌調整 | 517,325 | 6,227,410 | 458,744 | 2,607,473 | 4,319,768 | 93,866 | 14,224,586 |
| Additions | 添置 | - | - | 2,723,408 | 2,595,310 | 7,566,385 | 743,494 | 13,628,597 |
| Transfer | 轉撥 | (939,066) | 939,066 | - | - | - | - | - |
| Disposals | 出售 | - | - | - | (232,375) | (3,421,091) | (198,000) | (3,851,466) |
| Disposal upon Land Swap Transaction | 於土地置換交易時出售 | (15,144,396) | - | - | - | - | - | (15,144,396) |
| Transfer to investment properties (note 16) | 轉撥投資物業 (附註16) | - | (10,319,925) | - | - | - | - | (10,319,925) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | - | 147,362,152 | 62,916,287 | 49,780,593 | 463,147,946 | 15,009,666 | 738,216,644 |
| DEPRECIATION AND IMPAIRMENT | 折舊及減值 | | | | | | | |
| At 1 January 2016 | 於二零一六年一月一日 | - | 48,988,007 | 57,830,547 | 44,387,830 | 460,126,594 | 10,708,976 | 622,041,954 |
| Exchange adjustments | 匯兌調整 | - | (1,054,815) | (944,124) | (1,799,164) | (1,006,235) | (24,283) | (4,828,621) |
| Provided for the year | 本年撥備 | - | 2,555,403 | 2,366,380 | 875,945 | 4,384,690 | 992,149 | 11,174,567 |
| Eliminated on disposals | 出售時對銷 | - | - | (3,083) | (14,736) | - | - | (17,819) |
| Eliminated on written-off | 撇銷時對銷 | - | - | - | - | (24,911,998) | - | (24,911,998) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | - | 50,488,595 | 59,249,720 | 43,449,875 | 438,593,051 | 11,676,842 | 603,458,083 |
| Exchange adjustments | 匯兌調整 | - | 1,604,089 | 326,130 | 1,347,137 | 1,177,746 | 41,285 | 4,496,387 |
| Provided for the year | 本年撥備 | - | 3,870,437 | 1,050,513 | 1,061,033 | 3,289,682 | 1,001,645 | 10,273,310 |
| Eliminated on disposals | 出售時對銷 | - | - | - | (207,582) | (3,421,091) | (198,000) | (3,826,673) |
| Transfer to investment properties (note 16) | 轉撥投資物業 (附註16) | - | (1,596,909) | - | - | - | - | (1,596,909) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | - | 54,366,212 | 60,626,363 | 45,650,463 | 439,639,388 | 12,521,772 | 612,804,198 |
| CARRYING VALUES | 賬面值 | | | | | | | |
| At 31 December 2017 | 於二零一七年十二月三十一日 | - | 92,995,940 | 2,289,924 | 4,130,130 | 23,508,558 | 2,487,894 | 125,412,446 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 15,566,137 | 100,027,006 | 484,415 | 1,360,310 | 16,089,833 | 2,693,464 | 136,221,165 |

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

| | |
|--|--|
| Leasehold land and buildings | Over the shorter of the lease terms or 30 – 50 years |
| Leasehold improvements | 12.5% – 20% |
| Furniture, fixtures and office equipment | 10% – 25% |
| Machinery and equipment | 10% – 25% |
| Motor vehicles | 25% – 33 1/3% |

14. 物業、廠房及設備（續）

上述物業、廠房及設備項目（在建工程除外）之折舊乃採用以下年率按直線法計算：

| | |
|-------------------|----------------------|
| 租賃土地及樓宇 | 按租約期限或30至50年（以較短者為準） |
| 租賃物業裝修傢俬、裝置及辦公室設備 | 12.5% – 20% |
| 機器及設備 | 10% – 25% |
| 汽車 | 25% – 33 1/3% |

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|------------------|-----------------------------|-----------------------------|
| The carrying values of leasehold land and buildings shown above comprise: | 上述租賃土地及樓宇之賬面值包括： | | |
| Leasehold land and buildings in Hong Kong | 位於香港之租賃土地及樓宇 | 11,174,918 | 11,597,045 |
| Buildings in the PRC | 位於中國之樓宇 | 81,242,738 | 88,429,961 |
| | | 92,417,656 | 100,027,006 |

Property, plant and equipment with an aggregate carrying value of HK\$11,174,918 (2016: HK\$11,597,045) has been pledged to banks to secure general banking facilities granted to the Group and obligations under finance leases.

賬面值合共11,174,918港元（二零一六年：11,597,045港元）之物業、廠房及設備已質押予銀行，作為本集團獲授之一般銀行信貸及融資租賃責任之抵押。

At 31 December 2017, the carrying values of motor vehicles included an amount of HK\$370,885 (2016: HK\$548,910) in respect of assets held under finance leases.

於二零一七年十二月三十一日，汽車的賬面值包括涉及根據融資租賃持有之資產之款額370,885港元（二零一六年：548,910港元）。

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15. PREPAID LEASE PAYMENTS

15. 預付租賃款項

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|---------------|-----------------------------|-----------------------------|
| The Group's prepaid lease payments comprise: | 本集團之預付租賃款項包括： | | |
| Leasehold land in the PRC | 位於中國之租賃土地 | 64,789,408 | 29,433,639 |
| Analysed for reporting purposes as: | 就報告用途分析為： | | |
| Current asset | 流動資產 | 1,345,094 | 665,931 |
| Non-current asset | 非流動資產 | 63,444,314 | 28,767,708 |
| | | 64,789,408 | 29,433,639 |

During the year ended 31 December 2017, the Group has an addition to prepaid lease payments as a result of Land Swap Transaction with details in note 6.

The carrying amount of the leasehold land is charged to consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the remaining term of the leases.

於截至二零一七年十二月三十一日止年度，本集團因土地置換交易（詳情見附註6）而有額外預付租賃款項。

租賃土地之賬面值乃按直線法於剩餘租約期內自綜合損益及其他全面收入報表扣除。

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16. INVESTMENT PROPERTIES

16. 投資物業

| | | HK\$ 港元 |
|--|--|-------------|
| At 1 January 2016 | 於二零一六年一月一日 | 76,365,000 |
| Acquired through acquisition of a subsidiary (note 36) | 透過收購一間附屬公司收購 (附註36) | 113,129,400 |
| Fair value change recognised to profit or loss | 於損益確認之公平值變動 | 630,600 |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 190,125,000 |
| Transfer from property, plant and equipment | 轉撥自物業、廠房及設備 | 18,094,881 |
| Fair value change recognised in profit or loss | 於損益確認之公平值變動 | 20,273,024 |
| Exchange adjustments | 匯兌調整 | 672,974 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 229,165,879 |
| Unrealised gain on property revaluation included in other gains and losses – for the year ended 31 December 2017 | 包含於其他損益內的未變現物業重估收益 – 截至二零一七年十二月三十一日止年度 | 20,273,024 |
| – for the year ended 31 December 2016 | – 截至二零一六年十二月三十一日止年度 | 630,600 |

During the year ended 31 December 2017, the use of certain premises of the Group have been changed from owner-occupation to leasing out for rental income. The buildings with carrying amount of HK\$8,723,016 are transferred from property, plant and equipment to investment properties at the date of the end of owner-occupation. Upon the commencement of the lease, the fair value of the building was HK\$18,094,881 and the difference of HK\$9,371,865 between the carrying amount and the fair value of the buildings is recognised in other comprehensive income and accumulated in "properties valuation reserve".

於截至二零一七年十二月三十一日止年度，本集團若干物業的用途已由自用改為出租以換取租金收入。賬面值8,723,016港元的樓宇於結束自用當日由物業、廠房及設備轉撥至投資物業。於租賃開始時，樓宇的公平值為18,094,881港元，而樓宇賬面值與公平值間的差異9,371,865港元於其他全面收益中確認，並於「物業估值儲備」中累計。

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16. INVESTMENT PROPERTIES (Continued)

The fair value of investment properties has been arrived at on the basis of valuations carried out by Peak Vision Appraisals Limited and Citiland Surveyors Limited for properties located in Hong Kong as at 31 December 2017 and 2016 respectively and 北京市洪州資產評估有限責任公司 for properties located in the PRC at date of transfer and as at 31 December 2017. They are independent qualified professional valuers not related to the Group.

Investment properties with fair value of HK\$110,165,879 (2016: HK\$78,125,000) as at 31 December 2017 was determined based on the direct comparison approach assuming sale of each of these properties in existing state and by making reference to comparable sales transactions as available in the relevant market and adjusted for differences in the nature and location.

Investment properties with fair value of HK\$119,000,000 (2016: HK\$112,000,000) as at 31 December 2017 was determined based on the income capitalisation approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed based on estimates of future cash flows, supported by the terms of existing lease and the market rentals of the similar properties in the neighbourhood. The capitalisation rate is determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. At the end of the reporting period, the chief financial officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs into the model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to management of the Group.

There were no transfers into or out of Level 3 during the year.

16. 投資物業 (續)

投資物業公平值乃根據滙鋒評估有限公司及天俊測量師行就位於香港的物業分別於二零一七年及二零一六年十二月三十一日的價值所進行的估值及北京市洪州資產評估有限責任公司就位於中國的物業於轉讓日期及二零一七年十二月三十一日的價值所進行的估值得出。該等公司均為與本集團並無關連的獨立合資格專業估值師。

於二零一七年十二月三十一日之公平值為110,165,879港元(二零一六年: 78,125,000港元)之投資物業乃按直接比較法釐定, 當中假設各項物業按現狀出售, 並已參考相關市場上可得之可資比較銷售交易以及就性質及位置差異作出調整。

於二零一七年十二月三十一日之公平值為119,000,000港元(二零一六年: 112,000,000港元)之投資物業乃按收入資本化法釐定, 所有物業可出租單位的市值租金按照投資者對該類型物業的預期市場收益率進行評估及貼現。市值租金乃根據未來現金流量預測進行評估, 並以現存租賃條款及附近相似物業的市值租金作證明。資本化率及參考分析類似物業銷售交易得出的收益率釐定, 並考慮到物業投資者的市場預期進行調整, 以反映本集團投資物業的獨有因素。

於估計投資物業之公平值時, 有關物業之最高及最佳用途即為其當前用途。於報告期末, 財務總監與外部合資格估值師緊密合作, 選定合適的估值技術及輸入模式之數據。倘資產的公平值出現重大變動, 將向本集團管理層匯報波動的原因。

年內, 概無第三級別轉入或轉出。

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16. INVESTMENT PROPERTIES (Continued)

Information about fair value measurements using significant unobservable inputs

The following table shows the valuation techniques used in the determination of fair values for investment properties and unobservable inputs used in the valuation models.

| Description 概述 | Fair value as at 公平值 | | Fair value hierarchy 公平值架構 | Valuation techniques 估值技術 | Significant unobservable inputs 重大不可觀察輸入數據 | Range of significant unobservable inputs 重大不可觀察輸入數據範圍 | | Inter relationship between significant unobservable inputs and fair value measurement 重大不可觀察輸入數據與公平值計量之間的相互關係 |
|---|---|---|-------------------------------|--|---|---|---|--|
| | 31 December 2017 於二零一七年十二月三十一日 HK\$ 港元 | 31 December 2016 於二零一六年十二月三十一日 HK\$ 港元 | | | | 2017 二零一七年 | 2016 二零一六年 | |
| Industrial properties in Fanling, Hong Kong 於香港粉嶺之工業物業 | 92,195,000 | 78,125,000 | Level 3 | Direct comparison approach 直接比較法 | (i) Based on market observable transactions of comparable properties (i) 根據可比較物業之市場可觀察交易 | HK\$2,845 to HK\$3,795 per square feet 每平方呎 2,845港元至 3,795港元 | HK\$2,398 to HK\$3,297 per square feet 每平方呎 2,398港元至 3,297港元 | The higher the market price, the higher the fair value. 市價愈高，公平值愈高。 |
| | | | | | (ii) Level adjustments (ii) 級別調整 | 0% to 4% 0%至4% | 0% to 3% 0%至3% | The lower the level adjustment, the higher the fair value. 級別調整愈低，公平值愈高。 |
| | | | | | (iii) Location adjustments (iii) 位置調整 | 0% to 4% 0%至4% | 0% to 5% 0%至5% | The lower the location adjustment, the higher the fair value. 位置調整愈低，公平值愈高。 |
| Properties in the PRC 位於中國的物業 | 17,970,879 | - | Level 3 | Direct comparison approach 直接比較法 | (i) Based on market observable transactions of comparable properties (i) 根據可比較物業之市場可觀察交易 | RMB84,661 to RMB85,752 per square meter 每平方米人民幣84,661元至 人民幣85,752元 | - | The higher the market price, the higher the fair value. 市價愈高，公平值愈高。 |
| | | | | | (ii) Level adjustments (ii) 級別調整 | 0% to 1% 0%至1% | - | The lower the level adjustment, the higher the fair value. 級別調整愈低，公平值愈高。 |
| | | | | | (iii) Location adjustments (iii) 位置調整 | 0% to 1% 0%至1% | - | The lower the location adjustment, the higher the fair value. 位置調整愈低，公平值愈高。 |
| Commercial properties in Yuen Long, Hong Kong 於香港元朗之商用物業 | 119,000,000 | 112,000,000 | Level 3 | Income capitalisation approach 收入資本化法 | (i) Capitalisation rate taking into account the capitalisation of rental income potential (i) 資本化率(計入潛在租金收入的資本化) | 4% 4% | 4% 4% | The lower the capitalisation rate, the higher the fair value. 資本化率越低，公平值愈高。 |
| | | | | | (ii) Market rent (ii) 市場租金 | HK\$40 to HK\$76 per square feet 每平方呎 40港元至 76港元 | HK\$33 to HK\$70 per square feet 每平方呎 33港元至 70港元 | The higher the market price, the higher the fair value. 市價越高，公平值愈高。 |

16. 投資物業(續)

使用重大不可觀察輸入數據之公平值計量之資料

下表列示釐定投資物業公平值所使用估值技術及估值模式中所使用之不可觀察輸入數據。

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16. INVESTMENT PROPERTIES (Continued)

The Group's investment properties are located in Hong Kong and the PRC. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

As at 31 December 2017, investment properties with aggregate carrying value of HK\$211,195,000 (2016: HK\$190,125,000) were pledged to banks to secure bank borrowings as stated in note 31 and general banking facilities granted to the Group.

17. DEPOSITS FOR LAND USE RIGHTS

The deposits as at 31 December 2016 were paid for land use rights situated in the PRC to the Qingyuan government. The completion of the purchases was pending for receiving the land use right certificates. As such, the amounts paid for the land use rights were recorded as deposits as at 31 December 2016.

During the year ended 31 December 2017, the Group entered into a Land Swap Transaction in exchange of the deposits for land use rights, details of which are set out in note 6.

16. 投資物業 (續)

本集團投資物業乃位於香港及中國。本集團就賺取租金或資本增值而根據經營租賃持有之所有物業權益乃以公平值模式計量，並分類及作為投資物業入賬。

截至二零一七年十二月三十一日止，總賬面值211,195,000港元（二零一六年：190,125,000港元）之投資物業已質押予銀行，作為附註31所述銀行借款及本集團獲授之一般銀行信貸之擔保。

17. 土地使用權訂金

於二零一六年十二月三十一日的訂金乃就位於中國之土地使用權向清遠政府支付。有關收購須待取得土地使用權證後方告完成。因此，於二零一六年十二月三十一日，就土地使用權支付之款項已入賬列為訂金。

於截至二零一七年十二月三十一日止年度，本集團訂立土地置換交易，以交換土地使用權的訂金，詳情載於附註6。

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18. AVAILABLE-FOR-SALE INVESTMENTS/ DERIVATIVE FINANCIAL INSTRUMENT

Available-for-sale investments

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|--|-----------------------------|-----------------------------|
| Available-for-sale investments comprise: 可供出售投資包括： | | | |
| Club membership 會所會籍 | | 3,403,700 | 3,403,700 |
| Unlisted equity securities established in the PRC measured at fair value (note i) 於中國成立按公平值計量之非上市股本證券 (附註i) | | 14,192,719 | 14,142,889 |
| Unlisted equity securities established in the PRC measured at cost (note ii) 於中國成立按成本計量之非上市股本證券 (附註ii) | | 12,007,685 | 11,163,206 |
| Unlisted equity securities established in Hong Kong and overseas measured at cost (note ii) 於香港及海外成立按成本計量之非上市股本證券 (附註ii) | | 9,459,163 | 13,025,232 |
| | | 39,063,267 | 41,735,027 |
| Analysed for reporting purposes as: 就報告用途分析為： | | | |
| Current asset 流動資產 | | 14,192,719 | - |
| Non-current asset 非流動資產 | | 24,870,548 | 41,735,027 |
| | | 39,063,267 | 41,735,027 |

Notes:

- (i) On 27 February 2013, the Group signed a capital injection agreement with shareholders of Yinghua, which are all independent third parties, to inject RMB10,000,000 in Yinghua, representing approximately 16.67% equity interest of the enlarged paid-in capital of Yinghua. On the same day, the Group signed a loan agreement with Yinghua that the Group, granted an unsecured, interest-free loan of RMB30,000,000 ("Yinghua Shareholder's Loan") to Yinghua. Yinghua is principally engaged in the property development in the PRC.

附註：

- (i) 於二零一三年二月二十七日，本集團與英華房地產之股東（全部均為獨立第三方）簽訂注資協議，向英華房地產注資人民幣10,000,000元，相當於英華房地產經擴大實繳資本約16.67%股本權益。同日，本集團與英華房地產簽署貸款協議，本集團據此向英華房地產授出一筆人民幣30,000,000元的無抵押免息貸款（「英華房地產股東貸款」）。英華房地產主要於中國從事物業發展業務。

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18. AVAILABLE-FOR-SALE INVESTMENTS/ DERIVATIVE FINANCIAL INSTRUMENT (Continued)

Available-for-sale investments (Continued)

Notes: (Continued)

(i) (Continued)

The investment in Yinghua and the related derivative financial instrument (as stated below) are measured at fair value as at 31 December 2017 and 2016. Details of the fair value measurement of this investment are disclosed in note 43 and the fair value measurement of derivative financial instrument is disclosed below.

(ii) As at 31 December 2017, the Group has investments in six (2016: six) unlisted equity securities issued by private entities which were held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the year ended 31 December 2017, there was an additional investment of HK\$3,114,400 in an unlisted equity security established in overseas. Also, the Group subscribed for 8.27% of the total issued share capital of an unlisted equity issued by a private entity incorporated in Hong Kong, which is principally engaged in E-sports business at a cash consideration of HK\$391,500.

On 5 May 2017, the Group disposed of an investment in an unlisted equity security established in Hong Kong through disposal of a subsidiary as disclosed in note 37.

18. 可供出售投資／衍生金融 工具 (續)

可供出售投資 (續)

附註: (續)

(i) (續)

於英華房地產及相關衍生金融工具 (如下文所述) 的投資乃按於二零一七年及二零一六年十二月三十一日之公平值計量。有關是項投資公平值計量之詳情在附註43披露，而衍生金融工具之公平值計量披露如下。

(ii) 截至二零一七年十二月三十一日止，本集團投資於由私人實體發行的六項 (二零一六年: 六項) 非上市股本證券，並持有作已識別長期策略用途。可供出售投資乃按成本扣除報告期末之減值計量，原因為合理公平值估算範圍太大，令本公司董事認為其公平值不能可靠地計量。

於截至二零一七年十二月三十一日止年度，有一項對在海外成立的非上市股本證券所作之額外投資3,114,400港元。本集團亦以現金代價391,500港元認購一間於香港註冊成立的私人實體所發行的非上市股權已發行股本總額之8.27%，該實體主要從事電子技競業務。

於二零一七年五月五日，本集團透過出售一間附屬公司出售一項於香港成立的非上市股本證券的投資 (見附註37所披露)。

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18. AVAILABLE-FOR-SALE INVESTMENTS/ DERIVATIVE FINANCIAL INSTRUMENT (Continued)

Available-for-sale investments (Continued)

Notes: (Continued)

(ii) (Continued)

During the year ended 31 December 2016, full impairment loss of HK\$5,581,603 was recognised on an investment in a company incorporated in the PRC which engaged in providing O2O leather products maintenance services as the available-for-sale investee determined to suspend the operations as a result of continuous losses of its business and poor market response.

During the year ended 31 December 2016, there was an additional investment in an unlisted equity securities established in Hong Kong of HK\$6,160,095 as the directors of the Company waived the shareholder's loan with the same balance for long term strategic purpose. There is no change on the shareholding over the available-for-sale investments upon the waiver of the loan.

Derivative financial instrument

Further to the capital injection to Yinghua as stated above, the Group signed a put option agreement with the major shareholder of Yinghua, pursuant to which the Group has the right to dispose of the Group's entire equity interest in Yinghua through the disposal of an indirect wholly-owned subsidiary which held the equity interest over Yinghua and the outstanding balance of Yinghua Shareholder's Loan at a consideration of the higher of RMB52,000,000 or amount equal to 16.67% of the performance target or where the performance target is not available, the consideration shall be deemed to be RMB52,000,000, in each case, less the repaid amount of the Yinghua Shareholder's Loan and the dividends received by the Group during the period from commencing from the date of put option deed and ending on the agreed cut-off date (the "Cut-off Date"). The performance target is based on cumulative sales proceeds accrued by Yinghua in respect of a specific real estate project during the period from 27 February 2013 up to and including the Cut-off Date to be audited by an independent auditor jointly appointed by the Group and the major shareholder. The put option can be exercised within 6 months from 27 February 2016.

18. 可供出售投資／衍生金融 工具 (續)

可供出售投資 (續)

附註：(續)

(ii) (續)

截至二零一六年十二月三十一日止年度，已就其於一家在中國註冊成立並從事提供O2O皮革產品維修服務的公司的投資確認全數減值5,581,603港元，原因是可供出售被投資方因其業務連續虧損及市場反應欠佳而決定暫停營運。

截至二零一六年十二月三十一日止年度，有一項對在香港成立之非上市股本證券所作之額外投資6,160,095港元，原因是本公司董事因應長期策略而豁免同等餘額的股東貸款。在豁免貸款後，可供出售投資的股權並無變化。

衍生金融工具

繼上文所述向英華房地產注資後，本集團與英華房地產的主要股東簽訂認沽期權協議，據此，本集團有權透過出售一間間接全資附屬公司（其持有英華房地產的股權）處置本集團於英華房地產的全部股本權益及英華房地產股東貸款的未償還結餘，代價為人民幣52,000,000元或相等於表現目標16.67%的款額（以較高者為準）（或倘無表現目標，則代價將被視為人民幣52,000,000元）；而於各情況下，再減英華房地產股東貸款之還款及本集團自認沽期權契據日期起至協定結束日期（「結束日期」）止期間收到的股息。表現目標乃根據英華房地產於二零一三年二月二十七日起至結束日期（包括該日）止期間就特定房地產項目累計之銷售所得款項計算，其將由本集團與該主要股東共同委任的獨立核數師審核。認沽期權可於二零一六年二月二十七日起六個月內行使。

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18. AVAILABLE-FOR-SALE INVESTMENTS/ DERIVATIVE FINANCIAL INSTRUMENT (Continued)

Derivative financial instrument (Continued)

On 26 February 2016, the Group entered into a supplemental put option deed with the major shareholder of Yinghua and agreed as follows:

1. the Cut-off Date of the performance target was deferred from 26 February 2016 to 31 December 2016; and
2. the exercisable period of the put option has amended to a period within 6 months from 1 January 2017.

The carrying amount of put option at 31 December 2016 was measured at fair value. As the maturity of the put option was 30 June 2017, the fair value of derivative financial instrument is classified as current asset for reporting purposes. Black-Scholes option pricing model is used and the following assumptions were used to calculate the fair value of the put option as at 31 December 2016.

| | |
|------------------------------|---------------|
| Equity value | RMB12,669,000 |
| Exercise price (note a) | RMB22,000,000 |
| Expected life of options | 6 months |
| Expected volatility (note b) | 26.263% |
| Expected dividend yield | 0% |
| Risk-free rate | 2.85% |

The Black-Scholes option pricing model requires the assumptions, including the volatility of share price. The changes in subjective input assumptions can materially affect the fair value estimate.

Notes:

- (a) The exercise price was based on RMB52,000,000 less the Yinghua Shareholder's Loan of RMB30,000,000 at the date of completion as the exercise price is deemed to include a guarantee for the full repayment of the Yinghua Shareholder's Loan.

18. 可供出售投資／衍生金融 工具（續）

衍生金融工具（續）

於二零一六年二月二十六日，本集團與英華房地產之主要股東訂立補充認沽期權契據，並協定如下：

1. 表現目標的結束日期由二零一六年二月二十六日延至二零一六年十二月三十一日；及
2. 認沽期權的可行使期間已修訂為自二零一七年一月一日起計六個月的期間。

認沽期權於二零一六年十二月三十一日的賬面值乃以公平值計量。由於認沽期權於二零一七年六月三十日到期，就報告而言，衍生金融工具的公平值分類為流動資產。於二零一六年十二月三十一日，已採用畢蘇期權定價模式及以下假設計算認沽期權之公平值。

| | |
|-----------|----------------|
| 權益價值 | 人民幣12,669,000元 |
| 行使價（附註a） | 人民幣22,000,000元 |
| 預期期權年期 | 六個月 |
| 預期波幅（附註b） | 26.263% |
| 預期股息率 | 0% |
| 無風險利率 | 2.85% |

畢蘇期權定價模式需要輸入假設，包括股價波幅。主觀輸入數據假設的變動可大幅影響公平值估計。

附註：

- (a) 由於行使價被視為已包括全數償還英華房地產股東貸款之保證，故行使價乃按照人民幣52,000,000元減完成當日之英華房地產股東貸款人民幣30,000,000元計算。

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18. AVAILABLE-FOR-SALE INVESTMENTS/ DERIVATIVE FINANCIAL INSTRUMENT (Continued)

Derivative financial instrument (Continued)

Notes: (Continued)

- (b) The expected volatility of the put option was based on the historical daily share price movements of a set of comparable companies over a historical period of 0.712 year.

On 30 June 2017, the Group entered into a second supplemental put option deed pursuant to which the expiry date of the option period is extended to 31 July 2017.

On 24 July 2017, the Group served the exercise notice to the major shareholder of Yinghua to dispose of the Group's entire equity interest in an indirect wholly-owned subsidiary which held 16.67% equity interest in Yinghua. During the year ended 31 December 2017, Yinghua has repaid Yinghua Shareholder's Loan of RMB30,000,000 and the put option consideration is fixed at RMB22,000,000 as 16.67% of the performance target is less than RMB52,000,000 and the Group did not receive any dividend from Yinghua. The completion of the disposal is subject to the full settlement of option consideration which shall take place on or before 10 January 2018. On 10 January 2018, the Group and the major shareholder of Yinghua agreed in writing to extend the date of completion to on or before 31 May 2018 (or such other date as may be agreed by both parties in writing).

As at 31 December 2017, the Group had an obligation to dispose of the indirect wholly-owned subsidiary which held 16.67% equity interest in Yinghua in cash in the future. Such forward contract is considered as derivative financial instruments in accordance with HKAS 39 and measured at fair value. Forward contract is calculated on a discounted cash flow approach on agreed price of disposal of the indirect wholly-owned subsidiary which held 16.67% equity interest in Yinghua with a discount rate of 25.73%.

18. 可供出售投資／衍生金融 工具 (續)

衍生金融工具 (續)

附註：(續)

- (b) 認沽期權之預期波幅乃以一組可資比較公司於過去0.712年期間之過往每日股價變動為計算基礎。

於二零一七年六月三十日，本集團訂立第二份補充認沽契據，據此，認沽期權期間的屆滿日期延至二零一七年七月三十一日。

於二零一七年七月二十四日，本集團向英華房地產的主要股東發出行使通知書，以出售本集團於一家間接全資附屬公司之股本權益，而該附屬公司持有英華房地產16.67%之股本權益。截至二零一七年十二月三十一日年度，英華房地產已償還英華房地產股東貸款人民幣30,000,000元，且由於表現目標的16.67%低於人民幣52,000,000元及本集團並無自英華房地產收取任何股息，故認沽期權代價已定為人民幣22,000,000元。出售須待全數結清期權代價後方告完成，並預期於二零一八年一月十日或之前達致。於二零一八年一月十日，本集團與英華房地產主要股東以書面方式議定將完成日期延後至二零一八年五月三十一日或之前（或雙方可能以書面方式議定之其他日期）。

於二零一七年十二月三十一日，本集團有責任於未來出售持有英華房地產的16.67%股本權益的間接全資附屬公司以換取現金。有關遠期合約根據香港會計準則第39號視為衍生金融工具，並按公平值計量。遠期合約根據出售持有英華房地產16.67%股本權益的間接全資附屬公司的協定價格，以貼現現金流量法計算，所採用貼現率為25.73%。

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19. LOAN TO AN AVAILABLE-FOR-SALE INVESTEE

Loan to an available-for-sale investee represented loan granted to Yinghua as at 31 December 2016. Other than capital injection to Yinghua as stated in note 18(i) on 27 February 2013, the Group signed a loan agreement with Yinghua that the Group granted an unsecured interest-free Yinghua Shareholder's Loan to Yinghua, with effective interest rate of 10% per annum.

On 26 February 2016, the Group entered into a supplemental shareholder's loan agreement with Yinghua pursuant to which the maturity period of the Yinghua Shareholder's Loan is extending from 19 March 2016 to 31 December 2016. During the year ended 31 December 2016, Yinghua partially repaid RMB2,000,000 (equivalent to HK\$2,332,090) to the Group.

On 29 December 2016, the Group entered into a second supplemental shareholder's loan agreement with Yinghua pursuant to which the repayment date of the Yinghua Shareholder's Loan is extended from 31 December 2016 to 30 June 2017.

On 30 June 2017, the Group entered into the third supplemental shareholder's loan agreement pursuant to which the repayment date of the Yinghua Shareholder's Loan is extended to 30 November 2017. In addition, the Yinghua Shareholder's Loan bore interest rate of 15% per annum from 1 July 2017.

During the year ended 31 December 2017, Yinghua Shareholder's Loan was fully repaid.

19. 給予可供出售被投資方之貸款

於二零一六年十二月三十一日，給予可供出售被投資方的貸款指授予英華房地產的貸款。除附註18(i)所述於二零一三年二月二十七日向英華房地產注資外，本集團與英華房地產簽署一項貸款協議，據此，本集團向英華房地產授予一筆無抵押、免息貸款的英華房地產股東貸款，實際年利率為10%。

於二零一六年二月二十六日，本集團與英華房地產訂立一項補充股東貸款協議，據此，英華房地產股東貸款之到期日由二零一六年三月十九日延後至二零一六年十二月三十一日。截至二零一六年十二月三十一日止年度，英華房地產已向本集團償還部份款項人民幣2,000,000元（相當於2,332,090港元）。

於二零一六年十二月二十九日，本集團與英華房地產訂立第二份補充股東貸款協議，據此，英華房地產股東貸款之還款日期由二零一六年十二月三十一日延後至二零一七年六月三十日。

於二零一七年六月三十日，本集團訂立第三份補充股東貸款協議，據此，英華房地產股東貸款的還款日期已延至二零一七年十一月三十日。此外，英華房地產股東貸款由二零一七年七月一日起按年利率15%計息。

截至二零一七年十二月三十一日止年度，英華房地產股東貸款已全數償還。

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20. LOANS TO JOINT VENTURES/INTERESTS IN JOINT VENTURES

20. 給予合營公司之貸款／於合營公司之權益

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|--|-----------------------------|-----------------------------|
| Costs of investments in unlisted joint ventures | 於非上市合營公司之投資成本 | 16 | 16 |
| Share of post-acquisition profit and other comprehensive income | 應佔收購後溢利及其他全面收入 | 421,252 | 424,631 |
| | | 421,268 | 424,647 |
| Loan to Reliance Partner Limited (note i) | 給予Reliance Partner Limited之貸款(附註i) | 3,874,009 | 3,864,955 |
| Loan to Estate Summit Limited ("Estate Summit") (note ii) | 給予Estate Summit Limited (「Estate Summit」)之貸款(附註ii) | 12,554,385 | 10,549,667 |
| Share of post-acquisition losses and other comprehensive expense | 應佔收購後虧損及其他全面開支 | (4,411,177) | (3,064,836) |
| Impairment loss recognised (note ii) | 已確認減值虧損(附註ii) | (8,143,208) | (5,268,340) |
| | | 3,874,009 | 6,081,446 |
| Less: Amount repayable within one year shown under current asset | 減：列於流動資產項下須於一年內償還之金額 | (3,874,009) | (3,864,955) |
| Amount repayable after one year | 須於一年後償還之金額 | - | 2,216,491 |

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20. LOANS TO JOINT VENTURES/INTERESTS IN JOINT VENTURES (Continued)

Notes:

- (i) Loan to Reliance Partner Limited is classified as current assets as the directors of the Company consider that the loan will be repaid within twelve months as at 31 December 2017.
- (ii) Loan to Estate Summit is considered as a net investment, the Group has recognised its share of loss of Estate Summit in excess of the cost of investment against its loan as at 31 December 2017 and 2016. Due to the continuous loss incurred by Estate Summit, the directors of the Company assessed the recoverable amount of the loan to Estate Summit taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate. During the year ended 31 December 2017, an impairment loss of HK\$2,874,868 (2016: HK\$5,268,340) has been recognised. The loan as at 31 December 2017 and 2016 had no fixed repayment term and it was not expected to be repayable within twelve months.

As at 31 December 2017 and 2016, the Group had interests in the following joint ventures:

| Name of entity 實體名稱 | Form of business structure 業務結構形式 | Country of incorporation 註冊成立國家 | Principal place of operation 主要營業地點 | Class of share held 所持股份類別 | Proportion of nominal value of issued capital held by the Group 本集團所持已發行股本面值比例 | | Proportion of voting power held 所持投票權比例 | | Principal activities 主要業務 |
|--------------------------|--------------------------------------|---|--|-------------------------------|---|--------------------|--|--------------------|--|
| | | | | | 2017 二零一七年 % | 2016 二零一六年 % | 2017 二零一七年 % | 2016 二零一六年 % | |
| Reliance Partner Limited | Incorporated 註冊成立 | Anguilla 安圭拉 | Hong Kong 香港 | Ordinary 普通股 | 50 | 50 | 50 | 50 | Investment holding 投資控股 |
| Estate Summit | Incorporated 註冊成立 | British Virgin Islands ("BVI") 英屬處女群島 | Hong Kong 香港 | Ordinary 普通股 | 50 | 50 | 50 | 50 | Office leasing and property investment in Hong Kong 於香港進行辦公室租賃及物業投資 |

20. 給予合營公司之貸款／於合營公司之權益（續）

附註：

- (i) 於二零一七年十二月三十一日，給予Reliance Partner Limited之貸款已分類為流動資產，原因是本公司董事認為有關貸款將於十二個月內償還。
- (ii) 給予Estate Summit之貸款被認為是淨投資，於二零一七年及二零一六年十二月三十一日，本集團已確認其分佔之Estate Summit虧損超過其貸款的投資成本。由於Estate Summit連續錄得虧損，本公司董事已評估給予Estate Summit之貸款之可收金額，當中已考慮估計未來現金流量及該等現金流量按其原有實際利率貼現的時間。截至二零一七年十二月三十一日止年度，已確認減值虧損2,874,868港元（二零一六年：5,268,340港元）。於二零一七年及二零一六年十二月三十一日，該貸款並無固定還款期，且預期不會於十二個月內償還。

截至二零一七年及二零一六年十二月三十一日止，本集團於以下合營公司擁有權益：

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截至二零一七年十二月三十一日止年度

20. LOANS TO JOINT VENTURES/INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Estate Summit

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------------|-------|-----------------------------|-----------------------------|
| Non-current assets | 非流動資產 | 2,011,912 | 3,040,649 |
| Current assets | 流動資產 | 2,775,721 | 2,011,637 |
| Current liabilities | 流動負債 | (13,609,986) | (11,181,957) |
| Net liabilities | 負債淨值 | (8,822,353) | (6,129,671) |

The above amounts of assets and liabilities include the following:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|---------------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 現金及現金等值 | 1,577,157 | 727,659 |
| Current financial liabilities (excluding trade and other payables and provisions) | 流動金融負債 (不包括貿易及 其他應付款項及撥備) | (12,554,385) | (10,549,667) |
| Income | 收入 | 3,666,478 | 3,851,567 |
| Loss for the year | 年度虧損 | (2,692,682) | (2,993,732) |

20. 給予合營公司之貸款／於合營公司之權益(續)

重大合營公司之財務資料概要

本集團重大合營公司之財務資料概要載列如下。以下財務資料概要反映該等合營公司按照香港財務報告準則編製之財務報表所示金額。

於此等綜合財務報表內，該等合營公司乃使用權益法入賬。

Estate Summit

上述資產及負債金額包括下列各項：

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20. LOANS TO JOINT VENTURES/INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of material joint venture (Continued)

Estate Summit (Continued)

The above loss for the year includes the following:

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|-----------------------------|-----------------------------|
| Depreciation and amortisation 折舊及攤銷 | 1,195,017 | 1,139,875 |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Estate Summit:

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|-----------------------------|-----------------------------|
| Net liabilities of Estate Summit Estate Summit負債淨值 | (8,822,353) | (6,129,671) |
| Proportion of the Group's ownership interest in Estate Summit 本集團於Estate Summit之擁有權權益比例 | 50% | 50% |
| Carrying amount of the Group's interest in Estate Summit 本集團於Estate Summit之權益之賬面值 | (4,411,177) | (3,064,836) |

20. 給予合營公司之貸款／於合營公司之權益（續）

重大合營公司之財務資料概要（續）

Estate Summit（續）

上述本年度虧損包括以下項目：

上述財務資料概要與於Estate Summit權益之賬面值對賬：

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20. LOANS TO JOINT VENTURES/INTERESTS IN JOINT VENTURES (Continued)

Aggregate information of joint venture that is not individually material

20. 給予合營公司之貸款／於合營公司之權益（續）

個別並不重大之合營公司總計資料

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------------------|---------|-----------------------------|-----------------------------|
| The Group's share of loss | 本集團應佔虧損 | 3,379 | 3,253 |

21. INVENTORIES AND RECORD MASTERS

21. 存貨及唱片母帶

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|------------------|------|-----------------------------|-----------------------------|
| Inventories: | 存貨： | | |
| Raw materials | 原材料 | 14,539,020 | 6,631,998 |
| Work in progress | 在製品 | 3,216,232 | 4,078,569 |
| Finished goods | 製成品 | 23,113,765 | 22,419,544 |
| | | 40,869,017 | 33,130,111 |
| Record masters | 唱片母帶 | 1,682,914 | 2,210,381 |
| | | 42,551,931 | 35,340,492 |

During the year ended 31 December 2017, there was an impairment of certain finished goods due to damages. As a result, a write-down of HK\$543,411 (2016: HK\$268,039) has been recognised and included in cost of sales in the current year.

於截至二零一七年十二月三十一日止年度，損壞令若干製成品出現減值。因此，已確認撇減543,411港元（二零一六年：268,039港元），並計入本年度的銷售成本中。

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22. PROPERTIES UNDER DEVELOPMENT FOR SALE

22. 待售發展中物業

| | | HK\$ 港元 |
|--|--------------------------|-------------------|
| Carrying amount at 1 January 2016 | 於二零一六年一月一日的賬面值 | 44,882,520 |
| Exchange differences | 匯兌差額 | (2,572,727) |
| Carrying amount at 31 December 2016 | 於二零一六年十二月三十一日的賬面值 | 42,309,793 |
| Exchange differences | 匯兌差額 | 3,041,923 |
| Carrying amount at 31 December 2017 | 於二零一七年十二月三十一日的賬面值 | 45,351,716 |

The properties under development for sale of the Group are situated on the land located in the PRC.

The properties under development for sale are developed on the land in the PRC owned by 清遠市中清房地產開發有限公司 ("Zhongqing"), a non-wholly-owned subsidiary of the Company. On 18 June 2014, 深圳市中星國盛投資發展有限公司 ("Zhongxing Guosheng"), a wholly-owned subsidiary of the Company and the immediate holding company of Zhongqing, initiated civil proceedings against Zhongqing in the 深圳市寶安區人民法院 (the "People's Court of Baoan District") for the repayment of the shareholder's loan owing to Zhongxing Guosheng of RMB23,479,330. On 19 June 2014, pursuant to an application made by Zhongxing Guosheng to freeze and preserve assets of Zhongqing in the total value of RMB23,400,000, an order was granted by the People's Court of Baoan District to freeze and preserve the lands owned by Zhongqing during the period from 24 June 2014 to 23 June 2016 (the "Freeze Order").

本集團之待售發展中物業位於中國之土地上。

待售發展中物業於由清遠市中清房地產開發有限公司 ("中清", 本公司之非全資附屬公司) 於中國擁有之土地上發展。於二零一四年六月十八日, 深圳市中星國盛投資發展有限公司 ("中星國盛", 本公司之全資附屬公司及中清之直接控股公司) 就償還結欠中星國盛之股東貸款人民幣23,479,330元向深圳市寶安區人民法院 ("寶安區人民法院") 對中清提出民事訴訟。於二零一四年六月十九日, 因應中星國盛申請凍結及保存中清價值合共人民幣23,400,000元之資產, 寶安區人民法院頒令, 於二零一四年六月二十四日至二零一六年六月二十三日期間凍結及保存中清擁有之土地 ("凍結令")。

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22. PROPERTIES UNDER DEVELOPMENT FOR SALE (Continued)

On 15 October 2014, the Group received the civil mediation document (民事調解書) dated 30 September 2014 issued by the People's Court of Baoan District that (i) both Zhongqing and the Group confirmed the shareholder's loan was in sum of RMB23,479,330; (ii) Zhongqing agreed to repay to Zhongxing Guosheng the sum of RMB23,479,330 together with the interests accrued from 18 June 2014 until the date of repayment within 15 days after the effective date of the civil mediation document (i.e. 15 October 2014); and (iii) if Zhongqing fails to repay the amount stated in (ii) in full on time, the Group has the right to request Zhongqing to pay default interests calculated at two times of the lending rate of the People's Bank of China over the same period.

On 27 May 2016, the Group received the assistance execution notice (協助執行通知書) issued by the People's Court of Baoan District to freeze and preserve the land owned by Zhongqing during the period from 13 June 2016 to 12 June 2019 (the "Updated Freeze Order").

At the date of this report, the shareholder's loan has not yet been settled by Zhongqing. In the opinion of the directors of the Company, the Updated Freeze Order is for the purpose of securing the Group's rights and to ensure that Zhongqing has sufficient assets to repay the shareholder's loan to the Zhongxing Guosheng. Therefore, the directors of the Company considered there is no impairment on both the properties under development for sale and the shareholder's loan. Zhongxing Guosheng can withdraw the court order for the repayment of the shareholder's loan and then release the Updated Freeze Order from the People's Court of Baoan District at any time and Zhongxing Guosheng remains in control over Zhongqing as its operation other than the construction on the land owned by Zhongqing is not affected by the Freeze Order or the Updated Freeze Order.

23. HELD-FOR-TRADING INVESTMENTS

22. 待售發展中物業(續)

於二零一四年十月十五日，本集團收到由寶安區人民法院所發出日期為二零一四年九月三十日之民事調解書，內容為(i)中清及本集團均確認股東貸款為人民幣23,479,330元；(ii)中清已同意於民事調解書生效日期後15天(即二零一四年十月十五日)內向中星國盛償還人民幣23,479,330元，連同由二零一四年六月十八日起至還款日期止累計之利息；及(iii)倘中清未能準時全數償還(ii)所載之款項，則本集團有權要求中清支付違約利息，金額乃按同一期間中國人民銀行借貸利率之兩倍計算。

於二零一六年五月二十七日，本集團收到由寶安區人民法院發出的協助執行通知書，以於二零一六年六月十三日至二零一九年六月十二日期間凍結及保存中清擁有之土地(「更新凍結令」)。

於本報告日期，中清尚未清償股東貸款。本公司董事認為，更新凍結令旨在保障本集團之權利，確保中清備有足夠資產向中星國盛償還股東貸款。因此，本公司董事認為待售發展中物業及股東貸款概無減值。中星國盛可以撤回法院就償還股東貸款作出的頒令，然後解除寶安區人民法院頒佈的更新凍結令，中星國盛仍可控制中清，因為除於中清所擁有土地上的建造外，其營運不受凍結令或更新凍結令的影響。

23. 持作買賣投資

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|-----------------------------|-----------------------------|
| Equity securities listed in Hong Kong 香港上市股本證券 | 107,374,656 | 132,247,356 |

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24. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group's credit terms on Manufacturing and Sales Business and Trading Business generally range from 60 to 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition. The Group allows an average credit period of 60 to 90 days to its customers of Music and Entertainment Business. The following is an ageing analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

24. 貿易及其他應收款項、預付款項以及訂金

本集團之製造以及銷售業務及貿易業務之信貸期限一般為60至90日。少數與本集團有良好業務關係且財務狀況良好之客戶可享有較長之信貸期限。本集團之音樂及娛樂業務客戶之信貸期限平均為60至90日。以下為於報告期末根據發票日期呈列之貿易應收款項（已扣除呆賬撥備）賬齡分析：

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|----------------|-----------------------------|-----------------------------|
| Manufacturing and Sales Business and Trading Business: 製造及銷售業務及貿易業務： | | | |
| 0 – 30 days | 0至30日 | 68,616,555 | 103,298,949 |
| 31 – 60 days | 31至60日 | 36,088,683 | 14,440,858 |
| 61 – 90 days | 61至90日 | 17,694,689 | 12,186,438 |
| Over 90 days | 超過90日 | 26,024,733 | 7,041,536 |
| | | 148,424,660 | 136,967,781 |
| Music and Entertainment Business: 音樂及娛樂業務： | | | |
| 0 – 30 days | 0至30日 | 2,093,211 | 1,290,956 |
| 31 – 60 days | 31至60日 | 932,720 | 355,138 |
| 61 – 90 days | 61至90日 | 144,096 | 210,747 |
| Over 90 days | 超過90日 | 527,702 | 1,212,033 |
| | | 3,697,729 | 3,068,874 |
| Total trade receivables | 貿易應收款項總額 | 152,122,389 | 140,036,655 |
| Deposits with brokers' houses | 經紀行存款 | 23,277,909 | 16,065,842 |
| Deposits, prepayments and other receivables | 訂金、預付款項及其他應收款項 | 24,766,584 | 19,845,341 |
| | | 200,166,882 | 175,947,838 |

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24. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Trade receivables of approximately HK\$1,951,000 (2016: HK\$1,705,000) and HK\$171,000 (2016: nil) were denominated in United States dollars ("USD") and RMB respectively, the currencies other than the functional currency of the respective group entities.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 83% (2016: 94%) of trade receivables that are neither past due nor impaired have the best credit quality. These customers have no default of payment in the past and have good credit rating attributable under the credit review procedures used by the Group, including profitability, liquidity, financial leverage and operational performance quality of the counterparties.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each client.

Included in the Group's trade receivables are debtors with aggregate carrying amount of HK\$26,552,435 (2016: HK\$8,253,569), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivables and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 138 days (2016: 135 days).

24. 貿易及其他應收款項、預付款項以及訂金（續）

為數約1,951,000港元（二零一六年：1,705,000港元）及171,000港元（二零一六年：零）之貿易應收款項分別以美元（「美元」）及人民幣為單位，該等貨幣並非個別集團實體之功能貨幣。

本集團在接納任何新客戶前，會先評估潛在客戶之信貸質素及為客戶設定信貸限額。客戶之信貸限額會獲定期審閱。約83%（二零一六年：94%）並未逾期亦無減值之貿易應收款項擁有最佳信貸質素。該等客戶過往並無拖欠記錄，並於本集團所用信貸檢討程序（包括對方之盈利能力、流動資金、財務槓桿及營運表現質素）中獲得良好信貸評級。

本集團已就呆壞賬撥備制定政策，撥備乃根據對賬項可收回性之評估及賬齡分析以及管理層之判斷（包括每名客戶之信譽及過往還款記錄）而作出。

本集團之貿易應收款項中，包括賬面總額26,552,435港元（二零一六年：8,253,569港元）之應收款項，該等應收款項於報告期末已逾期，但本集團並無就此提撥減值虧損撥備，原因是有關貿易應收款項之信貸質素並無重大變動，且有關款項仍被視為可收回。本集團並無就該等結餘持有任何抵押品。該等應收款項之平均賬齡為138日（二零一六年：135日）。

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24. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Ageing of trade receivables which are past due but not impaired

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--|---------------|-----------------------------|-----------------------------|
| Manufacturing and Sales Business and Trading Business: | 製造及銷售業務及貿易業務： | | |
| 91 – 180 days | 91至180日 | 24,682,737 | 7,041,536 |
| 181 – 365 days | 181至365日 | 1,341,996 | – |
| Music and Entertainment Business: | 音樂及娛樂業務： | | |
| 91 – 180 days | 91至180日 | – | 1,212,033 |
| 181 – 365 days | 181至365日 | 527,702 | – |
| Total | 總計 | 26,552,435 | 8,253,569 |

24. 貿易及其他應收款項、預付款項以及訂金（續）

已逾期但無減值之貿易應收款項之賬齡

Movement in the allowance for doubtful debts

呆賬撥備之變動

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|--------------|-----------------------------|-----------------------------|
| Balance at beginning of the year | 年初結餘 | 4,336,405 | 3,115,975 |
| Impairment losses recognised on receivables | 就應收款項確認之減值虧損 | 1,268,862 | 1,826,092 |
| Impairment losses reversed | 減值虧損撥回 | (2,419,030) | (110,559) |
| Written off as uncollectible | 因不可收回而撇銷 | (124,951) | (410,182) |
| Exchange realignment | 匯兌調整 | 65,785 | (84,921) |
| Balance at end of the year | 年末結餘 | 3,127,071 | 4,336,405 |

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24. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Movement in the allowance for doubtful debts (Continued)

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK\$3,127,000 (2016: HK\$1,360,000) which have been in severe financial difficulties in repaying their outstanding balances. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The trade receivables past due but not provided for as at the end of the reporting period were either subsequently settled or no historical default of payments was noted by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated. The directors of the Company believe that there is no further credit provision required in excess of the allowance for doubtful debts.

25. LOANS RECEIVABLE

| | | | |
|-----------------------------|--------|------------|------------|
| Fixed-rate loans receivable | 應收定息貸款 | 31,055,801 | 36,785,343 |
|-----------------------------|--------|------------|------------|

The loans receivable has contractual maturity dated within one year as at 31 December 2017 and 2016.

The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of recoverability and ageing analysis of accounts and on management's judgment, including the current creditworthiness and collaterals.

24. 貿易及其他應收款項、預付款項以及訂金 (續)

呆賬撥備之變動 (續)

呆賬撥備包括於償還結欠餘額時有嚴重財務困難之個別已減值貿易應收款項，結餘總額約為3,127,000港元（二零一六年：1,360,000港元）。本集團並無就該等結餘持有任何抵押品。

在釐定貿易應收款項是否可收回時，本集團考慮由初始授出信貸當日起至報告期末止期間，有關貿易應收款項信貸質素之任何變動。於報告期末已逾期但並無撥備之貿易應收款項乃指其後已清償，或有關客戶過往並無拖欠記錄之款項。由於客戶群龐大及客戶之間互不關連，故信貸風險之集中程度有限。本公司董事相信毋須作出超出呆賬撥備之額外信貸撥備。

25. 應收貸款

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|-----------------------------|-----------------------------|-----------------------------|
| Fixed-rate loans receivable | 31,055,801 | 36,785,343 |

於二零一七年及二零一六年十二月三十一日，應收貸款的合約到期日為一年內。

本集團已制定呆壞賬撥備政策，會根據賬款可收回性之評估及賬齡分析及管理層之判斷（包括當前之信譽及抵押品）作出撥備。

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25. LOANS RECEIVABLE (Continued)

In determining the recoverability of the loans receivable, the Group considers any change in the credit quality of the loans receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the directors of the Company believe that there is no credit provision required. There is no loans receivables which were past due but not impaired at the end of the reporting period for which the Group believes that the amounts are considered recoverable as the creditworthiness and collaterals are satisfactory.

The average interest rate for the fixed-rate loans receivable was ranging from 5% to 46% (2016: 8% to 26%) per annum.

The loans receivable as at 31 December 2017 and 2016 is secured by properties located in Hong Kong. The fair values of these properties are higher than the carrying amounts of the respective loans receivable.

26. AMOUNT DUE FROM A RELATED COMPANY

Dr. SUEK Chai Kit, Christopher ("Dr. SUEK"), who can exercise significant influence over the Company, is one of the ultimate owners of the related company and is the father of Mr. SUEK Ka Lun, Ernie, who is a director of the Company. The Group's credit term of 30 days has been granted to the related company.

The following is an ageing analysis of the amount due from a related company presented based on the invoice date at the end of the reporting period.

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------|---------|-----------------------------|-----------------------------|
| 0 – 30 days | 0至30日 | 336,397 | 465,188 |
| 31 – 60 days | 31至60日 | 230,000 | 250,000 |
| 61 – 90 days | 61至90日 | 208,000 | 160,000 |
| 91 – 180 days | 91至180日 | 302,630 | 355,463 |
| Over 180 days | 超過180日 | 233,429 | 250,895 |
| | | 1,310,456 | 1,481,546 |

25. 應收貸款 (續)

於釐定應收貸款之可收回性時，本集團考慮自信貸首次授出日期至報告期末應收貸款信貸質素之任何變動。因此，本公司董事相信毋須作出信貸撥備。於報告期末並無已逾期但並無減值之應收貸款，原因是信譽及抵押品令人滿意，且本集團認為該等金額屬可收回。

定息應收貸款之平均年利率介乎5%至46%（二零一六年：8%至26%）。

於二零一七年及二零一六年十二月三十一日，應收貸款已由位於香港的物業作出抵押。該等物業的公平值較相關應收貸款的賬面值為高。

26. 應收一家關連公司款項

可對本公司行使重大影響力之薛濟傑博士（「薛博士」）為該關連公司之其中一名最終擁有人，並為本公司董事薛嘉麟先生的父親。本集團已給予該關連公司30日之信貸期。

以下為於報告期末根據發票日期呈列之應收一家關連公司款項之賬齡分析。

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26. AMOUNT DUE FROM A RELATED COMPANY (Continued)

Included in the amount due from a related company with an aggregate carrying amount of HK\$974,059 (2016: HK\$1,016,358), which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the amounts are subsequently settled. The Group does not hold any collateral over these balances. The average age of these receivables is 133 days (2016: 137 days).

Ageing of amount due from a related company which are past due but not impaired

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------|---------|-----------------------------|-----------------------------|
| 31 – 60 days | 31至60日 | 230,000 | 250,000 |
| 61 – 90 days | 61至90日 | 208,000 | 160,000 |
| 91 – 180 days | 91至180日 | 302,630 | 355,463 |
| Over 180 days | 超過180日 | 233,429 | 250,895 |
| Total | 總計 | 974,059 | 1,016,358 |

26. 應收一家關連公司款項 (續)

應收一家關連公司款項中，包括賬面總額974,059港元（二零一六年：1,016,358港元）於報告期末已逾期，但本集團並無就此計提減值虧損撥備之款項，原因是有關款項其後已清償。本集團並無就該等結餘持有任何抵押品。該等應收款項之平均賬齡為133日（二零一六年：137日）。

已逾期但無減值之應收一家 關連公司款項之賬齡

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27. SHORT-TERM BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Short-term bank deposits and cash and cash equivalents comprise cash held by the Group and bank deposits with an original maturity of three months or less. Bank balances and short-term bank deposits of approximately HK\$26,435,000 (2016: HK\$28,804,000), HK\$10,002,000 (2016: HK\$46,891,000), HK\$549,000 (2016: HK\$566,000) and HK\$669,000 (2016: HK\$1,530,000) were denominated in USD, HK\$, Euro ("EURO") and RMB respectively, the currencies other than the functional currency of the respective group entities.

Furthermore, included in the short-term bank deposits and cash and cash equivalents are amounts denominated in RMB of approximately HK\$193,582,000 (2016: HK\$107,842,000), which are not freely convertible into other currencies.

The bank balances and short-term bank deposits carry interest rates with a range from 0.1% to 2.5% (2016: 0.1% to 2.5%) per annum.

27. 短期銀行存款／現金及現金等值

短期銀行存款、現金以及現金等值包括本集團所持現金及原到期日為三個月或以下之銀行存款。為數約26,435,000港元（二零一六年：28,804,000港元）、10,002,000港元（二零一六年：46,891,000港元）、549,000港元（二零一六年：566,000港元）及669,000港元（二零一六年：1,530,000港元）之銀行結餘及短期銀行存款分別以美元、港元、歐元（「歐元」）及人民幣計值，有關貨幣均非個別集團實體之功能貨幣。

此外，短期銀行存款、現金以及現金等值包括約193,582,000港元（二零一六年：107,842,000港元）以人民幣計值之款項，該筆款項不可自由兌換為其他貨幣。

銀行結餘及短期銀行存款按年利率介乎0.1%至2.5%（二零一六年：0.1%至2.5%）計息。

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28. TRADE AND OTHER PAYABLES AND ACCRUALS

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|-------------------------------------|-------------|-----------------------------|-----------------------------|
| 0 – 30 days | 0至30日 | 47,258,847 | 25,187,136 |
| 31 – 60 days | 31至60日 | 6,512,279 | 16,436,033 |
| 61 – 90 days | 61至90日 | 2,064,705 | 6,869,131 |
| Over 90 days | 超過90日 | 1,901,104 | 2,408,527 |
| | | 57,736,935 | 50,900,827 |
| Accrued expenses and other payables | 應計開支及其他應付款項 | 44,501,716 | 48,294,939 |
| | | 102,238,651 | 99,195,766 |

The credit period ranges from 90 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Trade payables of approximately HK\$3,984,000 (2016: HK\$3,704,000) and HK\$727,000 (2016: Nil) were denominated in RMB and USD respectively, the currencies other than the functional currency of the respective group entities, as at 31 December 2017.

Rental deposit received of HK\$1,110,000 in respect of the non-cancellable operating leases with a related party as disclosed in note 38 is included in other payables as at 31 December 2017.

28. 貿易及其他應付款項以及應計款項

以下為於報告期末根據發票日期呈列之貿易應付款項賬齡分析：

信貸期介乎90日至120日。本集團已制定財務風險管理政策，以確保所有應付款項按期支付。

於二零一七年十二月三十一日，為數約3,984,000港元（二零一六年：3,704,000港元）及727,000港元（二零一六年：零）之貿易應付款項分別以人民幣及美元計值，而有關貨幣均並非個別集團實體之功能貨幣。

附註38所披露就與一名關連人士所訂立的不可撤銷經營租賃收取的租金按金1,110,000港元已計入於二零一七年十二月三十一日之其他應付款項中。

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29. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

30. AMOUNT DUE TO A RELATED COMPANY

29. 應付一家附屬公司一名非控股股東款項

該筆款項為無抵押、免息及須按要求償還。

30. 應付一家關連公司款項

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|------------------------|-----------------------------|-----------------------------|
| Carrying amount that is repayable: | 應償還賬面值： | | |
| – within one year | – 一年內 | 903,191 | 11,536,034 |
| – over one year but less than two years | – 超過一年但少於兩年 | 51,804 | 42,908 |
| – over two years but less than five years | – 超過兩年但少於五年 | 149,412 | 156,677 |
| – over five years | – 超過五年 | 178,930 | 223,355 |
| | | 1,283,337 | 11,958,974 |
| Less: Amount due for settlement within one year (shown under current liabilities) | 減：一年內到期償還款項（於流動負債項下列示） | (903,191) | (11,536,034) |
| Amount due for settlement after one year | 一年後到期償還款項 | 380,146 | 422,940 |

The amount is unsecured and fixed-interest bearing at a range from 18% to 20% per annum (2016: 12% to 30% per annum). The related company is controlled by Dr. SUEK, the father of Mr. SUEK Ka Lun, Ernie, who is a director of the Company.

該筆款項為無抵押、按固定年利率介乎18%至20%（二零一六年：12%至30%）計息。該關連公司由本公司董事薛嘉麟先生的父親薛博士控制。

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31. BANK BORROWINGS

31. 銀行借貸

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|--------------------------------|-----------------------------|-----------------------------|
| Secured bank borrowings | 有抵押銀行借貸 | 59,892,800 | 61,343,200 |
| The carrying amount of bank borrowings (shown under current liabilities) contains a repayment on demand clause: | 包含按要求償還條款之銀行借貸之賬面值(於流動負債項下列示): | | |
| – Within one year | – 一年內 | 36,449,600 | 36,449,600 |
| – Within a period of more than one year, but not exceeding two years | – 超過一年但不超過兩年的期間內 | 1,449,600 | 1,449,600 |
| – Within a period of more than two years, but not exceeding five years | – 超過兩年但不超過五年的期間內 | 21,993,600 | 4,348,800 |
| – Within a period of more than five years | – 超過五年的期間內 | – | 19,095,200 |
| | | 59,892,800 | 61,343,200 |
| Less: Amount due within one year shown under current liabilities | 減: 於流動負債項下列示之一年內到期款項 | (59,892,800) | (61,343,200) |
| Amount due after one year | 一年後到期款項 | – | – |

Details of the pledged assets for the secured bank borrowings are disclosed in notes 14 and 16.

有抵押銀行借貸的抵押資產詳情於附註14和16披露。

The secured bank borrowings carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.85% to 2.5% (2016: 1.85% to 2.5%) per annum.

有抵押銀行借貸按香港銀行同業拆息加1.85%至2.5% (二零一六年: 1.85%至2.5%) 之年利率計息。

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32. OBLIGATIONS UNDER FINANCE LEASES

32. 融資租賃責任

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|-------------------------------------|-------------|-----------------------------|-----------------------------|
| Analysis for reporting purposes as: | 就呈報用途作出之分析： | | |
| Current liabilities | 流動負債 | 182,179 | 236,890 |
| Non-current liabilities | 非流動負債 | – | 182,179 |
| | | 182,179 | 419,069 |

| | | Minimum lease payments 最低租賃付款 | | Present value of minimum lease payments 最低租賃付款現值 | |
|--|------------------------|----------------------------------|-----------------------------|--|-----------------------------|
| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
| Amounts payable under finance leases: | 融資租賃應付款項： | | | | |
| Within one year | 一年內 | 184,329 | 245,772 | 182,179 | 236,890 |
| More than one year but not exceeding two years | 超過一年但不超過兩年 | – | 184,329 | – | 182,179 |
| Less: Future finance charges | 減：未來租賃開支 | 184,329 (2,150) | 430,101 (11,032) | 182,179 – | 419,069 – |
| Present value of lease obligations | 租賃責任現值 | 182,179 | 419,069 | 182,179 | 419,069 |
| Less: Amounts due from settlement within one year (shown as current liabilities) | 減：一年內到期償還款項（於流動負債項下列示） | | | (182,179) | (236,890) |
| Amounts due for settlement after one year | 一年後到期償還款項 | | | – | 182,179 |

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32. OBLIGATIONS UNDER FINANCE LEASES (Continued)

The Company leases certain of its motor vehicles under finance leases. The lease term was 3 years. The borrowing rate was 2.8% per annum (2016: 2.8% per annum) as at 31 December 2017. Interest rate was fixed at the contract date. The lease was on a fixed repayment basis and no arrangement was entered into for contingent rental payments.

33. DEFERRED TAXATION

The following are the major deferred tax liabilities (asset) recognised and movements thereon during the current year and prior years:

| | | Accelerated tax depreciation | Tax losses | Change in fair value of held-for- trading investments 持作買賣 投資 公平值變動 | Others | Total |
|--|---------------------------|------------------------------------|--------------------|--|------------------------------------|-------------------|
| | | 加速 稅務折舊 HK\$ 港元 | 稅務虧損 HK\$ 港元 | 公平值變動 HK\$ 港元 | 其他 HK\$ 港元 (Note) (附註) | 總計 HK\$ 港元 |
| At 1 January 2016 | 於二零一六年一月一日 | 3,837,895 | (161,096) | - | - | 3,676,799 |
| (Credit) charge to profit or loss for the year | (撥入)扣自本年損益 | (943,301) | (3,518,080) | 12,627,442 | - | 8,166,061 |
| At 31 December 2016 | 於二零一六年 十二月三十一日 | 2,894,594 | (3,679,176) | 12,627,442 | - | 11,842,860 |
| Charge (credit) to profit or loss for the year | 扣自(撥入)本年損益 | 534,153 | (1,909,511) | (2,088,067) | - | (3,463,425) |
| Charge to other comprehensive income for the year | 扣自本年其他全面收入 | - | - | - | 2,342,966 | 2,342,966 |
| At 31 December 2017 | 於二零一七年 十二月三十一日 | 3,428,747 | (5,588,687) | 10,539,375 | 2,342,966 | 10,722,401 |

Note: The deferred tax liabilities are arising from the revaluation of investment properties upon change of use of certain premises from owner-occupation to leasing out for rental income.

附註：遞延稅項負債乃於若干物業的用途由自用轉為出租以賺取租金收入時對投資物業進行重估時產生。

32. 融資租賃責任 (續)

本公司根據融資租賃租賃其若干汽車。租期為三年。於二零一七年十二月三十一日的借貸年利率為2.8% (二零一六年：年利率2.8%)。利率於合同日確定。租賃乃以固定還款為基礎，並未就或然租金付款訂立安排。

33. 遞延稅項

以下為於本年度及過往年度確認之主要遞延稅項負債(資產)及其變動：

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33. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$203,011,000 (2016: HK\$170,573,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$33,871,000 (2016: HK\$22,298,000) of the tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$169,140,000 (2016: HK\$148,275,000) due to the unpredictability of future profit streams. Included in unused tax losses of HK\$23,531,000 (2016: HK\$22,903,000) that can be carried forward for five years from the year in which the losses arose. Other losses may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately HK\$53,533,000 (2016: HK\$17,526,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. 遞延稅項 (續)

於報告期末，本集團可供抵銷未來溢利之估計未動用稅務虧損約為203,011,000港元（二零一六年：170,573,000港元）。本集團已就為數約33,871,000港元（二零一六年：22,298,000港元）之稅務虧損確認遞延稅項資產。由於難以預測未來溢利流量，故並無就其餘稅務虧損169,140,000港元（二零一六年：148,275,000港元）確認遞延稅項資產。計入未動用稅項虧損23,531,000港元（二零一六年：22,903,000港元），有關虧損可由虧損產生年度起結轉五年。其他虧損可無限期結轉。

根據中國企業所得稅法，中國附屬公司以由二零零八年一月一日起賺取之溢利宣派之股息須繳納預扣稅。由於本集團可控制中國附屬公司累計溢利所產生之臨時差額之撥回時間，且臨時差額不大可能於可見將來撥回，故並無於綜合財務報表內就約53,533,000港元（二零一六年：17,526,000港元）之臨時差額作出遞延稅項撥備。

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34. SHARE CAPITAL

34. 股本

| | | Number of shares 股份數目 | HK\$ 港元 |
|---|---|--------------------------|---------------|
| Authorised: | 法定： | | |
| Ordinary shares of HK\$0.05 each at 1 January 2016 | 於二零一六年一月一日 每股面值0.05港元之 普通股 | 10,000,000,000 | 500,000,000 |
| Share consolidation (note (i)(a)) | 股份合併 (附註(i)(a)) | (9,000,000,000) | - |
| Share sub-division (note (i)(c)) | 股份分拆 (附註(i)(c)) | 49,000,000,000 | - |
| Ordinary shares of HK\$0.01 each at 31 December 2016 and 2017 | 二零一六年及二零一七年 十二月三十一日 每股面值0.01港元之 普通股 | 50,000,000,000 | 500,000,000 |
| Issued and fully paid: | 已發行及繳足： | | |
| Ordinary shares of HK\$0.05 each at 1 January 2016 | 於二零一六年一月一日 每股面值0.05港元之 普通股 | 2,113,694,560 | 105,684,728 |
| Share consolidation (note (i)(a)) | 股份合併 (附註(i)(a)) | (1,902,325,104) | - |
| Capital reduction (note (i)(b)) | 股本削減 (附註(i)(b)) | - | (103,571,033) |
| Issue of placing shares of HK\$0.01 each (note ii) | 發行每股面值0.01港元 之配售股份 (附註ii) | 42,270,000 | 422,700 |
| Ordinary shares of HK\$0.01 each at 31 December 2016 and 2017 | 於二零一六年及二零一七年 十二月三十一日 每股面值0.01港元之 普通股 | 253,639,456 | 2,536,395 |

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34. SHARE CAPITAL (Continued)

Notes:

- (i) At a special general meeting of the Company held on 1 April 2016, a special resolution was passed by the shareholders of the Company on capital reorganisation which was effective on 5 April 2016 whereby:
- (a) every ten issued and unissued shares of par value of HK\$0.05 each had been consolidated into one consolidated share of par value of HK\$0.50;
- (b) the par value of each of the then issued consolidated shares of the Company had been reduced from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$0.49 on each of the then issued consolidated shares; and
- (c) each of the then authorised but unissued consolidated shares of par value of HK\$0.50 each was sub-divided into 50 ordinary shares of par value of HK\$0.01 each.
- (ii) On 11 October 2016, 42,270,000 new ordinary shares of the Company of HK\$0.01 each were issued to independent third parties by a placing price of HK\$0.47 per share.

34. 股本（續）

附註：

- (i) 於二零一六年四月一日舉行的本公司股東特別大會上，本公司股東通過一項有關股本重組的特別決議案，生效日期為二零一六年四月五日，據此：
- (a) 每10股每股面值0.05港元之已發行及未發行股份合併為1股面值0.50港元之合併股份；
- (b) 透過註銷當時已發行合併股份之本公司實繳股本每股0.49港元，將當時本公司已發行合併股份之面值由每股0.50港元削減至每股0.01港元；及
- (c) 將當時每股面值0.50港元之法定但未發行合併股份分拆為50股每股面值0.01港元之普通股。
- (ii) 於二零一六年十月十一日，按配售價每股0.47港元向獨立第三方發行42,270,000股本公司每股面值0.01港元之新普通股。

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35. SHARE OPTION SCHEME

On 13 February 2014, a share option scheme (the “Share Option Scheme”) was approved by shareholders of the Company and adopted by the Company. The Share Option Scheme will remain in force for a period of 10 years commenced on the date on which the Share Option Scheme is adopted.

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

Under the Share Option Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares of the Company. Additionally, the Company may, from time to time, grant share options to other eligible participants. Details of the share option scheme are disclosed in the directors’ report of this annual report.

No share options have been granted since the adoption of the Share Option Scheme.

35. 購股權計劃

於二零一四年二月十三日，本公司股東批准一項購股權計劃（「購股權計劃」），並由本公司採納。購股權計劃將由購股權計劃獲採納當日起計十年內有效。

購股權計劃旨在使本公司可向合資格參與者授出購股權，作為彼等對本集團作出貢獻的激勵及獎勵，及／或讓本集團可羅致及挽留優秀僱員，並招攬對本集團及任何被投資實體有價值之人力資源。

根據購股權計劃，本公司董事可向合資格僱員授出購股權，包括本公司及其附屬公司的董事，以認購本公司的股份。此外，本公司可不時向其他合資格參與者授出購股權。有關購股權計劃的詳情載於本年報的董事會報告中。

自採納購股權計劃當日起並無授出購股權。

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36. ACQUISITION OF A SUBSIDIARY

On 30 November 2016, the Group acquired investment properties through the acquisition of the 100% equity interest in Supreme Cycle Inc. ("Supreme Cycle") from a related company which is wholly-owned by the trustee of a discretionary trust of which the immediate family member(s) of Mr. SUEK Ka Lun, Ernie, is/are one of the discretionary objects, at cash consideration of HK\$87,165,828. Supreme Cycle is engaged in property investment in Hong Kong.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

| | | HK\$ 港元 |
|---------------------------------------|-----------------|--------------|
| Investment properties | 投資物業 | 113,129,400 |
| Trade and other receivables | 貿易及其他應收款項 | 864,592 |
| Cash and cash equivalents | 現金及現金等值 | 1,716,037 |
| Trade and other payables and accruals | 貿易及其他應付款項以及應計款項 | (2,080,201) |
| Bank borrowings | 銀行借貸 | (26,464,000) |
| | | 87,165,828 |

| | | HK\$ 港元 |
|--|--------------|-------------|
| Net cash outflow arising on acquisition: | 收購產生現金流出淨額： | |
| Cash consideration | 現金代價 | 87,165,828 |
| Less: Cash and cash equivalents acquired | 減：已獲得現金及現金等值 | (1,716,037) |
| | | 85,449,791 |

36. 收購一家附屬公司

於二零一六年十一月三十日，本集團透過以現金代價87,165,828港元從一家關連公司（由一項全權信託的受託人全資擁有，而薛嘉麟先生的直系親屬為該信託的酌情對象）收購Supreme Cycle Inc.（「Supreme Cycle」）之100%股本權益取得投資物業。Supreme Cycle主要於香港從事物業投資業務。

於收購日期已收購資產及已確認負債如下：

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37. DISPOSAL OF A SUBSIDIARY

On 5 May 2017, Dream Class Limited, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with a related company which is wholly-owned by the trustee of a discretionary trust of which the immediate family member(s) of Mr. SUEK, Ka Lun, Ernie, is/are one of the discretionary objects, to dispose of the entire equity interest in Power Rank International Limited ("Power Rank") at a cash consideration of HK\$2,340,000. The disposal was completed on the same date. The net assets of Power Rank and its subsidiaries on the date of disposal were as follows:

37. 出售一家附屬公司

於二零一七年五月五日，本集團的全資附屬公司Dream Class Limited與一家關連公司（由一項全權信託的受託人全資擁有，而薛嘉麟先生的直系親屬為該信託的酌情對象）訂立一項買賣協議，以現金代價2,340,000港元出售於Power Rank International Limited（「Power Rank」）的全部股本權益。該項出售已於同日完成。Power Rank及其附屬公司於出售日期的資產淨值如下：

| | | HK\$ 港元 |
|--------------------------------------|--------------|-------------|
| Net assets disposed of: | 出售之資產淨值： | |
| Available-for-sale investments | 可供出售投資 | 7,071,969 |
| Other receivables | 其他應收款項 | 1,652,477 |
| Other payables | 其他應付款項 | (987,606) |
| | | 7,736,840 |
| Loss on disposal of a subsidiary: | 出售一家附屬公司之虧損： | |
| Cash consideration | 現金代價 | 2,340,000 |
| Net assets disposed of | 出售之資產淨值 | (7,736,840) |
| | | (5,396,840) |
| Net cash inflow arising on disposal: | 出售產生之現金流入淨額： | |
| Cash consideration | 現金代價 | 2,340,000 |

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37. DISPOSAL OF A SUBSIDIARY (Continued)

The results of Power Rank for the period from 1 January 2017 to 5 May 2017, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

| | | HK\$ 港元 |
|---|--------------------------------|-------------|
| Loss from the operation of Power Rank and its subsidiaries | 來自經營Power Rank及其附屬公司的虧損 | - |
| Loss on disposal of Power Rank (included in other gains and losses) | 出售Power Rank的虧損 (計入其他收益及虧損) | (5,396,840) |
| | | (5,396,840) |

During the year ended 31 December 2017, Power Rank and its subsidiaries did not contribute any operating cash flows to the Group.

37. 出售一家附屬公司(續)

Power Rank於二零一七年一月一日至二零一七年五月五日止期間的業績(已計入綜合損益及其他全面收入報表中)如下:

於截至二零一七年十二月三十一日止年度,Power Rank及其附屬公司並無為本集團之經營現金流量帶來任何貢獻。

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38. LEASE COMMITMENTS

The Group as lessee

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

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------------------------------|---------------------|-----------------------------|-----------------------------|
| Within one year | 一年內 | 8,125,712 | 8,831,587 |
| In the second to fifth year inclusive | 第二至第五年內 (包括首尾兩年) | 8,905,282 | 13,408,747 |
| Over five years | 超過五年 | 40,351,389 | 40,665,482 |
| | | 57,382,383 | 62,905,816 |

Operating lease payments represent rentals payable by the Group for factory premises and staff quarters in the PRC. Leases for factory premises and staff quarters are negotiated for terms of one to fifty years. Rentals are fixed for one to fifty years.

38. 租賃承擔

本集團作為承租人

於報告期末，本集團就物業之不可撤銷經營租賃於以下期間到期繳付之未來最低租賃款項承擔：

經營租賃款項指本集團就位於中國之工廠物業及員工宿舍應付之租金。工廠物業及員工宿舍之租期議定為1至50年不等。租金於1至50年內固定不變。

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38. LEASE COMMITMENTS (Continued)

The Group as lessor

All of the Group's properties held for rental purposes have committed tenants for the next one to three years. At the end of the reporting period, the Group has contracted with tenants for the future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------------------------------|---------------------|-----------------------------|-----------------------------|
| Within one year | 一年內 | 7,693,931 | 6,008,200 |
| In the second to fifth year inclusive | 第二至第五年內 (包括首尾兩年) | 1,294,300 | 5,653,300 |
| | | 8,988,231 | 11,661,500 |

At the end of the reporting period, the Group has contracted with a related party of HK\$5,550,000 (2016: HK\$9,990,000) for the future minimum lease payments.

38. 租賃承擔 (續)

本集團作為出租人

本集團所有持作出租用途之物業於未來一至三年均有租客承租。於報告期末，本集團與租戶訂約，就出租物業之不可撤銷經營租賃於下列期間到期收取之未來最低租賃款項：

於本報告期末，本集團已與一名關連人士就未來最低租賃付款5,550,000港元（二零一六年：9,990,000港元）訂約。

39. CAPITAL COMMITMENTS

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: | 以下各項已訂約但未在綜合財務報表中提撥準備之資本開支： | | |
| – acquisition of property, plant and equipment | – 收購物業、廠房及設備 | 7,799,676 | 1,948,897 |
| – prepaid lease payments in the PRC | – 於中國之預付租賃款項 | – | 11,719,833 |
| | | 7,799,676 | 13,668,730 |

39. 資本承擔

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40. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme ("ORSO Scheme") for certain qualifying employees in Hong Kong. The assets of the ORSO Scheme are held separately from those of the Group in funds under the control of the trustee. Contributions to the ORSO Scheme are at rates specified in the rules of the ORSO Scheme. Where there are employees who leave the ORSO Scheme prior to vesting in full in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

With effect from 1 December 2000, the Group has also joined a mandatory provident fund scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The retirement benefits schemes contributions arising from the ORSO Scheme and the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

40. 退休福利計劃

本集團為香港之若干合資格僱員推行定額供款退休福利計劃（「ORSO計劃」）。ORSO計劃之資產由受託人控制之基金持有，與本集團之資產分開處理。對ORSO計劃之供款乃按ORSO計劃之規則所訂明之比率計算。倘僱員於可全數取得供款前退出ORSO計劃，則本集團應作出之供款可利用已沒收之供款金額扣減。

自二零零零年十二月一日起，本集團亦已為其香港僱員參加強制性公積金計劃（「強積金計劃」）。強積金計劃已根據強制性公積金計劃條例向強制性公積金計劃管理局註冊。強積金計劃之資產由獨立受託人控制之基金持有，與本集團之資產分開處理。根據強積金計劃，僱主及其僱員各須按規則訂明之比率向強積金計劃作出供款。本集團有關強積金計劃之唯一責任為作出規定作出之供款。除自願供款外，概無任何強積金計劃之沒收供款可用以扣減未來年度應作出之供款。

於綜合損益及其他全面收入報表內扣除之ORSO計劃及強積金計劃所產生退休福利計劃供款，指本集團按該等計劃規則訂明之比率應向基金作出之供款。

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40. RETIREMENT BENEFITS SCHEMES (Continued)

For the retirement benefits of the Group's qualifying employees in the PRC, the Group has participated in the retirement benefits scheme operated by the local municipal government of Shenzhen. The Group is required to contribute a specified percentage of their payroll costs to the scheme to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of services in accordance with the relevant government regulations. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions to the scheme are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the scheme.

At 31 December 2017 and 2016, there were no significant forfeited contributions which arose upon employees leaving the schemes before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in the future.

The total expenses recognised in profit or loss of HK\$7,416,030 (2016: HK\$9,424,545) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

40. 退休福利計劃 (續)

至於本集團在中國之合資格僱員之退休福利方面，本集團已參加由深圳地方市政府營辦之退休福利計劃。本集團須按有關僱員薪酬成本之指定百分比向計劃供款，以為福利提供資金。根據相關政府規例，僱員可享有按退休時之基本薪金及服務年期計算之退休福利。本集團有關該計劃之唯一責任為持續作出計劃規定作出之供款。向該計劃作出之供款會於根據該計劃之規則應付時，在綜合損益及其他全面收入報表內扣除。

於二零一七年及二零一六年十二月三十一日，概無因僱員於供款全數歸屬前退出該等計劃而沒收，並可用以扣減本集團之未來應繳供款之重大沒收供款。

於損益內確認的開支總額為7,416,030港元（二零一六年：9,424,545港元）指本集團按該等計畫規定訂明之供款率的應付之供款。

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41. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed in elsewhere of the consolidated financial statements, the Group had entered into significant transactions between related parties and subsidiaries of the Company as follows:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------------------------|--------------|-----------------------------|-----------------------------|
| Licensed fee income (note 1) | 特許費收入(附註1) | 2,040,000 | 1,690,000 |
| Sales of goods (note 1) | 出售貨品(附註1) | 18,010 | 44,640 |
| Rental income (note 1) | 租金收入(附註1) | 4,440,000 | 370,000 |
| Office rental expenses (note 1) | 辦公室租金開支(附註1) | 360,000 | 360,000 |
| Finance costs (note 2) | 融資成本(附註2) | 778,046 | 3,064,918 |

Notes:

- (1) The transactions were carried out with Newway Karaoke Box Limited and its subsidiaries which are controlled by Dr. SUEK .
- (2) The transaction was carried out with a related company which is controlled by Dr. SUEK.

附註:

- (1) 該等交易乃與由薛博士控制之Newway Karaoke Box Limited及其附屬公司進行。
- (2) 該交易乃與由薛博士控制之關連公司進行。

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41. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--------------------------|-------|-----------------------------|-----------------------------|
| Short-term benefits | 短期福利 | 10,320,630 | 8,378,403 |
| Post-employment benefits | 離職後福利 | 167,990 | 164,760 |
| | | 10,488,620 | 8,543,163 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes amount due to a related company, bank borrowings and obligations under finance leases disclosed in notes 30, 31 and 32, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital and reserves.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through new share issues, repurchase of shares and the issue of new debt or the redemption of the existing debt.

The Group's overall strategy remains unchanged from prior year.

41. 關連人士交易 (續)

(b) 主要管理人員之報酬

以下為董事及其他主要管理人員於年內之薪酬：

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|--------------------------|-----------------------------|-----------------------------|
| Short-term benefits | 10,320,630 | 8,378,403 |
| Post-employment benefits | 167,990 | 164,760 |
| | 10,488,620 | 8,543,163 |

董事及主要行政人員之薪酬乃由薪酬委員會按個別人士之表現及市場趨勢釐定。

42. 資本風險管理

本集團管理其資本以確保本集團旗下各實體能持續經營，同時透過維持良好的債項及權益平衡，盡量提高擁有人回報。

本集團之資本架構由債項（包括附註30、31及32分別披露之應付一家關連公司款項、銀行借貸及融資租賃責任，扣除現金及現金等值）及本公司擁有人應佔權益（包括已發行股本及儲備）組成。

本集團之管理層持續檢討資本架構，當中會考慮資本成本及與資本相關之風險。本集團將透過發行新股、購回股份及發行新債或贖回現有債項平衡其整體資本架構。

本集團之整體策略與上年度相同。

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43. FINANCIAL INSTRUMENTS

Categories of financial instruments

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|----------------------------|-----------------------------|-----------------------------|
| Financial assets | 金融資產 | | |
| Loans and receivables (including cash and cash equivalents) | 貸款及應收款項 (包括現金及 現金等值) | 528,654,206 | 469,580,667 |
| Held-for-trading investments | 持作買賣投資 | 107,374,656 | 132,247,356 |
| Available-for-sale investments | 可供出售投資 | 39,063,267 | 41,735,027 |
| Derivative financial instrument | 衍生金融工具 | 7,851,180 | 10,416,328 |
| Financial liabilities | 金融負債 | | |
| Amortised cost | 攤銷成本 | 170,884,016 | 181,236,495 |

Financial risk management objectives and policies

The Group's major financial instruments include loans to an available-for-sale investee and joint ventures, derivative financial instrument, available-for-sale investments, held-for-trading investments, trade and other receivables and deposits, loans receivable, amount due from a related company, short-term bank deposits, cash and cash equivalents, trade and other payables and accruals, amount due to a non-controlling shareholder of a subsidiary, bank borrowings and amount due to a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

43. 金融工具

金融工具之類別

財務風險管理目標及政策

本集團之主要金融工具包括給予一名可供出售被投資方及合營公司之貸款、衍生金融工具、可供出售投資、持作買賣投資、貿易及其他應收款項以及訂金、應收貸款、應收一家關連公司款項、短期銀行存款、現金及現金等值、貿易及其他應付款項以及應計款項、應付一家附屬公司一名非控股股東款項、銀行借貸及應付一家關連公司款項。此等金融工具之詳情於有關附註披露。與此等金融工具有關之風險包括市場風險（利率風險、貨幣風險及價格風險）、信貸風險及流動資金風險，以及減低有關風險之政策載於下文。本公司董事管理及監察該等風險，確保及時採取適當有效措施。

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. In addition, certain trade receivables, bank balances, short-term bank deposits, trade payables of the Group are denominated in RMB, USD, HK\$ and EURO, the currencies other than the functional currency of the respective group entities as disclosed in notes 24, 27 and 28 respectively. Approximately 31% (2016: 33%) of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sale, whilst almost 18% (2016: 20%) of costs are denominated in currencies other than the functional currency of the group entity's functional currency.

The Group currently does not have a foreign currency hedging policy. However, directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's intra-group balances do not form part of the net investment in foreign operations. The carrying amounts of the foreign currency denominated intra-group balances which have been eliminated in the consolidated financial statements of certain subsidiaries of which the functional currency is HK\$ and RMB at the end of the reporting period are as follows:

43. 金融工具 (續)

財務風險管理目標及政策 (續)

市場風險

(i) 貨幣風險

本集團旗下多家附屬公司以外幣進行買賣交易，因而令本集團須承受外幣風險。此外，本集團有若干貿易應收款項、銀行結餘、短期銀行存款、貿易應付款項以人民幣、美元、港元及歐元（均非有關集團實體之功能貨幣）計值，分別於附註24、27及28披露。本集團約31%（二零一六年：33%）之銷售以進行銷售之集團實體之功能貨幣以外之貨幣計值，而接近18%（二零一六年：20%）之成本以集團實體功能貨幣以外之貨幣計值。

本集團目前並無實施外幣對沖政策。然而，本公司董事監察外匯風險，在有需要時將會考慮對沖重大外幣風險。

本集團集團間結餘不構成海外業務淨投資的一部份。已於若干在報告期末以港元及人民幣為功能性貨幣的若干附屬公司的綜合財務報表中對銷的以外幣計值的集團間結餘的賬面值如下：

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------------------------|-----------------------------|
| Net amounts due (to) from companies denominated in RMB against HK\$ | (7,177,000) | 7,086,000 |

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are approximately as follows:

本集團以外幣計值之貨幣資產及貨幣負債於報告期末之概約賬面值載列如下：

| | | Assets 資產 | | Liabilities 負債 | |
|-------------------|--------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
| USD against HK\$ | 美元兌港元 | 28,386,000 | 30,509,000 | 727,000 | - |
| HK\$ against RMB | 港元兌人民幣 | 10,002,000 | 46,891,000 | - | - |
| RMB against HK\$ | 人民幣兌港元 | 840,000 | 1,530,000 | 3,984,000 | 3,704,000 |
| EURO against HK\$ | 歐元兌港元 | 549,000 | 566,000 | - | - |

Sensitivity analysis

Since the exchange rate of HK\$ is pegged with USD, the Group does not expect any significant movements in the USD/HK\$ exchange rates.

敏感度分析

由於港元匯率與美元掛鈎，本集團預期美元／港元之匯率不會出現任何重大變動。

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

The following table details the Group's sensitivity to a 10% (2016: 10%) increase and decrease in functional currency of respective group entity against relevant foreign currencies (other than USD) and all other variables were held constant. 10% (2016: 10%) is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% (2016: 10%) change in foreign currency rates. A positive number below indicates a decrease in post-tax profit for the year where functional currency of respective group entity strengthen 10% (2016: 10%) against foreign currencies. For a 10% (2016: 10%) weakening of functional currency of respective group entity against foreign currencies, there would be an equal and opposite impact on the result for the year.

43. 金融工具 (續)

財務風險管理目標及政策 (續)

市場風險 (續)

(i) 貨幣風險 (續)

敏感度分析 (續)

下表詳列在一切其他可變因素不變的情況下，本集團對個別集團實體之功能貨幣兌有關外幣（不包括美元）升值及貶值10%（二零一六年：10%）之敏感度。所用敏感度比率為10%（二零一六年：10%），乃管理層所評估匯率可能出現之合理變動。敏感度分析只包括以外幣計值之未償還貨幣項目，並就匯率出現10%（二零一六年：10%）變動調整彼等於報告期末之換算金額。下文正數反映在個別集團實體之功能貨幣兌外幣升值10%（二零一六年：10%）之情況下，本年除稅後溢利有所減少。倘個別集團實體之功能貨幣兌外幣貶值10%（二零一六年：10%），則對本年業績有相同數額但相反之影響。

| | | Impact of HK\$ against RMB 港元兌人民幣 之影響 HK\$ 港元 | Impact of EURO against HK\$ 歐元兌港元 之影響 HK\$ 港元 | Impact of RMB against HK\$ 人民幣兌港元 之影響 HK\$ 港元 |
|---|------------|--|--|--|
| 2017 | 二零一七年 | | | |
| Decrease (increase) in profit for the year | 年度溢利減少(增加) | 835,000 | 46,000 | (263,000) |
| 2016 | 二零一六年 | | | |
| Decrease (increase) in profit for the year | 年度溢利減少(增加) | 3,915,000 | 47,000 | (182,000) |

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk primarily relates to variable-rate short-term bank deposits, bank balances and bank borrowings. The Group is also exposed to fair value interest rate risk relates primarily to the fixed-rate loans receivable, amount due to a related company and obligations under finance leases and interest-free loans to an available-for-sale investee and joint ventures and amount due to a non-controlling shareholder of the subsidiary. The Group has not used any derivative instruments in order to mitigate its exposure associated with fluctuations relating to interest cash flows. However, the directors of the Company monitor interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Sensitivity analysis

The management of the Group considers that the Group's exposure to future cash flow risk on variable-rate bank balances as a result of the change of market interest rate is insignificant and thus variable-rate bank balances are not included in the sensitivity analysis.

The impact on the Group's cash flow is due in part to its sensitivity to interest rate which has been determined based on the exposure to the variable-rate short-term bank deposits and bank borrowings. The analysis is prepared assuming the amount of asset outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used which represents management's assessment of the reasonable possible change in interest rates.

43. 金融工具 (續)

財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險

本集團承受之現金流量利率風險主要與浮息短期銀行存款、銀行結餘及銀行借貸相關。本集團亦承受主要與定息應收貸款、應付一家關連公司款項及融資租賃責任及給予一名可供出售被投資方及合營公司之免息貸款以及應付一家附屬公司一名非控股股東之款項相關之公平值利率風險。本集團並無採用任何衍生工具減低所承受與利息現金流量波動有關之風險。然而，本公司董事監察利率風險，並將考慮於預期須承受重大利率風險時採取其他所需行動。

敏感度分析

本集團管理層認為，本集團因市場利率變動而就浮息短期銀行結餘承受之未來現金流量風險輕微，因此，浮息銀行結餘並未包括在敏感度分析內。

對本集團現金流量造成的影響部分是由於其對利率之敏感度所致，該敏感度乃根據所承受之浮息短期銀行存款及銀行借貸風險而釐定。該分析乃假設於報告期末未償還之資產金額於整個年度亦為未償還而得出。所採用之50個基點上落幅度乃管理層所評估利率可能出現之合理變動。

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by approximately HK\$179,000 (2016: HK\$2,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate short-term bank deposits and bank borrowings.

(iii) Other price risk

The Group is exposed to price risk in respect of:

- held-for-trading investments in equity securities listed in Hong Kong Stock markets. The directors of the Company manage the exposure by maintaining a portfolio of equity investments with different risk profiles.
- available-for-sale investments in relation to 16.67% equity interest in Yinghua.
- derivative financial instrument in relation to the forward contract to dispose of the Group's equity interest in Yinghua as at 31 December 2017 and put option to dispose of the Group's equity interest in Yinghua as at 31 December 2016.

43. 金融工具 (續)

財務風險管理目標及政策 (續)

市場風險 (續)

(ii) 利率風險 (續)

敏感度分析 (續)

倘利率上升／下降50個基點，而所有其他可變因素不變，本集團本年之除稅後溢利將減少／增加約179,000港元（二零一六年：2,000港元）。有關變化主要來自本集團就浮息短期銀行存款及銀行借貸所承受之利率風險。

(iii) 其他價格風險

本集團須就以下方面承受價格風險：

- 於香港股票市場上市的股本證券的持作買賣投資。本公司董事藉維持不同風險程度之股本投資組合管理有關風險。
- 與英華房地產16.67%股本權益有關的可供出售投資。
- 於二零一七年十二月三十一日與出售本集團於英華房地產的股本權益的遠期合約有關的衍生金融工具，以及於二零一六年十二月三十一日出售本集團於英華房地產的股本權益之認沽期權。

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Sensitivity analysis

The sensitivity analyses on held-for-trading investments during the year have been determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate considers at 10% in the current year. If the prices of the respective equity instruments had been 10% higher/lower and all other variables were held constant, the Group's post-tax profit for the year would increase/decrease approximately by HK\$8,966,000 (2016: post-tax profit would increase/decrease HK\$11,043,000) as a result of the changes in fair value of held-for-trading investments.

No sensitivity analysis is provided on available-for-sale investments and derivative financial instrument as the management of the Group considers that the effect of the price fluctuation on the fair value of available-for-sale investments and derivative financial instrument is considered as insignificant.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, loans receivable, amount due from a related company, loans to joint ventures, short-term bank deposits and bank balances as at 31 December 2017 and 2016 and loan to an available-for-sale investee as at 31 December 2016.

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

43. 金融工具 (續)

財務風險管理目標及政策 (續)

市場風險 (續)

(iii) 其他價格風險 (續)

敏感度分析

年內之持作買賣投資敏感度分析乃根據於報告期末之股本價格風險釐定。就敏感度分析而言，敏感度比率於本年度被視為10%。倘各項股本工具之價格上升/下跌10%，而所有其他可變因素不變，則本集團本年之除稅後溢利將因持作買賣投資公平值變動而增加/減少約8,966,000港元（二零一六年：除稅後溢利將增加/減少11,043,000港元）。

並未就可供出售投資及衍生金融工具提供敏感度分析，因為本集團管理層認為價格波動對可供出售投資及衍生金融工具公平值的影響並不重大。

信貸風險

本集團之信貸風險主要來自於二零一七年及二零一六年十二月三十一日之貿易及其他應收款項、應收貸款、應收一家關連公司款項、給予合營公司之貸款。短期銀行存款及銀行結餘以及於二零一六年十二月三十一日之給予一名可供出售被投資方之貸款。

於二零一七年十二月三十一日，本集團因對手方未能履行責任將蒙受財務損失而承受之最高信貸風險，為綜合財務狀況報表所載個別已確認金融資產之賬面值。

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group has significant concentration risk on loans to an available-for-sale investee and joint ventures. The directors of the Company continuously monitor the credit quality and financial positions of the counterparties and the level of exposure to ensure that the follow-up action is taken to recover the debts. Other than these, there is no significant concentration of credit risk in receivables as the exposure spread over a number of counterparties and customers. Under such circumstances, the directors of the Company consider that the Group's credit risk is not material.

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors of the Company review the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on short-term bank deposits and bank balances is limited because the counterparties are banks with good reputations.

Liquidity risk

The Group manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents secured adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the financial institutions choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

43. 金融工具 (續)

財務風險管理目標及政策 (續)

信貸風險 (續)

本集團就給予一名可供出售被投資方及合營公司之貸款而有高度集中風險。本公司董事持續監察信貸質素及對手方之財務狀況以及風險水平，以確保有採取跟進行動收回債項。除此之外，本集團之信貸風險分散至多名對手方及客戶，故應收款項並無信貸風險過度集中之情況。根據有關情況，本公司董事認為，本集團之信貸風險並不重大。

為減低信貸風險，本公司董事已委派專責小組負責釐定信貸限額、審批信貸及其他監察程序，以確保採取跟進行動收回逾期債項。此外，本公司董事於報告期末檢討各個別債項之可收回金額，確保就不可收回款項確認足夠減值虧損。

由於對手方均為聲譽良好之銀行，故就短期銀行存款及銀行結餘所承受之信貸風險有限。

流動資金風險

本集團管理流動資金風險之方法乃由本集團管理層監控及維持充裕之現金及現金等值水平，以撥付本集團業務經營所需資金及減低現金流量波動之影響。管理層監控銀行借貸之使用情況，確保遵循貸款契諾。

下表詳述本集團根據其須付款之最早日期釐定之金融負債餘下合約到期情況。具體而言，附帶按要求償還條款之銀行借貸均計入最早償還時間範圍，而不論財務機構選擇行使其權利之可能性。其他金融負債之到期日根據協定還款日期釐定。

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market rate at the end of the reporting period.

Liquidity tables

| | | Weighted average effective interest rate | On demand | 1 month to | 3 months to | 1 year to | 2 years to | Over 5 years | Total undiscounted cash flows | Carrying amount at the end of the reporting period |
|---|-------------------|--|------------|------------|-------------|-----------|------------|--------------|-------------------------------|--|
| | | | | 3 months | 1 year | 2 years | 5 years | | | |
| | | 加權平均實際利率 | 按要求 | 一個月至三個月 | 三個月至一年 | 一年至兩年 | 兩年至五年 | 超過五年 | 未折算現金流量總額 | 報告期末之賬面值 |
| | | % | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| | | % | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 |
| 2017 | 二零一七年 | | | | | | | | | |
| Trade payables | 貿易應付款項 | N/A | - | 57,736,935 | - | - | - | - | 57,736,935 | 57,736,935 |
| | | 不適用 | - | 57,736,935 | - | - | - | - | 57,736,935 | 57,736,935 |
| Other payables and accruals | 其他應付款項及應計款項 | N/A | - | 33,959,417 | - | - | - | - | 33,959,417 | 33,959,417 |
| | | 不適用 | - | 33,959,417 | - | - | - | - | 33,959,417 | 33,959,417 |
| Amount due to a non-controlling shareholder of a subsidiary | 應付一家附屬公司一名非控股股東款項 | N/A | 18,011,527 | - | - | - | - | - | 18,011,527 | 18,011,527 |
| | | 不適用 | 18,011,527 | - | - | - | - | - | 18,011,527 | 18,011,527 |
| Amount due to a related company | 應付一家關連公司款項 | Note 1 | 870,040 | 19,514 | 87,813 | 117,084 | 284,646 | 229,724 | 1,608,821 | 1,283,337 |
| | | 附註1 | 870,040 | 19,514 | 87,813 | 117,084 | 284,646 | 229,724 | 1,608,821 | 1,283,337 |
| Secured bank borrowings | 有抵押銀行貸款 | Note 2 | 59,892,800 | - | - | - | - | - | 59,892,800 | 59,892,800 |
| | | 附註2 | 59,892,800 | - | - | - | - | - | 59,892,800 | 59,892,800 |
| Obligations under finance leases | 融資租賃責任 | 2.8 | - | 61,443 | 122,886 | - | - | - | 184,329 | 182,179 |
| | | 2.8 | - | 61,443 | 122,886 | - | - | - | 184,329 | 182,179 |
| | | | 78,774,367 | 91,777,309 | 210,699 | 117,084 | 284,646 | 229,724 | 171,393,829 | 171,066,195 |

| | | Weighted average effective interest rate | On demand | 1 month to | 3 months to | 1 year to | 2 years to | Over 5 years | Total undiscounted cash flows | Carrying amount at the end of the reporting period |
|---|-------------------|--|------------|------------|-------------|-----------|------------|--------------|-------------------------------|--|
| | | | | 3 months | 1 year | 2 years | 5 years | | | |
| | | 加權平均實際利率 | 按要求 | 一個月至三個月 | 三個月至一年 | 一年至兩年 | 兩年至五年 | 超過五年 | 未折算現金流量總額 | 報告期末之賬面值 |
| | | % | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| | | % | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 | 港元 |
| 2016 | 二零一六年 | | | | | | | | | |
| Trade payables | 貿易應付款項 | N/A | - | 50,900,827 | - | - | - | - | 50,900,827 | 50,900,827 |
| | | 不適用 | - | 50,900,827 | - | - | - | - | 50,900,827 | 50,900,827 |
| Other payables and accruals | 其他應付款項及應計款項 | N/A | - | 40,288,685 | - | - | - | - | 40,288,685 | 40,288,685 |
| | | 不適用 | - | 40,288,685 | - | - | - | - | 40,288,685 | 40,288,685 |
| Amount due to a non-controlling shareholder of a subsidiary | 應付一家附屬公司一名非控股股東款項 | N/A | 16,744,809 | - | - | - | - | - | 16,744,809 | 16,744,809 |
| | | 不適用 | 16,744,809 | - | - | - | - | - | 16,744,809 | 16,744,809 |
| Amount due to a related company | 應付一家關連公司款項 | Note 1 | 2,073,249 | 245,514 | 10,145,813 | 117,084 | 320,534 | 310,806 | 13,213,000 | 11,958,974 |
| | | 附註1 | 2,073,249 | 245,514 | 10,145,813 | 117,084 | 320,534 | 310,806 | 13,213,000 | 11,958,974 |
| Secured bank borrowings | 有抵押銀行貸款 | Note 2 | 61,343,200 | - | - | - | - | - | 61,343,200 | 61,343,200 |
| | | 附註2 | 61,343,200 | - | - | - | - | - | 61,343,200 | 61,343,200 |
| Obligations under finance leases | 融資租賃責任 | 2.8 | - | 61,443 | 184,329 | 184,329 | - | - | 430,101 | 419,069 |
| | | 2.8 | - | 61,443 | 184,329 | 184,329 | - | - | 430,101 | 419,069 |
| | | | 80,161,258 | 91,496,469 | 10,330,142 | 301,413 | 320,534 | 310,806 | 182,920,622 | 181,655,564 |

43. 金融工具 (續)

財務風險管理目標及政策 (續)

流動資金風險 (續)

下表包括利息及本金現金流量。倘利息流為按浮動利率計息，則未折算金額按報告期末之當前市場利率計算。

流動資金表

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43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

Notes:

- (1) The amount due to a related company carried at interest rate ranging from 18% to 20% (2016: 12% to 30%) per annum.
- (2) The secured bank borrowings carry at HIBOR plus 1.85% to 2.5% (2016: 1.85% to 2.5%) per annum.

Bank borrowings with a repayment on demand clause as at 31 December 2017 and 2016 are included in the "on demand" time band in the above maturity analysis. The carrying amount of the bank borrowings amounted to HK\$59,892,800 (2016: HK\$61,343,200) as at 31 December 2017. Taking into account the Group's financial position and assets pledged for the bank borrowings, the directors of the Company do not believe that it is probable that the financial institution would exercise the discretionary rights to demand immediate payment. As at 31 December 2017, the directors of the Company believed that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. The aggregate principal and interest cash outflows amounted to HK\$62,044,890 (2016: HK\$64,031,980) as at 31 December 2017. The repayment schedule based on the scheduled repayment dates is set out below:

43. 金融工具 (續)

財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表 (續)

附註:

- (1) 應付一家關連公司款項按介乎18%至20% (二零一六年: 12%至30%) 之年利率計息。
- (2) 有抵押銀行借貸按香港銀行同業拆息加1.85%至2.5% (二零一六年: 1.85%至2.5%) 之年利率計息。

於二零一七年及二零一六年十二月三十一日附帶按要求償還條款之銀行借貸在上述到期日分析中計入「按要求」之時間範圍內。於二零一七年十二月三十一日，銀行借貸的賬面約為59,892,800港元 (二零一六年: 61,343,200港元)。考慮到本集團之財務狀況及就銀行借貸質押之資產，本公司董事相信，財務機構不可能行使酌情權要求即時付款。於二零一七年十二月三十一日，本公司董事相信，該等銀行借貸將根據貸款協議所載預定還款日期償還。於二零一七年十二月三十一日，本金及利息現金流出總額為62,044,890港元 (二零一六年: 64,031,980港元)。根據預定還款日期，還款時間表如下：

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截至二零一七年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-----------|-----------------------------|-----------------------------|
| Within one year | 一年內 | 37,227,121 | 37,257,465 |
| Over one year but less than two years | 超過一年但少於兩年 | 1,926,402 | 1,956,746 |
| Over two years but less than five years | 超過兩年但少於五年 | 22,891,367 | 5,689,422 |
| Over five years | 超過五年 | – | 19,128,347 |
| | | 62,044,890 | 64,031,980 |

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and key inputs used).

43. 金融工具 (續)

財務風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表 (續)

金融工具之公平值計量

此附註提供本集團如何釐訂各項金融資產公平值之資料。

本集團按照經常性基準按公平值計量之金融資產之公平值

本集團部分金融資產於報告期末按公平值計量。下表列出有關釐定該等金融資產公平值方法之資料 (尤其是所用估值技術及主要輸入數據)。

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綜合財務報表附註

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截至二零一七年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

43. 金融工具 (續)

金融工具之公平值計量 (續)

本集團按照經常性基準按公平值計量之金融資產之公平值 (續)

| Financial assets 金融資產 | Fair value as at 31 December 於十二月三十一日之公平值 | | Fair value hierarchy 公平值架構 | Valuation technique(s) and key input(s) 估值技術及主要輸入數據 |
|--|---|-----------------------------|----------------------------------|---|
| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 | | |
| Held-for-trading investments 持作買賣投資 | 107,374,656 | 132,247,356 | Level 1 第一層 | Quoted bid prices in an active market 活躍市場上之買入報價 |
| Club membership 會所會籍 | 3,403,700 | 3,403,700 | Level 2 第二層 | Quoted bid prices in secondary market 二級市場上之買入報價 |
| Available-for-sale investments at fair value 按公平值計量之可供出售投資 | 14,192,719 | 14,142,889 | Level 3 第三層 | Asset based approach with key inputs of 資產法，主要輸入數據為： (i) Fair value of properties under development for sale (note i) (i) 待售發展中物業的公平值 (附註i) (ii) Marketability discount of 10% (ii) 市場流通性折讓10% |

Notes to the Consolidated Financial Statements

綜合財務報表附註

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截至二零一七年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

| Financial assets 金融資產 | Fair value as at 31 December 於十二月三十一日之公平值 | | Fair value hierarchy 公平值架構 | Valuation technique(s) and key input(s) 估值技術及主要輸入數據 |
|---|---|-----------------------------|----------------------------------|--|
| | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 | | |
| Derivative financial instrument – forward contract 衍生金融工具 – 遠期合約 | 7,851,180 | | – Level 3 – 第三層 | Discounted cash flow method (note ii) 貼現現金流量法 (附註ii) |
| Derivative financial instrument – put option 衍生金融工具 – 認沽期權 | – | 10,416,328 | Level 3 第三層 | Black-scholes option pricing model (note ii) 畢蘇期權定價模式 (附註ii) |

Notes:

- (i) The fair value of properties under development for sale is based on residual approach with key inputs of market unit prices with expected profit margin of 6.0% and discount rate of 10%.
- (ii) The key inputs of derivative financial instrument are disclosed in note 18.

There were no transfers between Level 1, 2 and 3 during the years.

43. 金融工具 (續)

金融工具之公平值計量 (續)

本集團按照經常性基準按公平值計量之金融資產之公平值 (續)

附註:

- (i) 待售發展中物業的公平值乃根據剩餘法釐定，當中所使用的主要輸入數據為市場單位價格。預期溢利率為6.0%及折算率為10%。
- (ii) 衍生金融工具的主要輸入數據於附註18披露。

於本年度，第一層、第二層及第三層間並無轉讓情況。

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43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

| | | Available- for-sale investments 可供出售投資 HK\$ 港元 | Derivative financial instrument 衍生金融工具 HK\$ 港元 |
|-----------------------------------|--------------------|---|---|
| At 1 January 2016 (note) | 於二零一六年一月一日 (附註) | 15,044,294 | 10,369,795 |
| Unrealised gain in profit or loss | 損益中未變現收益 | - | 752,339 |
| Exchange difference | 匯兌差額 | (901,405) | (705,806) |
| At 31 December 2016 | 於二零一六年十二月三十一日 | 14,142,889 | 10,416,328 |
| Unrealised gain in profit or loss | 損益中未變現收益 | - | (2,837,217) |
| Exchange difference | 匯兌差額 | 49,830 | 272,069 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 14,192,719 | 7,851,180 |

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company estimate the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

43. 金融工具 (續)

金融工具之公平值計量 (續)

金融負債第三層公平值計量之 對賬

本集團並非按照經常性基準 按公平值計量之金融資產及 金融負債之公平值

本公司董事採用貼現現金流量分析估計按攤銷成本計量之金融資產及金融負債之公平值。

本公司董事認為，按攤銷成本列入綜合財務狀況報表之金融資產及金融負債之賬面值與其公平值相若。

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截至二零一七年十二月三十一日止年度

43. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value measurement and valuation process

The financial controller of the Company is responsible to determine the appropriate valuation techniques and key inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The financial controller works closely with qualified external valuers to establish the appropriate valuation techniques and key inputs to the model. Financial controller reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and key inputs used in determining the fair value of various assets are disclosed above.

43. 金融工具 (續)

金融工具之公平值計量 (續)

公平值計量及估值程序

本公司財務總監負責釐定適當的估值方法及公平值計量主要輸入數據。

於估計資產或負債的公平值時，本集團在其可獲得的情況下使用市場可觀察數據。未能獲得第一級輸入數據時，本集團委聘第三方合資格估值師進行估值。財務總監與合資格外聘估值師緊密合作確立適當的估值方法及模式的主要輸入數據。財務總監每半年向執行董事匯報以闡釋資產公平值波動的原因。

有關釐定不同資產公平值所用的估值方法及主要輸入數據的資料於上文披露。

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44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | | Amount due to a related company 應付一家 關連公司款項 HK\$ 港元 | Obligations under finance leases 融資租賃 責任 HK\$ 港元 | Bank borrowings 銀行借貸 HK\$ 港元 | Total 總額 HK\$ 港元 |
|-----------------------------|-------------------|--|---|--|---------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | 11,958,974 | 419,069 | 61,343,200 | 73,721,243 |
| Financing cash flows (Note) | 融資現金流量 (附註) | (11,453,683) | (245,772) | (3,172,644) | (14,872,099) |
| Finance costs | 融資成本 | 778,046 | 8,882 | 1,722,244 | 2,509,172 |
| At 31 December 2017 | 於二零一七年十二月 三十一日 | 1,283,337 | 182,179 | 59,892,800 | 61,358,316 |

Note: The cash flows in relation to repayments to a related company, repayments for obligations under finance leases and bank borrowings and finance costs.

附註：與向一家關連公司還款、融資租賃責任及銀行貸款還款相關的現金流量以及融資成本。

44. 融資活動所產生負債的對賬

下表載列本集團來自融資活動的負債的變動詳情，包括現金及非現金變動。融資活動所產生的負債為現金流量或未來現金流量會於本集團綜合現金流量表中被分類為融資活動現金流量的負債。

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45. NON-CASH TRANSACTION

The Group entered into finance lease arrangement in respect of motor vehicle of HK\$712,100 for the year ended 31 December 2016.

Under the Land Swap Transaction, the Committee compensated the Group with the land use rights located in Qingyuan and cash compensation in exchange of deposits for land use rights, certain construction in progress and certain land use rights. Details are set out in note 6.

46. EVENTS AFTER THE REPORTING PERIOD

On 10 January 2018, the Group and the major shareholder of Yinghua agreed in writing to extend the date of completion of disposal of the 16.67% equity interest in Yinghua to a day on or before 31 May 2018 (or such other date as may be agreed by both parties in writing).

On 16 March 2018, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party purchaser and an independent third party guarantor pursuant to which the wholly-owned subsidiary of the Company agreed to dispose of 100% equity interest in Zen Vantage Limited to the independent third party purchaser at an aggregate consideration of HK\$153 million, which shall be adjusted according to a completion account of Zen Vantage Limited. The disposal has not yet been completed as at the date of approval for issuance of the consolidated financial statements for the year ended 31 December 2017. Details of the disposal are disclosed in announcement of the Company dated 16 March 2018.

45. 非現金交易

本集團於截至二零一六年十二月三十一日止年度就汽車訂立金額為712,100港元之融資租賃安排。

根據土地置換交易，委員會以位於清遠的土地使用權及現金代價作為對本集團的補償，以交換土地使用權訂金、若干在建工程及若干土地使用權。詳情載於附註6。

46. 報告期後事項

於二零一八年一月十日，本集團及英華房地產之主要股東以書面協定將出售英華房地產16.67%股本權益之完成日期延後至二零一八年五月三十一日或之前的日子（或訂約雙方可能書面協定的其他日期）。

於二零一八年三月十六日，本公司全資附屬公司與一名獨立第三方買方及一名獨立第三方擔保人訂立買賣協議，據此，本公司全資附屬公司同意將於Zen Vantage Limited中的100%股本權益出售予獨立第三方買方，總代價為153,000,000港元，可根據Zen Vantage Limited的完成賬目予以調整。出售事項於批准刊發截至二零一七年十二月三十一日止年度綜合財務報表日期尚未完成。出售事項詳情請參閱本公司日期為二零一八年三月十六日之公告。

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 December 2017 and 2016.

47. 主要附屬公司之詳情

本公司主要附屬公司於二零一七年及二零一六年十二月三十一日之詳情如下：

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ registration 註冊成立/註冊地點 | Paid up issued/registered share capital 實繳已發行/ 註冊股本 | Effective percentage of issued share capital/ registered capital held by the Company 本公司所持已發行 股本/註冊資本 實際百分比 | | Principal activities 主要業務 |
|---|--|--|---|--------------------|--|
| | | | 2017 二零一七年 % | 2016 二零一六年 % | |
| Chung Tai Printing Holdings Limited 中大印刷集團有限公司 | BVI 英屬處女群島 | HK\$10,000 ordinary 10,000港元普通股 | 100 | 100 | Investment holding 投資控股 |
| Chung Tai Printing Company Limited 中大印刷有限公司 | Hong Kong 香港 | HK\$1,000 ordinary HK\$500,000 deferred non-voting 1,000港元普通股 500,000港元 無投票權遞延股 | 100 | 100 | Investment holding 投資控股 |
| 深圳精準檢測技術有限公司 (note 1) (附註1) | The PRC 中國 | RMB1,000,000 registered capital 人民幣1,000,000元 註冊資本 | 100 | 100 | Testing of printing products 印刷品檢測 |
| 錦翰印刷(深圳)有限公司 (note 1) (附註1) | The PRC 中國 | HK\$30,000,000 registered capital 30,000,000港元 註冊資本 | 100 | 100 | Label and paper products printing 標籤及紙製品印刷 |
| Chung Tai Printing (China) Company Limited 中大印刷(中國)有限公司 | Hong Kong 香港 | HK\$1,000 ordinary HK\$10,000 deferred non-voting 1,000港元普通股 10,000港元 無投票權遞延股 | 100 | 100 | Trading of label, packaging and paper products and printing products 買賣標籤、包裝和 紙製品及印刷品 |
| Chung Tai Smart Labelling Company Limited (formerly known as "Star Digital International Limited") 中大標籤科技有限公司 (前稱「星域數碼有限公司」) | Hong Kong 香港 | HK\$1 1港元 | 100 | 100 | Trading of label and printing products 買賣標籤及印刷品 |

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

47. 主要附屬公司之詳情 (續)

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ registration 註冊成立/註冊地點 | Paid up issued/registered share capital 實繳已發行/ 註冊股本 | Effective percentage of issued share capital/ registered capital held by the Company 本公司所持已發行 股本/註冊資本 實際百分比 | | Principal activities 主要業務 |
|---|---|---|---|--------------------|---|
| | | | 2017 二零一七年 % | 2016 二零一六年 % | |
| Chung Tai Printing (International) Company Limited 中大印刷(國際)有限公司 | Hong Kong 香港 | HK\$1 ordinary 1港元普通股 | 100 | – | Investment holding 投資控股 |
| 中星中大印刷(深圳)有限公司 (note 1) (附註1) | The PRC 中國 | HK\$98,000,000 registered capital 98,000,000港元 註冊資本 | 100 | 100 | Label, packaging and paper products printing 標籤、包裝及 紙製品印刷 |
| Delight Source Limited 亮燃有限公司 | Hong Kong 香港 | HK\$200,000 ordinary 200,000港元普通股 | 100 | 100 | Trading of printing products 買賣印刷產品 |
| Profit Link Investment Limited 中大投資管理有限公司 | Hong Kong 香港 | HK\$100 ordinary HK\$2 deferred non-voting 100港元普通股 2港元 無投票權遞延股 | 100 | 100 | Property investment 物業投資 |
| New Box Mini Storage Limited 中大迷你倉有限公司 | Hong Kong 香港 | HK\$100 ordinary HK\$2 deferred non-voting 100港元普通股 2港元 無投票權遞延股 | 100 | 100 | Provision of mini storage services 提供迷你倉儲存服務 |
| Star Entertainment (Universe) Limited 星娛樂(環宇)有限公司 | Hong Kong 香港 | HK\$1 Ordinary 1港元普通股 | 100 | 100 | Provision of artistes management and music licensing services and sales of music albums 提供藝人管理及 音樂特許服務及 銷售音樂唱片 |

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

47. 主要附屬公司之詳情 (續)

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ registration 註冊成立/註冊地點 | Paid up issued/registered share capital 實繳已發行/註冊股本 | Effective percentage of issued share capital/ registered capital held by the Company 本公司所持已發行股本/註冊資本 實際百分比 | | Principal activities 主要業務 |
|---|--|---|---|--------------------|---|
| | | | 2017 二零一七年 % | 2016 二零一六年 % | |
| Newway Smart Technology (International) Company Limited (formerly known as "Fruitful Global (Asia) Co., Limited") 中星智能科技(國際)有限公司(前稱「豐蒼國際(亞洲)有限公司」) | Hong Kong 香港 | HK\$10,000 ordinary 10,000港元普通股 | 100 | 100 | RFID printing products and RFID label 無線射頻印刷產品及無線射頻標籤 |
| Newway Star Limited 新時代星工廠有限公司 | Hong Kong 香港 | HK\$10,000 ordinary 10,000港元普通股 | 100 | 100 | Provision of music licensing services, sales of music albums and investment holding 提供音樂特許服務、銷售音樂唱片及投資控股 |
| Newway Star Artiste Management Limited 新時代藝員管理有限公司 | Hong Kong 香港 | HK\$10,000 ordinary 10,000港元普通股 | 100 | 100 | Provision of artistes management services 提供藝人管理服務 |
| Showtimes (Asia) Limited 演藝時代(亞洲)有限公司 | Hong Kong 香港 | HK\$1 ordinary 1港元普通股 | 100 | 100 | Organisation of concerts and shows 籌辦演唱會及表演 |
| Kingbay Investments Limited 始昇投資有限公司 | Hong Kong 香港 | HK\$1 ordinary 1港元普通股 | 100 | 100 | Securities trading 買賣證券 |

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

47. 主要附屬公司之詳情 (續)

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ registration 註冊成立/註冊地點 | Paid up issued/registered share capital 實繳已發行/ 註冊股本 | Effective percentage of issued share capital/ registered capital held by the Company 本公司所持已發行 股本/註冊資本 實際百分比 | | Principal activities 主要業務 |
|--|---|---|---|--------------------|--|
| | | | 2017 二零一七年 % | 2016 二零一六年 % | |
| Fruitful Global Co., Limited 豐蒼國際有限公司 | Hong Kong 香港 | HK\$1 ordinary 1港元普通股 | 100 | 100 | Trading of printing products 買賣印刷品 |
| Grand Prospects Finance International Limited 華泰財務國際有限公司 | Hong Kong 香港 | HK\$100,000 ordinary 100,000港元普通股 | 100 | 100 | Money lending 放貸 |
| Supreme Cycle | BVI 英屬處女群島 | US\$1 ordinary 1美元普通股 | 100 | 100 | Property investment 物業投資 |
| 上海中星富達融資租賃有限公司 (note 1) (附註1) | The PRC 中國 | US\$20,000,000 registered capital 20,000,000美元 註冊資本 | 100 | 100 | Financial leasing 融資租賃 |
| Zhongxing Guosheng (note 2) 中星國盛 (附註2) | The PRC 中國 | RMB2,000,000 registered capital 人民幣2,000,000元 註冊資本 | 100 | 100 | Investment holding 投資控股 |
| Zhongqing (note 2) 中清 (附註2) | The PRC 中國 | RMB2,000,000 registered capital 人民幣2,000,000元 註冊資本 | 60 | 60 | Property development 物業發展 |

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

47. 主要附屬公司之詳情 (續)

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ registration 註冊成立/註冊地點 | Paid up issued/registered share capital 實繳已發行/ 註冊股本 | Effective percentage of issued share capital/ registered capital held by the Company 本公司所持已發行 股本/註冊資本 實際百分比 | | Principal activities 主要業務 |
|---|--|---|---|--------------------|---|
| | | | 2017 二零一七年 % | 2016 二零一六年 % | |
| 中星嘉盛信息諮詢(深圳)有限公司 (note 1) (附註1) | The PRC 中國 | RMB1,000,000 人民幣1,000,000元 | 100 | 100 | Investment holding 投資控股 |
| Takara Global Development Limited 皓天環球發展有限公司 | Hong Kong 香港 | HK\$1 ordinary 1港元普通股 | 100 | 100 | Gaming distribution 遊戲分銷 |
| 中星皓天科技(深圳)有限公司 (Note 1) (附註1) | The PRC 中國 | HK\$5,000,000 registered capital 5,000,000港元 註冊資本 | 100 | 100 | Design, research and development of multi-media technology 多媒體技術的設計、 研究及開發 |

Notes:

- (1) These subsidiaries are wholly foreign owned enterprises in the PRC.
- (2) These subsidiaries are domestic-invested enterprises established in the PRC.

The operations of all subsidiaries are carried out principally in Hong Kong and the PRC.

附註:

- (1) 該等附屬公司乃中國之外商獨資企業。
- (2) 該等附屬公司乃於中國成立之內資企業。

所有附屬公司的業務主要於香港及中國進行。

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Except for Chung Tai Printing Holdings Limited, which is directly owned by the Company, all other subsidiaries are indirectly owned by the Company.

The above table only includes those subsidiaries which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length. The deferred non-voting shares, which are not held by the Group, practically carry no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies or to participate in any distribution on winding up.

None of the subsidiaries had any debt securities outstanding at the end of the years or at any time during the years.

47. 主要附屬公司之詳情 (續)

除中大印刷集團有限公司由本公司直接擁有外，所有其他附屬公司由本公司間接擁有。

上表僅包括本公司董事認為主要影響本集團本年度業績或構成本集團淨資產主要部分的附屬公司。董事認為詳述所有附屬公司將導致資料過於冗長。無投票權遞延股（非由本集團持有）實質上並無附有權利獲派股息及接收有關公司之股東大會通告或出席任何股東大會或於會上投票，或於清盤時參與任何分派。

附屬公司於年終或年內任何時間概無任何尚未償還之債務證券。

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests:

| Name of subsidiaries 附屬公司名稱 | Place of establishment and principal place of business 成立地點及主要營業地點 | Proportion of ownership interests and voting rights held by non-controlling interests 非控股權益所持擁有權權益及投票權之比例 | | Loss allocated to non-controlling interests 分配至非控股權益之虧損 | | Accumulated non-controlling interests 累計非控股權益 | |
|--|---|--|---------------|--|---------------|--|---------------|
| | | 2017 二零一七年 | 2016 二零一六年 | 2017 二零一七年 | 2016 二零一六年 | 2017 二零一七年 | 2016 二零一六年 |
| | | HK\$ 港元 | HK\$ 港元 | HK\$ 港元 | HK\$ 港元 | HK\$ 港元 | HK\$ 港元 |
| Zhongqing 中清 | The PRC 中國 | 40% | 40% | (194,578) | (197,507) | (1,263,425) | (2,093,991) |
| Individually immaterial subsidiaries with non-controlling interests 擁有非控股權益之個別不重大附屬公司 | | | | (1,129) | (4,629) | (447,460) | (446,331) |
| | | | | (195,707) | (202,136) | (1,710,885) | (2,540,322) |

Summarised financial information for the years ended 31 December 2017 and 2016 in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Zhongqing

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---------------------|-------|-----------------------------|-----------------------------|
| Non-current assets | 非流動資產 | 9,894 | 9,198 |
| Current assets | 流動資產 | 43,118,675 | 39,845,180 |
| Current liabilities | 流動負債 | (51,626,039) | (50,428,263) |
| Total equity | 權益總額 | (8,497,470) | (10,573,885) |

47. 主要附屬公司之詳情 (續)

下表顯示本集團擁有非控股權益之非全資附屬公司詳情：

本集團擁有重大非控股權益之附屬公司截至二零一七年及二零一六年十二月三十一日止年度之財務資料概要載列如下。以下財務資料概要指未作出集團內公司間撇銷前之金額。

中清

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Zhongqing (Continued)

47. 主要附屬公司之詳情 (續)

中清(續)

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|--------------------|-----------------------------|-----------------------------|
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | (5,098,482) | (6,344,331) |
| Non-controlling interests of Zhongqing | 中清非控股權益 | (3,398,988) | (4,229,554) |
| | | (8,497,470) | (10,573,885) |
| Expenses | 開支 | (486,446) | (493,768) |
| Loss for the year | 本年虧損 | (486,446) | (493,768) |
| Other comprehensive income (expense) for the year | 本年其他全面收入(開支) | 2,562,861 | (2,383,200) |
| Total comprehensive income (expense) for the year | 本年全面收入(開支)總額 | 2,076,415 | (2,876,968) |
| Loss for the year since acquisition attributable to | 以下人士應佔本年自收購以來的虧損 | | |
| – owners of the Company | – 本公司擁有人 | (291,868) | (296,261) |
| – non-controlling interests of Zhongqing | – 中清非控股權益 | (194,578) | (197,507) |
| Loss for the year | 本年虧損 | (486,446) | (493,768) |
| Other comprehensive income (expense) for the year attributable to | 以下人士應佔本年其他全面收入(開支) | | |
| – owners of the Company | – 本公司擁有人 | 1,537,717 | (1,429,920) |
| – non-controlling interests of Zhongqing | – 中清非控股權益 | 1,025,144 | (953,280) |
| Other comprehensive income (expense) for the year | 本年其他全面收入(開支) | 2,562,861 | (2,383,200) |

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47. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Zhongqing (Continued)

47. 主要附屬公司之詳情 (續)

中清(續)

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|-------------------------|-----------------------------|-----------------------------|
| Total comprehensive income (expense) for the year attributable to | 以下人士應佔自收購以來本年全面收入(開支)總額 | | |
| – owners of the Company | – 本公司擁有人 | 1,245,849 | (1,726,181) |
| – non-controlling interests of Zhongqing | – 中清非控股權益 | 830,566 | (1,150,787) |
| Total comprehensive income (expense) for the year | 本年全面收入(開支)總額 | 2,076,415 | (2,876,968) |
| Net cash outflow from operating activities | 經營業務現金流出淨額 | (654,667) | (638,578) |
| Net cash inflow from financing activities | 融資活動現金流入淨額 | 735,090 | 588,852 |
| Net cash inflow (outflow) | 現金流入(流出)淨額 | 80,423 | (49,726) |
| Dividend paid to non-controlling shareholder of Zhongqing | 已付中清非控股股東股息 | – | – |

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

48. 本公司財務狀況表

| | | 2017 二零一七年 HK\$ 港元 | 2016 二零一六年 HK\$ 港元 |
|---|----------------|-----------------------------|-----------------------------|
| Assets | 資產 | | |
| Non-current assets | 非流動資產 | | |
| Investments in subsidiaries | 於附屬公司之投資 | 42,671,967 | 42,671,967 |
| Loans to joint ventures | 給予合營公司之貸款 | – | 2,191,888 |
| Amounts due from subsidiaries | 應收附屬公司款項 | 755,767,407 | 745,200,378 |
| | | 798,439,374 | 790,064,233 |
| Current assets | 流動資產 | | |
| Other receivables, deposits and prepayments | 其他應收款項、訂金及預付款項 | 289,785 | 1,018,300 |
| Loans to joint ventures | 給予合營公司之貸款 | 50,000 | – |
| Bank balances and cash | 銀行結餘及現金 | 24,447,822 | 25,415,784 |
| | | 24,787,607 | 26,434,084 |
| Liabilities | 負債 | | |
| Current liabilities | 流動負債 | | |
| Other payables and accrued charges | 其他應付款項及應計費用 | 890,154 | 990,984 |
| Amounts due to subsidiaries | 應付附屬公司款項 | 47,843,340 | 39,108,556 |
| | | 48,733,494 | 40,099,540 |
| Net current liabilities | 流動負債淨額 | (23,945,887) | (13,665,456) |
| Total assets less total liabilities | 總資產減總負債 | 774,493,487 | 776,398,777 |
| Capital and reserves | 資本及儲備 | | |
| Share capital | 股本 | 2,536,395 | 2,536,395 |
| Reserves (note) | 儲備 (附註) | 771,957,092 | 773,862,382 |
| Total equity | 權益總額 | 774,493,487 | 776,398,777 |

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) Reserves

48. 本公司財務狀況表 (續) 儲備

| | | Share premium 股份溢價 HK\$ 港元 | Capital redemption reserve 資本贖回儲備 HK\$ 港元 | Contributed surplus 實繳盈餘 HK\$ 港元 | Reorganisation reserve 重組儲備 HK\$ 港元 | Retained earnings 保留盈利 HK\$ 港元 | Total 總計 HK\$ 港元 |
|--|-------------------|--|--|--|---|--|---------------------------|
| At 1 January 2016 | 於二零一六年一月一日 | 349,902,265 | 62,400 | - | 19,782,427 | 288,938,322 | 658,685,414 |
| Loss and total comprehensive expense for the year | 本年虧損及全面開支總額 | - | - | - | - | (7,440,927) | (7,440,927) |
| Effect of capital reduction (note 34) | 股本削減之影響 (附註34) | - | - | 103,571,033 | - | - | 103,571,033 |
| Issue of new shares | 發行新股份 | 19,444,200 | - | - | - | - | 19,444,200 |
| Transaction costs attributable to issue of new shares | 發行新股份應佔交易成本 | (397,338) | - | - | - | - | (397,338) |
| At 31 December 2016 | 於二零一六年 十二月三十一日 | 368,949,127 | 62,400 | 103,571,033 | 19,782,427 | 281,497,395 | 773,862,382 |
| Loss and total comprehensive expense for the year | 本年虧損及全面開支總額 | - | - | - | - | (1,905,290) | (1,905,290) |
| At 31 December 2017 | 於二零一七年 十二月三十一日 | 368,949,127 | 62,400 | 103,571,033 | 19,782,427 | 279,592,105 | 771,957,092 |

Principal Properties

主要物業

AT 31 DECEMBER 2017

於二零一七年十二月三十一日

A. INVESTMENT PROPERTIES

A. 投資物業

| Location 地點 | Group's effective interest in the properties 本集團於物業中之實際權益 | Approximate gross floor area 概約總樓面面積 (sq. m) (平方米) | Usage 用途 | Category of lease 租約類別 |
|---|--|---|------------------|---------------------------|
| Lot. No. 5378 IN D.D.51, G/F-2/F, 4/F, Chung Tai Printing Group Building No. 11 Yip Cheong Street, On Lok Tsuen, Fanling, New Territories, Hong Kong 香港新界粉嶺安樂村業暢街11號 中大印刷集團大廈丈量約分51號 地段5378號、地下至2樓及4樓 | 100% | 4,859 | Industrial 工業 | Medium-term lease 中期租約 |
| Yuen Long Town Lot No. 292, Units 21, 22, 23, 41 and 77 of 1/F and the whole of 3/F, Hop Yick Commercial Centre (Phase I), No. 33 Hop Choi Street, Yuen Long, New Territories, Hong Kong 香港新界元朗合財街33號 合益商業中心(一期)一樓之21、22、 23、41及77號單位及三樓全層 元朗市地段292號 | 100% | 1,063.82 | Commercial 商業 | Medium-term lease 中期租約 |
| No. 1801, 15th floor, Block 4, Yard 89, 89 Jianguo Road, Chaoyang District, Beijing, the PRC 中國北京朝陽區建國路89號 89號院4號樓15層1801室 | 100% | 175.66 | Commercial 商業 | Medium-term lease 中期租約 |

Principal Properties

主要物業

AT 31 DECEMBER 2017

於二零一七年十二月三十一日

B. PROPERTIES UNDER DEVELOPMENT FOR SALE

B. 待售發展中物業

| Location 地點 | Group's effective interest in the properties 本集團於物業中之實際權益 | Approximate site area 概約地盤面積 (sq. m) (平方米) | Usage 用途 | Category of lease 租約類別 |
|---|--|---|-------------------------------------|---------------------------|
| Two parcels of lands designated located at Lot No. B19001-1*1 and No. B19001-2*1 of Villagers Committee of Lian Tang Village, Dong Cheng Sub-district Office, Qingcheng District, Qingyuan City, the PRC 位於中國清遠市清城區東城街辦事處蓮塘村民委員會之兩幅土地（地段編號第B19001-1*1號及第B19001-2*1號） | 60% | 3,406.67 | Commercial and Residential 商業及住宅 | Medium-term lease 中期租約 |

Financial Summary

財務概要

RESULTS

業績

| | | For the year ended 31 March | | For the period from 1 April 2014 to 31 December 2014 | For the year ended 31 December | | 2017 |
|-------------------------------|-----------|-----------------------------|-------------|--|--------------------------------|--------------|----------|
| | | 截至三月三十一日止年度 | 截至三月三十一日止年度 | 二零一四年四月一日至二零一四年十二月三十一日止期間 | 截至十二月三十一日止年度 | 截至十二月三十一日止年度 | |
| | | 2013 | 2014 | | 2015 | 2016 | 2017 |
| | | 二零一三年 | 二零一四年 | 二零一四年 | 二零一五年 | 二零一六年 | 二零一七年 |
| | | 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 |
| Revenue | 收益 | 643,749 | 613,269 | 419,513 | 521,256 | 562,911 | 515,534 |
| Profit (loss) before taxation | 除稅前溢利(虧損) | 3,463 | (20,531) | (79,577) | (68,269) | 86,724 | 52,092 |
| Taxation | 稅項 | (1,810) | (1,219) | 734 | 726 | (12,720) | (4,142) |
| Profit (loss) for the year | 本年溢利(虧損) | 1,653 | (21,750) | (78,843) | (67,543) | 74,004 | 47,950 |
| Attributable to: | 以下人士應佔: | | | | | | |
| Owners of the Company | 本公司擁有人 | 1,672 | (21,016) | (78,637) | (67,262) | 74,206 | 48,146 |
| Non-controlling interests | 非控股權益 | (19) | (734) | (206) | (281) | (202) | (196) |
| | | 1,653 | (21,750) | (78,843) | (67,543) | 74,004 | 47,950 |

ASSETS AND LIABILITIES

資產及負債

| | | As at 31 March | | 2014 | As at 31 December | | 2017 |
|--|------------|----------------|-----------|-----------|-------------------|-----------|-----------|
| | | 於三月三十一日 | 於三月三十一日 | | 於十二月三十一日 | 於十二月三十一日 | |
| | | 2013 | 2014 | 2014 | 2015 | 2016 | 2017 |
| | | 二零一三年 | 二零一四年 | 二零一四年 | 二零一五年 | 二零一六年 | 二零一七年 |
| | | 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 |
| Total assets | 資產總值 | 881,998 | 897,928 | 940,561 | 1,004,702 | 1,116,246 | 1,206,500 |
| Total liabilities | 負債總額 | (87,837) | (125,160) | (119,165) | (157,626) | (202,412) | (196,987) |
| Total equity | 權益總額 | 794,161 | 772,768 | 821,396 | 847,076 | 913,834 | 1,009,513 |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | 794,357 | 772,880 | 821,636 | 848,461 | 916,374 | 1,011,224 |
| Non-controlling interests | 非控股權益 | (196) | (112) | (240) | (1,385) | (2,540) | (1,711) |
| | | 794,161 | 772,768 | 821,396 | 847,076 | 913,834 | 1,009,513 |

Neway Group Holdings Limited
中星集團控股有限公司

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