



ANNUAL REPORT 2018 年報



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Corporate Information

公司資料

EXECUTIVE DIRECTORS

LIU Jun (*Chairman*)

ZHANG Yonghong (*Chief Executive Officer*)

LIU Xiaodong (*President*)

NON-EXECUTIVE DIRECTORS

GUO Fansheng

LI Jianguang

WONG Chi Keung

INDEPENDENT NON-EXECUTIVE DIRECTORS

ZHANG Ke

ZHANG Tim Tianwei

QI Yan

COMPANY SECRETARY

KWONG Yin Ping Yvonne (*HKICS*)

AUDIT COMMITTEE

ZHANG Ke (*Chairman*)

LI Jianguang

QI Yan

REMUNERATION COMMITTEE

ZHANG Ke (*Chairman*)

LIU Jun

ZHANG Tim Tianwei

WONG Chi Keung

QI Yan

NOMINATION COMMITTEE

LIU Jun (*Chairman*)

ZHANG Ke

ZHANG Tim Tianwei

COMPLIANCE OFFICER

LIU Jun

AUTHORISED REPRESENTATIVES

LIU Jun

ZHANG Yonghong

AGENT FOR ACCEPTANCE OF SERVICE OF PROCESS IN HONG KONG

KWONG Yin Ping Yvonne

執行董事

劉軍(主席)

張永紅(首席執行官)

劉小東(總裁)

非執行董事

郭凡生

李建光

王自強

獨立非執行董事

張克

張天偉

祁燕

公司秘書

鄭燕萍(香港特許秘書公會會士)

審核委員會

張克(主席)

李建光

祁燕

薪酬委員會

張克(主席)

劉軍

張天偉

王自強

祁燕

提名委員會

劉軍(主席)

張克

張天偉

監察主任

劉軍

法定代表

劉軍

張永紅

於香港接收法律程序文件代理人

鄭燕萍

Corporate Information 公司資料

STOCK CODE

02280

COMPANY'S WEBSITE

www.hcgroup.com
www.hc360.com

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

HONG KONG LEGAL ADVISORS

LC Lawyers LLP

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Room 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

4th Floor, One Capital Place
P.O. Box 847 George Town
Grand Cayman, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

7/F, Tower A1, Junhao Central Park Plaza
No. 10 Chaoyang Park South Road
Beijing 100026
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Sunlight Tower
248 Queen's Road East
Wanchai, Hong Kong

股份代號

02280

公司網頁

www.hcgroup.com
www.hc360.com

核數師

羅兵咸永道會計師事務所
執業會計師

香港法律顧問

林朱律師事務所有限法律責任合夥

主要往來銀行

香港上海滙豐銀行有限公司

香港股份過戶登記分處

香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心17樓
1712-1716號舖

註冊辦事處

4th Floor, One Capital Place
P.O. Box 847 George Town
Grand Cayman, Cayman Islands

總辦事處及主要營業地點

中華人民共和國
北京市
朝陽公園南路10號院
駿豪中央公園廣場A1樓7層(郵編: 100026)

香港主要營業地點

香港灣仔
皇后大道東248號
陽光中心40樓

Corporate Portfolio

公司概况

COMPANY OVERVIEW

HC Group Inc. (formerly, "HC International, Inc.", the "Company") and its subsidiaries (collectively referred as the "Group") endeavour to become the leading industrial internet groups in the People's Republic of China (the "PRC" or "China"). Since its establishment in 1992, the Company has been engaged in pragmatic and robust development, managed to be listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2003 with its stable performance and strength, and transferred its listing to the Main Board of The Stock Exchange on 10 October 2014. In August 2017, the Company was selected as a constituent stock for a number of index series by Hang Seng Indexes Company Limited, and was admitted to Shenzhen-Hong Kong Stock Connect in September of the same year. As of 31 December 2018, the Group had expanded its business to more than 100 cities nationwide, with branches established in over ten cities and a service team of around 2,778 individuals.

As one of the earliest B2B e-business platforms in China, the Group has started its transformation towards industrial internet since the end of 2017. On 17 January 2018, the Group put forward its new vision "Striving to Becoming a Leading Industrial Internet Group in China" and its new mission: "Empowering Traditional Industries with the Internet and Data". In May 2018, the Company officially changed its name to HC Group Inc.

The Group achieved revenue of over RMB10 billion for the year 2018 which increased by 185.8% as compared with the same period last year. The Group is helping customers "do business and make more money" by leveraging on industrial internet instruments and thinking as well as its years of knowledge on traditional industries. Based on such corporate value, the Group went through another structural upgrade in January 2019, thereby establishing three business groups including technology-driven new retail, smart industries as well as platform and corporate services.

Our business group of technology-driven new retail relies on zol.com.cn. In this segment, we connect with small and medium-sized retailers (small B) through internet instruments such as SaaS, promote transactions through users and data traffic, and boost the value of media through transactions. In addition, the efficiency of supply chains has been improved via industrial routers, which empowers the iteration of industries such as 3C and home appliances. On top of the broad prospect of the market of 3C and home appliances, our business group of technology-driven new retail is expected to be the "pillar of growth" amongst the new business of the Group in 2019.

公司概况

慧聰集團有限公司(前稱「慧聰網有限公司」,「本公司」)及其附屬公司(統稱「本集團」)致力於成為中華人民共和國(「中國」)領先之產業互聯網集團。本集團於一九九二年成立,公司成立後務實穩健發展,依靠穩定的業績和實力於二零零三年在香港聯合交易所有限公司(「聯交所」)GEM上市及二零一四年十月十日成功轉入聯交所主板上市。二零一七年八月,本公司獲恒生指數有限公司選為多個指數系列的成份股,同年九月被調入深港通名單。截至二零一八年十二月三十一日,本集團之業務範圍已經拓展至全國上百城市,在10餘個城市擁有分支機構,服務團隊約2,778人。

本集團作為國內最早的B2B電商平台之一,自二零一七年底開始轉型產業互聯網。二零一八年一月十七日,本集團提出了新的願景:「致力於成為中國領先的產業互聯網集團」,以及新的使命:「用互聯網和數據賦能傳統產業」。二零一八年五月,公司正式更名慧聰集團有限公司。

於二零一八年全年本集團營收超過100億,同比取得了185.8%的增長。用產業互聯網的工具和思想,結合本集團多年積累的對傳統行業的認知,幫助客戶「做生意、多賺錢」,是慧聰集團的價值所在。基於此企業價值,於二零一九年一月,本集團重新升級了組織架構:形成了科技新零售、智慧產業、平台與企業服務三大事業群。

科技新零售事業群,以中關村在綫為依托:以SaaS等互聯網工具聯結中小零售商(小B),通過用戶和流量促進交易;用交易提升媒體價值;通過產業路由器的模式,提升供應鏈效率,為3C及家電等產業迭代賦能。立足於3C及家電市場廣闊的發展前景,二零一九年科技新零售事業群有望成為本集團新的業務「增長極」。

Corporate Portfolio

公司概況

The business group of smart industries integrates five vertical “runways” of the Group under development, including “China Formwork” (a materials bank in the construction formwork industry), “Union Cotton” (an integrated e-business service platform that covers the entire industrial chain of cotton, “PanPass Information” (a standard setter in the anti-counterfeit traceability industry and the largest provider of IoT solutions for digital transformation, “ibuychem.com” (a long established supply chain service platform intensively engaged in the plastics industry), and “www.efu.com.cn” (a practitioner of new retail for apparel). The above vertical “runways” are long-term partners of the Group with intensive industrial engagement which have provided the Group with adequate system guarantee and resource support. In 2018, our business group of smart industries made tremendous progress and development and is believe to bring even more surprises to us more in 2019.

Our business group of platform and corporate services leverages on the interaction between “hc360.com” and “Huijia”. It is committed to developing industrial internet instruments that can help small and medium-sized enterprises (SMEs) improve industrial efficiency and create value for customers. This business group also works to build industrial data chains and business scenarios to empower SMEs by providing them with more value-added services such as financial service, data marketing and SaaS, to facilitate their transformation and upgrade and serve the economic development of the PRC. Other than SME customers, Huijia is also providing data marketing service to more and more large enterprise customers, as part of the Group’s strategy of serving both SMEs and large enterprise customers.

The structural adjustment laid the foundation for the development of the Group. We believe that the Group will attain better achievement, and realize faster and more efficient development in 2019.

智慧產業事業群，集合了本集團正在發展壯大的五大垂直跑道：包括建築模架行業的物資銀行「中模國際」、棉花全產業鏈電商綜合平台的「棉聯」、防偽溯源行業標準制定者和規模最大的數字化轉型物聯網解決方案提供商「兆信股份」、深耕化塑產業供應鏈服務平台多年的「買化塑」、中國服裝新零售踐行者的「中國服裝網」。以上垂直跑道均為本集團牽手深耕行業多年的合作夥伴，並給予其充分的制度保障和資源支持。二零一八年智慧產業事業群取得了巨大的進步和發展，相信二零一九年，這個事業群會帶給我們更多驚喜。

平台和企業服務事業群，以慧聰網及慧嘉互動為依托：致力於開發出能夠幫助中小企業「提升產業效率」、「為客戶創造價值」的產業互聯網工具，構建產業數據鏈及業務場景，為中小企業賦能，為其提供金融、數據營銷、SaaS等更多增值服務，推動中小企業轉型升級，服務於中國經濟發展。除了中小企業客戶，慧嘉也在為越來越多的大企業客戶提供數據營銷服務，踐行本集團同時服務於中小企業和大企業客戶的雙輪驅動戰略。

此次組織架構調整為本集團的發展奠定了基礎，相信本集團將在二零一九年取得更好的成績，實現更快速、更高效的發展。

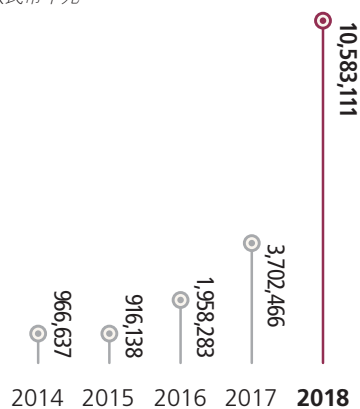
Financial Highlights

財務摘要

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 | 2014 二零一四年 RMB'000 人民幣千元 |
|--|--------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Revenue | 銷售收入 | 10,583,111 | 3,702,466 | 1,958,283 | 916,138 | 966,637 |
| EBITDA | EBITDA | 641,212 | 653,075 | 555,096 | 121,215 | 277,584 |
| Profit attributable to equity holders of the Company | 本公司權益持有人應佔溢利 | 275,610 | 267,777 | 181,784 | 52,552 | 187,633 |
| Earnings per share (RMB) | 每股盈利(人民幣元) | | | | | |
| – Basic | – 基本 | 0.2462 | 0.2651 | 0.1882 | 0.0696 | 0.2833 |
| – Diluted | – 攤薄 | 0.2458 | 0.2559 | 0.1852 | 0.0679 | 0.2729 |
| Financial position | 財務狀況 | | | | | |
| Net current assets | 流動資產淨值 | 1,233,990 | 1,578,519 | 41,313 | 141,176 | 936,319 |
| Total assets | 總資產 | 8,767,955 | 7,334,553 | 6,252,419 | 5,687,042 | 3,250,155 |
| Total liabilities | 總負債 | 3,546,331 | 2,877,424 | 2,984,276 | 3,088,096 | 1,934,988 |
| Total equity | 總權益 | 5,221,624 | 4,457,129 | 3,268,143 | 2,598,946 | 1,315,167 |

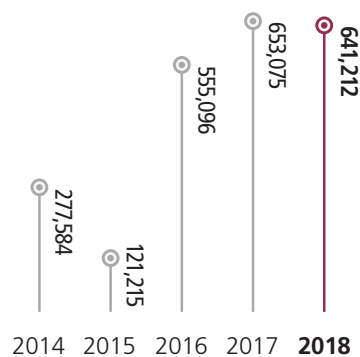
REVENUE 銷售收入

RMB'000
人民幣千元



EBITDA

RMB'000
人民幣千元

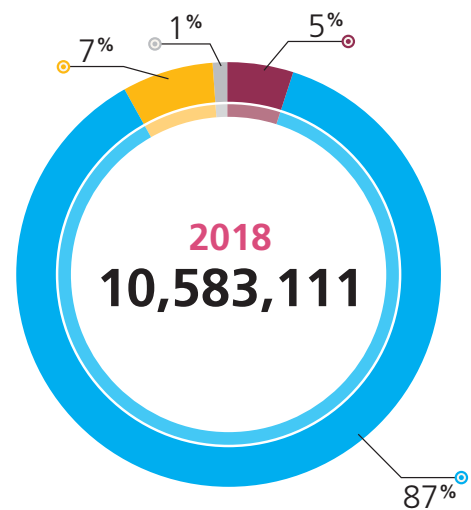
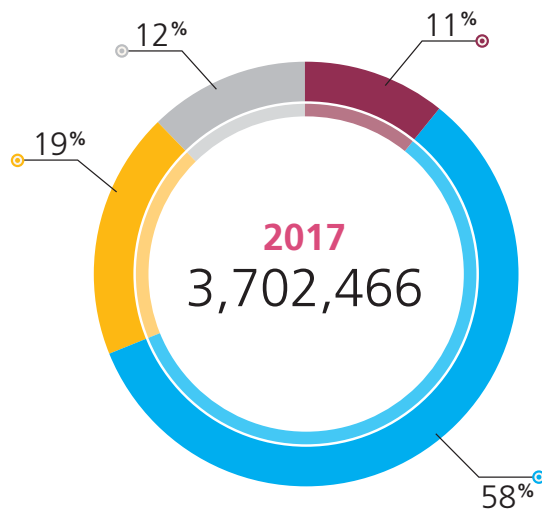


Financial Highlights

財務摘要

REVENUE ANALYSIS 銷售收入分析

| | | Technology-Driven New Retail 科技新零售 RMB'000 人民幣千元 | Smart Industries 智慧產業 RMB'000 人民幣千元 | Platform and Corporate Services 平台與企業服務 RMB'000 人民幣千元 | O2O business exhibition centre O2O商業展覽中心 RMB'000 人民幣千元 | Total 合計 RMB'000 人民幣千元 |
|---------|-------|---|--|--|---|---------------------------------|
| 2018 | 二零一八年 | 557,875 | 9,211,537 | 727,563 | 86,136 | 10,583,111 |
| 2017 | 二零一七年 | 411,909 | 2,154,579 | 702,881 | 433,097 | 3,702,466 |
| Changes | 變動 | 35.4% | 327.5% | 3.5% | -80.1% | 185.8% |



- Technology-Driven New Retail
科技新零售
- Smart Industries
智慧產業

- Platform and Corporate Services
平台與企業服務
- O2O business exhibition centre
O2O商業展覽中心

Management's Statement

管理層報告

FINANCIAL REVIEW

To better describe our business, we restated our revenue from the segments of B2B trading platform, online services, trade catalogues, seminars and other services, anti-counterfeiting products and services, financing services and O2O business exhibition centre to the segments of (i) technology-driven new retail, (ii) smart industries, as well as (iii) platform and corporate services and (iv) O2O business exhibition centre services.

For the financial year ended 31 December 2018, the Group generated a total revenue of approximately RMB10,583,111,000 (2017: RMB3,702,466,000). This represented an increase of approximately 185.8% as compared to that in 2017. The increase of revenue was mainly from the segment of smart industries through B2B trading platform.

For the Group's financial performance, a total revenue of approximately RMB557,875,000 was achieved from the segment of technology-driven new retail segment in 2018, and represented an increase of approximately 35.4% from approximately RMB411,909,000 in 2017. Revenue from the smart industries segment increased from approximately RMB2,154,579,000 in 2017 to approximately RMB9,211,537,000 in 2018 which represented an increase of approximately 327.5%. Revenue derived from the segment of platform and corporate services was approximately RMB727,563,000 in 2018, which represented an increase of approximately 3.5% from approximately RMB702,881,000 in 2017. Revenue from O2O business exhibition centre was approximately RMB86,136,000 in 2018, which represented a decrease of approximately 80% from 433,097,000 in 2017 due to a decline in revenue from sales of properties.

During the financial year ended 31 December 2018, the Group increased its operating expenses from approximately RMB1,012,537,000 in 2017 to approximately RMB1,173,887,000 which was mainly due to an increase of share based compensation expense related to share award and share option granted.

The Group achieved a profit for the year of approximately RMB276,875,000 in 2018 (2017: RMB317,310,000). The decrease is mainly due to an increase of share based compensation expense related to share award and share option granted.

財務回顧

為對我們之業務作更詳盡之描述，我們將來自B2B交易平台、互聯網服務、工商業目錄、會議及其他服務、防偽產品及服務、金融服務及O2O商業展覽中心事業群之銷售收入重列至(i)科技新零售、(ii)智慧產業以及(iii)平台與企業服務及(iv) O2O商業展覽中心服務事業群。

截至二零一八年十二月三十一日止財政年度，本集團產生總銷售收入約人民幣10,583,111,000元(二零一七年：人民幣3,702,466,000元)，較二零一七年錄得之銷售收入增加約185.8%。銷售收入增加主要來自智慧產業事業群，其通過B2B交易平台達致。

就本集團之財務表現而言，於二零一八年來自科技新零售事業群之總銷售收入約為人民幣557,875,000元，較二零一七年約人民幣411,909,000元增加約35.4%。智慧產業事業群之銷售收入由二零一七年約人民幣2,154,579,000元增加約327.5%至二零一八年約人民幣9,211,537,000元。於二零一八年來自平台與企業服務事業群之總銷售收入約為人民幣727,563,000元，較二零一七年約人民幣702,881,000元增加約3.5%。O2O商業展覽中心於二零一八年之銷售收入約為人民幣86,136,000元，較二零一七年約人民幣433,097,000元減少約80%，原因為物業銷售收入下降。

截至二零一八年十二月三十一日止財政年度，本集團之經營開支由二零一七年約人民幣1,012,537,000元增加至約人民幣1,173,887,000元，主要由於與所授出之股份獎勵及購股權有關並以股份為基礎之補償開支增加所致。

於二零一八年，本集團錄得本年度溢利約人民幣276,875,000元(二零一七年：人民幣317,310,000元)。有關減少主要由於與所授出之股份獎勵及購股權有關並以股份為基礎之補償開支增加所致。

Management's Statement 管理層報告

BUSINESS REVIEW

In 2018, the Group worked for its vision of becoming a leading group for "Industrial Internet" in China by leveraging internet thinking, instruments and methods to ramp up industrial efficiency, empower supply chains and industrial chains, and establish a win-win ecosystem to serve customers.

By focusing on and integrating advantageous resources, the Group has upgraded its organizational structure, with its business composed of three segments, namely the business groups of technology-driven new retail, smart industries, and platform and corporate services.

Business group for technology-driven new retail

In late 2018, the Group regarded zol.com.cn as the principal entity, and combined 北京融商通聯科技有限公司 (Beijing Rongshang Tonglian Technology Co., Ltd.*) ("Rongshang Tonglian") and 慧聰雲商(佛山)網絡科技有限公司 (Huicong Yunshang (Foshan) Internet Technology Co., Ltd.*) ("jdhui.com") to become the business group of technology-driven new retail for the Group.

Zol.com.cn is China's first vertical tech media. It provides integrated service solutions that combine product data, professional consultation, tech video, and interactive marketing for the Fortune Global 500 companies. Over the last year, zol.com.cn has introduced its online users to offline shops; Internet instruments such as SaaS are also utilized to connect paid retailers which increases their ability to attract customers, profitability and operational efficiency. Furthermore, with the data collected through offline sales channels and analysis of data application, zol.com.cn is able to provide comprehensive "online + offline" marketing solutions to customers, which increases their core competitiveness. By converging resources and boosting the service capability both upstream and downstream, our business group of technology-driven new retail provides solutions to key issues faced by various parties along the 3C and home appliances industrial chain.

"Rongshang Tonglian" is a professional SaaS resolutions service provider in industrial internet. By providing SaaS products and services channels, the Company empowers their customers with new retail capabilities. Meanwhile, Rongshang Tonglian creates synergy between the operating revenue and profit in each industry, which are increased by the empowerments on supply chain and internet finance, introduces integrated industrial resources into industrial internets and empowers partners.

"jdhui.com" is an e-business transaction service platform focuses on home appliances across the industrial chain. Through the "Supply Chain + SaaS System + Service" Model, jdhui.com leverages on its coverage on transactions, finance, payments, warehousing and logistics and after-sales services, which assists traditional home appliances retail shops to upgrade to "online + offline shops", enhances their overall competitiveness and transforms home appliances distributors into new retailers.

* For identification only

業務回顧

於二零一八年，本集團以成為中國領先的「產業互聯網」集團為願景，用互聯網的思維、工具和手段，以提高產業效率、賦能供應鏈和產業鏈，以建立共贏的生態圈服務客戶。

通過聚焦及整合優勢資源，本集團升級了組織架構，將業務分為：科技新零售事業群、智慧產業事業群、平台與企業服務事業群三大版塊。

科技新零售事業群

於二零一八年底，本集團以中關村在綫為主體、融合北京融商通聯科技有限公司（「融商通聯」）、慧聰雲商（佛山）網絡科技有限公司（「家電匯」）重組為本集團科技新零售事業群。

中關村在綫是中國第一科技類垂直媒體，持續為包括多家世界500強在內之品牌用戶提供產品數據、專業諮詢、科技視頻、互動營銷為一體的綜合服務解決方案。在過去一年，中關村在綫通過把綫上的用戶導入綫下的店舖；並依托SaaS等互聯網工具，連接付費零售商，並提升其獲客能力、營收能力和運營效率。同時，依托綫下銷售渠道收集的數據，及數據應用分析，中關村在綫向客戶提供「綫上+綫下」完整營銷方案給，增強其核心競爭力，為3C及家電產業鏈上各角色的核心訴求提供了解決方案。

「融商通聯」，是產業互聯網專業SaaS解決方案服務商，通過SaaS產品服務通路合作客戶，賦能客戶新零售能力，同時通過供應鏈和互聯網金融等賦能提升產業互聯網中各產業經營收入和利潤形成深度合作，將整合產業資源引入產業互聯網，賦能合作夥伴。

「家電匯」，是專注於家電全產業鏈的電商交易服務平台，家電匯在涵蓋互聯網交易、金融、支付、倉儲物流、售後服務基礎上，通過供應鏈+SaaS系統+服務的模式，幫助傳統家電零售店改造升級為綫上+綫下「門店」，提升門店綜合競爭力，助力家電經銷商轉型新零售。

Management's Statement 管理層報告

Incorporating the power of "zol.com.cn", "Rongshang Tonglian", and "jdhui.com", the technology-driven new retail business group improved its capability in media influence, SaaS, supply chain and data.

Media business: Influencing an average of over 30 million purchasers everyday

In the past 20 years, the media business of zol.com.cn has been providing professional technology information, with its impact extending to an average of over 30 million purchasers of technology products everyday through cooperative partners such as Baidu, Sogou and Toutiao.com (今日頭條).

In January 2018, zol.com.cn served as the official media partner for the American Consumer Electronics Show (CES) to cover this global event for the tenth consecutive year. It attracted 60 million views in total and covered 109 million people with its content. In particular, 300 professional articles were produced and distributed on 17 leading communication platforms including toutiao.com (今日頭條), Baidu Baijia (百度百家), IQiyi (愛奇藝), Taobao Toutiao (淘寶頭條).

In September 2018, zol.com.cn provided online coverage on the Autumn new product release of Apple. The live stream lasted over 3 hours, with 596,643 online viewers, over 4,000 times user interactions, 58 professional articles and more than 2.47 million views. During the release, 1+N Communication strategy cooperated with more than 10 leading platforms such as Baidu, Sougou, toutiao.com and douyu.com, garnering the attention of 200 million through cooperative exclusive resources.

3C and home appliance routers: Empowering technology-driven new retail in an in-depth manner

Under the business group of technology-driven new retail, our 3C router business has carried out in-depth collaboration with D. Phone (迪信通), Canover Industrial (捷信實業) and Union Communications (華聯通訊). Currently, the 3C router business is serving thousands of businesses, with daily transaction worth tens of millions of RMB. As for home appliance routers, our business covers seven provinces, with in-depth collaboration established with Gree, Midea, Skyworth and Aux successively.

Throughout 2018, the business group of technology-driven new retail garnered an average of more than 30 million technology product purchasers everyday, and linked to over 7,000 SaaS paid retailers.

融合「中關村在線」、「融商通聯」、「家中滙」的力量，科技新零售事業群在媒體影響力、SaaS、供應鏈、數據等方面實現了能力迭代。

媒體業務：日均影響超過3,000萬採購用戶

過去的20年，中關村在線的媒體業務提供專業的科技資訊內容，通過百度、搜狗、今日頭條等合作夥伴，日均影響超過3,000萬的科技產品採購用戶。

二零一八年一月，中關村在線作為美國消費電子展(CES)的官方合作媒體，連續第10年對此全球盛會進行報道，並獲得總閱讀量超6,000萬，內容覆蓋1.09億人群。其中，專業文章產出300餘篇，在包括今日頭條、百度百家、愛奇藝、淘寶頭條等17個頭部傳播平台全面分發。

二零一八年九月，中關村在線對蘋果秋季新品發佈會進行報道。視頻直播的時長突破3個小時，在線觀看人數達596,643人次，用戶交互4,000餘次，產出58篇行業專業內容，總閱讀量突破247萬。發佈會期間，1+N傳播策略聯合百度、搜狗、今日頭條、鬥魚等十餘家頭部平台，合作獨家資源共輻射2億人群關注。

3C及家電路由器：深度賦能科技新零售

科技新零售事業群的3C路由器業務已與迪信通、捷信實業、華聯通訊展開了深度合作，目前正在服務數千個商家，日交易額達數千萬。在家電路由器業務領域，目前業務覆蓋7個省，先後與格力、美的、創維、奧克斯等建立了深度合作。

於二零一八年全年，科技新零售事業群日均超過3,000萬科技產品採購用戶，鏈接7,000家以上SaaS付費零售商。

Management's Statement 管理層報告

Business group of smart industries

The business group of smart industries, which mainly comprises of five key components, namely four vertical service platforms for industrial internet ("ibuychem.com", "Union Cotton", "China Formwork" and "www.efu.com.cn") and PanPass, an IoT solutions provider for digital transformation. "Focus" and "Significant Verticality" are the Group's important strategies.

Positioned to provide centralized purchasing and integrated e-business service for chemicals and plastics, ibuychem.com was incubated by the Group as a non-wholly-owned subsidiary in March 2015, and originated from the chemical e-business platform established by the Group over 20 years ago. It has developed into a leading B2B platform in the domestic chemical industry. Its services cover nearly one million enterprises and eight million online members in the chemical rubber and plastics industry chain in China. The platform focuses on the spot trading of chemical rubber and plastic products.

In 2018, the ibuychem.com platform had about 5,900 transaction customers, including well-known enterprises from home and abroad such as PetroChina, Sinopec, DuPont, Akzo Nobel, and 3trees, with an annual transaction size exceeding RMB5.5 billion. Based on the transaction data of buyers and vendors, ibuychem.com also actively carried out supply chain finance and commercial factoring services.

Positioned as an excellent spot transaction platform for cotton, "Union Cotton" provides integrated B2B e-business service for spot cotton through online platforms, including self-operated online shopping stores, supply-chain financing service and warehouse receipt pledge. "Union Cotton", one of the earliest B2B e-business operators in the cotton industry, has accumulated extensive industrial experience and significant market resources in the cotton industry, with an annual transaction size exceeding RMB1.7 billion. As of April 2018, Shanghai Huijing E-business Co. Limited (上海慧旌電子商業有限公司) ("Shanghai Huijing"), a wholly-owned subsidiary of the Group, contributed RMB50 million to Shanghai Mianlian E-business Co., Ltd* (上海棉聯電子商務有限公司) ("Shanghai Mianlian") and held approximately 43.84% of its equity interests. Following the transaction, the Group held an aggregate of 51% equity interests in Shanghai Mianlian. Since then, the Group has quickened its pace to optimize the service chain layout of the cotton industry.

Positioned to develop a national material bank for the construction formwork industry, "China Formwork" provides smart attached lifting scaffolding, aluminum alloy formwork system, glass fiber formwork system, building smart device, etc. Relying on the internet SaaS system, IoT technology and industrial parks, China Formwork provides design, installation, maintenance, refurbishment, supply chain finance, sub-leasing and leasing business that cater to materials.

智慧產業事業群

智慧產業事業群主要包括五大重要賽道：四個產業互聯網垂直服務平台（「買化塑」、「棉聯」、「中模國際」、「中國服裝網」）及一個數字化轉型物聯網解決方案提供商—兆信股份。「聚焦」及「重度垂直」是本集團於智慧產業事業群之重要策略。

「買化塑」，本集團於二零一五年三月內部孵化並控股之非全資子公司，定位於化工、塑料的集採交易及電商綜合服務，起源於本集團旗下創建20餘年的化工電子商務平台，已發展成為國內領先的化工產業B2B平台，服務覆蓋中國化工橡塑產業鏈近100萬家企業和800萬網站會員，平台專注於化工橡塑產品的現貨交易。

於二零一八年，買化塑平台有約5,900個交易客戶，包括中石油、中石化、杜邦、阿克蘇諾貝爾、三棵樹等國內外知名企業，全年交易規模已經突破55億元。基於買方和賣方的交易數據，買化塑還積極開展了供應鏈金融、商業保理服務等業務。

「棉聯」定位於卓越的棉花現貨交易平台，透過在綫平台提供現貨棉花之綜合B2B電子商務服務，包括自營在綫商城、供應鏈融資服務及倉單質押。作為棉花行業B2B電商最早的進入者之一，彙聚了棉花行業豐富經驗以及重要的市場資源，全年交易規模已經突破17億元。於二零一八年四月，本集團全資附屬公司上海慧旌電子商業有限公司（「上海慧旌」）以現金向上海棉聯電子商務有限公司（「上海棉聯」）注資人民幣5,000萬元，並持有其約43.84%之股權。交易完成後，本集團共持有上海棉聯約51%股權。於控股後，本集團加速優化棉花產業服務鏈佈局。

「中模國際」定位於打造建築模架行業全國性物資銀行，其覆蓋的領域包括智能附著式升降腳手架、鋁合金模板體系、玻璃模板體系、建築智能裝備等，依托互聯網SaaS系統、物聯網技術及產業園，中模國際圍繞物資提供包括設計、安裝、維修翻新、供應鏈金融及轉租代租業務。

Management's Statement 管理層報告

On 27 July 2018, China Formwork signed an exclusive distribution agreement (the "Exclusive Agreement") with Hanwha Advanced Materials (Beijing) Co., Ltd.* (韓華高新材料(北京)有限公司) ("Hanwha Company"). Under the Exclusive Agreement, China Formwork will serve as the exclusive distributor for the glass-fibre construction composite formwork products of Hanwha Company in Mainland China for a term of three years.

As at the end of 2018, the business coverage of China Formwork had extended to 17 provinces and cities nationwide, serving over 500 buildings under construction. Currently, China Formwork manages assets worth more than RMB500 million.

Positioned to practice "to B" new retail for apparel, www.efu.com.cn (a domain owned and operated by Zhejiang Zhongfu, a non-wholly owned subsidiary which 80.38% of its equity interest was purchased by the Group in December 2015) has leveraged on model and technology iteration to transition from media information coverage to establishment of "Internet Celebrity" transaction platforms, to serve apparel brand manufacturers in an in-depth manner.

Beijing PanPass Information Technology Co., Ltd* ("PanPass") (OTC Stock Code: 430073) relies on its core platform Z-SCM, a proprietary supply chain management system, and is based on carriers such as IoT, big data, artificial intelligence and cloud computing, digital code, QR code, RFID and other markers, providing lifetime traceability and management service for brand clients.

In 2018, the Group had increased its shareholding in PanPass which currently led to the increase of the Group's shareholding to 81.08% in PanPass.

Throughout 2018, PanPass lifetime product traceability and management services made progress in stages. PanPass Information established collaborative ties with SINOPEC Lubricant Company, a branch of China National Petroleum Corporation which is a Fortune Global 500 company, to work for the integrated project for the construction and installation of a QR-code system platform, in a bid to build the data asset system for SINOPEC Lubricant Company. PanPass also entered into a strategic cooperation agreement with Haier Digital Technology (Shanghai) Co., Ltd. under the Haier Group. Based on the shared development capability of Haier COSMOPlat, PanPass Information developed the SaaS application of a cloud traceability platform on Haier COSMOPlat, which has been used to provide product traceability services for agricultural projects such as Jinxiang Garlic. Meanwhile, PanPass further cooperated with the Gourmet City under Shandong Dezhou Braised Chicken Co., Ltd. (山東德州扒雞股份有限公司) and overseas Holiday Inn on food safety, and worked on a new factory project based on IoT for Shijiazhuang Junlebao Dairy Co., Ltd. (石家莊君樂寶乳業有限公司).

於二零一八年七月二十七日中模國際與韓華高新材料(北京)有限公司(「韓華公司」)簽署獨家經銷協議(「獨家協議」)。根據獨家協議，中模國際為韓華公司玻璃纖維建築複合模板產品的中國大陸區域的獨家經銷商期限為3年。

截至二零一八年底，中模國際業務已覆蓋全國17個省市，服務500棟以上在建樓宇。中模國際目前管理資產規模超過人民幣五億元。

「中國服裝網」(由浙江中服擁有及經營的域名)，本集團於二零一五年十二月收購80.38%之非全資子公司，定位於to B端服裝新零售的踐行者。通過模式及技術迭代，中國服務網從媒體資訊覆蓋，過渡到搭建「網紅」交易平台，深度服務服裝行業的品牌生產廠商。

北京兆信信息技術股份有限公司(「兆信股份」)(新三板股票代碼430073)以自主知識產權供應鏈管理体系Z-SCM為核心平台，基於IoT、大數據、人工智能、運算等技術，通數字碼、二維碼、RFID等標識物為載體，為品牌客戶提供產品全生命周期追溯及管理服務。

於二零一八年，本集團陸續對兆信股份進行增持，本集團現持有兆信股份百分比至81.08%。

於二零一八年，全年，兆信股份的產品全生命周期追溯及管理務取得階段性進展。兆信股份與世界500強企業中石油旗下分公司中石油天然氣股份有限公司潤滑油分公司建立合作，為其提供二維碼系統平台建設和安裝集成項目，構建中國石油潤滑油分公司數據資產體系；並與海爾集團旗下海爾數字科技(上海)有限公司簽訂了戰略合作協議，依託海爾COSMOPlat的共享開發能力，兆信股份在海爾COSMOPlat上開發了溯源雲平台SaaS應用，目前已經為金鄉大蒜等農業項目提供了產品溯源服務。同時，兆信股份包括為山東德州扒雞股份有限公司旗下美食城及海外假日酒店基於食品安全的進一步合作，及為石家莊君樂寶乳業有限公司基於物聯網打造的新工廠項目等。

Management's Statement 管理層報告

Relying on the operating entities of PanPass, the Group builds a credit system based on quality traceability of the entire industry chain, big data analysis, supply chain management, etc., and provides cross-business interconnectivity services including IoT-based anti-counterfeiting traceability, IoT-based supply chain management, digital marketing, smart packaging, and supply chain finance.

Business group of platform and corporate services

Leveraging on "hc360.com" and "Huijia" and integrating the Group's financial services, our business group of platform and corporate services is committed to developing industrial internet instruments that can help small and medium-sized enterprises (SMEs) improve industrial efficiency and create value for customers. This business group also works to build industrial data chains and business scenarios to empower SMEs by providing them with more value-added services such as financial service, data marketing and SaaS, to facilitate their transformation and upgrade and serve the economic development of the PRC.

Other than SME customers, Huijia is also providing data marketing service to more and more large enterprise customers, as part of the Group's strategy of serving both SMEs and large enterprise customers.

"hc360.com" centered on continuous in-depth upgrade of internet information services, including improving and enhancing traditional product service and customer experience such as Mai Mai Tong ("買賣通") and focusing on utilising technological innovations to drive the upgrade of products, service and technology as well as efficient operation. By utilising artificial intelligence (AI), the most suitable products and services can be matched up with sellers and buyers accurately, effectively reducing the operation cost of customers, accurately reaching target users and enhancing user experience, which will achieve the purpose of maximising marketing effectiveness.

On 26 December 2018, the Group and Tencent CCM, an enterprise product under Tencent Cloud, announced their strategic cooperation to jointly carry out product research and development, sales promotion and other business. In addition, "Huicong Youke" (慧聰友客), a precision marketing product under hc360.com, will combine its advantages with those of Tencent CCM to engage in product cooperation and joint marketing in technical aspects such as AI, machine learning, IoT, SaaS and IM.

On 8 March 2019, Huicong Youke launched its 2.0 VIP version, providing customers with various ways to search for leads (downstream companies, subscription for leads, and "seeking" leads), help users obtain valuable sales leads and complete lifetime management of sales leads from acquisition, follow-up, conversion to retention.

依託兆信股份的運營實體，本集團並基於全產業鏈質量溯源、大數據分析、供應鏈管理等構建信用體系，提供物聯網防偽溯源、物聯網供應鏈管理、數字營銷、智慧包裝、供應鏈金融等在內的多業務交叉的互通服務。

平台與企業服務事業群

依托「慧聰網」和「慧嘉」，同時將本集團的金融服務整體並入，平台與企業服務事業群致力於開發出能夠幫助中小企業「提升產業效率」、「為客戶創造價值」的產業互聯網工具，構建產業數據鏈及業務場景，為中小企業賦能，為其提供金融、數據營銷、SaaS等更多增值服務，推動中小企業轉型升級，服務於中國經濟發展。

除了中小企業客戶，慧嘉也在為越來越多的大企業客戶提供數據營銷服務，踐行集團同時服務於中小企業和大企業客戶的雙輪驅動戰略。

「慧聰網」，圍繞互聯網信息服務持續深入升級，包括精進完善買賣通等傳統產品服務與客戶體驗，並專注利用科技創新驅動產品、服務和技術升級及高效運營，利用人工智能精準匹配買賣雙方最合適的產品和服務，有效降低客戶運營成本，精準觸達目標用戶並提升用戶體驗，實現營銷效果最大化之目的。

於二零一八年十二月二十六日，本集團與騰訊雲旗下企業級產品騰訊企點對外宣佈，進行戰略合作，聯合開展產品研發、銷售推廣等業務。慧聰網旗下精準營銷類產品「慧聰友客」將與騰訊「企點」結合雙方的優勢，在AI、機器學習、物聯網、SaaS、IM等技術方面進行產品合作和聯合市場推廣。

於二零一九年三月八日，慧聰友客2.0尊享版正式上線。為客戶提供多種獲取線索方式（下游企業、訂閱線索、撈線索），並幫助用戶從中獲取有價值的銷售線索，完成銷售線索從獲取、跟進、轉化到留存的全生命周期管理。

Management's Statement 管理層報告

As an important operating entity of the Group's data service segment and a leading cross-sector integrated marketing platform, "Huijia" provided its customers with customized, precise and integrated marketing solutions through online advertising and market data analysis. Meanwhile, the network opened up new areas such as big data marketing and new media marketing to provide data and technology solutions for branded customers, and customized technical marketing products for customers through its mobile terminal.

In June 2018, "Huijia" entered into cooperation agreements with the "Department of Industrial Engineering of Tsinghua University" and "Shanghai Unicom", respectively. Shanghai Unicom is an important partner of the Group in big data. As a platform-based communication enterprise integrating data sources, technologies, platforms and networks, Shanghai Unicom has an advantageous network and data resources. The research on big data application by the Department of Industrial Engineering of Tsinghua University is conducive to the Group's construction of data models.

In 2018, approximately 5.3% of the Group's revenue came from its business group of technology-driven new retail, approximately 87.0% was from the business group of smart industries approximately 6.9% came from the business group of platform and corporate services and approximately 0.8% from the O2O business exhibition centre.

Prospects

Stiffer competition among enterprises has become a new normal, along with the changes in economic and competition landscape from home and abroad. Facing fresh changes and challenges, Chinese enterprises are keen to apply new technologies, such as the internet and big data, to accelerate their transformation and upgrade, cut costs and enhance efficiency.

This has ushered in a new period of development opportunities for the sector of industrial internet in China. It has been widely accepted in the industry that "industrial internet will dominate the next stage of internet development". To transform, upgrade and be more competitive, it is vital for the Chinese real economy to empower its traditional industries and enhance its efficiency with industrial internet.

Leveraging on 26 years of experience in serving numerous industries, the Group has developed an in-depth insight into the industry as well as the ability to reach customers. On top of that, the Group announced its entry into industrial internet in the beginning of 2018. With concentrated effort, we are able to offer industrial internet solutions to boost the size and efficiency of SMEs based on vertical industries, and has established a business model that empowers traditional industries through advanced technologies such as SaaS, the Internet of Things (IoT) and big data.

「慧嘉」作為本集團數據服務板塊的重要運營主體和領先的跨界整合營銷平台，借助網絡廣告、市場數據分析等為客戶提供定制、精準的整合營銷服務，同時開拓大數據營銷、新媒體營銷等新領域，為品牌客戶提供數據與技術解決新方案，並通過移動端為客戶定制技術營銷產品。

於二零一八年六月，「慧嘉」與「清華工業工程系」、「上海聯通」分別簽署合作協議。上海聯通是本集團在大數據領域的重要合作夥伴，作為集數據源、技術、平台和網絡為一體的平台型通信企業，上海聯通擁有優勢網絡與數據資源能力。清華大學工業工程系的大數據應用研究，有助於本集團數據模型建設。

於二零一八年，本集團約5.3%之收入來自於科技新零售事業群，約87.0%之收入來自於智慧產業事業群，約6.9%之收入來自平台與企業服務事業群及約0.8%之收入來自O2O商業展覽中心。

前景

隨著國際國內經濟形勢、競爭形勢的變化，企業之間市場競爭加劇已成為新常態。面對新變化、新挑戰，中國企業借助互聯網、大數據等新技術，加速轉型升級、降本增效的需求強烈。

這讓中國的產業互聯網行業，迎來了全新的發展機遇期。「互聯網下半場將是產業互聯網的時代」已經成為行業共識。而借助產業互聯網，賦能傳統產業，提升產業效率，是中國實體經濟轉型升級、增強競爭力的必由之路。

憑藉26年服務眾多行業的經驗，本集團建立起對行業深度的認識和觸達客戶的能力。在此基礎上，本集團於二零一八年初宣布向產業互聯網進軍，通過專注和聚焦，形成了基於垂直行業，提升中小企業規模和效率的產業互聯網解決方案，並且確立了依托SaaS、物聯網、大數據等先進技術，賦能傳統產業的商業模式。

Management's Statement 管理層報告

At the beginning of 2019, the Group went through another comprehensive structural upgrade, by which business groups were established for technology-driven new retail, smart industries and platform and corporate services. By focusing on the vertical tracks of industrial internet and stressing on ecosystem construction, the Group has been rolling out more and better products and services to its customers, with improving capability of empowering traditional industries and creating values for customers.

In regard to the business group of technology-driven new retail, the Group keeps on iterating business and management capabilities, empowering traditional industries with the internet and data, and creating values for customers. In the next three years, we wish to amplify our investment to build a new router for the technology industry that integrates online and offline users and channel transactions, and ramp up our whole-industry-chain service capability featuring technology industry media matrix plus technology-driven new retail.

In regard to the business group of smart industries, we work to aggregate industrial advantages, increase our income and ultimately benefit our shareholders by leveraging on four vertical industry service platforms, supply chain management, third-party warehousing services and financial instruments. Over the next three years, leading industrial platforms such as "Union Cotton" and "ibuychem.com" will achieve an annual transaction volume of more than RMB10 billion and become leaders in their respective industries, while "China Formwork" will maintain its "unicorn" status in the market. PanPass is an industrial leader mainly in traceability service. It is committed to digitalizing its products and visualising the whole production process, which is to label its products with identification codes to trace the products during the process of warehousing, logistics and marketing. Thereby, PanPass has built up a digitalized supply chain, enhancing the visualization and collaboration of the enterprise supply chain ecosystem, realizing a reacting supply chain and satisfying consumers' increasingly high expectations. In the future, PanPass will continue to innovate new technologies like the IoT, big data, artificial intelligence (AI) and cloud computing to enrich and optimize its business scope, intensifying the application of new technologies to its business segments. As such, PanPass will become a leading digitalization-transited IoT solution provider in China and an important component of the Group's industrial internet ecosystem.

二零一九年初，本集團再次對組織構架進行了全面調整升級，建起了科技新零售、智慧產業、平台與企業服務三大事業群。通過專注產業互聯網垂直賽道，重視生態圈建設，慧聰集團正不斷為客戶提供更多、更好的產品和服務，賦能傳統產業、為客戶創造價值的能力不斷增強。

於科技新零售事業群，本集團將不斷進行業務與管理能力迭代，用互聯網和數據賦能傳統產業，為客戶創造價值。未來三年，本集團希望能夠加大投入，構建一個融合線上線下用戶和渠道交易的新的科技產業路由器，全力打造科技產業媒介矩陣+科技新零售的全產業鏈服務能力。

於智慧與產業事業群，依托四個產業垂直服務平台，通過供應鏈管理，第三方倉儲服務、金融工具，充分聚行業優勢，擴大營收規模，並最終使股東獲益。未來三年，「棉聯」、「買化塑」、等領頭產業平台，年交易規模都將突破百億，成為各自行業首屈一指的領導者。而「中模國際」將繼續保持其市場的「獨角獸」地位。而兆信股份的行業第一的龍頭地位主要體現在溯源服務上，致力於數字化產品，讓生產全程可視化，給產品賦上唯一的身份碼，倉儲、物流、營銷全程跟蹤。打造數字化供應鏈，提升企業供應鏈生態圈可視化和協同作業，實現響應式供應鏈，滿足不斷提高的客戶期望。未來，兆信股份將基於IoT、大數據、人工智能、雲計算等技術不斷創新，持續豐富優化業務範圍，推進新技術在集團旗下各個業務板塊的深入應用，逐步成為中國領先的數字化轉型物聯網解決方案提供商，成為慧聰集團產業互聯網生態重要的組成部分。

Management's Statement 管理層報告

In regard to the business group of platform and corporate services, the Group signed a strategic cooperation agreement with Tencent Cloud at the end of 2018. We hope that the infrastructure and internet instruments of Tencent are able to interact with the transaction scenarios of the Group's vertical industries and will enable both sides to jointly develop industrial internet instruments that can help SMEs improve industrial efficiency and help customers make transactions. Meanwhile, the financial services of the Group will be incorporated into this business group, to meet the increasingly vibrant trading scenarios for SMEs.

At last, we would like to give our thanks to the Group's partners for their full assistance and unconditionally accompany. In the future, we will continue to spare no effort in building the leading industrial Internet group in China.

On behalf of the Board, I would like to take this opportunity to thank the management and every member of the Group for their on-going dedication and hard work in the past year.

LIU Jun
Chairman

Hong Kong
26 March 2019

於平台與企業服務事業群，於二零一八年年底，本集團和騰訊雲簽署了戰略合作協議。希望未來騰訊的基礎設施、互聯網工具，能夠和本集團垂直行業的交易場景發生化學反應，雙方共同開發出能夠幫助中小企業提升產業效率、幫助客戶交易的產業互聯網工具。與此同時，本集團的金融服務將整體並入這個事業群，來滿足不斷活躍的中小企業交易的場景。

最後，感謝本集團合作夥伴的傾力相助、風雨同行。未來，我們將全力以赴，為打造中國領先的產業互聯網集團繼續努力。

本人謹代表董事會向管理層及集團員工致謝，感謝過去一年不斷投入付出、不懈努力。

劉軍
主席

香港
二零一九年三月二十六日

Biographic Details of Directors and Senior Management

董事及高級管理人員簡介

DIRECTORS

As at 31 December 2018, the Board comprised:

Executive Directors

LIU Jun

Aged 41, is an executive Director and the chairman of the Company. Mr. Liu was appointed as an executive Director with effect from 12 September 2016.

Mr. Liu has also been the senior vice president of the Group since July 2016. From 2004 to 2011, Mr. Liu was the chief executive officer of 頤高集團有限公司 (Yigao Group Company Limited*) leading the company to enter into the information technology businesses. Mr. Liu has also been a director of several subsidiaries of the Company. Mr. Liu has obtained the Master's degree in Chemical Engineering from Zhejiang University in March 2004 and Bachelor's degree in Chemical Engineering, Bio-engineering and Chemical Processing from Zhejiang University as well in June 2000.

LIU Xiaodong

Aged 46, is an executive Director and the president of the Company. Mr. Liu was appointed as an executive Director with effect from 1 June 2018.

Mr. Liu is also the chairman of zol.com.cn, a subsidiary of the Group. In July 2015, the Group has completed the full acquisition of zol.com.cn. Mr. Liu joined zol.com.cn in 2000 and served as a general manager of zol.com.cn in 2004. Mr. Liu also served as the vice president of CNET (China) in 2008. He served as a vice president of CBSI (China), a general manager of technology cluster and the consumer cluster of CBSI (China) from 2008 to 2014. Since 2015, he served as a chief executive officer of zol.com.cn. Mr. Liu has over 19 years of experience in media operation and management in the TMT field. Mr. Liu graduated and obtained a bachelor degree from International Modern Design Art College Of Inner Mongolia Normal University in July 1997, and obtained a master degree of business administration from China Europe International Business School in 2011.

董事

於二零一八年十二月三十一日，董事會包括：

執行董事

劉軍先生

41歲，為本公司執行董事兼主席。劉先生於二零一六年九月十二日獲委任為執行董事。

自二零一六年七月起，劉先生亦一直擔任本集團之高級副總裁。劉先生曾於二零零四年至二零一一年擔任頤高集團有限公司之行政總裁，引領該公司投入資訊科技業務。劉先生亦為本公司數間附屬公司之董事。劉先生於二零零四年三月取得浙江大學化學工程碩士學位，及於二零零零年六月取得浙江大學化學工程、生物工程及化學加工學士學位。

劉小東

46歲，為本公司執行董事兼總裁。劉先生於二零一八年六月一日獲委任為執行董事。

劉先生亦為本集團附屬公司一中關村在線(zol.com.cn)董事長。本集團於二零一五年七月完成對中關村在線之全資收購。劉先生於二零零零年加入中關村在線，於二零零四年出任中關村在線總經理。劉先生亦於二零零八年出任CNET(中國)副總裁。於二零零八年至二零一四年先後出任CBSI(中國)副總裁、CBSI(中國)科技群組及消費群組總經理。自二零一五年起，彼出任中關村在線行政總裁。劉先生於TMT領域擁有超過十九年之媒體運營和管理經驗。劉先生於一九九七年七月畢業於內蒙古師範大學國際現代設計藝術學院，獲得學士學位，並於二零一一年獲得中歐國際工商學院工商管理碩士學位。

Biographic Details of Directors and Senior Management 董事及高級管理人員簡介

LEE Wee Ong

Also known as Alex Lee, aged 49, is an executive Director and the chief financial officer of the Company. Mr. Lee was first appointed as an independent non-executive Director on 9 September 2011 and was re-designated as an executive Director on 1 July 2012.

Mr. Lee graduated from the Northern University of Malaysia with a bachelor degree in accounting in 1993. Mr. Lee spent 6 years with Colonial First State Investments Group and Hambros Australia as a fund manager and was seconded to CMG CH China Funds Management. Mr. Lee had been the chief financial officer of the Company, and subsequently the chief strategy officer of the Company from 2000 to 2006.

Non-Executive Directors

GUO Fansheng

Aged 63, is a non-executive Director. Mr. Guo was appointed as an executive Director on 21 March 2000, and re-designated as a non-executive Director on 18 October 2017.

Mr. Guo found the Group in October 1992 and is responsible for the overall strategic development and policy of the Group. From 1990 to 1992, Mr. Guo worked as a manager in a State-owned business information company in Beijing, the PRC. From 1987 to 1990, Mr. Guo served as a director of the Liaison Office and General Office of the Economic System Reform Institute under the State Commission for Economic Restructuring, and as the deputy director of the Western China Development Research Centre. Prior to working at the State Commission for Economic Restructuring, Mr. Guo served from 1982 to 1987 as a senior official in the government of the Inner Mongolia Autonomous Region. Mr. Guo obtained a bachelor degree in industrial economics from Renmin University of China, the PRC in 1982.

LI Jianguang

Aged 53, is a non-executive Director and a member of the audit committee of the Company (the "Audit committee"). Mr. Li was appointed as a non-executive Director with effect from 1 August 2006.

LEE Wee Ong

又名Alex Lee，49歲，為本公司執行董事兼首席財務官。Lee先生於二零一一年九月九日首次獲委任為獨立非執行董事，並於二零一二年七月一日調任執行董事。

Lee先生於一九九三年畢業於馬來西亞北方大學，獲頒會計學學士學位。Lee先生為Colonial First State Investments Group及Hambros Australia服務六年，擔任基金經理，並調配至CMG CH China Funds Management任職。於二零零零年至二零零六年，Lee先生曾先後出任本公司之首席財務官及首席戰略官。

非執行董事

郭凡生

63歲，為非執行董事。郭先生於二零零零年三月二十一日獲委任為執行董事，並於二零一七年十月十八日調任為非執行董事。

郭先生於一九九二年十月創辦本集團，負責本集團整體策略發展及政策。於一九九零年至一九九二年，郭先生在中國北京一間國有商業信息公司擔任經理。於一九八七年至一九九零年，郭先生出任國家經濟體制改革委員會屬下經濟體制改革研究所之聯絡辦公室及行政辦公室主任，並為中國西部開發研究中心副主任。於國家經濟體制改革委員會任職前，郭先生在一九八二年至一九八七年出任內蒙古自治區政府之高級官員。郭先生於一九八二年獲授中國人民大學之工業經濟學學士學位。

李建光

53歲，為非執行董事及本公司審核委員會（「審核委員會」）成員。李先生於二零零六年八月一日獲委任為非執行董事。

Biographic Details of Directors and Senior Management 董事及高級管理人員簡介

Mr. Li is currently a partner of IDG Capital. Before joining IDG Capital in 1999, Mr. Li worked in Crosby Asset Management Limited as an investment manager. Mr. Li graduated from Peking University in 1987 with a bachelor degree in economics and attained a master degree from Guelph University in Canada in 1994.

Mr. Li is also a director of Tarena International, Inc., a company listed on NASDAQ (stock code: TEDU) since January 2014, a non-executive director of China Binary New Fintech Group, a company listed on GEM of the Stock Exchange (stock code: 8255), since April 2015; Mr. Li is a director of 三湘印象股份有限公司 (Sanxiang Impression Company Limited*), a company listed on Shenzhen Stock Exchange (stock code: 601898) since August 2012; Mr. Li is a director of Olympique Lyonnais Groupe SA, a company listed in Paris Stock Exchange (stock code: OLG.PA) since December 2016; and Mr. Li is the chairman and manager of 北京興致體育股份有限公司, a company quoted on the new third board (stock Code: 831027) since January 2019.

WONG Chi Keung

Aged 52, is a non-executive Director and a member of the Remuneration Committee. Mr. Wong was appointed as a non-executive Director on 12 September 2016.

Mr. Wong is currently the company secretary of Digital China Holdings Limited (the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 00861)). Mr. Wong is mainly responsible for the financial reporting and listing issues of Digital China Holdings Limited. Previously, Mr. Wong worked for Ernst & Young, an international accounting firm, for 6 years. Mr. Wong graduated from The University of Hong Kong with a Bachelor's Degree in Social Sciences and is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 29 years of experience in financial management and corporate administration.

李先生現為IDG Capital之合夥人。在一九九九年加入IDG Capital之前，李先生曾於Crosby Asset Management Limited擔任投資經理。李先生於一九八七年畢業於北京大學，獲授經濟學學士學位，並於一九九四年在加拿大取得Guelph University碩士學位。

自二零一四年一月起，李先生為Tarena International, Inc.(納斯達克上市公司，股份代號：TEDU)之董事；自二零一五年四月起，李先生為神州數字新金融科技集團(聯交所GEM上市公司，股份代號：8255)之非執行董事；自二零一二年八月起，李先生為三湘印象股份有限公司(深圳交易所上市公司，股份代號：601898)之董事；自二零一六年十二月起，李先生為Olympique Lyonnais Groupe SA (巴黎證券交易所上市公司，股票代碼：OLG.PA)之董事；及自二零一九年一月起，李先生為北京興致體育股份有限公司(新三板掛牌公司，股票代碼：831027)之董事長兼經理。

王自強

52歲，為非執行董事兼薪酬委員會成員。王先生於二零一六年九月十二日獲委任為非執行董事。

王先生現為神州數碼控股有限公司(股份於聯交所主板上市(股份代號：00861))之公司秘書。王先生專責處理神州數碼控股有限公司之財務申報及上市事務。王先生先前曾於安永會計師事務所(一間國際性會計師事務所)工作六年。王先生畢業於香港大學，持有社會科學學士學位，並為英國特許公認會計師公會之資深會員及香港會計師公會會員。王先生於財務管理及企業行政擁有逾29年經驗。

Biographic Details of Directors and Senior Management

董事及高級管理人員簡介

Independent Non-Executive Directors

ZHANG Ke

Aged 65, is an independent non-executive Director. He is the chairman of the Audit Committee and the Remuneration Committee, respectively, and a member of the Nomination Committee. Mr. Zhang was appointed as an independent non-executive Director on 28 March 2003.

Mr. Zhang is a certified public accountant in the PRC and is currently the chairman and founding partner of Shine Wing Certified Public Accountants. He graduated from Renmin University of China in 1982 with a bachelor degree in economics majoring in industry economics. He has many years of experience in the fields of economics, accounting and finance. Mr. Zhang is currently a vice-president of the Chinese Institute of Certified Public Accountants, a member of Internal Control Standard Committee of the Ministry of Finance and the Chief Supervisor of Beijing Association of Forensic Science. Mr. Zhang is also an independent director of 二六三網絡通信股份有限公司 (Erlusian Internet Communication Company Limited*), a company listed on the Shenzhen Stock Exchange and an independent non-executive director of China Coal Energy Company Limited (中國中煤能源股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1898) and The Shanghai Stock Exchange (stock code: 601898).

ZHANG Tim Tianwei

Aged 55, is an independent non-executive Director. He is also a member of each of the Nomination Committee and the Remuneration Committee. Mr. Zhang was appointed as an independent non-executive Director on 1 November 2011.

獨立非執行董事

張克

65歲，為獨立非執行董事。彼分別為審核委員會及薪酬委員會主席兼提名委員會成員。張先生於二零零三年三月二十八日獲委任為獨立非執行董事。

張先生為中國執業會計師，現為信永中和會計師事務所之董事長、創始合夥人。彼於一九八二年畢業於中國人民大學，獲頒經濟學學士學位，主修工業經濟學。彼於經濟、會計及財務領域擁有多年經驗。張先生現時為中國註冊會計師協會副會長、財政部內部控制標準委員會成員及北京司法鑒定業協會首席監事長。張先生亦為深圳證券交易所上市公司二六三網絡通信股份有限公司之獨立董事兼聯交所主板（股份代號：1898）及上海證券交易所（股票代碼：601898）上市公司中國中煤能源股份有限公司之獨立非執行董事。

張天偉

55歲，為獨立非執行董事。彼亦為提名委員會及薪酬委員會之成員。張先生於二零一一年十一月一日獲委任為獨立非執行董事。

Biographic Details of Directors and Senior Management 董事及高級管理人員簡介

Mr. Zhang graduated from Tsinghua University (清華大學) at the Faculty of Precision Instruments & Mechanology in July 1986. He obtained a Master of Economics from the Chinese Academy of Social Sciences (中國社會科學院) and a Master of Business Administration (MBA) from The University of Chicago. Mr. Zhang has over 20 years of experience in financial and business management. He was the founder and managing director of Taconic Capital Ltd. from September 2003 to September 2005. He acted as the vice-chairman and general manager of Unicredit China Capital Limited from September 2005 to June 2007. He served as the managing director of J.P. Morgan Securities (Asia Pacific) from July 2007 to October 2011 and acted as the chairman of J.P. Morgan (China) Venture Capital Investment Co. Ltd. since its foundation in 2010 to October 2011. He served as the managing director of Taconic Capital Group from November 2011 to March 2012, and as the chief operating officer of China Merchants Capital Management Limited from April 2012 to December 2014. He is the managing director of Mount Flag Capital Ltd. since January 2015 and is also the chief executive officer of Mount Flag LLC since August 2015. Mr. Zhang has been a non-executive director to China ITS (Holdings) Co., Ltd (stock code: 1900) since May 2014, whose shares are listed on the Main Board of the Stock Exchange. Mr. Zhang serves as chief investment officer of China Resources Capital Management Ltd. since October 2018.

Qi Yan

Aged 69, is an independent non-executive director of the Company. Ms. Qi was appointed as an independent non-executive Director on 30 November 2017.

Ms. Qi is currently the senior vice president of Xiaomi Corporation, a company listed on Main Board of the Stock Exchange (Stock Code: 1810). From September 2004 to September 2011, she served in 愛國者數碼科技有限公司 (Aigo Digital Technology Co., Ltd*) as a vice president, and was subsequently promoted to the vice chairman and the chief executive officer from September 2011 to March 2012. She also served in 愛國者電子科技有限公司 (Aigo Electronics Technology Co. Ltd*) as the chief executive officer from March 2012 to December 2012. She has over 20 years' experience in the area of business management. Ms. Qi was awarded the certificate of Postgraduate Master's degree in applied sociology from the Graduate School of 中國社會科學院 (Chinese Academy of Social Sciences) in June 1998. Ms. Qi joined the China National Democratic Construction Association ("CNDCA") in 1987 and had served the Central Committee of CNDCA and the Beijing Municipal Committee of CNDCA. Ms Qi is currently a representative of the 16th National People's Congress of Haidian District, Beijing City.

張先生於一九八六年七月畢業於清華大學精密儀器與機械學系。彼獲得中國社會科學院經濟學碩士及芝加哥大學工商管理學碩士(MBA)學位。張先生積逾20年財務及商業管理經驗。自二零零三年九月至二零零五年九月，彼為Taconic Capital Ltd.創辦人及董事總經理。自二零零五年九月至二零零七年六月，彼擔任聯合信貸(中國)金融有限公司副主席兼總經理。於二零零七年七月至二零一一年十月期間，彼一直擔任J.P. Morgan Securities (Asia Pacific)董事總經理，並於二零一零年摩根大通(中國)創業投資有限公司成立後直至二零一一年十月期間擔任該公司主席。二零一一年十一月至二零一二年三月期間，張先生擔任Taconic Capital Group董事總經理。於二零一二年四月至二零一四年十二月期間，彼擔任招商局資本投資有限責任公司首席運營官。自二零一五年一月起，彼擔任Mount Flag Capital Ltd.之董事總經理並自二零一五年八月起為Mount Flag LLC之首席執行官。自二零一四年五月起，張先生一直為中國智能交通系統(控股)有限公司(股份代號：1900)之非執行董事，該公司股份於聯交所主板上市。張先生自二零一八年十月起擔任華潤資本管理有限公司首席投資官。

祁燕女士

69歲，為本公司獨立非執行董事。祁女士於二零一七年十一月三十日獲委任為獨立非執行董事。

祁女士現擔任小米集團(聯交所主板上市公司(股份代號：1810))之高級副總裁。於二零零四年九月至二零一一年九月，彼於愛國者數碼科技有限公司任職副總裁，其後於二零一一年九月至二零一二年三月升任為副董事長及行政總裁。彼亦於二零一二年三月至二零一二年十二月在愛國者電子科技有限公司擔任行政總裁。彼於業務管理範疇具有逾20年經驗。祁女士於一九九八年六月獲頒中國社會科學院研究生院應用社會學專業碩士研究生畢業證書。祁女士於一九八七年加入中國民主建國會(「民建」)，並曾於民建中央委員會及民建北京市委員會任職。祁女士現任北京市海澱區第十六屆全國人民代表大會代表。

Biographic Details of Directors and Senior Management

董事及高級管理人員簡介

SENIOR MANAGEMENT

As at 31 December 2018, the senior management of the Company comprised the following members:

ZHANG Yonghong

Aged 51, was the co-president of the Company, and with effect from 4 January 2019, Mr. Zhang was appointed as an executive Director and the chief executive officer of the Company and resigned as the co-president of the Company.

Mr. Zhang served as the deputy general manager at the business department of Lenovo Group Limited (聯想集團有限公司) (Stock code: 992), a company listed on the main board of The Stock Exchange of Hong Kong Limited, from April 1993 to June 1996. From October 1998 to November 2009, he was the vice president at China Hewlett-Packard Co., Ltd.* (中國惠普有限公司). Between November 2009 to October 2015, Mr. Zhang had worked as the general manager of the PRC operations department at Acer Group* (宏碁集團).

Between December 2015 to August 2018, Mr. Zhang had been the deputy president of operations and executive deputy president of Tsinghua Unigroup Limited* (紫光集團有限公司). Mr. Zhang served as a director of Unisplendour Corporation Limited* (紫光股份有限公司) (Stock code: 000938), a company listed on the Shenzhen Stock Exchange, from April 2016 to June 2017.

From November 2017 to August 2018, Mr. Zhang was also the director and a chairman of the board of directors of 500.com Limited (500彩票網), a company listed on the New York Stock Exchange (stock code: WBAI).

Mr. Zhang has been the chairman of the board of directors and general manager of Beijing Panpass Information Technology Co., Ltd* (北京兆信信息技術股份有限公司, a subsidiary of the Company, of which its shares are quoted on the National Equities Exchange and Quotations System (the New Third Board*), stock code: 430073), since September and December 2018, respectively.

Mr. Zhang graduated and obtained a bachelor degree from the Department of Precision Instrument of Tsinghua University in July 1990, and obtained a master degree of science in engineering from the University of Science and Technology of China in 1993.

高級管理人員

於二零一八年十二月三十一日，本公司高級管理人員包括以下成員：

張永紅先生

51歲，曾任本公司聯席總裁，張先生自二零一九年一月四日起獲委任為本公司執行董事兼首席執行官，並辭任本公司聯席總裁。

於一九九三年四月至一九九六年六月，張先生擔任聯想集團有限公司(股份代號：992)事業部副總經理，該公司於香港聯合交易所有限公司主板上市。自一九九八年十月至二零零九年十一月，張先生擔任中國惠普有限公司副總裁。自二零零九年十一月至二零一五年十月，張先生於宏碁集團擔任中國區營運部總經理。

自二零一五年十二月至二零一八年八月，張先生曾任紫光集團有限公司常務副總裁及執行副總裁。自二零一六年四月至二零一七年六月，張先生擔任紫光股份有限公司(股票代碼：000938)董事，該公司於深圳證券交易所上市。

自二零一七年十一月至二零一八年八月，張先生亦擔任500彩票網董事及董事會主席，該公司於紐約證券交易所上市(股份代號：WBAI)。

張先生分別自二零一八年九月及十二月起分別出任本公司附屬公司北京兆信信息技術股份有限公司(其股份於全國中小企業股份轉讓系統(新三板)掛牌，證券代碼：430073)董事長及總經理。

張先生於一九九零年七月自清華大學畢業及取得精密儀器系學士學位，並於一九九三年取得中國科學技術大學工學碩士學位。

Biographic Details of Directors and Senior Management 董事及高級管理人員簡介

WU Lei

Aged 39, is the executive vice president of the Group, responsible for the management of business group of smart industries of the Group. Mr. Wu joined the Group in 2015 and has served as the managing director of the finance and leasing company, a wholly-owned subsidiary of the Group. Prior to joining the Group, Mr. Wu was the sales director for Eastern China region in Start Group (實達集團) and subsequently the assistant president of Zhejiang Fuyue Holding Group Co., Ltd. (浙江富越控股集團). Mr. Wu has over 10 years' experience in the operation and management in the industry. Mr. Wu graduated from Zhejiang University (浙江大學) in 2002 and obtained a bachelor degree of electronic engineering.

SONG Bingchen

Aged 38, is the executive vice president of the Group. Mr. Song joined the Group in 2011 and served as the general manager of 順德電子商務產業園 (Shunde E-business Industrial Park*).

Before joining the Group, Mr. Song served as the deputy president of Ego Group (頤高集團), and the general manager of 頤高文化傳播有限公司 (Ego Cultural Communication Company Limited*). Mr. Song spent one year as a teacher under the Chinese Youth Volunteer Poverty Alleviation Relay Plan (中國青年志願者扶貧接力計劃) in Liangshan, Sichuan from 2002 to 2003.

Mr. Song currently also served as the deputy president of 廣東青年企業家協會 (Guangdong Young Entrepreneurs' Association*), a committee member of Guangdong Youth Federation (廣東省青年聯合會), the deputy president of Guangdong Electrical Appliances Chamber of Commerce (廣東家電商會), and the deputy president of 浙江大學杭州校友會 (Hangzhou Alumni Association of Zhejiang University*). Mr. Song has over 14 years of experience in industry operation and management.

Mr. Song graduated from Zhejiang University and obtained a bachelor's degree in management in 2002, and obtained a master's degree in management from Zhejiang University in 2005.

LU Qingguo

Aged 45, is the Board secretary of the Company and the general counsel of the Group. Mr. Lu joined the Group in May 1998 and has served as the Company lawyer, the head of legal department and chief legal officer, and was appointed as the Board secretary of the Company in 2011. Mr. Lu is mainly responsible for the legal affairs and listing affairs of the Group. Prior to joining the Group, Mr. Lu has taught in Guizhou Minzu University for two years. Mr. Lu graduated from Southwest University of Political Science & Law and obtained a bachelor degree of Laws, LL.B. Mr. Lu also passed the national lawyer qualification examination and obtained the certificate of lawyer qualification in 1997. Mr. Lu has over 20 years of experience in corporate legal affairs.

* English names are translated for identification purpose only.

吳磊

39歲，為本集團執行副總裁，主管本集團智慧產業事業群。吳先生於二零一五年加入本集團，出任本集團全資附屬公司融資租賃公司董事總經理。於加入本集團之前，吳先生先後擔任實達集團華東大區銷售總監、浙江富越控股集團總裁助理。吳先生擁有逾十年之行業運營和管理經驗。吳先生於二零零二年畢業於浙江大學電子工程專業，獲學士學位。

宋冰晨

38歲，為本集團執行副總裁。宋先生於二零一一年加入本集團，出任本集團順德電子商務產業園總經理。

於加入本集團之前，宋先生擔任頤高集團副總裁、頤高文化傳播有限公司總經理。宋先生並於二零零二年至二零零三年在四川涼山中國青年志願者扶貧接力計劃支教一年。

宋先生現亦擔任廣東青年企業家協會副會長、廣東省青年聯合會委員、廣東家電商會副會長、浙江大學杭州校友會副會長。宋先生擁有逾十四年之行業運營和管理經驗。

宋先生於二零零二年畢業於浙江大學及取得管理學學士學位，並於二零零五年取得浙江大學管理學碩士學位。

盧慶國

45歲，為本公司董事會秘書兼本集團首席法律顧問。盧先生於一九九八年五月加入本集團，歷任公司律師、法律部主任、法務總監，並於二零一一年獲委任為本公司董事會秘書。盧先生主要負責本集團的法律事務和上市事務。在加入本集團之前，盧先生曾於貴州民族大學任教兩年。盧先生畢業於西南政法大學，並取得法學學士學位。盧先生並於一九九七年通過全國律師資格考試取得律師資格證書。盧先生於企業法律事務方面擁有逾二十年經驗。

Management's Discussion and Analysis

管理層討論和分析

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group's cash and cash equivalent increased by approximately RMB69,754,000 from approximately RMB401,918,000 as at 31 December 2017 to approximately RMB471,672,000, approximately 85% of which is denominated in RMB.

The Group had total borrowings (including issued convertible bonds) amounted to approximately RMB2,254,900,000 as at 31 December 2018 (2017: RMB1,538,517,000), of which approximately 80% is denominated in RMB. The increase of approximately 47%, in total borrowings is mainly for the purpose of refinancing, as the Company has redeemed HK\$728,400,000 convertible bonds in November of 2017. As at 31 December 2018, the gearing ratio of the Group was 22% (2017: 20%), where the Group's gearing ratio is calculated as net debt divided by total capital. The capital and reserves attributable to the Company's equity holders increased by approximately RMB683,631,000 from RMB3,654,098,000 in 2017, to RMB4,337,729,000 in 2018. The increase is mainly due to the issue of consideration shares and profit for the year.

The Group's net current assets amounted to approximately RMB1,233,990,000 as at 31 December 2018 (2017: RMB1,578,519,000). Its current ratio, which is calculated by dividing current assets by current liabilities, was approximately 1.54 times as at 31 December 2018 as compared to approximately 2.22 times as at 31 December 2017. The change is mainly due to part of bank and other borrowings amounting to RMB967,376,000 has become current from non-current. The Group's trade receivables turnover has decreased from approximately 22.21 days in 2017 to approximately 14.02 days in 2018. The change is mainly due to the management has implemented effective credit management policy.

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

BUSINESS AND FINANCIAL REVIEW

A Business Review and a Financial Review of the Group are set out on page 8 to 16 of this report.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, the Group has no significant investment, or any material acquisitions or disposal of subsidiaries, associated companies or joint ventures for the year ended 31 December 2018. Save as disclosed in this report, there was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this report.

流動資金及財務資源

於二零一八年十二月三十一日，本集團之現金及現金等值物由二零一七年十二月三十一日約人民幣401,918,000元增加約人民幣69,754,000元至約人民幣471,672,000元，其中約85%以人民幣計值。

於二零一八年十二月三十一日，本集團的總借貸（包括可換股債券）約為人民幣2,254,900,000元（二零一七年：人民幣1,538,517,000元），其中約80%以人民幣計值。總借貸增加約47%，主要用於再融資，原因為本公司於二零一七年十一月贖回金額為728,400,000港元之可換股債券。於二零一八年十二月三十一日，本集團的資本負債比率為22%（二零一七年：20%），而本集團的資本負債比率乃按淨債務除總資本計算。本公司權益持有人應佔資本及儲備由二零一七年人民幣3,654,098,000元增加約人民幣683,631,000元至二零一八年人民幣4,337,729,000元。增加之主要因為發行代價股份及本年度溢利。

於二零一八年十二月三十一日，本集團之流動資產淨額約為人民幣1,233,990,000元（二零一七年：人民幣1,578,519,000元）。於二零一八年十二月三十一日，其流動比率（按流動資產除以流動負債計算）約為1.54倍，而二零一七年十二月三十一日則約為2.22倍。有關變動主要由於為數人民幣967,376,000之部分銀行及其他貸款由非流動變為流動所致。本集團之應收賬款週轉天數由二零一七年約22.21天減少至二零一八年約14.02天。有關變動主要由於管理層推行有效之信貸管理政策所致。

董事會並不建議就截至二零一八年十二月三十一日止年度派發任何末期股息（二零一七年：無）。

業務及財務回顧

本集團業務及財務回顧載列於本報告第8頁至第16頁。

重要投資、重大收購及出售事項

截至二零一八年十二月三十一日止年度，除本報告所披露者外，本集團並無附屬公司、聯營公司及合營公司之重要投資、或任何重大收購或出售事項。除本報告所披露者外，於本報告日期，董事會概無計劃授權任何重大投資或添置資本資產。

Management's Discussion and Analysis

管理層討論和分析

CONTRACTUAL ARRANGEMENTS

In light of the relevant PRC laws and regulations restricting the participation and operation of internet content services by foreign investors, the Group has engaged Beijing Huicong Construction Information Consulting Co., Ltd. (北京慧聰建設信息諮詢有限公司) ("HC Construction" or "Huicong Construction") to operate its online platform, and publish its business information on the internet pursuant to certain contractual arrangements (the "HC Contractual Arrangements"). The Group relies on the HC Contractual Arrangements in respect of its online services.

Please also refer to the prospectus of the Company dated 8 December 2003, the announcement of the Company dated 25 September 2014 in relation to the transfer of listing from GEM to the Main Board of the Stock Exchange (the "Transfer of Listing Announcement"), and the 2017 annual report of the Company for further details of the HC Contractual Arrangements.

For the year ended 31 December 2018, save as disclosed in this report, there was no material change in the HC Contractual Arrangements and/or the circumstances under which they were adopted.

For the reporting period, none of the structured contracts under the HC Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the said structured contracts had been removed.

To further strengthen the Group's protection under the HC Contractual Arrangements and its management and control over Huicong Construction, the Group amended certain terms of the then existing agreements and entered into new exclusive option agreement, equity pledge agreement and powers of attorney with Huicong Construction and/or its registered shareholders on 15 September 2014. As a result of the HC Contractual Arrangements, Huicong Construction is considered to be a subsidiary of the Group and financial statements of Huicong Construction are included in the Group's consolidated financial statements from 15 September 2014.

As one of the registered shareholders of Huicong Construction had been changed, on 14 February 2019, the Group entered into new exclusive option agreement, equity pledge agreement and powers of attorney with Huicong Construction and/or the existing registered shareholders of Huicong Construction. Save as the change of the registered shareholder of Huicong Construction, the terms of the above agreements remain unchanged.

As at the date of this report, agreements underlying the HC Contractual Arrangements include (i) the domain names and trademarks licence agreement, (ii) the technology services agreement, (iii) the online information distribution agreement, (iv) the online advertisement publication agreement, (v) the exclusive option agreement, (vi) the equity pledge agreement and (vii) the powers of attorney.

合約安排

鑒於相關中國法律及法規限制外國投資者參與及經營互聯網內容服務，本集團委聘北京慧聰建設信息諮詢有限公司（「慧聰建設」）經營其線上平台，及根據若干合約安排（「慧聰合約安排」）於互聯網發佈其業務信息。本集團之線上服務依據慧聰合約安排。

有關慧聰合約安排之進一步詳情，請亦參閱本公司日期為二零零三年十二月八日之招股章程、本公司日期為二零一四年九月二十五日有關自GEM轉往聯交所主板上市之公佈（「轉板上市公佈」）以及本公司二零一七年年報。

於截至二零一八年十二月三十一日止年度，除本報告披露者外，慧聰合約安排及／或根據其獲採納之狀況概無重大變動。

於報告期間，由於概無導致採納慧聰合約安排下之結構性合約之限制被刪除，故並無上述結構性合約被解除。

為進一步加強本集團於慧聰合約安排下之保障及其對慧聰建設之管理及控制，於二零一四年九月十五日，本集團修訂當時現有協議之若干條款及與慧聰建設及／或其註冊股東訂立新獨家購股權協議、股權質押協議及授權書。由於慧聰合約安排，慧聰建設被視為本集團之附屬公司，而慧聰建設之財務報表自二零一四年九月十五日起納入本集團之合併財務報表。

由於慧聰建設之其中一名註冊股東經已變更，於二零一九年二月十四日，本集團與慧聰建設及／或慧聰建設現有註冊股東訂立新獨家購股權協議、股權質押協議及授權書。除慧聰建設之註冊股東變更外，上述協議之條款維持不變。

於本報告日期，慧聰合約安排相關協議包括(i)域名及商標許可協議，(ii)技術服務協議，(iii)網上信息發佈協議，(iv)網上廣告刊登協議，(v)獨家購股權協議，(vi)股權質押協議及(vii)授權書。

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The Group depends on the HC Contractual Arrangements with Huicong Construction (who holds, among other things, the Telecommunications and Information Services Business Operation Licence (電訊與信息服務業務經營許可證) ("ICP Licence"), bearing a term through 9 March 2022) in respect of its online services. For the year ended 31 December 2018, revenue generated from related online services of the Group is RMB315,565,000 (2017: RMB444,322,000) represents approximately 3% (2017: approximately 12%) of the total revenue of the Group.

Information of Huicong Construction

Huicong Construction is a limited liability company established in the PRC. As at the date of this report, the registered capital of Huicong Construction is owned as to 50% by Mr. Guo Fansheng (a non-executive Director) and 50% by Mr. Liu Jun (an executive Director). Mr. Liu Jun currently is the sole director and the legal representative of Huicong Construction, and he is responsible for making financial and management decisions of Huicong Construction, and overseeing their implementation, so as to ensure that Huicong Construction operates in accordance with the terms of the HC Contractual Arrangements. As each of Mr. Guo Fansheng and Mr. Liu Jun holds 50% equity interests of Huicong Construction and they are the controllers of Huicong Construction, Huicong Construction is thus a connected person of the Company.

Set out below is the key financial information of Huicong Construction during the year ended 31 December 2018:

本集團就其線上服務依賴與慧聰建設(其持有(其中包括)期限至二零二二年三月九日之電訊與信息服務業務經營許可證(「ICP許可證」))所訂立之慧聰合約安排。截至二零一八年十二月三十一日止年度,本集團相關線上服務產生之銷售收入為人民幣315,565,000元(二零一七年:人民幣444,322,000元),佔本集團總收入約3%(二零一七年:約12%)。

慧聰建設之資料

慧聰建設為於中國成立之有限責任公司。於本報告日期,非執行董事郭凡生先生擁有慧聰建設註冊資本50%,執行董事劉軍先生則擁有50%。劉軍先生現為慧聰建設之唯一董事及法定代表人,其亦負責為慧聰建設作出有關財務及管理之決定,並監督其推行,以確保慧聰建設按慧聰合約安排之條款經營。由於郭凡生先生及劉軍先生分別持有慧聰建設50%股權及其為慧聰建設之控制方,故慧聰建設為本公司之關連人士。

下表載列截至二零一八年十二月三十一日止年度慧聰建設之主要財務資料:

| | | Year ended 31 December 2018 RMB'000 截至二零一八年十二月三十一日止年度 人民幣千元 |
|--------------|------|--|
| Revenue | 銷售收入 | 1,040 |
| Total assets | 資產總值 | 15,902 |

To the best knowledge, information and belief of the Company and as confirmed by Mr. Guo Fansheng and Mr. Liu Jun, save for the operation and provision of services for the Group as contemplated under the HC Contractual Arrangements, Huicong Construction has no other material business operation during the year ended 31 December 2018 and up to the date of this report.

據本公司所深知、全悉及確信及獲郭凡生先生及劉軍先生所確認,除本集團根據慧聰合約安排擬進行之經營及擬提供之服務外,於截至二零一八年十二月三十一日止年度及截至本報告日期期間,慧聰建設並無其他重大業務經營。

Views of the Independent Non-Executive Directors

The independent non-executive Directors have reviewed the HC Contractual Arrangements, and confirmed that for the financial year ended 31 December 2018, (1) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the HC Contractual Arrangements, and (2) no dividends or other distributions have been made by Huicong Construction which are not otherwise subsequently assigned or transferred to the Group.

獨立非執行董事之意見

獨立非執行董事已審閱慧聰合約安排並確認,於截至二零一八年十二月三十一日止財政年度,(1)於該年進行之交易乃根據慧聰合約安排之有關條文訂立;及(2)慧聰建設並無支付任何其後不會以其他方式轉讓或轉撥予本集團之股息或其他分派。

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Major terms of the agreements underlying the HC Contractual Arrangements

Technology Services Agreement

Beijing Huicong International Information Co., Ltd. ("Beijing HC International") first entered into a technology services agreement (the "Technology Services Agreement") with Huicong Construction on 2 January 2002 for a term of three years (and subsequently extended). The existing term of the Technology Services Agreement is three years commencing from 15 September 2017 to 14 September 2020, and may be renewed for additional term of three years at the sole discretion of Beijing HC International (and such renewal shall be subject to the Company having obtained all necessary approval and consents in accordance the applicable laws, rules and regulations (including applicable rules of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"))).

Pursuant to the Technology Services Agreement, Beijing HC International is appointed by Huicong Construction as its exclusive agent to provide Huicong Construction with technology support and services related to internet content provider business of Huicong Construction, which includes:

- (i) server maintenance services;
- (ii) the development, renewal and upgrading of server application software and its application in the internet content provider business;
- (iii) the development, renewal and upgrading of application software for internet user;
- (iv) the technology service of e-business;
- (v) the training of technical personnel; and
- (vi) other reasonable requests from Huicong Construction for technical services.

Under the Technology Services Agreement, Huicong Construction shall pay Beijing HC International an annual fee of RMB250,000 for the provision of the aforesaid services. The annual fee thereafter may be adjusted, but it shall not exceed 20% of the amount charged in the previous year.

慧聰合約安排相關協議之主要條款

技術服務協議

北京慧聰國際資訊有限公司(「北京慧聰國際」)最初於二零零二年一月二日與慧聰建設訂立技術服務協議(「技術服務協議」)，為期三年(及其後獲延長)。技術服務協議之現有期限自二零一七年九月十五日起至二零二零年九月十四日止，為期三年，並可由北京慧聰國際全權酌情續訂額外三年(而有關續訂須待本公司根據適用法律、法規及規定(包括聯交所證券上市規則(「上市規則」)之適用規則)取得所有必需批准及同意後，方可落實)。

根據技術服務協議，北京慧聰國際獲慧聰建設委任為其獨家代理，為慧聰建設提供與其互聯網內容供應商業務相關之技術支援及服務，包括：

- (i) 伺服器維護服務；
- (ii) 開發、更新及升級伺服器應用軟件及其於互聯網內容供應商業務之應用；
- (iii) 為互聯網用戶開發、更新及升級軟件應用；
- (iv) 電子商務技術服務；
- (v) 技術人員培訓；及
- (vi) 慧聰建設就技術服務提出之其他合理要求。

根據技術服務協議，慧聰建設須就提供上述服務向北京慧聰國際支付年費人民幣250,000元。其後年費可予調整，惟不得超過之前一年所支付金額之20%。

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Domain Names and Trademarks Licence Agreement

Beijing HC International first entered into a domain names and trademarks licence agreement (the "Domain Names and Trademarks Licence Agreement") with Huicong Construction on 2 January 2002 for a term of three years (and subsequently extended). The existing term of the Domain Names and Trademarks Licence Agreement is three years commencing from 15 September 2017 to 14 September 2020, and may be renewed for additional term of three years at the sole discretion of Beijing HC International (and such renewal shall be subject to the Company having obtained all necessary approval and consents in accordance with applicable laws, rules and regulations (including applicable rules of the Listing Rules)).

Pursuant to the Domain Names and Trademarks Licence Agreement, Beijing HC International licences Huicong Construction to use certain domain names and trademarks (including domain names and trademarks owned by Beijing HC International and to be obtained by it from time to time) for the sole purpose of operating the website and dissemination of information for the benefit of Beijing HC International in the PRC. Any intellectual properties developed by Huicong Construction during the term (including any renewed term) of the Domain Names and Trademarks Licence Agreement would belong to Beijing HC International. Parties further agreed that where any intellectual properties are required by law to be registered in the name of Huicong Construction, Huicong Construction shall, where permitted by applicable laws and regulations, upon request of Beijing HC International assign such intellectual property rights to Beijing HC International or a party as designated by Beijing HC International, and shall return any consideration received for such transfer. Huicong Construction has undertaken that they shall warrant and guarantee that such intellectual properties are flawless and it shall bear all damages and losses caused to Beijing HC International by any flaw of such intellectual properties. Beijing HC International has the right to recover all of its losses from Huicong Construction for liabilities to any third party.

Under the Domain Names and Trademarks Licence Agreement, Huicong Construction shall pay an annual fee of RMB250,000. The annual fee thereafter may be adjusted, but the adjustment shall not exceed 20% of the amount charged in the previous year.

域名及商標許可協議

北京慧聰國際最初於二零零二年一月二日與慧聰建設訂立域名及商標許可協議(「域名及商標許可協議」)，為期三年(及其後獲延長)。域名及商標許可協議之現有期限自二零一七年九月十五日起至二零二零年九月十四日止，為期三年，並可由北京慧聰國際全權酌情續訂額外三年(而有關續訂須待本公司根據適用法律、法規及規定(包括上市規則之適用規則)取得所有必需批准及同意後，方可落實)。

根據域名及商標許可協議，北京慧聰國際許可慧聰建設使用若干域名及商標(包括由北京慧聰國際擁有及由其不時取得之域名及商標)，僅供於中國經營網站及發佈有利於北京慧聰國際利益之信息。慧聰建設於域名及商標許可協議期限(包括任何續訂期限)內所開發之任何知識產權將屬北京慧聰國際所有。訂約方進一步協定倘法律規定任何知識產權須以慧聰建設之名義登記，慧聰建設在獲適用法律及法規准許下，須應北京慧聰國際之要求轉讓該知識產權予北京慧聰國際或北京慧聰國際指定之一名訂約方，並須退還有關轉讓之任何代價。慧聰建設已承諾其須保證及擔保有關知識產權乃並無缺憾，及其須承擔因有關知識產權之任何缺憾導致北京慧聰國際蒙受之所有損失及虧損。北京慧聰國際有權就任何第三方之責任而向慧聰建設收回北京慧聰國際所有虧損。

根據域名及商標許可協議，慧聰建設須支付年費人民幣250,000元。其後年費可予調整，惟調整不得超過之前一年所支付金額之20%。

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Online Information Distribution Agreement

Beijing HC International first entered into an online information distribution agreement (the "Online Information Distribution Agreement") with Huicong Construction on 2 January 2002 for a term of three years (and subsequently extended). The existing term of the Online Information Distribution Agreement is three years commencing from 15 September 2017 to 14 September 2020. And may be renewed for additional term of three years at the sole discretion of Beijing HC International (and such renewal shall be subject to the Company having obtained all necessary approval and consents in accordance with applicable laws, rules and regulations (including applicable rules of the Listing Rules)).

Pursuant to the Online Information Distribution Agreement, Beijing HC International appoints Huicong Construction to exclusively publish the information collected, edited or produced by Beijing HC International on the website operated by Huicong Construction.

Under the Online Information Distribution Agreement, Beijing HC International shall pay an annual fee of RMB900,000. The annual fee thereafter may be adjusted, but the adjustment shall not exceed 20% of the amount charged in the previous year.

Online Advertisement Publication Agreement

HC Advertising first entered into an online advertisement publication agreement (the "Online Advertisement Publication Agreement") with Huicong Construction on 2 January 2002 for a term of three years (and subsequently extended). The existing term of the Online Advertisement Publication Agreement is three years commencing from 15 September 2017 to 14 September 2020, and may be renewed for additional term of three years at the sole discretion of HC Advertising (and such renewal shall be subject to the Company having obtained all necessary approval and consents in accordance with applicable laws, rules and regulations (including applicable rules of the Listing Rules)).

Pursuant to the Online Advertisement Publication Agreement, HC Advertising appoints Huicong Construction to publish exclusively advertisement designed, produced by or entrusted to HC Advertising on the website operated by Huicong Construction.

Under the Online Advertisement Publication Agreement, HC Advertising shall pay an annual fee of RMB900,000. The annual fee thereafter may be adjusted, but the adjustment shall not exceed 20% of the amount charged in the previous year.

網上信息發佈協議

北京慧聰國際於二零零二年一月二日與慧聰建設首次訂立網上信息發佈協議(「網上信息發佈協議」)，為期三年(及其後獲延長)。網上信息發佈協議之現有期限自二零一七年九月十五日起至二零二零年九月十四日止，為期三年，並可由北京慧聰國際全權酌情續訂額外三年(而有關續訂須待本公司根據適用法律、法規及規定(包括上市規則之適用規則)取得所有必需批准及同意後，方可落實)。

根據網上信息發佈協議，北京慧聰國際委任慧聰建設於慧聰建設營運之網站獨家發佈由北京慧聰國際收集、編輯或提供之信息。

根據網上信息發佈協議，北京慧聰國際須支付年費人民幣900,000元。其後年費可予調整，惟調整不得超過之前一年所支付金額之20%。

網上廣告刊登協議

慧聰廣告最初於二零零二年一月二日與慧聰建設訂立網上廣告刊登協議(「網上廣告刊登協議」)，為期三年(及其後獲延長)。網上廣告刊登協議之現有期限自二零一七年九月十五日起至二零二零年九月十四日止，為期三年，並可由慧聰廣告全權酌情續訂額外三年(而有關續訂須待本公司根據適用法律、規則及法規(包括上市規則之適用規則)取得所有必需批准及同意後，方可落實)。

根據網上廣告刊登協議，慧聰廣告委聘慧聰建設於慧聰建設營運之網站上獨家刊登由慧聰廣告設計、製作或負責之廣告。

根據網上廣告刊登協議，慧聰廣告須支付年費人民幣900,000元。其後年費可予調整，惟調整不得超過之前一年所支付金額之20%。

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Exclusive Option Agreement

Beijing HC International entered into the exclusive option agreement (the "Exclusive Option Agreement") with Huicong Construction, Mr. Guo Fansheng and Mr. Liu Jun on 14 February 2019, pursuant to which Mr. Guo Fansheng and Mr. Liu Jun jointly and severally granted to Beijing HC International (and Huicong Construction having consented to such grant) an irrevocable exclusive option for Beijing HC International (or such third party as it may designate) to purchase, to the extent permitted by PRC laws, all or part of their equity interests in Huicong Construction, at the consideration of RMB1,400,000 or a minimum purchase price permitted under PRC laws and regulations at the time of exercise of such option. Such exclusive option is for an indefinite term commencing on 14 February 2019 until (i) it is terminated by Beijing HC International in writing, or (ii) upon transfer of the entire equity interests held by Mr. Guo Fansheng and Mr. Liu Jun in Huicong Construction. Such exclusive option may not be revoked or varied during the term of the Exclusive Option Agreement.

Pursuant to the Exclusive Option Agreement, each of Mr. Guo Fansheng and Mr. Liu Jun has undertaken to Beijing HC International, among other things, that they shall not create any pledge, indebtedness or third party encumbrances, and shall not transfer, give by way of gift, pledge or otherwise dispose of its equity in Huicong Construction to any party other than Beijing HC International (or such third party as it may designated by it). Further, Huicong Construction has undertaken to Beijing HC International, among other things, that:

- (i) it will operate its business in accordance with laws, regulations, requirements and other management requirements or directions by relevant governmental department;
- (ii) it shall ensure the continual existence of Huicong Construction in accordance with good financial and business standards and practices, and shall prudently and effectively operate its business and transactions, and shall use its best endeavours to ensure Huicong Construction obtaining all licences, permits and approval requires for its operation, and to ensure that they shall not be cancelled, revoked or declared invalid;
- (iii) Huicong Construction shall provide all its information in respect of its operation and finance at Beijing HC International's request;

獨家購股權協議

北京慧聰國際與慧聰建設、郭凡生先生及劉軍先生於二零一九年二月十四日訂立獨家購股權協議（「獨家購股權協議」），據此，郭凡生先生及劉軍先生共同及個別地向北京慧聰國際授出（而有關授出取得慧聰建設同意）不可撤回獨家購股權，以讓北京慧聰國際（或其指派之第三方）在中國法律允許之情況下購買彼等所持全部或部分慧聰建設股權，代價為人民幣1,400,000元或於有關購股權獲行使時中國法律及法規允許之最低收購價。有關獨家購股權不設期限，自二零一九年二月十四日起生效，直至(i)北京慧聰國際以書面形式終止協議，或(ii)郭凡生先生及劉軍先生轉讓彼等所持全部慧聰建設股權為止。有關獨家購股權不可於獨家購股權協議期內撤回或修改。

根據獨家購股權協議，郭凡生先生及劉軍先生各自已向北京慧聰國際承諾，（其中包括）彼等不會設立任何質押、債務或第三方產權負擔，亦不會轉讓、贈送、抵押或以其他方式向北京慧聰國際（或其指派之第三方）以外任何人士出售所持慧聰建設股權。此外，慧聰建設已向北京慧聰國際承諾，其中包括：

- (i) 其將根據相關政府部門之法律、法規、規定及其他管理規定或指示營運業務；
- (ii) 其將確保慧聰建設繼續存在，符合良好財務及業務準則及慣例，亦會審慎及有效地營運業務及交易，並會竭盡所能確保慧聰建設取得業務營運所需一切牌照、許可證及批准，且確保有關牌照、許可及批准不會被撤銷、撤回或宣佈無效；
- (iii) 慧聰建設將應北京慧聰國際要求提供有關其營運及財務事宜之所有資料；

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| <p>(iv) Huicong Construction shall not conduct any of the following matters unless with prior written approval from Beijing HC International: (a) sell, transfer, pledge or otherwise dispose of any assets, business, or income, or allow encumbrance be created thereon (save as in its ordinary course of business or with prior written approval from Beijing HC International); (b) enter into any transactions which will materially and adversely affect its assets, obligations, operation, equity interest and other legal rights (save as in its ordinary course of business or with prior written approval from Beijing HC International); (c) declare dividend, bonus to its shareholders; (d) incur, take up, guarantee or allow any indebtedness other than those in the ordinary course of business and with the prior written consent of Beijing HC International;</p> <p>(v) resolve any shareholders' resolution on increasing or decreasing its registered capital, or alerting its registered capital structure;</p> <p>(vi) alter its articles of association, or change its scope of business; and</p> <p>(vii) change or remove any of its director or senior management.</p> | <p>(iv) 除非事先取得北京慧聰國際之書面同意，否則慧聰建設不得進行以下任何行動：(a)出售、轉讓、抵押或以其他方式出售任何資產、業務或收入或允許就任何資產、業務或收入設置產權負擔(於其一般業務過程中或在事先取得北京慧聰國際書面同意之情況下則另作別論)；(b)訂立任何交易以致其資產、責任、營運、股權及其他法定權利遭受重大不利影響(於其一般業務過程中或在事先取得北京慧聰國際書面同意之情況下則另作別論)；(c)向其股東宣派股息及花紅；(d)產生或承擔任何債務、就任何債務作出擔保或允許任何債務(於其一般業務過程中及在事先取得北京慧聰國際書面同意之情況下則另作別論)；</p> <p>(v) 就任何有關增加或削減其註冊資本或影響其註冊資本結構之股東決議案作出議決；</p> <p>(vi) 修改其組織章程細則或變更其業務範疇；及</p> <p>(vii) 更換或罷免其任何董事或高級管理人員。</p> |
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Each of Mr. Guo Fansheng and Mr. Liu Jun, as registered shareholders of Huicong Construction, has executed a blank equity transfer agreement with respect of his equity interests in Huicong Construction to the custody of Beijing HC International, which may be effected by Beijing HC International (or such third party as it may designate) in the event he fails to discharge his obligations.

郭凡生先生及劉軍先生(作為慧聰建設之註冊股東)各自已就彼所持有之慧聰建設股權簽立一份留空之股權轉讓協議，並交由北京慧聰國際託管，可由北京慧聰國際(或其指派之第三方)於彼未能履行責任時啟動生效。

Huicong Construction, Mr. Guo Fansheng and Mr. Liu Jun further executed an undertaking dated 14 February 2019 (the "Undertaking"), pursuant to which, among other things, they undertake to unconditionally return to the Group any consideration they receive in the event Beijing HC International acquires the equity interests in Huicong Construction, and to unconditionally transfer the domain name "hc360.com" and related registered trademark(s) to Beijing HC International (or such third party as it may designate by it) in the event that the agreements underlying the HC Contractual Arrangements lapse, expire or be terminated.

慧聰建設、郭凡生先生及劉軍先生進一步簽立日期為二零一九年二月十四日之承諾書(「承諾」)，據此，(其中包括)彼等承諾於北京慧聰國際收購慧聰建設股權時無條件向本集團退還彼等所收取之任何代價，並於慧聰合約安排相關協議失效、到期或終止時無條件向北京慧聰國際(或其指派之第三方)轉讓域名「hc360.com」及相關註冊商標。

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Power of Attorney

On 14 February 2019, each of Mr. Guo Fansheng and Mr. Liu Jun has executed a power of attorney (the "Power of Attorney"). Pursuant to each of the Powers of Attorney, each of Mr. Guo Fansheng and Mr. Liu Jun unconditionally and irrevocably authorises any individual designated by Beijing HC International (which shall be a director of the Company (other than Mr. Guo Fansheng, Mr. Liu Jun or their close associates), and shall be a resident of PRC) to represent him in exercising all his rights as shareholders of Huicong Construction under applicable PRC laws, including without limitation, to transfer all his equity interests, to determine the consideration for such transfer, to complete all relevant procedures regarding such transfer, to attend general meetings and exercise voting rights, to execute all such relevant documents, agreements and resolutions, etc.. Such Powers of Attorney shall remain in full force and effect from 14 February 2019 until Mr. Guo Fansheng or Mr. Liu Jun (as the case may be) ceases to be a shareholder of Huicong Construction.

Equity Pledge Agreement

Beijing HC International, Mr. Guo Fansheng and Mr. Liu Jun entered into the equity pledge agreement (the "Equity Pledge Agreement") on 14 February 2019, pursuant to which each of Mr. Guo Fansheng and Mr. Liu Jun pledged all their respective equity interests in Huicong Construction to Beijing HC International to secure performance of all their obligations and the obligations of Huicong Construction under the Domain Names and Trademarks Licence Agreement, the Technology Services Agreement, the Online Information Distribution Agreement, the Online Advertisement Publication Agreement, the Exclusive Option Agreement and the Powers of Attorney.

Beijing HC International will be entitled to exercise the rights of pledge in the event Huicong Construction fails to pay the service fee under the Technology Services Agreement and the Domain Names and Trademarks Licence Agreement or fail to perform any other term of the above agreements, the Online Information Distribution Agreement and the Online Advertisement Agreement, or any of Huicong Construction, Mr. Guo Fansheng or Mr. Liu Jun fails to perform any term of the Exclusive Option Agreement and the Powers of Attorney (as the case may be), upon reasonable notice. If Huicong Construction declares any dividend, bonus or adopt any proposal for distribution of profits during the term of the Equity Pledge Agreement, such dividends, bonus or economic benefits of all such proposal for distribution shall be delivered to Beijing HC International.

The Equity Pledge Agreement is for an indefinite term commencing from 14 February 2019 until (i) all the agreements (other than the Equity Pledge Agreement) underlying the HC Contractual Arrangements have been terminated by Beijing HC International and/or HC Advertising (as the case may be) or (ii) all the obligations under the Equity Pledge Agreement have been fulfilled. The Equity Pledge Agreement has been filed at relevant Industry and Commerce Bureau.

授權書

於二零一九年二月十四日，郭凡生先生及劉軍先生各自已簽立一份授權書（「授權書」）。根據各份授權書，郭凡生先生及劉軍先生各自無條件及不可撤回地授權北京慧聰國際指派之任何人士（須為本公司董事（郭凡生先生、劉軍先生或彼等之緊密聯繫人除外）及中國居民）代其根據適用中國法律行使其作為慧聰建設股東之所有權利，包括但不限於轉讓其所有股權、釐定有關轉讓之代價、完成有關轉讓之所有相關手續、出席股東大會及行使投票權、簽立所有相關文件、協議及決議案等等。有關授權書將自二零一九年二月十四日起具有十足效力，直至郭凡生先生或劉軍先生（視情況而定）不再為慧聰建設股東。

股權質押協議

北京慧聰國際、郭凡生先生及劉軍先生於二零一九年二月十四日訂立股權質押協議（「股權質押協議」），據此，郭凡生先生及劉軍先生各自向北京慧聰國際質押彼等各自所持全部慧聰建設股權，作為履行彼等及慧聰建設於域名及商標許可協議、技術服務協議、網上信息發佈協議、網上廣告刊登協議、獨家購股權協議及授權書項下之全部責任之擔保。

倘慧聰建設無法根據技術服務協議以及域名及商標許可協議支付服務費或無法履行上述協議、網上信息發佈協議及網上廣告刊登協議之任何其他條款，或慧聰建設、郭凡生先生或劉軍先生任何一方無法履行獨家購股權協議及授權書（視情況而定）之任何條款，則北京慧聰國際將有權於發出合理通知後行使質押權利。倘慧聰建設於股權質押協議期內宣派任何股息、花紅或就分派溢利採納任何建議，則有關股息、花紅或所有有關分派建議之經濟利益均須交付予北京慧聰國際。

股權質押協議不設期限，自二零一九年二月十四日起生效，直至(i)構成慧聰合約安排之所有協議（股權質押協議除外）已由北京慧聰國際及／或慧聰廣告（視情況而定）終止或(ii)股權質押協議項下全部責任已獲履行。股權質押協議已辦理工商局備案登記。

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Risks associated with the HC Contractual Arrangements

The government may determine that the agreements underlying the HC Contractual Arrangements do not comply with applicable regulations, or these regulations or their interpretation may change in the future

The Company is incorporated in the Cayman Islands and members of the Group established in the PRC are considered as foreign-invested enterprise. Currently, laws and regulations of the PRC restrict participation and operation of internet content services by foreign investors. The Group depends on the HC Contractual Arrangements with Huicong Construction in respect of its online services. Upon interview conducted by the PRC legal advisers with relevant responsible officer of the Telecommunication Department of Beijing Communications Administration (北京市通信管理局電信管理處), the PRC legal advisers were informed that currently, there is no prohibition of adoption of contractual arrangements or variable interest entity in the business of services, and there has been no law, rules, regulations or normative documents in the PRC which stipulates that such arrangements constitute "concealing illegal intentions with a lawful form" under PRC laws.

Save for matters as further discussed in the paragraph headed "Certain terms of the HC Contractual Arrangements may not be enforceable under PRC laws" below, our PRC legal advisers are of the opinion that the agreements underlying the HC Contractual Arrangements are, collectively and individually, legal and valid and do not violate PRC laws, rule and regulations. Although the Group has not received any interference regarding the legality of the Contractual Arrangements, there is no assurance that the PRC government or judicial authorities would agree that the HC Contractual Arrangements comply with PRC licensing, registration, other regulatory requirements or policies that may be adopted in the future. If the PRC government or judicial authorities determines that the Group or the HC Contractual Arrangements do not comply with applicable PRC laws and regulations, it could have discretion in dealing with such incompliance, including:

- (i) discontinuing or placing restriction on the business operation of Beijing HC International, HC Advertising and/or Huicong Construction in the PRC;
- (ii) requiring reorganisation or restructuring of ownership or business of Beijing HC International and/or HC Advertising;
- (iii) levying fines and/or confiscating the proceeds generated from the operations under the HC Contractual Arrangements;
- (iv) taking other regulatory or enforcement actions that could have a material adverse effect over the Group's financial condition or business.

與慧聰合約安排有關之風險

政府可釐定慧聰合約安排相關協議不符合適用法規，或該等法規或其詮釋可能於日後有所改變

本公司於開曼群島註冊成立，而本集團於中國成立之成員公司被視為外商投資企業。現時，中國法律及法規限制外國投資者參與及營運互聯網內容服務。本集團就其線上服務依賴與慧聰建設訂立之慧聰合約安排。經由中國法律顧問與北京市通信管理局電信管理處相關負責官員會晤後，中國法律顧問獲告知，現時在服務業務方面並無禁止採用合約安排或可變收益實體，且中國並無任何法律、規則、法規或規範文件訂明該等安排根據中國法律構成「以合法形式掩蓋非法目的」。

除於下文「慧聰合約安排之若干條款未必可根據中國法律強制執行」一段進一步討論之事項外，中國法律顧問認為慧聰合約安排相關協議共同及個別屬合法及有效，且並無違反中國法律、規則及法規。儘管本集團並無就有關合約安排之合法性遭受任何干預。無法保證中國政府或司法機關將同意慧聰合約安排乃符合中國許可證、登記、其他監管規定或日後可能採用之政策。倘中國政府或司法機關認為本集團或慧聰合約安排不符合中國適用之法律及法規，其可能會酌情處理有關不合規事宜，包括：

- (i) 終止或限制北京慧聰國際、慧聰廣告及／或慧聰建設於中國之業務運營；
- (ii) 規定重組或重整北京慧聰國際及／或慧聰廣告之所有權或業務；
- (iii) 徵收罰款及／或沒收根據慧聰合約安排由經營業務產生之所得款項；
- (iv) 採取任何可能對本集團之財務狀況或業務造成重大不利影響之其他監管或執法行動。

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The imposition of any of the above mentioned consequences could result in a material and adverse effect on the Group's ability to conduct its online business. In particular, in the event the imposition of any of these consequence prevent Huicong Construction from providing internet content provider services to the Group and the Group is unable to locate any substitute timely, the operation of the Group's platform could be severely disrupted and the Group may breach its existing contracts for online businesses (including among others, subscription for Mai-Mai-Tong and Biao-Wang search). Where the Group loses the right to direct the activities of Huicong Construction as a result of these consequences, the Group would also be no longer able to consolidate the financial results of Huicong Construction.

The HC Contractual Arrangements may not provide control as effective as direct ownership

The Group depends on the HC Contractual Arrangements with Huicong Construction, who hold key licences required, in respect of its online services. Huicong Construction is owned as to 50% by Mr. Guo Fansheng and as to 50% by Mr. Liu Jun. The Company and its subsidiaries do not own or hold any equity interests in Huicong Construction.

The HC Contractual Arrangements may not be as effective in providing control over website operations in PRC as direct ownership in these businesses. For example, Huicong Construction and its shareholders could breach or fail to perform their obligations under the HC Contractual Arrangements. If Huicong Construction fails to perform its obligations under the HC Contractual Arrangements, the Group will have to resort to legal remedies under the PRC law, which could result in substantial litigation costs and diverse the Group's management's time and efforts away from their running the regular business of the Group. There is uncertainty as to the outcome and duration of legal proceedings and its enforceable. In addition, the Group cannot be sure that contractual remedies would be effective or sufficient to enforce its interests. In the event Huicong Construction refuses or fails to provide the internet content services to the Group and the Group is unable to locate any substitute timely, the operation of the Group's platform could be severely disrupted and the Group may breach its existing contracts for online businesses.

實行任何上述結果可導致對本集團進行其線上業務能力有重大不利影響。特別是，倘實行任何上述該等結果阻止慧聰建設提供互聯網內容供應商服務予本集團及本集團無法及時覓得任何替代方法，則本集團之平台營運或會嚴重受創，而本集團可能違反其線上業務之現有合約，其中包括認購買賣通及標王搜索。倘本集團因該等結果失去指示慧聰建設活動之權利，本集團亦將不能將慧聰建設之財務業績合併入賬。

慧聰合約安排賦予之控制權，未必如直接擁有一樣有效

本集團就其線上服務依賴與持有所需主要許可證之慧聰建設所訂立之慧聰合約安排。慧聰建設由郭凡生先生及劉軍先生分別擁有50%權益。本公司及其附屬公司並無擁有或持有慧聰建設之任何股權。

在控制中國網站營運方面，慧聰合約安排或不能如直接擁有該等業務般有效。例如，慧聰建設及其股東可能違反或未能履行其於慧聰合約安排下之責任。倘慧聰建設未能履行其於慧聰合約安排下之責任，本集團將須根據中國法律訴諸法律之補救方法，而該等補救方法可能導致重大訴訟成本及分散本集團管理層經營本集團日常業務之時間及人力物力。無法確定該等法律程序之結果及所需時間，以及能否強制執行。此外，本集團不能確定合約補救方法可有效或足夠執行其利益。倘慧聰建設拒絕或未能向本集團提供互聯網內容服務，而本集團無法及時覓得任何替代方法，本集團之平台營運或會受到嚴重障礙，而本集團可能違反其線上業務之現有合約。

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The Group currently operates its online platform principally through the website of "hc360.com". Currently, Huicong Construction is the registrant of the domain name "hc360.com" in light of relevant requirements in the PRC on internet content provider business. Huicong Construction, Mr. Guo Fansheng and Mr. Liu Jun have undertaken pursuant to the agreements underlying the HC Contractual Arrangements and the Undertaking that Huicong Construction will, so far as it is permitted under the PRC laws, transfer the domain name and trademark(s) to the Group (or the Group's nominee) in the event the HC Contractual Arrangements lapse, expire or be terminated. If the Group is unable to acquire the domain name from Huicong Construction, or if Huicong Construction declares bankruptcy or if the domain name, as part of Huicong Construction's assets, become subject to liens or rights of third party, the Group may be unable to continue its existing business using "hc360.com" and may be required to establish a new domain name, and to establish new trademark, which may disrupt the Group's operation, confuse users and damage the Group's reputation, and may materially and adversely affect the Group's results of operation.

The registered shareholders of Huicong Construction may have potential conflicts of interest with the Group

As at the date of this report, equity interests of Huicong Construction is owned as to 50% by Mr. Guo Fansheng and 50% by Mr. Liu Jun. Mr. Guo Fansheng is the sole director and the legal representative of Huicong Construction. The Directors are of the view that Mr. Guo Fansheng and Mr. Liu Jun are controllers of Huicong Construction. Each of Mr. Guo Fansheng and Mr. Liu Jun has undertaken to the Company that each of them will procure Huicong Construction in fulfilling its obligations under the agreements underlying the HC Contractual Arrangements. Each of Mr. Guo Fansheng and Mr. Liu Jun, as a Director, also owes fiduciary duties to the Company and the Shareholders as a whole pursuant to relevant law of the Cayman Islands.

There is no assurance that when conflicts of interests arise, shareholders of Huicong Construction will act in the best interests of the Group, or that any conflicts of interests will be resolved in favour of the Group.

To further strengthen the protections to the Group over potential conflicts of interest between the registered shareholders of Huicong Construction, and the Group, on 14 February 2019, Beijing HC International entered into, among others, the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney with Huicong Construction. Pursuant to the Exclusive Option Agreement, Beijing HC International was granted the option to purchase from the registered shareholders their equity interest in Huicong Construction when and to the extent permitted by law. Pursuant to the Equity Pledge Agreement, Beijing HC International is entitled to dispose of the equity interests of Huicong Construction pledged, in the event of stipulated events regarding failure of performance by, among others, registered shareholders of Huicong Construction. Further, each of the Mr. Guo Fansheng and Mr. Liu Jun has executed the Power of Attorney which authorises individual designated by Beijing HC International to exercise all of their rights and powers as shareholders of Huicong Construction.

本集團現時主要透過網站「hc360.com」營運其線上平台。鑒於中國對互聯網內容供應商業務之相關規定，慧聰建設現時為域名「hc360.com」之註冊人。根據慧聰合約安排相關協議及承諾，慧聰建設、郭凡生先生及劉軍先生已承諾，在中國法律准許之情況下，倘慧聰合約安排失效、屆滿或被終止，慧聰建設將轉讓其域名及商標予本集團或本集團之代名人。倘本集團未能向慧聰建設收購域名，或倘慧聰建設宣佈破產或倘域名（作為慧聰建設之資產一部分）受到留置權或第三方權利之限制，本集團可能未能使用「hc360.com」繼續經營其現有業務及可能須建立一個新域名及新商標，此舉可能干擾本集團之營運、混淆用戶及損害本集團之聲譽，並可能對本集團之經營業績造成重大不利影響。

慧聰建設之登記股東可能與本集團有潛在利益衝突

截至本報告日期，慧聰建設之股本權益分別由郭凡生先生及劉軍先生擁有50%。郭凡生先生為慧聰建設之唯一董事及合法代表。董事認為郭凡生先生及劉軍先生為慧聰建設之控權人。郭凡生先生及劉軍先生各自已向本公司作出承諾，彼等各自將促使慧聰建設履行其於慧聰合約安排相關協議項下之責任。根據開曼群島相關法律，郭凡生先生及劉軍先生各自作為董事亦對本公司及股東整體負有受信責任。

概不保證當有利益衝突時，慧聰建設之股東將以本集團之最佳利益行事，或以本集團有利之方式解決任何利益衝突之事宜。

為進一步加強慧聰建設登記股東與本集團發生潛在利益衝突時對本集團之保障，北京慧聰國際於二零一九年二月十四日與慧聰建設訂立（其中包括）獨家購股權協議、股權質押協議及授權書。根據獨家購股權協議，倘及在法例批准之情況下，北京慧聰國際獲授予購股權以向登記股東購買其於慧聰建設之股權。根據股權質押協議，倘發生有關（其中包括）慧聰建設登記股東未能履行協議所訂明之事件，北京慧聰國際有權利出售所質押之慧聰建設股權。此外，郭凡生先生及劉軍先生各自已簽立授權書，授權由北京慧聰國際所指定之個別人士行使其作為慧聰建設股東之所有權利及權力。

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Since the entering into of the agreements underlying the HC Contractual Arrangements and up to the date of this report, neither Huicong Construction nor its registered shareholders commits any breach of the agreements underlying the HC Contractual Arrangements or undertakings. However, if shareholder(s) of Huicong Construction cause Huicong Construction to breach the HC Contractual Arrangements, or in the event Mr. Guo Fansheng and/or Mr. Liu Jun breach the aforesaid undertakings, the Group will have to resort to legal remedies under the PRC law, which could result in substantial litigation costs and divert the Group's management's time and efforts away from their running the regular business of the Group. There is uncertainty as to the outcome and duration of legal proceedings and its enforceability, and the Group cannot be sure that contractual remedies would be effective or sufficient to enforce its interests. Acquisition by the Group (or by designees of the Group) of equity interests under the Exclusive Option Agreement and/or the Equity Pledge Agreement may further be subject to substantial transaction costs) and taxation. In the event that the HC Contractual Arrangements are breached and the Group is unable to locate any substitute to provide internet content services timely, the operation of the Group's platform could be severely disrupted and the Group may breach its existing contracts for online businesses, and the Group's operation, result of operations and financial conditions may be materially and adversely affected. Also, if the Group is unable to acquire the domain name in such events, or if Huicong Construction declares bankruptcy or if the domain name, as part of Huicong Construction's assets, become subject to liens or rights of third party, the Group may be unable to continue its existing business using the domain name of "hc360.com" and may be required to establish a new domain name, which may disrupt the Group's operation, confuse users and damage the Group's reputation, and may materially and adversely affect the Group's results of operation.

The HC Contractual Arrangements may subject the Group to increased taxation due to different income tax rates applicable to Beijing HC International and Huicong Construction

Pursuant to the Online Information Distribution Agreement, Huicong Construction provides internet content provider services for an annual fee of RMB900,000.

During the year ended 31 December 2015, 2016, 2017 and 2018, Beijing HC International is subject to a preferential tax rate of 15%, and Huicong Construction is subject to a tax rate of 25%.

In light of the different income tax rates applicable, the determination of such annual fee and other payment by the Group to Huicong Construction may be challenged by relevant PRC tax authorities as unfair, and may adjust the taxable income or tax amount payable by the Group, requesting outstanding tax amount be paid or imposing administrative penalty, thereby having adverse tax consequence and affect the Group's business, financial conditions and results of operations of the Group materially and adversely.

自訂立慧聰合約安排相關協議起至本報告日期，慧聰建設或其登記股東概無作出任何違反慧聰合約安排相關協議或承諾之行為。然而，倘慧聰建設之股東促使慧聰建設違反慧聰合約安排，或倘郭凡生先生及／或劉軍先生違反上述承諾，本集團將根據中國法律訴訟諸法律之補救方法，此舉可能導致重大訴訟成本，並分散本集團管理層經營本集團日常業務之時間及人力物力。無法確定該等法律程序之結果及所需時間，以及能否強制執行，而本集團不能確定合約補救方法可有效或足夠執行其利益。由本集團（或本集團指定人士）根據獨家購股權協議及／或股權質押協議進行之股權收購可能進一步受重大交易成本及稅項之限制。倘違反慧聰合約安排，而本集團未能及時找到任何提供互聯網內容服務之替代方法，則本集團之平台營運或會受到嚴重障礙；而本集團可能違反其線上業務之現有合約，以致本集團之業務營運及財務狀況可能受到重大不利影響。此外，倘本集團於該等情況下未能收購域名，或倘慧聰建設宣佈破產或倘作為慧聰建設資產一部分之域名受到優先權或第三方權利限制，本集團可能無法使用域名「hc360.com」繼續其現時業務，並可能需要建立一個新域名，此舉可能會干擾本集團之營運、混淆用戶及損害本集團之聲譽，並可能對本集團之經營業績造成重大不利影響。

因北京慧聰國際及慧聰建設適用於不同所得稅率，故慧聰合約安排可使本集團繳納之稅項增加

根據網上信息發佈協議，慧聰建設提供互聯網內容供應商服務，年費為人民幣900,000元。

於截至二零一五年、二零一六年、二零一七年及二零一八年十二月三十一日止年度，北京慧聰國際按15%之優惠稅率繳稅，而慧聰建設則按25%之稅率繳稅。

由於適用不同所得稅率，中國相關稅務機構可能質疑本集團向慧聰建設支付該年費及其他款項之釐定方法屬不公平，而調整本集團應課稅收入或應付稅項，要求本集團償付未付之稅項或施加行政處罰，因而造成不利稅務後果及對本集團之業務、財務狀況及營運業績構成重大不利影響。

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Since the entering into of the HC Contractual Arrangements and up to the date of this report, the Group has not received any interference from relevant PRC tax authorities as to the different income tax rates applicable.

Huicong Construction may not provide internet content services to the Group if the HC Contractual Arrangements are not renewed or extended on equivalent or similar terms, or if Huicong Construction ceases its operation or corporate entity in the event of dissolution or liquidation, etc.

The Group depends on the HC Contractual Arrangements with Huicong Construction, which holds key licences required, to operate the Group's online platform. Certain agreements underlying the Contractual Arrangements (other than the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney, which have an indefinite terms unless terminated) currently has a term of three years, and will expire by 14 September 2020, subject to renewal by Beijing HC International and/or HC Advertising at its respective discretion in accordance with the respective terms of the agreements. The Company expects that the Group will renew the agreements on equivalent or similar terms prior to their expiries.

If the HC Contractual Arrangements are not renewed or extended on equivalent or similar terms, or if Huicong Construction ceases its operation or corporate entity in the event of dissolution or liquidation, the Group would have to engage another PRC entity holding relevant licences required to provide internet content services to the Group.

To strengthen the Group's protection, Beijing HC International entered into the Exclusive Option Agreement dated 14 February 2019, pursuant to which Beijing HC International (or such third party as it may designate) may purchase the equity interests of Mr. Guo Fansheng or Mr. Liu Jun in Huicong Construction, among others, in the event that HC Contractual Arrangements are not renewed. The said option is for an indefinite period unless terminated by Beijing HC International or upon Beijing HC International acquiring all equity interests in Huicong Construction. Further, each of the registered shareholders of Huicong Construction (namely, Mr. Guo Fansheng and Mr. Liu Jun) has executed the Power of Attorney which authorise individual designated by Beijing HC International to exercise all of their rights and powers as shareholders of Huicong Construction. In addition, as each of Mr. Guo Fansheng and Mr. Liu Jun, being all registered shareholders of Huicong Construction, is a Director, each of them further owes a duty of care to the Company and the Shareholders as a whole under applicable laws. The Directors are of the view that Huicong Construction and/or its registered shareholders are not entitled to terminate the agreements underlying the HC Contractual Arrangements save for material breach by Beijing HC International and/or HC Advertising (as the case maybe). In such cases of termination, that the Group will be entitled to exercise its rights under the Equity Pledge Agreement to uphold its rights or have to resort to legal remedies under the PRC law.

自訂立慧聰合約安排起至本報告日期，本集團並無就適用之不同所得稅率接獲中國相關稅務機構之任何干預。

倘慧聰合約安排未能按相等或相若條款重續或延長，或倘慧聰建設於解散或清盤等情況下終止其營運或企業實體，慧聰建設或不向本集團提供互聯網內容服務。

本集團依賴與持有所需主要許可證之慧聰建設訂立之慧聰合約安排，以營運本集團之線上平台。若干合約安排相關協議（不包括獨家購股權協議、股權質押協議及授權書，除非被終止否則該等協議並無固定期限）現時為期三年，並將於二零二零年九月十四日屆滿，北京慧聰國際及／或慧聰廣告可根據協議之相關期限各自酌情決定予以重續。本公司預期本集團將於該等協議屆滿前按相等或相若條款重續。

倘慧聰合約安排未能按相等或相若條款重續或延長，或倘慧聰建設於解散或清盤等情況下終止其營運或企業實體，本集團將須委聘另一間持有相關所需許可證之中國實體為本集團提供互聯網內容服務。

為加強本集團之保障，北京慧聰國際訂立日期為二零一九年二月十四日之獨家購股權協議，據此，倘慧聰合約安排未能重續，北京慧聰國際（或其可能指定之第三方）可購買（其中包括）郭凡生先生或劉軍先生於慧聰建設之股本權益。除非北京慧聰國際予以終止或北京慧聰國際收購慧聰建設所有股本權益，否則上述購股權並無期限。再者，慧聰建設各登記股東（即郭凡生先生及劉軍先生）已簽立授權書，授權由北京慧聰國際指定之人士行使彼等作為慧聰建設股東之一切權利及權力。此外，由於慧聰建設之登記股東郭凡生先生及劉軍先生均為董事，根據適用法律，彼等各自亦對本公司及股東整體負上謹慎責任。董事認為慧聰建設及／或其登記股東無權終止慧聰合約安排相關協議，惟北京慧聰國際及／或慧聰廣告（視情況而定）嚴重違約則作別論。於終止協議之情況下，本集團將有權行使其於股權質押協議下之權利，以維護其權利或根據中國法例採取法律補救方法。

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There is no assurance that the Group can identify new entity which provides internet content services required for the Group's operation timely, or on equivalent or similar terms. In the event that existing PRC entity cannot be located, the Group may be required to engage other parties to set up new entity. Pursuant to the existing laws and regulations, approval procedures for key licences to operate internet content services usually takes three to six months, with such requirements including among others, the Qualification Requirement (as further discussed below) and a minimum requirement of registered capital of not less than RMB1,000,000, while there is no assurance that such approval will be granted, or will be granted on a timely manner.

In the event that the HC Contractual Arrangements are discontinued and the Group is unable to locate any substitute to provide internet content services timely, the operation of the Group's platform could be severely disrupted and the Group may breach its existing contracts for online businesses, which could materially and adversely affect the Group's business operation and financial results.

Certain terms of the HC Contractual Arrangements may not be enforceable under PRC laws

The HC Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the Beijing Arbitration Commission in the PRC. The HC Contractual Arrangements also contain provisions to the effect that, the arbitral body may award remedies over shares and/or assets of Huicong Construction, injunctive relief and/or winding up of Huicong Construction, and that courts in Hong Kong and the Cayman Islands are of competent jurisdiction with power to grant interim remedies in support of arbitration pending formation of arbitral tribunal or in appropriate cases.

We have been advised by our PRC legal advisers that the above mentioned provisions regarding injunctive relief or interim remedies contained in the HC Contractual Arrangements may not be enforceable, and that under PRC laws, arbitral body does not have the power to grant any injunctive relief or liquidation order in case of dispute.

Accordingly, such remedies may not be available to us timely, or be available to us at all notwithstanding the relevant contractual provisions contained in the HC Contractual Arrangements.

Exercise of option to acquire the equity interests in Huicong Construction may be subject to limitations and the ownership transfer may be subject to substantial costs

Under the HC Contractual Arrangements, the Group has the option to purchase equity interests in Huicong Construction. It is the intention of the Group to unwind the HC Contractual Arrangements as soon as the law allows the business to operate without such HC Contractual Arrangements.

概不保證本集團可覓得新實體適時或按相等或相若之條款為本集團之營運提供所需互聯網內容服務。倘無法物色中國現有之實體，本集團或須僱用其他人士成立新實體。根據現行法例及法規，營運互聯網內容服務之主要許可證之審批程序一般需時三至六個月，有關要求包括(其中包括)資格要求(於下文進一步論述)及註冊資本之最低規定不少於人民幣1,000,000元，且亦不保證獲得有關批准，或適時獲得有關批准。

倘慧聰合約安排終止，而本集團未能適時找到提供互聯網內容服務之任何替代方法，本集團平台之營運可能嚴重受損，而本集團可能違反其線上業務之現有合約，以致本集團之業務營運及財務業績可能受到重大不利影響。

慧聰合約安排之若干條款未必可根據中國法律強制執行

慧聰合約安排規定，糾紛須在中國根據北京仲裁委員會之仲裁規則以仲裁方式解決。慧聰合約安排亦載有條文訂明仲裁機構可能就慧聰建設之股份及／或資產作出補救措施、發出禁制令及／或授予慧聰建設清盤，而香港及開曼群島之法院具有司法管轄權，有權力在成立仲裁法庭之前或在適當案例下授出臨時補救措施以支持仲裁。

本公司已獲中國法律顧問告知，慧聰合約安排所載有關發出禁制令或臨時補救措施未必可強制執行，根據中國法律，倘出現糾紛，仲裁機構無權授出任何禁制令或清盤令。

因此，儘管慧聰合約安排載有相關合約條文，本集團未必可及時採用或將可採用該等補救措施。

行使購股權以收購慧聰建設之股本權益或須受限制條件規限及擁有權轉讓或須受重大成本規限

根據慧聰合約安排，本集團擁有購買慧聰建設股本權益之購股權。本集團有意於並無該慧聰合約安排情況下可獲法律允許業務營運後儘快解除慧聰合約安排。

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The Administrative Rules for Foreign Investments in Telecommunications Enterprises (2016 amended) (the "FITE Rules") currently stipulated that foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including internet content provider services. As the Company is a company incorporated in the Cayman Islands, all members of the Group controlled by the Company through majority shareholdings or equity interests are regarded as such foreign invested enterprise, which restrict the exercise of option.

In addition, under the FITE Rules, a foreign invested enterprise wishing to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate a good track record and experience in providing value-added telecommunications services overseas ("Qualification Requirement"). There is currently no clear guidance on the interpretation of the Qualification Requirement under the existing applicable PRC laws, regulations or rules, and the Company is therefore unable to ascertain the Qualification Requirement. There is no assurance that the Group will be able to sufficiently satisfy the Qualification Requirement, or there will not be any subsequent change, interpretation or guidance on the Qualification Requirement, or such other requirements concerning the operator of internet content provider services. If the restrictions on the percentage of foreign ownership in telecommunications services are removed, the Group may need to unwind the HC Contractual Arrangements before the Group is in a position to comply with the Qualification Requirement.

The exercise of option to acquire equity ownership of Huicong Construction may incur substantial costs on the part of the Group. Pursuant to the HC Contractual Arrangements, the Group has an exclusive option to purchase, to the extent permitted by PRC laws, equity interests in Huicong Construction in all or part, at the consideration of RMB1,400,000 or a minimum purchase price permitted under PRC laws and regulations at the time of exercise of such option. Where the relevant PRC authorities determine that the purchase price is below the market value, they may require Beijing HC International to pay enterprise income tax for ownership transfer income with reference to the market value. The amount of tax may be substantial, which could materially and adversely affect the business, financial condition and results of operation of the Group.

外商投資電信企業管理規定(2016年修訂)(「外商投資電信企業管理規定」)現時規定外國投資者不可於一間提供增值電信服務(包括互聯網內容服務)之公司持有多於50%股本權益。由於本公司為開曼群島註冊成立之有限公司，本公司透過持有大部分股權或股本權益控制之所有本集團成員公司被視為外商投資企業，其限制購股權之行使。

此外，根據外商投資電信企業管理規定，外商投資企業欲收購中國增值電信服務業務之任何股本權益，須證明在提供境外增值電信服務方面具備良好往績記錄及經驗(「資格要求」)。根據現行適用之中國法律、法規或規則，現時並無對資格要求之詮釋提供明確指引，因此本公司無法確定具有資格要求。概無法保證本集團將可妥善符合資格要求，或資格要求不會出現任何後續變動、詮釋或指引，或有關互聯網內容服務供應商之營運者之其他要求。倘移除於電信服務之外資擁有權之百分比限制，本集團或需解除慧聰合約安排方能符合資格要求。

對本集團而言，行使購股權以收購慧聰建設之股本擁有權或會產生重大成本。根據慧聰合約安排，本集團擁有獨家購股權，在中國法律允許之情況下，可以代價人民幣1,400,000元或根據行使該等購股權之時中國法律及法規允許之最低購買價購買慧聰建設全部或部分股本權益。倘中國相關機關認為購買價低於市價，彼等可要求北京慧聰國際參照市價就擁有權轉讓收入支付企業所得稅。稅額或會非常龐大，可能對本集團之業務、財務狀況及經營業績造成重大不利影響。

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If Huicong Construction fails to obtain and maintain the requisite assets, licences and approvals as required under the regulatory environment for internet content provider business in the PRC, the business, financial condition and results of operations may be materially and adversely affected

The telecommunications services industry in China is heavily regulated by the PRC government and numerous regulatory authorities of the central PRC government are empowered to issue and implement regulations governing various aspects of the telecommunications services industry. These telecommunications services-related laws and regulations are relatively new and evolving, and there are a certain degree of uncertainty especially on the interpretation and enforcement of these laws. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violations of applicable laws and regulations.

Huicong Construction is required to obtain and maintain certain assets relevant to its business as well as applicable licenses or approvals from the relevant regulatory authorities in order to provide its current services. These assets and licenses are essential to the operation of internet content provider business and are generally subject to annual review by the relevant governmental authorities. Also, Huicong Construction may need to obtain additional licenses. If Huicong Construction fails to obtain or maintain any of the required assets, licenses or approvals, its continued business operations in the telecommunications services industry may subject it to various penalties, including but not limited to fines and the discontinuation or restriction of its operations. Any such disruption in the business operations of Huicong Construction will materially and adversely affect our business, financial condition and results of operations.

The Company may lose the ability to use and enjoy assets held by Huicong Construction that are important to the Group's business if Huicong Construction declares bankruptcy or becomes subject to a dissolution or winding up proceeding

Huicong Construction holds certain assets that are important to the Group's business operations, primarily the ICP Licence and the domain name of "hc360.com". The HC Contractual Arrangements with Huicong Construction and its shareholders contain terms that specifically obligate Mr. Guo Fansheng and Mr. Liu Jun to ensure the valid existence of Huicong Construction. However, in the event that Mr. Guo Fansheng or Mr. Liu Jun breaches this obligation and voluntarily wind up Huicong Construction, or Huicong Construction declares bankruptcy or is otherwise dissolved, some or all of the Group's online business operations may have to be ceased, which could materially and adversely affect our business, financial condition and results of operations. If Huicong Construction undergoes a voluntary or involuntary winding-up proceeding, Mr. Guo Fansheng or Mr. Liu Jun or any other third-party creditors may claim rights to some or all of these assets, resulting in hindrance to the Group's ability to operate the Group's online business, which could materially and adversely affect the Group's business, financial condition and results of operations.

倘慧聰建設未能按照監管環境規定為於中國經營互聯網內容供應商業務取得及維持必要資產、許可證及批文，則業務、財務狀況及經營業績或會受到重大不利影響

中國之電信服務行業受中國政府密切監控，而中國中央政府多個監管機關有權頒佈及施行規管電信服務行業各方面之法規。該等電信服務相關之法律及法規相對較新及不斷演變，且就某種程度而言，該等法律及法規之詮釋及執行具重大不確定因素。因此，在若干情況下，可能難於釐定何種行為或遺漏或會被視為違反適用法律及法規。

慧聰建設須取得及維持與其業務有關之若干資產以及向相關監管機關取得適用之許可證及批文，以提供其現有服務。該等資產及許可證對營運互聯網內容服務供應商業務十分重要，一般而言須受有關政府機構每年審閱。此外，慧聰建設或需取得額外許可證。倘慧聰建設未能取得或維持任何必要之資產、許可證或批文，其於電信服務行業之持續業務營運或會遭到各類處罰，包括但不限於罰款及終止或限制其經營。倘慧聰建設之業務營運出現任何有關中斷，將會對本集團之業務、財務狀況及經營業績造成重大不利影響。

倘慧聰建設宣佈破產或面臨解散或清盤程序，則本公司可能失去使用及享有慧聰建設所擁有且對本集團業務而言屬重要之資產之能力

慧聰建設擁有對本集團業務營運而言屬重要之若干資產，主要包括ICP許可證及「hc360.com」域名。與慧聰建設及其股東之慧聰合約安排載有條款，明確對郭凡生先生及劉軍先生施以確保慧聰建設有效存續之責任。然而，倘郭凡生先生或劉軍先生違反該責任及將慧聰建設自願清盤，或慧聰建設宣佈破產或以其他方式解散，本集團部分或全部線上業務營運或會終止，對本集團之業務、財務狀況及經營業績可能帶來重大不利影響。倘慧聰建設進行自願或非自願清盤程序，郭凡生先生或劉軍先生或任何其他第三方債權人可能有權要求獲得部分或全部該等資產，從而削弱本集團營運線上業務之能力，並可能對本集團之業務、財務狀況及經營業績構成重大不利影響。

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Even the transfer of trademark of "hc360" has been completed, there may still be potential penalties

We have been advised by our PRC legal advisers that holders of the ICP License shall hold the domain name and the trademarks used for conducting the internet content provider business pursuant to the MIIT Notice.

In order to comply with the notice requirement of the ICP, Beijing HC International transferred the trademark "hc360" to Huicong Construction through the HC Contractual Arrangements. On 25 January 2016, the trademark transfer was completed and Huicong Construction obtained the trademark certificate for "hc360" on 13 March 2016. The Company has been advised by the PRC Legal Advisers that, upon completion of the Trademark Transfer, it is unlikely for Huicong Construction be penalized in respect of failure to fulfill the trademark requirement under the MIIT Notice regarding any period prior to the Trademark Transfer.

Structured Contracts involving Beijing Zhixing Ruijing

On 3 July 2015, the Group completed the acquisition of 100% of share capital of Orange Triangle Inc. ("Orange Triangle"). 北京橙三角科技有限公司 (Beijing Orange Triangle Technology Co., Ltd.) ("Orange Beijing"), a wholly owned subsidiary of Orange Triangle entered into certain structured contracts (the "BZR Structured Contracts") with Beijing Zhixing Ruijing Technology Co., Ltd. (北京知行銳景科技有限公司) ("Beijing Zhixing Ruijing") and/or its shareholders on 3 July 2015.

Pursuant to the BZR Structured Contracts, Orange Beijing or Orange Triangle will provide certain technical consultation and service, including but not limited to technical services support, intellectual property licensing, and business and management consultation, whereas Beijing Zhixing Ruijing will pay (a) the annual service fees RMB5 million to Orange Beijing; (b) the annual service fees which equal 12% of its annual revenue to Orange Triangle; and (c) the service fee equivalent to its revenue deducted by its expenses, net operation loss and reserve fund extracted to Orange Beijing. Orange Beijing relies on the BZR Structured Contracts to control the finance and operation of Beijing Zhixing Ruijing so as to obtain the economic benefits and the rights to variable returns from Beijing Zhixing Ruijing.

Please also refer to the announcements of the Company dated 17 March 2015, 8 May 2015 and 3 July 2015, respectively, and the circular of the Company dated 4 June 2015 for further details.

儘管轉讓「hc360」之商標已完成，仍有可能遭到潛在處罰

本公司已獲中國法律顧問告知，根據工信部通知，ICP許可證持有人須持有用於進行互聯網內容供應商業務之域名及商標。

為符合工信部通知的要求，經就慧聰合約安排，北京慧聰國際將「hc360」商標轉讓予慧聰建設。於二零一六年一月二十五日，商標轉讓完成，慧聰建設並於二零一六年三月十三日取得「hc360」商標證書。本公司已獲中國法律顧問告知，於商標轉讓完成後，慧聰建設就於商標轉讓前之任何期間因未能符合工信部通知項下之商標規定而受到有追溯效力之處罰之可能性甚微。

涉及北京知行銳景之結構性合約

於二零一五年七月三日，本集團完成收購Orange Triangle Inc. (「Orange Triangle」) 之全部股本。Orange Triangle之全資附屬公司北京橙三角科技有限公司(「橙三角」)與北京知行銳景科技有限公司(「北京知行銳景」)及／或其股東於二零一五年七月三日訂立若干結構性合約。

根據北京知行銳景結構性合約，橙三角或Orange Triangle將提供若干技術諮詢服務，包括但不限於技術服務支持、知識產權許可以及業務與管理諮詢，而北京知行銳景將(a)向橙三角支付年度服務費人民幣5百萬元；(b)向Orange Triangle支付相等於其之年度銷售收入12%之年度服務費；及(c)向橙三角支付相當於扣減開支後之銷售收入之服務費(惟不計及營運虧損及所提取之儲備基金)。橙三角憑藉北京知行銳景結構性合約控制北京知行銳景之財務及業務，從而自北京知行銳景取得經濟收益及有權獲得可變回報。

有關進一步詳情，請亦參閱本公司日期分別為二零一五年三月十七日、二零一五年五月八日及二零一五年七月三日之公佈以及本公司日期為二零一五年六月四日之通函。

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For the year ended 31 December 2018, save as disclosed in this report, there was no material change in the BZR Structured Contracts and/or the circumstances under which they were adopted.

For the reporting period, none of the structured contracts under the BZR Structured Contracts had been unwound as none of the restrictions that led to the adoption of the said structured contracts had been removed.

Further, the Group entered into the BZR Structured Contracts to conduct the restricted business in the PRC in order to comply with the abovementioned PRC laws and regulations and to assert management control over the operations of, and enjoy all of economic benefits of, Beijing Zhixing Ruijing on 3 July 2015, pursuant to which the Group has the right to enjoy all the economic benefits of Beijing Zhixing Ruijing, to exercise management control over the operations of Beijing Zhixing Ruijing, and to prevent any leakage of the assets and values of Beijing Zhixing Ruijing to the registered shareholders of Beijing Zhixing Ruijing. As a result of the BZR Structured Contracts, Beijing Zhixing Ruijing is consolidated into the accounts of the Group in accordance with the Group's accounting policies from 3 July 2015.

As at the date of this report, the Structured Contracts involving Beijing Zhixing Ruijing include (i) the exclusive technical services agreement, (ii) the exclusive licensing agreement on intellectual property, (iii) the exclusive right to share purchase agreement, (iv) the voting rights proxy agreement, (v) the pledge agreement and (vi) the business and management services agreement.

The Group depends on the BZR Structured Contracts with Beijing Zhixing Ruijing (who holds, among other things, the value-added telecommunications business operating licence (增值電信業務經營許可證) ("VAT Licence"), being valid until 15 February 2020) in respect of its information service business within the second type of value-added telecommunication services (the "Value-added Telecommunications Businesses"). During the year ended 31 December 2018, revenue generated from Beijing Zhixing Ruijing is RMB359,458,000 (2017: 374,137,000), representing approximately 3.4% of the total revenue of the Group.

截至二零一八年十二月三十一日止年度，除本報告所披露者外，北京知行銳景結構性合約及／或根據其獲採納之狀況概無重大變動。

於報告期間，由於概無導致採納北京知行銳景結構性合約下之結構性合約之限制被刪除，故並無上述結構性合約被解除。

此外，於二零一五年七月三日，本集團訂立北京知行銳景結構性合約以於中國進行受限制業務，從而遵守上述中國法律及法規，並向北京知行銳景之營運實施管理控制，且享有其全部經濟利益，據此，本集團有權享有北京知行銳景所有經濟利益，以對北京知行銳景之營運行使管理控制，並避免向北京知行銳景的登記股東洩漏其資產及價值。基於北京知行銳景結構性合約，根據本集團的會計政策，北京知行銳景自二零一五年七月三日起於本集團之會計賬目進行合併處理。

於本報告日期，結構性合約包括(i)獨家技術服務協議，(ii)獨家知識產權許可協議，(iii)獨家購股權協議，(iv)授權委託協議，(v)股權質押協議及(vi)業務及管理服務協議。

本集團依賴與北京知行銳景(其持有，其中包括，於直至二零二零年二月十五日前有效之增值電信業務經營許可證(「增值電信許可證」))訂立之北京知行銳景結構性合約，內容有關屬第二類增值電信服務之資訊服務業務(「增值電訊業務」)。截至二零一八年十二月三十一日止年度，北京知行銳景產生的收入為人民幣359,458,000元(二零一七年：374,137,000)，佔本集團總收入約3.4%。

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Information of Beijing Zhixing Ruijing

Beijing Zhixing Ruijing is a limited liability company established in the PRC on 11 September 2014 with registered capital of RMB10 million and paid up capital of RMB10 million. As at the date of this report, the registered capital of Beijing Zhixing Ruijing is owned as to 60% by Mr. Guo Jiang, a substantial shareholder of the Company and 40% by Mr. Liu Xiaodong (劉小東), an executive director of the Company.

Set out below is the key information of Beijing Zhixing Ruijing during the year ended 31 December 2018:

有關北京知行銳景之資料

北京知行銳景為於二零一四年九月十一日在中國成立之有限公司，註冊資本為人民幣一千萬元，繳足資本為人民幣一千萬元。於本報告日期，本公司主要股東郭江先生及本公司執行董事劉小東先生分別擁有北京知行銳景之註冊資本60%及40%。

北京知行銳景於截至二零一八年十二月三十一日止年度之主要資料載列如下：

| | | Year ended 31 December 2018 |
|--------------|------|-----------------------------|
| | | RMB'000 |
| | | 截至二零一八年十二月三十一日止年度 |
| | | 人民幣千元 |
| Revenue | 銷售收入 | 359,458 |
| Total assets | 總資產 | 532,469 |

As at the date of this report, the business of Beijing Zhixing Ruijing mainly involves the Value-added Telecommunications Businesses, excluding technology development; economic and trade consultancy; organisation of cultural and art exchange activities (not including commercial performances); and exhibition and demonstration hosting activities (the "Excluded Businesses").

於本報告日期，北京知行銳景之業務主要包括增值電訊業務，不包括技術開發；經濟貿易諮詢；組織文化及藝術交流活動（不含營業性演出）；以及承辦展覽及展示活動（「除外業務」）。

To the best knowledge, information and belief of the Company and as confirmed by Mr. Guo Jiang and Mr. Liu Xiaodong, Beijing Zhixing Ruijing has no plan or road map to develop and operate the Excluded Businesses as at the date of this report.

於本報告日期，據本公司獲郭江先生及劉小東先生所確認後之深知、全悉及確信，北京知行銳景並無發展及經營除外業務之計劃或路線圖。

Major terms of the agreements underlying the BZR Structured Contracts

Exclusive Technical Services Agreement

Orange Beijing entered into an exclusive technical services agreement with Beijing Zhixing Ruijing on 3 July 2015 (the "Exclusive Technical Services Agreement"). The Exclusive Technical Services Agreement shall remain in force during the existence of Beijing Zhixing Ruijing upon execution, unless it is terminated in accordance with the clauses of the agreement.

北京知行銳景結構性合約之相關協議之主要條款

獨家技術服務協議

橙三角與北京知行銳景於二零一五年七月三日訂立獨家技術服務協議（「獨家技術服務協議」）。獨家技術服務協議自簽署之日生效，且在北京知行銳景存續期間持續有效，除非根據該協議之條款終止。

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Pursuant to the Exclusive Technical Services Agreement, Orange Beijing is appointed by Beijing Zhixing Ruijing as its exclusive services provider to provide technical consulting service, other related technical services and related services agreed by both parties from time to time during the term of the Exclusive Technical Services Agreement in accordance with its terms and conditions.

Under the Exclusive Technical Services Agreement, Beijing Zhixing Ruijing shall pay Orange Beijing an annual services fee of RMB5 million.

Exclusive Licensing Agreement on Intellectual Property

Orange Triangle entered into an exclusive licensing agreement on intellectual property with Beijing Zhixing Ruijing on 3 July 2015 (the "Exclusive Licensing Agreement on Intellectual Property"). The Exclusive Licensing Agreement on Intellectual Property shall remain in force during the existence of Beijing Zhixing Ruijing upon execution, unless it is terminated in accordance with the clauses of the agreement.

Pursuant to the Exclusive Licensing Agreement on Intellectual Property, the right of use of Orange Triangle's network domain names, registered trademarks, databases, software systems and other intellectual properties is granted to Beijing Zhixing Ruijing. Such rights cannot be transferred to any other third party.

Under the Exclusive Licensing Agreement on Intellectual Property, Beijing Zhixing Ruijing shall pay annual service fees equivalent to 12% of its total annual revenue to Orange Triangle. Beijing Zhixing Ruijing had also procured Mr. Guo Jiang and Mr. Liu Xiaodong to provide their holding shares of Beijing Zhixing Ruijing as a pledge to guarantee the payment of the payable service fee to Orange Triangle or its wholly owned subsidiaries.

Exclusive Right to Share Purchase Agreement

Orange Beijing, Beijing Zhixing Ruijing, Mr. Guo Jiang and Mr. Liu Xiaodong entered into an exclusive right to share purchase agreement on 3 July 2015 (the "Exclusive Right to Share Purchase Agreement"). The Exclusive Right to Share Purchase Agreement shall remain in force during the existence of Beijing Zhixing Ruijing upon execution, unless it is terminated in accordance with the clauses of the agreement.

根據獨家技術服務協議，橙三角獲北京知行銳景委聘為其獨家服務供應商以於獨家技術服務協議期限內根據該協議之條款及條件提供技術諮詢服務、其他相關技術服務及訂約雙方不時協定之其他相關服務。

根據獨家技術服務協議，北京知行銳景須向橙三角支付年度服務費人民幣五百萬元。

獨家知識產權許可協議

Orange Triangle與北京知行銳景於二零一五年七月三日訂立獨家知識產權許可協議（「獨家知識產權許可協議」）。獨家知識產權許可協議自簽署之日生效，且在北京知行銳景存續期間持續有效，除非根據該協議之條款終止。

根據獨家知識產權許可協議，北京知行銳景獲授予使用Orange Triangle網絡域名、註冊商標、數據庫、軟件系統及其他知識產權的權利。該等權利不可轉讓予任何其他第三方。

根據獨家知識產權許可協議，北京知行銳景應支付Orange Triangle年度服務費，金額等於其年度總收益之12%。北京知行銳景亦促使郭江先生及劉小東先生以彼等所持北京知行銳景股份作質押擔保應付Orange Triangle或其全資附屬公司服務費的支付。

獨家購股權協議

橙三角、北京知行銳景、郭江先生及劉小東先生於二零一五年七月三日訂立獨家購股權協議（「獨家購股權協議」）。獨家購股權協議自簽署之日生效，且在北京知行銳景存續期間持續有效，除非根據該協議之條款終止。

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Pursuant to the Exclusive Right to Share Purchase Agreement, Mr. Guo Jiang and Mr. Liu Xiaodong jointly and individually granted Orange Beijing the exclusive right to purchase the shares of Beijing Zhixing Ruijing in accordance with the terms and conditions of the Exclusive Right to Share Purchase Agreement, irrevocably and without any additional conditions. Orange Beijing can, by its own will, decide the way to exercise the right and purchase all or part of shares held by shareholders of Beijing Zhixing Ruijing and/or any specified third party at the minimum price permitted by the relevant laws and regulations of the PRC at any time, by one or more times.

Under the Exclusive Right to Share Purchase Agreement, the share repurchase price shall be the minimum price permitted by the relevant laws and regulations of the PRC. The paid shareholder of Beijing Zhixing Ruijing will return the rest of the transfer price after deducting the paid-up capital injected by them to Beijing Zhixing Ruijing.

Voting Rights Proxy Agreement

Orange Beijing, Beijing Zhixing Ruijing, Mr. Guo Jiang and Mr. Liu Xiaodong entered into a voting rights proxy agreement on 3 July 2015 (the "Voting Rights Proxy Agreement"). The Voting Rights Proxy Agreement shall remain in force during the existence of Beijing Zhixing Ruijing upon execution, unless it is terminated in accordance with the clauses of the agreement.

Pursuant to the Voting Rights Proxy Agreement, Orange Beijing (or its designated parties) was granted the power to, inter alia, exercise all the rights of Mr. Guo Jiang and Mr. Liu Xiaodong as the shareholders of Beijing Zhixing Ruijing, subject to applicable laws, regulations and Beijing Zhixing Ruijing's articles of association. No prior consent from Mr. Guo Jiang and Mr. Liu Xiaodong is required before exercising such right. Mr. Guo Jiang and Mr. Liu Xiaodong shall recognise Orange Beijing's voting result.

Pledge Agreement

Orange Beijing (as the pledgee), Beijing Zhixing Ruijing, Mr. Guo Jiang and Mr. Liu Xiaodong (as the pledgers) entered into a pledge agreement on 3 July 2015 (the "Pledge Agreement"), pursuant to which each of Mr. Guo Jiang and Mr. Liu Xiaodong pledged their equity interests in Beijing Zhixing Ruijing held by them as security for Orange Beijing's rights and interests granted by the Voting Proxy Rights Agreement and the Exclusive Licensing Agreement on Intellectual Property (collectively, the "Master Agreements"). Orange Beijing shall have the right to get compensation by converting the Equity interests into money and seek preferential payments from the proceeds from the auction or sales of the said equity interests concerned or other disposal methods as agreed by each party in accordance with relevant laws and regulations of the PRC.

根據獨家購股權協議，郭江先生及劉小東先生根據獨家購股權協議之條款及條件共同及個別不可撤回且無任何其他條件地授予橙三角購買北京知行銳景股份的獨家權利。橙三角可自行決定行使權利的方式及隨時分一次或多次按中國相關法例及法規准許的最低價格購買北京知行銳景的股東及／或指定任何第三方所持全部或部分股份。

根據獨家購股權協議，股份回購價將為相關中國法例及法規准許的最低價格。獲支付之北京知行銳景股東將於扣除彼等的繳足股本後歸還北京知行銳景餘下之轉讓價值。

授權委託協議

橙三角、北京知行銳景、郭江先生及劉小東先生於二零一五年七月三日訂立授權委託協議（「授權委託協議」）。授權委託協議自簽署之日生效，且在北京知行銳景存續期間持續有效，除非根據該協議之條款終止。

根據授權委託協議，橙三角（或其指定人士）獲授權力（其中包括）行使適用法例、法規及北京知行銳景之組織章程細則授予郭江先生及劉小東先生作為北京知行銳景股東之所有權利。於行使有關投票權前毋須經郭江先生及劉小東先生事先同意。郭江先生及劉小東先生須確認橙三角的投票結果。

股權質押協議

橙三角（作為承押人）、北京知行銳景、郭江先生及劉小東先生（作為質押人）於二零一五年七月三日訂立股權質押協議（「股權質押協議」），據此，郭江先生及劉小東先生各自向橙三角質押彼等於北京知行銳景所持之股權以就授權委託協議及知識產權獨家許可協議（統稱「總協議」）所授出之橙三角之權利及權益提供擔保。橙三角應有權透過將股權轉換為金錢及自有關股權拍賣或出售所得款項尋求優先付款或訂約各方根據中國相關法例及規例協定之其他處置方式獲得補償。

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Prior to the full discharge of the payments and obligations under the Master Agreements, without written consent of the pledgee, Mr. Guo Jiang and Mr. Liu Xiaodong shall not assign the said equity interests in Beijing Zhixing Ruijing.

The Pledge Agreement has become effective upon the execution date. Unless otherwise agreed by Orange Beijing in writing after the Pledge Agreement comes into effect, upon the full and complete performance of the Company and pledgors' obligations under the Master Agreements as well as Orange Beijing's written confirmation, the pledge shall be terminated.

Business and Management Services Agreement

Orange Beijing, Beijing Zhixing Ruijing, Mr. Guo Jiang and Mr. Liu Xiaodong entered into a business and management services agreement on 3 July 2015 (the "Business and Management Services Agreement"), which shall remain in force during the existence of Beijing Zhixing Ruijing upon execution, unless it is terminated in accordance with clauses of the agreement.

Under the Business and Management Services Agreement, Beijing Zhixing Ruijing will appoint Orange Beijing as its exclusive services provider to provide complete management support, business support, technical support and related consulting services during the term of the Business and Management Services Agreement in accordance with its terms and conditions, which may include all necessary services within the scope of Beijing Zhixing Ruijing's business, such as but not limited to business consultations, marketing consultancy, technical services, intellectual properties licenses, product research and development, system maintenance, as well as general corporate management.

The service fee shall be payable to Orange Beijing by the Beijing Zhixing Ruijing, where the Beijing Zhixing Ruijing shall pay to Orange Beijing such fees equivalent to the amount of the Beijing Zhixing Ruijing's revenue deducted by Beijing Zhixing Ruijing's (and its subsidiaries') expenses (including Beijing Zhixing Ruijing's costs, depreciation, other expenses and payments, and relevant tax payments incurred during the term of the Business and Management Services Agreement), net operation loss made by Beijing Zhixing Ruijing and the reserve fund extracted by Beijing Zhixing Ruijing. The service fee shall be calculated within three (3) months since the end of each financial year based on the audited report prepared in accordance with the Chinese Accounting Standards for Business Enterprises and paid within fifteen (15) days of the issuance date of such audited report.

於全面履行總協議項下之付款及責任前，未經承押人書面同意，郭江先生及劉小東先生不得轉讓上述北京知行銳景之股權。

股權質押協議已於簽立日期起生效。除非於股權質押協議生效後獲橙三角書面另行同意，否則於全面及完全履行總協議項下本公司及質押人之責任以及獲得橙三角書面確認後，質押須予終止。

業務及管理服務協議

橙三角、北京知行銳景、郭江先生及劉小東先生於二零一五年七月三日訂立業務及管理服務協議（「業務及管理服務協議」）。業務及管理服務協議自簽署之日生效，且在北京知行銳景存續期間持續有效，除非根據該協議之條款終止。

根據業務及管理服務協議，北京知行銳景將委聘橙三角為其獨家服務供應商以根據業務及管理服務協議之條款及條件於該協議之期限內提供全面管理支持、業務支持、技術支持及相關諮詢服務，可能包括北京知行銳景業務範圍內之所有必要服務，例如但不限於業務諮詢、營銷諮詢、技術服務、知識產權許可、產品研發、系統維護以及整體企業管理。

倘北京知行銳景須向橙三角支付之有關費用相等於北京知行銳景經扣除北京知行銳景（及其附屬公司）之開支（包括北京知行銳景於業務及管理服務協議期限內產生之成本、折舊、其他開支及付款以及相關稅款）、北京知行銳景之營運虧損及北京知行銳景提取之儲備基金後之收益金額，則北京知行銳景將向橙三角支付服務費。服務費須於自各財政年度年結日起計三(3)個月內按根據中國企業會計準則編製之經審核報告計算並於該經審核報告刊發日期起計十五(15)日內支付。

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Risk associated with the BZR Structured Contracts

The PRC government may determine that BZR Structured Contracts are not in compliance with any existing or future applicable PRC laws or regulations

If the PRC government finds that the BZR Structured Contracts (which establish the structure for operating the Value-added Telecommunications Businesses of Beijing Zhixing Ruijing in the PRC) do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, Beijing Zhixing Ruijing could be subject to severe consequences, including the nullification of the BZR Structured Contracts and the relinquishment of the interest of Orange Beijing in the BZR Structured Contracts.

According to the FITE Rules, foreign investors' ultimate equity ownership in an entity in the PRC which provides value-added telecommunications services must not exceed 50% and a foreign investor who wishes to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate (i) a good track record and (ii) experience in providing value-added telecommunications services ("Qualification Requirements").

Beijing Zhixing Ruijing has been engaging in the development and operation of the Value-added Telecommunication Businesses. Under the current PRC regulatory circumstances, Orange Beijing as a wholly foreign owned enterprise would not be able to obtain the VAT License and thus is unable to provide the value-added telecommunications services in the PRC directly.

On 13 July 2006, the Ministry of Information Industry (中華人民共和國信息產業部), currently known as MIIT (the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)) issued the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business (關於加強外商投資經營增值電信業務管理的通知) ("MIIT Notice"), which reiterated restrictions on foreign investment in the telecommunications businesses. Under the MIIT Notice, a domestic company that holds a VAT License is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to provide ICP services illegally in the PRC. Due to a lack of interpretative materials from the authorities, it cannot be assured that the MIIT will not consider the BZR Structured Contracts as a kind of foreign investment in telecommunication services, in which case Beijing Zhixing Ruijing and Orange Beijing may be found in violation of the MIIT Notice.

北京知行銳景結構性合約之風險

中國政府可能決定北京知行銳景結構性合約不符合任何現有或未來適用之中國法律或法規。

倘中國政府認為北京知行銳景結構性合約(為運營北京知行銳景於中國之電信增值業務設立結構)不符合適用中國法律及法規,或倘該等法規或其詮釋日後有所變動,北京知行銳景可能會面臨嚴重後果,包括北京知行銳景結構性合約無效及橙三角放棄於北京知行銳景結構性合約中之權益。

根據FITE規定,外國投資者於在中國從事提供增值電信服務之實體的最終股權所有權不得超過50%,而有意於中國收購增值電信公司任何股權之外國投資者須出示(i)良好往績記錄及(ii)提供增值電信服務之經驗(「資質規定」)。

北京知行銳景一直從事增值電信業務之開發及營運。根據目前中國監管環境,橙三角作為一間外商獨資企業將無法取得增值電信許可證,因此無法直接於中國提供增值電信服務。

於二零零六年七月十三日,中華人民共和國信息產業部(現稱工信部(中華人民共和國工業和信息化部))發出《關於加強外商投資經營增值電信業務管理的通知》(「工信部通知」),重申外商投資電信業務之限制。根據工信部通知,持有增值電信許可證之境內公司禁止以任何形式向外國投資者租賃、轉讓或出售該許可證,亦不得向非法在中國提供ICP服務之外國投資者提供任何協助,包括提供資源、場所或設施。由於缺乏監管機構提供之解釋資料,無法保證工信部不會將北京知行銳景結構性合約視為電信服務之一種外商投資,在該情況下北京知行銳景及橙三角可能被認為違反工信部通知。

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In addition, several recent articles published by some news agencies reported discussions that a recent PRC Supreme Court decision and two VIE structure-related arbitration decisions in Shanghai had cast doubt on the validity of the VIE structure. According to these articles, the PRC Supreme Court ruled in late 2012 that an entrustment agreement entered into by and between a Hong Kong company and a PRC domestic entity, which was purported to enable such Hong Kong company to make an equity investment in a PRC bank through the proxy PRC domestic entity, was void on the grounds that this agreement established an entrustment relationship meant to circumvent the PRC laws and regulations that prohibit foreign investment in PRC financial institutions and as such, constituted an act of concealing illegal intentions with a legitimate form. These articles argued that a contractual arrangement in a VIE structure and the entrustment agreement in the cited case, which were similar to the BZR Structured Contracts, were also designed to “get around” the regulatory restrictions on foreign investment in certain industries. As such, the articles noted that this Supreme Court decision might increase the uncertainties relating to the PRC government’s view on the validity of the VIE structure. These articles also reported, without providing sufficient details, on two arbitration decisions by the then Shanghai CIETAC which invalidated the contractual arrangement used in a VIE structure in 2010 and 2011.

The PRC legal advisor is of the opinion that, based on their understanding and the numerous precedents of PRC domestic internet content providers controlled by overseas companies through contractual arrangements that are similar to the BZR Structured Contracts, the BZR Structured Contracts do not result in a violation of PRC laws, or would not be deemed as “concealing illegal intentions with lawful forms” (as a matter concerning Article 52 of the PRC Contract Law). The BZR Structured Contracts are enforceable, valid and legally binding in accordance with their terms and provisions (except for part of the arbitration clauses contained therein setting forth that the arbitration tribunal may issue injunction or winding-up orders and the Courts of Hong Kong and the Cayman Islands have the jurisdiction to grant interim remedies in support of the arbitration pending formation of the arbitration tribunal).

此外，近期部分新聞出版社刊登多份文章，報導中國最高人民法院近期之決定以及上海兩項有關可變動權益實體結構之仲裁決定引起質疑可變動權益實體結構之有效性之討論。根據該等文章，中國最高人民法院於二零一二年年底裁定由一間香港公司與一間中國內地實體之間訂立之委託協議（該協議旨在使有關香港公司透過有關中國境內實體代理於一間中國銀行作出股本投資）為無效，原因為該協議確立委託關係之意圖為規避禁止外商投資中國金融機構之中國法律法規，因此構成以合法形式隱瞞非法意圖之行為。該等文章認為可變動權益實體結構之合約安排及上述委託協議（與北京知行銳景結構性合約類似），亦為「規避」對外商投資若干行業之監管限制而制定。因此，該等文章指出最高人民法院之決定可能增加中國政府對可變動權益實體結構之有效性之意見之不確定性。該等文章亦報導貿仲委上海分會所作之兩項仲裁決定，於二零一零年及二零一一年認定一個可變動權益實體結構所用之合約安排無效，但並無提供足夠詳情。

中國法律顧問認為，就其理解以及經參考透過類似於北京知行銳景結構性合約之合約安排受海外公司控制之中國內地互聯網內容提供商之多宗先例，北京知行銳景結構性合約並無違反中國法律，或不會被視為中國合同法第52條所載之「以合法形式掩蓋非法目的」。北京知行銳景結構性合約根據其條款及條文屬可強制執行、合法有效並具法律約束力（惟結構性合約之部分仲裁條文所述仲裁庭可發出禁止或清盤令，及於仲裁庭組成前，香港及開曼群島法庭有司法管轄權批予臨時救濟以協助仲裁則除外）。

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However, according to the PRC legal advisor, it cannot be assured that the PRC government or judicial authorities would agree that the BZR Structured Contracts comply with current PRC laws or regulations, would not strictly enforce current PRC laws regulating the provision of internet content, or would not adopt new laws or policies in the future. If the PRC government or judicial authorities determine that the BZR Structured Contracts do not comply with applicable laws and regulations, such contracts would be deemed void and the PRC government or judicial authorities could have broad discretion in dealing with such incompliance, including:

- (i) requiring the nullification of the BZR Structured Contracts;
- (ii) levying fines and/or confiscating the proceeds generated from the operations under the BZR Structured Contracts;
- (iii) revoking of the business licenses or operating licenses of Beijing Zhixing Ruijing;
- (iv) discontinuing or placing restrictions or onerous conditions on the business operations of Beijing Zhixing Ruijing; and
- (v) taking other regulatory or enforcement actions that could be harmful to or even shut down the business of Beijing Zhixing Ruijing and/or Orange Beijing.

In addition, where the Group loses the right to direct the activities of Beijing Zhixing Ruijing as a result of these consequences, the Group would no longer be able to consolidate the financial results of Beijing Zhixing Ruijing.

Orange Beijing relies on BZR Structured Contracts to control and obtain the economic benefits from Beijing Zhixing Ruijing, which may not be as effective in providing operational control as direct ownership.

Due to the PRC's legal restrictions on foreign investment in the value-added telecommunications services, Orange Beijing controls, through the BZR Structured Contracts rather than equity ownership, Beijing Zhixing Ruijing, the operating entity in the PRC and the holder-to-be of the key licenses required to operate the value-added telecommunications services in the PRC. However, the BZR Structured Contracts still may not be as effective as equity ownership in exercising control over Beijing Zhixing Ruijing. For example, Beijing Zhixing Ruijing and its shareholders could breach or fail to perform their obligations under the BZR Structured Contracts. If Orange Beijing had direct ownership of Beijing Zhixing Ruijing, Orange Beijing would be able to exercise its rights as a shareholder to effect changes in its board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at management and operational level. Under the BZR Structured Contracts, Orange Beijing would need to rely on its rights under the BZR Structured Contracts to effect such changes, or designate new shareholders for Beijing Zhixing Ruijing.

然而，據中國法律顧問告知，無法確保中國政府或司法機關會認定北京知行銳景結構性合約已遵守現行之中國法律或法規，亦無法確保其不會加嚴實施現行之中國互聯網內容監管法律或不會於未來採納新的法律或政策。倘中國政府或司法機關認定北京知行銳景結構性合約並不符合適用法律及法規，則該等合約將被視作無效，而中國政府或司法機關於處置該等違規時具有相當大之酌情決定權，包括：

- (i) 要求取消北京知行銳景結構性合約；
- (ii) 徵收罰款及／或沒收根據北京知行銳景結構性合約經營產生之所得款項；
- (iii) 吊銷北京知行銳景的營業執照或經營許可證；
- (iv) 終止北京知行銳景之業務經營或對其實施限制或苛刻條件；及
- (v) 採取其他可能造成損害或甚至關閉北京知行銳景及／或橙三角業務之監管或強制性行動。

此外，倘本集團因上述影響而失去權利指令北京知行銳景之活動，本集團將不能將北京知行銳景之財務業績作合併處理。

橙三角依賴北京知行銳景結構性合約控制北京知行銳景並從中獲取經濟利益，而這在提供營運控制權方面未必如直接擁有權一樣有效。

由於中國對外商投資增值電信服務實施法律限制，橙三角透過北京知行銳景結構性合約（而非透過擁有股權）控制北京知行銳景，其為中國經營實體並將持有於中國經營增值電信服務所必需之主要證書。然而，在對北京知行銳景實行控制方面，北京知行銳景結構性合約仍未必如擁有股權一樣有效。例如，北京知行銳景及其股東可能違法或未能履行其於北京知行銳景結構性合約項下之責任。倘橙三角擁有北京知行銳景之直接所有權，橙三角將能夠作為股東行使權利改變其董事會，從而在任何適用之受信責任之規限下於管理及營運層面作出改變。根據北京知行銳景結構性合約，橙三角需要依賴其於北京知行銳景結構性合約項下之權利促成有關改變，或為北京知行銳景委派新股東。

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If Beijing Zhixing Ruijing or its shareholders breach their obligations under the BZR Structured Contracts or if Orange Beijing loses the effective control over Beijing Zhixing Ruijing for any reason, Orange Beijing would need to bring a claim against them under the terms of the BZR Structured Contracts. The BZR Structured Contracts are governed by PRC law and provide that any dispute which arises will be submitted to the CIETAC, for arbitration, the ruling of which will be final and binding. Furthermore, personal liabilities of the shareholders of Beijing Zhixing Ruijing may also cause the equity interest they hold in Beijing Zhixing Ruijing to be subject to court preservation actions or enforcement. The legal framework and system in the PRC particularly that relates to the arbitration proceedings is not as developed as in other jurisdictions such as Hong Kong. As a result, significant uncertainties relating to the enforcement of legal rights through arbitration, litigation and other legal proceedings remain in the PRC, which could limit Orange Beijing's ability to enforce the BZR Structured Contracts and exert effective control over Beijing Zhixing Ruijing. If Beijing Zhixing Ruijing or any of its shareholders fails to perform its respective obligations under the BZR Structured Contracts, and Orange Beijing is unable to enforce the BZR Structured Contracts, or suffers significant delays or other obstacles in the process of enforcing the BZR Structured Contracts, the business and operations of Orange Beijing could be severely disrupted, which could materially and adversely affect operation results. As a result, the Company's investment in Orange Beijing could also be materially and adversely affected.

Remedies of BZR Structured Contracts may not be obtained effectively under PRC laws.

The BZR Structured Contracts provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the CIETAC in the PRC. The BZR Structured Contracts contain provisions to the effect that the arbitration tribunal may award remedies when Beijing Zhixing Ruijing breaches the BZR Structured Contracts. In addition, the BZR Structured Contracts contain provisions to the effect that the courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal.

However, the abovementioned provisions contained in the BZR Structured Contracts may not be enforced effectively. Under PRC laws, an arbitration tribunal does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in Beijing Zhixing Ruijing in case of disputes, and the courts in Hong Kong and the Cayman Islands may not be empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal under PRC laws. As a result, the provisions may not effectively protect Orange Beijing, notwithstanding the relevant contractual provisions contained in the BZR Structured Contracts.

倘北京知行銳景或其股東違反其於北京知行銳景結構性合約項下之責任或倘橙三角因任何理由而失去對北京知行銳景之有效控制權，橙三角可能需要根據北京知行銳景結構性合約之條款向彼等提出申索。北京知行銳景結構性合約受中國法律規管並規定因該等安排出現之任何糾紛將提交至貿仲委進行仲裁，其裁決將為最終決定且具約束力。此外，北京知行銳景股東之個人責任亦可能使彼等於北京知行銳景持有之股權受到法院保護行動或強制執行所限。中國之法律框架及體系（尤其是與仲裁程序有關者）並不如香港等其他司法權區一樣完善。因此，中國仍存在與透過仲裁、訴訟及其他法律程序強制執行合法權利有關之重大不確定因素，這可能會限制橙三角強制執行北京知行銳景結構性合約及對北京知行銳景實行有效控制之能力。倘北京知行銳景或其任何股東未能履行其各自於北京知行銳景結構性合約項下之責任，且橙三角無法強制執行北京知行銳景結構性合約，或於強制執行北京知行銳景結構性合約過程中遭受重大延誤或其他阻礙，則橙三角之業務及營運或會遭受嚴重干擾，繼而可能對其經營業績產生重大不利影響。因此，本公司於橙三角之投資亦可能遭受重大不利影響。

可能無法根據中國法律有效取得北京知行銳景結構性合約之救濟。

北京知行銳景結構性合約規定糾紛須根據貿仲委之仲裁規則以仲裁方式於中國解決。北京知行銳景結構性合約載有關於仲裁庭可於北京知行銳景違反結構性合約時批予救濟之條文。此外，北京知行銳景結構性合約訂有條文賦予香港及開曼群島法庭權力於仲裁庭組成前批予臨時救濟以協助仲裁。

然而，北京知行銳景結構性合約所載之上述條文未必能有效強制執行。根據中國法律，倘出現糾紛，仲裁庭無權就保障北京知行銳景之資產或任何股權授出任何禁令救濟或臨時或最終清盤令，而根據中國法律，香港及開曼群島法庭亦無權於仲裁庭組成前批予臨時救濟以協助仲裁。因此，儘管北京知行銳景結構性合約載有相關合約條文，該等條文未必能有效保護橙三角。

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Therefore, in the event that Beijing Zhixing Ruijing breaches any of the BZR Structured Contracts, Orange Beijing may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Beijing Zhixing Ruijing and conduct its business could be materially and adversely affected and the financial performance of Orange Beijing could be materially and adversely affected. As a result, the Company's investment in Orange Beijing could also be materially and adversely affected.

The shareholders of Beijing Zhixing Ruijing may potentially have a conflict of interests with the Group.

The Group's control over Beijing Zhixing Ruijing is based on the contractual arrangement under the BZR Structured Contracts. Hence, conflict of interests of the shareholders of Beijing Zhixing Ruijing will adversely affect the interests of the Company. Pursuant to the Voting Rights Proxy Agreement, the shareholders of Beijing Zhixing Ruijing have irrevocably authorised Orange Beijing (or its designee) as their proxy to exercise all the rights of the shareholders of Beijing Zhixing Ruijing and such authorisation shall not be altered unless otherwise instructed by Beijing Zhixing Ruijing. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the shareholders of Beijing Zhixing Ruijing. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the shareholders of Beijing Zhixing Ruijing.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed.

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the BZR Structured Contracts was not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of Beijing Zhixing Ruijing, and this could further result in late payment fees and other penalties to Beijing Zhixing Ruijing for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

因此，倘北京知行銳景違反任何北京知行銳景結構性合約，橙三角未必能夠及時取得足夠救濟，其對北京知行銳景實行有效控制及其開展業務之能力可能會受到重大不利影響，而橙三角之財務表現亦可能受到重大不利影響。因此，本公司於橙三角之投資亦可能遭受重大不利影響。

北京知行銳景股東與本集團之間可能存在潛在利益衝突。

本集團對北京知行銳景之控制乃基於北京知行銳景結構性合約項下之合約安排。因此，北京知行銳景股東之利益衝突將對本公司利益產生不利影響。根據授權委託協議，北京知行銳景股東已不可撤回地授權橙三角（或其獲委派人）作為其代理人，以行使北京知行銳景股東之所有權利，且有關於授權不得更改，除非北京知行銳景另有指示則作另論。因此，本公司與北京知行銳景股東之間不大可能出現潛在利益衝突。然而，倘萬一發生不能解決的利益衝突，則本公司將考慮罷免及更換北京知行銳景股東。

合約安排可能須受中國稅務機關審查及轉移價格調整及可能被徵收額外稅項。

倘中國稅務機關認定北京知行銳景結構性合約項下之安排並非基於公平磋商而訂立，則本集團可能面對重大不利稅務後果。倘中國稅務機關認定該等協議並非根據公平基準訂立，則其可能就中國稅務目的以轉移價格調整之方式對我們之收入及開支作出調整。轉移價格調整可能增加相關稅項負債而不減少北京知行銳景稅項負債，對本集團財務狀況構成不利影響，而這可能進一步導致就未付稅項向北京知行銳景支付滯納金及其他罰金。因此，任何轉移價格調整可能對本集團財務狀況及經營業績產生重大不利影響。

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The Company does not have any insurance which covers the risks relating to the BZR Structured Contracts and the transactions contemplated thereunder.

The insurance of the Group does not cover the risks relating to the BZR Structured Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the BZR Structured Contracts in the future, such as those affecting the enforceability of the BZR Structured Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of Beijing Zhixing Ruijing, the results of the Group may be adversely affected. However, the Group has been monitoring the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group has been implementing relevant internal control measures to reduce the operational risk.

Actions taken to mitigate the risks associated with the BZR Structured Contracts

The BZR Structured Contracts contain certain provisions in order to exercise effective control over and to safeguard the assets of Beijing Zhixing Ruijing, including but not limited to that, without the prior written consent of Orange Beijing, the shareholders of Beijing Zhixing Ruijing shall not at any time dispose, transfer, pledge, sell or create any charges over the assets, business, revenue or any beneficial interests of Beijing Zhixing Ruijing, Beijing Zhixing Ruijing shall conduct its business in its ordinary and usual course to preserve the asset value of Beijing Zhixing Ruijing and shall not engage in any act (or lack thereof) which may have any adverse effect on the business, operations and asset value of Beijing Zhixing Ruijing, and etc.

In addition to the abovementioned internal control measures as provided in the BZR Structured Contracts, the Company has implemented, through Orange Beijing, additional internal control measures against Beijing Zhixing Ruijing as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include (without limitation):

- (i) Beijing Zhixing Ruijing to make available monthly management accounts and submit key operating data after each month end and provide explanations on any material fluctuations to Orange Beijing;
- (ii) Beijing Zhixing Ruijing to assist and facilitate Orange Beijing to conduct quarterly on-site internal audit on Beijing Zhixing Ruijing; and
- (iii) if required, legal advisers and, or other professionals will be retained to deal with specific issues arising from the BZR Structured Contracts and to ensure that the operation of Beijing Zhixing Ruijing will comply with applicable laws and regulations.

本公司並無任何保險覆蓋有關北京知行銳景結構性合約及其項下擬進行交易之風險。

本集團保險並無覆蓋有關北京知行銳景結構性合約及其項下擬進行交易之風險，且本公司無意就此增加購買任何保險。倘北京知行銳景結構性合約日後產生任何風險，如影響北京知行銳景結構性合約及其項下擬進行交易之相關協議強制執行及北京知行銳景營運之風險，則本集團業績可能受到不利影響。然而，本集團已不時監察相關法律及營運環境，以遵守適用法律及法規。此外，本集團已實施有關內部控制措施以減少營運風險。

減低與北京知行銳景結構性合約有關之風險所採取之行動

北京知行銳景結構性合約載有若干條文以有效執行對北京知行銳景之控制權及保護北京知行銳景之資產，該等條文包括但不限於，未經橙三角事先書面同意，北京知行銳景股東不得於任何時間處理、轉讓、按揭、出售北京知行銳景之資產、業務、收益或任何實益權益或對其設立押記，北京知行銳景須於一般及日常業務過程中開展業務以保護其資產價值，且不得作出可能對北京知行銳景業務、營運及資產價值產生不利影響之任何行為(或遺漏作出任何行為)等。

除北京知行銳景結構性合約規定之上述內部控制措施外，本公司已透過橙三角對北京知行銳景實施其他適當內部控制措施(當中已考慮本集團不時採納之內部控制措施)，該等措施可能包括(但不限於)：

- (i) 北京知行銳景於各月底向橙三角提供每月管理賬目及提交主要營運數據，並就任何重大波動提供解釋；
- (ii) 北京知行銳景協助並促使橙三角對北京知行銳景進行季度現場內部審核；及
- (iii) (如必要)法律顧問及／或其他專業人士將留任以處理北京知行銳景結構性合約所產生的具體問題，並確保北京知行銳景的營運將遵守適用的法律及法規。

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Further information regarding risks associated with the Contractual Arrangements and the BZR Structured Contracts are also set out in the Transfer of Listing Announcement and the announcement of the Company dated 8 May 2015 respectively.

Structured Contracts involving Hangzhou Saidian Technology

On 18 December 2015, the Company entered into sale and purchase agreement ("Zhongfu SPA") with Daxiong Holdings Limited ("Daxiong"), Hanson He Holdings Limited ("Hanson"), Richard Chen Holdings Limited ("Richard Chen"), Grand Novel Developments Limited (浩新發展有限公司) ("Grand Novel") and Mr Moustache Holdings Limited ("Moustache") (collectively, the "Zhongfu Sellers"), and Mr. Cao Guoxiong (曹國熊) ("Mr. Cao"), Mr. He Shunsheng (何順生), ("Mr. He") Mr. Chen Xuejun (陳學軍) ("Mr. Chen"), Mr. Guan Jianzhong (管建忠) ("Mr. Guan"), and Mr. Liao Bin (廖斌) ("Mr. Liao") (collectively, the "Zhongfu Seller Guarantors"), pursuant to which the Sellers has conditionally agreed to sell, and the Company has conditionally agreed to acquire the entire issued share capital of ZhongFu Holdings Limited, for an aggregate consideration of approximately HK\$170,807,500 (equivalent to RMB144,573,000).

Part of the consideration amounting to approximately HK\$70,095,000 (equivalent to RMB59,329,000) was settled in cash and the remaining portion was settled by issuance and allotment of convertible bonds which are subject to downward adjustments stipulated in the sale and purchase agreement.

On 5 January 2016, Hangzhou Saidian Information Technology Company Limited* 杭州賽典信息科技有限公司 ("Hangzhou Saidian Information") ("杭州賽典信息"), a wholly owned subsidiary of ZhongFu Holdings Limited, entered into a series of structured contracts, including Exclusive Right to Purchase Agreement; Authorisation Agreement; Management and Operations Agreement and Pledge Agreement (as respectively defined below are collectively called the "ZhongFu Structured Contracts") with the shareholders of Hangzhou Saidian Technology Company Limited 杭州賽點科技有限公司 ("Hangzhou Saidian Technology") ("杭州賽點科技"), Mr. Guo Jiang (郭江), Mr. Chen Xuejun (陳學軍) (together the "PRC Equity Owners").

The shareholders of Hangzhou Saidian Technology unconditionally and irrevocably authorise any individual designated by the Group to represent them in exercising all their rights as shareholders of Hangzhou Saidian Technology including without limitation, to transfer all their equity interests, to determine the consideration for such transfer, to complete all relevant procedures regarding such transfer, to attend general meetings and exercise voting rights, to execute all such relevant documents, agreements and resolutions. In addition, if Hangzhou Saidian Technology declares any dividend, bonus or adopts any proposal for distribution of profits, such dividends, bonus or economic benefits of all such proposal for distribution shall be delivered to the Group.

與合約安排及北京知行銳景結構性合約之進一步資料分別載於轉板上市公佈及本公司日期為二零一五年五月八日之公佈。

涉及杭州賽點科技之結構性合約

於二零一五年十二月十八日，本公司與Daxiong Holdings Limited(「Daxiong」)、Hanson He Holdings Limited(「Hanson」)、Richard Chen Holdings Limited(「Richard Chen」)、浩新發展有限公司(「浩新」)及Mr Moustache Holdings Limited(「Moustache」)(統稱「中服賣方」)及曹國熊先生(「曹先生」)、何順生先生(「何先生」)、陳學軍先生(「陳先生」)、管建忠先生(「管先生」)及廖斌先生(「廖先生」)(統稱「中服賣方擔保人」)訂立買賣協議(「中服買賣協議」)，據此，賣方已有條件同意出售而本公司已有條件同意收購中服控股有限公司全部已發行股本，總代價約為170,807,500港元(相當於人民幣144,573,000元)。

數額約為70,095,000港元(相當於人民幣59,329,000元)之部分代價以現金償付，餘下代價將透過發行及配發可換股債券之方式償付，惟須按買賣協議之規定可予下調。

於二零一六年一月五日，杭州賽典信息科技有限公司(「杭州賽典信息」，中服控股有限公司全資擁有之附屬公司)與杭州賽點科技有限公司(「杭州賽點科技」)之股東郭江先生及陳學軍先生(統稱「中國股權擁有人」)訂立一系列結構性合約，包括獨家購買權協議、授權協議、管理及營運協議及抵押協議(各定義見下文，統稱為「中服結構性合約」)。

杭州賽點科技之股東無條件及不可撤回地授權本集團指定之任何人士代其行使其作為杭州賽點科技股東之所有權利，包括但不限於轉讓其所有股權、釐定有關轉讓之代價、完成有關轉讓之所有相關手續、出席股東大會及行使投票權、簽立所有相關文件、協議及決議案。此外，倘杭州賽點科技宣派任何股息、花紅或就分派溢利採納任何建議，則有關股息、花紅或所有有關分派建議之經濟利益均須交付予本集團。

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In accordance with the ZhongFu Structured Contracts, the Group has acquired the control over Hangzhou Saidian Technology as the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the Hangzhou Saidian Technology's variable returns. The Group is also entitled to substantially all of the operating profits and residual interest generated by Hangzhou Saidian Technology. Hangzhou Saidian Technology in turn held 80.38% of the equity interest of Zhejiang ZhongFu Internet Technology Company Limited 浙江中服網絡科技有限公司 ("Zhejiang Zhongfu"). On 8 January 2016, the Group fulfilled all the conditions precedent set out in the sale and purchase agreement. The acquisition of 100% of equity interest of ZhongFu Holdings Limited ("Zhongfu Acquisition") has been completed accordingly. Consequently, Zhejiang Zhongfu has become a subsidiary of the Group with effect from 8 January 2016.

The results and financial position of ZhongFu Holdings Limited have been included in the consolidated financial statements of the Group from 8 January 2016.

The goodwill of approximately RMB38,426,000 arising from the acquisition is attributable the synergies and technical talent and economies of scale expected from combining the operations of the Group and Zhejiang Zhongfu. None of the goodwill recognised is expected to be deductible for income tax purpose.

Information of ZhongFu Holdings Limited and its subsidiaries (collectively, "Zhongfu Group")

ZhongFu Holdings Limited is an investment holding company incorporated in the BVI on 28 August 2015 with limited liability and issued capital of US\$50,000. As at the date of this report, ZhongFu Holdings Limited is a wholly-owned subsidiary of the Company.

ZhongFu Holdings Limited held the entire issued share capital in SaiDian HK Limited ("SaiDian HK"), an investment holding company incorporated in Hong Kong on 15 September 2015 with limited liability and issued capital of HK\$10,000, which in turn held the entire equity interest in Hangzhou Saidian Information, a company incorporated under the laws of the PRC.

根據中服結構性合約，當本集團擁有現時能主導相關業務(即重大影響杭州賽點科技可變回報之業務)之既定權利時，本集團取得對杭州賽點科技之控制權。本集團亦有權享有杭州賽點科技產生之絕大部分經營溢利及餘下權益。杭州賽點科技持有浙江中服網絡科技有限公司(「浙江中服」)80.38%之股權。於二零一六年一月八日，本集團達成買賣協議所載之所有先決條件，據此完成收購中服控股有限公司全部股權(「中服收購」)。因此，浙江中服自二零一六年一月八日起成為本集團之附屬公司。

中服控股有限公司之業績及財務狀況自二零一六年一月八日起已計入本集團之合併財務報表。

收購事項產生商譽約人民幣38,426,000元乃歸因於協同效益及技術人才以及合併本集團與浙江中服業務預期產生之規模經濟效益。預期概無已確認商譽須就所得稅扣減。

有關中服控股有限公司及其附屬公司之資料 (統稱「中服集團」)

中服控股有限公司為於二零一五年八月二十八日在英屬處女群島註冊成立之投資控股有限公司，已發行資本為50,000美元。於本報告日期，中服控股有限公司是本公司之全資附屬公司。

中服控股有限公司持有SaiDian HK Limited(「SaiDian HK」)全部已發行股本。SaiDian HK為於二零一五年九月十五日在香港註冊成立的投資控股有限公司，已發行資本為10,000港元。該公司則持有杭州賽典信息全部股權。杭州賽典信息為根據中國法律註冊成立之公司。

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Hangzhou Saidian Technology is a limited company established in the PRC on 8 December 2009 with paid up capital of RMB5,250,000 and is an investment holding company. It held 80.38% equity interest of Zhejiang Zhongfu which is a limited company established in the PRC on 18 June 2001 with paid up capital of RMB10,000,000. Zhejiang Zhongfu in turn wholly owned 深圳市中服引綫網絡科技有限公司 Shenzhen Zhongfu Yinxian Internet Technology Company Limited* ("Shenzhen Zhongfu") and 浙江諾天網絡科技有限公司 Zhe Jiang Nuotian Internet Technology Company Limited* ("Zhejiang Nuotian"). Shenzhen Zhongfu is a limited company established in the PRC on 21 May 2003 with paid up capital of RMB1,000,000. Zhejiang Nuotian is a limited company established in the PRC on 15 March 2007 with paid up capital of RMB5,000,000.

Set out below is the key financial information of Hangzhou Saidian Technology during the year ended 31 December 2018:

杭州賽點科技為一間於二零零九年十二月八日於中國成立之有限公司，繳足資本為人民幣5,250,000元，為投資控股公司。杭州賽點科技持有浙江中服（於二零零一年六月十八日於中國成立之有限公司，繳足資本為人民幣10,000,000元）80.38%股權。浙江中服則全資擁有深圳市中服引綫網絡科技有限公司（「深圳中服」）及浙江諾天網絡科技有限公司（「浙江諾天」）。深圳中服為一間於二零零三年五月二十一日於中國成立之有限公司，繳足資本為人民幣1,000,000元。浙江諾天為一間於二零零七年三月十五日於中國成立之有限公司，繳足資本為人民幣5,000,000元。

下表載列杭州賽點科技於截至二零一八年十二月三十一日止年度之主要財務資料：

| | | Year ended 31 December 2018 截至二零一八年 十二月三十一日 止年度 RMB'000 人民幣千元 |
|--------------|------|--|
| Revenue | 銷售收入 | 35,593 |
| Total assets | 資產總值 | 62,735 |

Business overview and revenue model

Hangzhou Saidian Information, Zhejiang Zhongfu, Shenzhen Zhongfu and Zhejiang Nuotian (collectively referred to as the "VIE Group") is principally engaged in the provision of vertical websites in the garment industry in the PRC. It holds certain assets related to the operation of the websites under the key domain names: www.efu.com.cn (中國服裝網), www.yifu.net (壹服), www.51fashion.com.cn (時尚飾界), www.5143.cn (服裝加盟網), www.nynet.com.cn (中國內衣網) and www.kidsnet.cn (童裝加盟網), which are internet portals mainly providing information on fashion brands, finished garment products (such as men's wear, women's wear, children's wear, underwear, shoes, leather goods, down jackets and others), fabrics, ancillary materials (such as buttons, zippers), textile equipment (such as sewing machines, cutting machines, stitching machines, printing machines, automated systems) to business users (such as manufacturers, wholesalers, traders, department stores, shopping malls) in the garment industry.

Revenue of Zhejiang Zhongfu was generated from advertising income, marketing solution fees from domestic apparels, bags and accessories manufacturers for the advertisement placed with Zhejiang Zhongfu on its websites in relation to the products and/or brands. Revenue from one-stop solution providers for online and offline promotion solutions have been increasing their respective contribution. Revenue from provision of promotion solutions would be in the form of a pre-determined service fee.

業務概覽及收入模式

杭州賽典信息、浙江中服、深圳中服及浙江諾天（統稱為「可變權益實體集團」）主要為中國製衣業提供垂直網站。其持有有關經營主要域名網站：www.efu.com.cn（中國服裝網）、www.yifu.net（壹服）、www.51fashion.com.cn（時尚飾界）、www.5143.cn（服裝加盟網）、www.nynet.com.cn（中國內衣網）及www.kidsnet.cn（童裝加盟網）網站之若干資產。該等網站為主要向製衣業之業務用家（如製造商、批發商、商家、百貨公司、商場）提供有關時裝品牌、製成衣產品（如男士服飾、女士服飾、兒童服飾、內衣褲、鞋、皮革製品、羽絨及其他）、紡織品、配件材料（如鈕扣、拉鍊）、紡織設備（如縫紉機、裁剪機、縫合機、印刷機、自動化系統）資料之互聯網門戶網站。

浙江中服之收入產生自本地服裝、手袋及配飾製造商於浙江中服網站投放有關產品及／或品牌廣告之廣告收入及市場營銷解決方案費用。線上及線下推廣解決方案之一站式解決方案提供商之收入一直增加其各自之貢獻。來自提供推廣解決方案之收入形式為預先釐定之服務費。

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MAJOR TERMS OF THE ZHONGFU STRUCTURED CONTRACTS

中服結構性合約之主要條款

1. Exclusive Right to Purchase Agreement

Hangzhou Saidian Information, Hangzhou Saidian Technology and the PRC Equity Owners enter into an exclusive right to purchase agreement (the "Exclusive Right to Purchase Agreement"), under which the PRC Equity Owners will irrevocably, and jointly and individually grant Hangzhou Saidian Information the exclusive right to purchase the shares of Hangzhou Saidian Technology at the minimum price permitted by the relevant laws and regulations of PRC at any time, by one or more times. The PRC Equity Owners may not transfer their shares in Hangzhou Saidian Technology without written consent from Hangzhou Saidian Information.

The exclusive purchase right may be exercised by Hangzhou Saidian Information by written notice to the PRC Equity Owners. Hangzhou Saidian Technology and the PRC Equity Owners shall provide all necessary information and documents for the share registration. In the situation that more than one shareholder holding the shares, the PRC Equity Owners and Hangzhou Saidian Technology shall procure any remaining shareholders of Hangzhou Saidian Technology, if any to agree to transfer the shares to Hangzhou Saidian Information and/or its designated parties in written statement, indicating their waiver of pre-emptive rights. In the event of transfer of shares, Hangzhou Saidian Technology shall procure the shareholders to sign a share purchase agreement with Hangzhou Saidian Information and/or designated parties upon the receipt of exercise notice. To ensure the performance of this agreement, a Pledge Agreement (as hereinafter defined) will be signed.

The price would be the minimum price permitted by the relevant laws and regulations of PRC. The paid shareholder will return the rest of the transfer price after deducting the paid-up capital by them to Hangzhou Saidian Technology. Any taxes, charges and fees shall be borne by the parties pursuant to relevant laws and regulations of the PRC.

The Exclusive Right to Purchase Agreement shall be effective upon execution and as long as Hangzhou Saidian Technology subsists. The parties agree that the Exclusive Right to Purchase Agreement can be terminated by Hangzhou Saidian Information by giving 30 days' written notice.

1. 獨家購買權協議

杭州賽典信息、杭州賽點科技及中國股權擁有人訂立獨家購買權協議(「獨家購買權協議」)，據此，中國股權擁有人將共同及個別不可撤回地授予杭州賽典信息隨時分一次或多次按中國相關法律及法規准許之最低價格購買杭州賽點科技股份之獨家權利。中國股權擁有人未經杭州賽典信息之書面同意不得轉讓杭州賽點科技之股份。

杭州賽典信息可透過向中國股權擁有人發出書面通知行使獨家購買權。杭州賽點科技及中國股權擁有人須就股份登記提供所有必要資料及文件。倘超過一名股東持有股份，中國股權擁有人及杭州賽點科技須以書面聲明促使杭州賽點科技任何餘下股東(如有)同意轉讓股份予杭州賽典信息及／或其指定人士，表明其放棄優先購買權。倘轉讓股份，杭州賽點科技於收到行使通知後須促使股東與杭州賽典信息及／或其指定人士簽署購股協議。為確保本協議得以履行，將簽署抵押協議(定義見下文)。

價格將為相關中國法律及法規准許之最低價格。獲款股東將於彼等扣除實繳股本後向杭州賽點科技歸還餘下轉讓價值。根據中國相律法例及法規，任何稅項、收費及費用須由訂約方承擔。

獨家購買權協議於簽立後生效，直至杭州賽點科技不再存續為止。訂約方同意，杭州賽典信息可透過發出30天之書面通知終止獨家購買權協議。

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2. Authorisation Agreement

Hangzhou Saidian Information, Hangzhou Saidian Technology and the PRC Equity Owners entered into an authorisation agreement ("Authorisation Agreement"). Pursuant to the Authorisation Agreement, Hangzhou Saidian Information (or its designated parties who must be one of the Director and a PRC citizen, and must not be the PRC Equity Owners or their connected person(s) (the "Designated Party(ies)")) will have the power to, inter alia, exercise all shareholder's rights granted by applicable laws, regulations and Hangzhou Saidian Technology's articles of association, including but not limited to convening shareholders meeting, voting and signing resolutions at shareholders meeting, filing documents to company registration authorities, designating and appointing directors and supervisors, transferring or disposing off equity of Hangzhou Saidian Technology, participating in Hangzhou Saidian Technology's major decisions, and choosing management for Hangzhou Saidian Technology.

No prior consent from the PRC Equity Owners is required before Hangzhou Saidian Information (or its Designated Parties) exercise its voting rights. The PRC Equity Owners shall recognize Hangzhou Saidian Information's voting result.

The Authorisation Agreement shall be effective upon execution and as long as Hangzhou Saidian Technology's shareholders remain to be Hangzhou Saidian Technology's shareholders. The parties agree that the Authorisation Agreement can be terminated by Hangzhou Saidian Information each by giving 30 days' written notice.

3. Management and Operations Agreement

Hangzhou Saidian Information, Hangzhou Saidian Technology and the PRC Equity Owners entered into a management and operation agreement (the "Management and Operation Agreement").

Pursuant to the Management and Operations Agreement, Hangzhou Saidian Technology will appoint Hangzhou Saidian Information as its exclusive services provider of management and operations services. Such services include all necessary services within the scope of Hangzhou Saidian Technology's business, such as but not limited to business consultations, marketing consultancy, technical services, intellectual properties licenses, product research and development, system maintenance, as well as general corporate management.

2. 授權協議

杭州賽典信息、杭州賽點科技及中國股權擁有人訂立授權協議(「授權協議」)。根據授權協議，杭州賽典信息(或其指定人士(須為其中一名董事及中國公民，且不得為中國股權擁有人或彼等之關連人士)(「指定人士」))將有權(其中包括)行使適用法律、法規及杭州賽點科技之組織章程細則授予之所有股東權利，包括但不限於召開股東大會、於股東大會上投票及簽署決議案、向公司註冊機關提交文件、指定及委任董事及監事、轉讓或出售杭州賽點科技之權益、參與杭州賽點科技作出之重大決定，並為杭州賽點科技甄選管理人員。

杭州賽典信息(或其指定人士)於行使其投票權前毋須經中國股權擁有人事先同意。中國股權擁有人須確認杭州賽典信息之投票結果。

授權協議於簽立後生效，直至杭州賽點科技之股東辭去其股東職務為止。訂約方同意，杭州賽典信息可透過發出30天之書面通知終止授權協議。

3. 管理及營運協議

杭州賽典信息、杭州賽點科技及中國股權擁有人訂立管理及營運協議(「管理及營運協議」)。

根據管理及營運協議，杭州賽點科技將委聘杭州賽典信息為其管理及營運服務之獨家服務供應商。該等服務包括杭州賽點科技業務範圍內之所有必要服務，例如但不限於業務諮詢、營銷諮詢、技術服務、知識產權許可、產品研發、系統維護以及一般企業管理。

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The PRC Equity Owners and Hangzhou Saidian Technology shall procure the resignation of directors and supervisors whose appointment Hangzhou Saidian Information does not agree to. Those directors and supervisors shall be replaced by personnel appointed by Hangzhou Saidian Information.

Hangzhou Saidian Technology shall pay Hangzhou Saidian Information such service fees equivalent to the amount of the Hangzhou Saidian Technology's revenue deducted by Hangzhou Saidian Technology's (and its subsidiaries') expenses (including Hangzhou Saidian Technology's costs, depreciation, other expenses and payments, and relevant tax payments incurred during the term of the Management and Operations Agreement), loss covered by Hangzhou Saidian Technology and the relevant reserve fund extracted by Hangzhou Saidian Technology. The service fee shall be calculated within three months since the end of each financial year based on the audited report prepared in accordance with the PRC Accounting Standards for Business Enterprises and paid within 15 days of the issuance date of such audited report.

The Management and Operations Agreement shall be effective upon execution for three years, and upon expiry, Hangzhou Saidian Information has a sole discretionary right to renew the Management and Operations Agreement for another three years, subject to the applicable law, regulations and rules at that time (including the Listing Rules). The parties agree that the Management and Operations Agreement can be terminated by Hangzhou Saidian Information by giving 30 days' written notice.

中國股權擁有人及杭州賽點科技須促使不獲杭州賽典信息同意而獲委任之董事及監事辭任。該等董事及監事須由杭州賽典信息委聘之人員取代。

杭州賽點科技須向杭州賽典信息支付之有關服務費用相等於經扣除杭州賽點科技(及其附屬公司)之開支(包括杭州賽點科技於管理及營運協議期限內產生之成本、折舊、其他開支及付款以及相關稅款)、杭州賽點科技承擔之虧損及杭州賽點科技提取之相關儲備基金後杭州賽點科技之收入金額。服務費須於自各財政年度年結日起計三個月內按根據中國企業會計準則編製之經審計報告計算並於該經審計報告刊發日期起計15日內支付。

管理及營運協議於簽立後生效，為期三年，且於到期後，杭州賽典信息擁有獨家酌情權可重續管理及營運協議多三年，惟須受當時適用法律、法規及規則(包括上市規則)所限。訂約方同意，杭州賽典信息可透過發出30天之書面通知終止管理及營運協議。

Management's Discussion and Analysis

管理層討論和分析

4. Pledge Agreement

Hangzhou Saidian Information, Hangzhou Saidian Technology and the PRC Equity Owners entered into a pledge agreement (the "Pledge Agreement").

According to the Pledge Agreement, the PRC Equity Owners will pledge to Hangzhou Saidian Information their equity interests in Hangzhou Saidian Technology (the "Pledged Interests", being the entire equity interests in Hangzhou Saidian Technology) as security for Hangzhou Saidian Information's rights and interests granted by the Exclusive Right to Purchase Agreement, the Authorisation Agreement and the Management and Operations Agreement (the "Master Agreements") (including any payment (including legal expense), expense, loss, interests, liquidated damages, compensation, costs for realization of loans, costs and losses for specific performance of Hangzhou Saidian Technology, and the liabilities incurred as results of the termination, recession, whole or partial invalidation of the Master Agreements). Hangzhou Saidian Information shall have the right to compensation by converting the Pledged Interests into money and seek preferential payments from the proceeds from the auction or sales of the Pledged Interests concerned or other disposal methods as agreed by each party in accordance with relevant laws and regulations of the PRC.

The Pledge Agreement shall become effective upon the execution date. The PRC Equity Owners has cooperated with Hangzhou Saidian Technology and registered the pledge in shareholders' register with the relevant authorities.

Prior to the full discharge of the payments and obligations under the Master Agreements, without written consent of the Hangzhou Saidian Information, the PRC Equity Owners shall not assign any of the Pledged Interests.

Unless otherwise agreed by Hangzhou Saidian Information in writing, upon the full and complete performance of Hangzhou Saidian Technology and the PRC Equity Owners under the Master Agreements as well as Hangzhou Saidian Information's written confirmation, the Pledge Agreement shall be terminated. Costs reasonably incurred thereof shall be borne by the PRC Equity Owners.

In the event where Hangzhou Saidian Technology or the PRC Equity Owners failed to fully discharge their obligations under the Master Agreements, Hangzhou Saidian Information shall continuously enjoy the pledge until the above-mentioned obligations being fulfilled in a manner to its satisfaction.

4. 抵押協議

杭州賽典信息、杭州賽點科技及中國股權擁有人訂立抵押協議(「抵押協議」)。

根據抵押協議，中國股權擁有人將向杭州賽典信息抵押彼等於杭州賽點科技所持之股權(「已抵押股權」，即杭州賽點科技之全部股權)以就獨家購買權協議、授權協議以及管理及營運協議(「總協議」)所授出之杭州賽典信息之權利及權益提供擔保，包括任何付款(包括法律費用)、開支、損失、利息、算定損害賠償、補償、貸款變現之成本、杭州賽點科技具體表現之成本及虧損以及因總協議被終止、被撤銷、全部或部分失效而產生之負債。杭州賽典信息將有權透過將已抵押股權轉換為金錢獲得補償，並於相關已抵押股權拍賣或出售之所得款項中或訂約各方根據中國相關法律及法規協定之其他處置方式尋求優先付款。

抵押協議須於簽立日期起生效。中國股權擁有人已配合杭州賽點科技向有關當局完成股權抵押登記。

於全面履行總協議項下之付款及責任前，未經杭州賽典信息書面同意，中國股權擁有人不得分派任何已抵押股權。

除非獲杭州賽典信息另行書面同意，否則於全面及完全履行總協議項下杭州賽點科技及中國股權擁有人之責任以及獲得杭州賽典信息書面確認後，抵押協議須予以終止。因此而合理產生之成本須由中國股權擁有人承擔。

倘杭州賽點科技或中國股權擁有人無法全面履行彼等於總協議項下之責任，則杭州賽典信息將繼續享有抵押直至上述責任以其信納之方式獲達成為止。

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The Company will unwind the ZhongFu Structured Contracts and directly hold the equity interests of Hangzhou Saidian Technology when the relevant restrictions no longer exist. The current legal or regulatory restrictions in exercising the purchase right under the Exclusive Right to Purchase Agreement is stipulated in the FITE Rules. Furthermore, even if the foreign ownership restriction is relaxed, the transfer of the equity interests in Hangzhou Saidian Technology from the shareholders of Hangzhou Saidian Technology to the Group may still be subject to substantial costs.

Reasons for and the benefits of the sale and purchase agreement and the ZhongFu Structured Contracts

By leveraging on the combined customer base and business network of the Group and the Zhongfu Group, it is envisaged that the Group will have a wider and deeper access to different groups of customers who would require the existing services provided by the Group and/or facilitate the matching between the subscribers of the Group (being a customer or a supplier) with the customers and business network of the Zhongfu Group. Besides, upon completion of the Zhongfu Acquisition, the Group may widen its industry coverage and geographical coverage. Moreover, the Group may integrate the resources between the Group and the Zhongfu Group in various aspects (such as human resources, sales and marketing, financing, back office support, technical support etc.) to achieve economy of scale, cost reduction and efficiency improvement. The Directors (including the independent non-executive Director) consider that (i) the Zhongfu SPA, the ZhongFu Structured Contracts and the transactions contemplated thereunder were entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and that the terms of the Zhongfu SPA, the ZhongFu Structured Contracts and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the amount of the annual caps for the transactions contemplated under the ZhongFu Structured Contracts are fair and reasonable.

本公司將於相關限制不再存在時解除中服結構性合約並直接持有杭州賽點科技之股權。有關行使獨家購買權協議項下購買權之現行法律或監管限制於外商投資電信企業管理規定中訂明，於下文「有關結構性合約之風險－中國政府可能將結構性合約定為不符合適用法律及法規」一段載述。此外，即使外資擁有權限制放寬，將杭州賽點科技之股權自杭州賽點科技之股東轉至本集團可能仍須承擔高昂成本。

訂立買賣協議及中服結構性合約之理由及裨益

透過利用本集團及中服集團所結合之客戶基礎及業務網絡，按照設想，本集團或將更為廣泛且深入接觸不同客戶群體，而彼等或會要求本集團提供現有服務及／或促進本集團用戶（客戶或供應商）與中服集團之客戶及業務網絡配對。此外，於完成中服收購時，本集團或會拓寬其行業及地域覆蓋範圍。另外，本集團或會於各方面（如人力資源、銷售及推廣、融資、後勤支持、技術支持等）整合本集團與中服集團之資源以實現規模經濟、削減成本及效益改善。董事（包括獨立非執行董事）認為，(i)中服買賣協議、中服結構性合約及其項下擬進行之交易乃經公平磋商後於本公司日常及一般業務過程中按一般商業條款訂立，且中服買賣協議、中服結構性合約及其項下擬進行之交易之條款屬公平合理並符合本公司及股東之整體利益；及(ii)中服結構性合約項下擬進行之交易之年度上限金額屬公平合理。

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Risks relating to the ZhongFu Structured Contracts

We refer to the above section titled "Risk associated with the BZR Structured Contracts", similar risks identified under the said section would be applicable to ZhongFu Structured Contracts as well, in particular; the following risks:

- (1) The PRC government may determine that the ZhongFu Structured Contracts do not comply with the applicable laws and regulations;
- (2) The ZhongFu Structured Contracts may not be as effective as direct ownership in providing control over Hangzhou Saidian Technology;
- (3) The PRC Equity Owners may potentially have a conflict of interests with the Group;
- (4) The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed;
- (5) The Company does not have any insurance which covers the risks relating to the ZhongFu Structured Contracts and the transactions contemplated thereunder.

Impact of the Foreign Investment Law of the PRC on the ZhongFu Structured Contracts and the Business of Hangzhou Saidian Technology

On 15 March 2019, the 13th National People's Congress passed the Foreign Investment Law of the PRC (the "Foreign Investment Law"), which will take effect on 1 January 2020. Upon the Foreign Investment Law becomes effective, in China, it will be the governing law of the foreign investment, and replace the three existing laws, i.e. the Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures, the Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures, and the Law of the People's Republic of China on Wholly Foreign-Owned Enterprises.

有關中服結構性合約之風險

茲提述上文「有關北京知行銳景結構性合約之風險」一節，上述章節所發現之類似風險亦將適用於有關中服結構性合約之風險，特別是以下現有風險：

- (1) 中國政府可能將中服結構性合約定為不符合適用法律及法規；
- (2) 中服結構性合約於提供對杭州賽點科技之控制權方面未必如直接擁有權一樣有效；
- (3) 中國股權擁有人與本集團之間可能存在潛在利益衝突；
- (4) 合約安排可能須受中國稅務機關審查及受轉移價格調整所限且可能被徵收額外稅項；
- (5) 本公司並未持有保險以保障與中服結構性合約及其項下擬進行交易有關之風險。

中華人民共和國外商投資法對中服結構性合約及杭州賽點科技之影響

於二零一九年三月十五日，十三屆全國人民代表大會通過《中華人民共和國外商投資法》（「外商投資法」）。外商投資法將於二零二零年一月一日生效。外商投資法生效後，將取代中國規管外商投資的三部現行法律（即《中外合資經營企業法》《中外合作經營企業法》及《外資企業法》），成為中國外國投資的法律依據。

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The Foreign Investment Law prescribes the application of pre-access national treatment (准入前國民待遇) and the negative list management system (負面清單管理制度) for foreign investment. The negative list represents a special access administrative system implemented within certain areas on foreign investment according to national regulations. The negative list is issued or approved for issue by the State Council. The negative list for foreign investment access prescribes the areas that foreign investors are not allowed to invest in, the areas where foreign investors shall comply with the conditions imposed under the negative list, and the areas beyond the negative list where management will take place in the principles applicable to both domestic and foreign enterprises.

The Foreign Investment Law divides foreign investment into three categories, but with no mention of the concepts on actual control and control under contractual arrangement or any explicit categorization of contractual arrangement as a form of foreign investment. If the Foreign Investment Law comes into effect in its current form and the prevailing laws, regulations and rules do not include contractual arrangement as a form of foreign investment, our contractual arrangements and respective agreements thereunder will not be materially affected and will remain to be legal and effective arrangements and binding on the contractual parties.

Notwithstanding the foregoing, the Foreign Investment Law prescribes that foreign investment shall include "foreign investors making investment within the PRC in other manners as specified by laws, administrative regulations or the State Council". Besides, on 19 January 2015, the MOFCOM has published the Foreign Investment Law (Draft for Soliciting Opinions) (中華人民共和國外國投資法(草案徵求意見稿)) (the "Draft Foreign Investment Law") for public comment. Among the regulations of the Draft Foreign Investment Law are the expansion of the definition of foreign investment and the introduction of the principle of "actual control" to determine whether a company shall be deemed a foreign-invested enterprise. Once an entity was recognized as a foreign-invested enterprise, it will be subject to the restrictions or prohibitions set out in the negative list. Laws, administrative regulations and provisions formulated by the State Council in the future may still consider contractual arrangement as a form of foreign investment. Therefore, uncertainty remains as to whether contractual arrangement will be deemed to breach foreign investment access regulations and the approach of handing the contractual arrangements mentioned above.

外商投資法規定對外商投資實行准入前國民待遇加負面清單管理制度。負面清單，是指國家規定在特定領域對外商投資實施的准入特別管理措施。負面清單由國務院發布或者批准發布。外商投資准入負面清單規定禁止投資的領域，外國投資者不得投資。外商投資准入負面清單規定限制投資的領域，外國投資者進行投資應當符合負面清單規定的條件。外商投資准入負面清單以外的領域，按照內外資一致的原則實施管理。

外商投資法將外國投資規定為三類，但無提及包括實際控制及通過合約安排控制的概念，未明確將合約安排分類為外國投資形式之一。倘外商投資法以目前的形式生效，且當時的法律、法規及法則並無將合約安排納入外國投資形式之一，則我們的合約安排及合約安排項下的各項協議不會受重大影響，及將繼續為合法有效安排，且對訂約方仍具約束力。

儘管上文所述，外商投資法規定外國投資包括「外國投資者通過法律、行政法規或國務院規定的其他方式在中國境內投資」。此外，商務部曾於二零一五年一月十九日公布《中華人民共和國外國投資法(草案徵求意見稿)》(「外國投資法草案」)，向大眾徵求意見。外國投資法草案各項規定其中包括擴大對外國投資的定義，並引入「實際控制」原則以認定一家公司是否被視為外商投資企業。一旦實體被認定為外商投資企業，其將受到負面清單中所載對外國投資的限制或禁止。未來法律、行政法規及國務院制定的條文仍可能將合約安排視為外國投資形式之一，此時合約安排是否將被視為違反外國投資准入規定及應如何處理上述合約安排仍存在不確定性。

Management's Discussion and Analysis

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INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

The ZhongFu Structured Contracts contained certain provisions in order to exercise effective control over and to safeguard the assets of Hangzhou Saidian Technology. In addition to the internal control measures as provided in the ZhongFu Structured Contracts, it is the intention of the Company, following completion of the Sale and Purchase Agreement, to implement, through Hangzhou Saidian Information, additional internal control measures against Hangzhou Saidian Technology as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include but not limited to:

Management controls

- (i) The Group will appoint a board representative (the "Representative") to the board of Hangzhou Saidian Technology. The Representative is required to conduct reviews on the operations of Hangzhou Saidian Technology and shall submit the reviews to the Board. The Representative is also required to check the authenticity of the monthly management accounts of Hangzhou Saidian Technology;
- (ii) The Representative shall establish a team to be funded by the Group who shall station at Hangzhou Saidian Technology and shall be actively involved in various aspects of the daily managerial and operational activities of Hangzhou Saidian Technology;
- (iii) Upon receiving notification of any major events of Hangzhou Saidian Technology by the Representative, the registered shareholders of Hangzhou Saidian Technology must report to the company secretary of the Company (the "Company Secretary"), who must in turn report to the Board;
- (iv) The Company Secretary shall conduct regular site visits to Hangzhou Saidian Technology and conduct personnel interviews quarterly and submit reports to the Board; and
- (v) All seals, chops, incorporation documents and all other legal documents of Hangzhou Saidian Technology must be kept at the office of Hangzhou Saidian Information.

由本集團實施之內部控制措施

中服結構性合約包括若干條款以有效行使對杭州賽點科技之控制權及保障其資產。除由中服結構性合約提供之內部控制措施外，本公司之意向為於買賣協議完成後，在適當的情況下透過杭州賽典信息向杭州賽點科技實施額外內部控制措施，當中考慮到本集團不時採納之內部控制措施，該等措施包括但不限於：

管理監控

- (i) 本集團將向杭州賽點科技董事會委任一名董事會代表（「代表」）。代表須視察杭州賽點科技之營運，並向董事會呈交視察報告。代表亦須檢查杭州賽點科技每月管理賬目是否真確；
- (ii) 代表須籌組團隊，費用由本集團支付，該團隊將駐守杭州賽點科技，並須積極參與杭州賽點科技之日常管理及經營活動多個範疇；
- (iii) 於接獲代表發出有關杭州賽點科技任何主要事件之通知後，杭州賽點科技之登記股東須向本公司之公司秘書（「公司秘書」）匯報，而公司秘書其後須向董事會匯報；
- (iv) 公司秘書將定期造訪杭州賽點科技，並每季進行實地視察，且向董事會呈交報告；及
- (v) 杭州賽點科技所有印章、印鑑、註冊文件及所有其他法律文件必須存放於杭州賽典信息辦事處。

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管理層討論和分析

Financial controls

- (i) The financial controller of the Company (the "FC") shall collect monthly management accounts, bank statements and cash balances and major operational data of Hangzhou Saidian Technology for review. Upon discovery of any suspicious matters, the FC must report to the Company Secretary, who shall in turn report to the Board;
- (ii) If the payment of the service fees from Hangzhou Saidian Technology to Hangzhou Saidian Information is delayed, the FC must meet with Hangzhou Saidian Technology's Shareholders to investigate, and should report any suspicious matters to the Board. In extreme cases, the registered shareholder(s) of Hangzhou Saidian Technology will be removed and replaced;
- (iii) Hangzhou Saidian Technology must submit copies of latest bank statements for every bank accounts of Hangzhou Saidian Technology within 15 days after each month end; and
- (iv) Hangzhou Saidian Technology must assist and facilitate the Company to conduct quarterly on-site internal audit on Hangzhou Saidian Technology.

Qualification Requirements

It is the Company's intention to unwind the Arrangements as discussed above and to hold all necessary and relevant licences for operation of its business subject to such relevant laws and regulations as soon as the law allows the business to operate without such Arrangements.

As a result of there being no applicable PRC laws, regulations or rules which provides clear guidance on the interpretation of the Qualification Requirements, the Company is currently unable to ascertain whether it is capable for fulfilling all requirements of the necessary licence and approval for online operations and conducting Value-added Telecommunications Businesses when the laws allow the Group to directly operate the business.

The Group has gradually commence and strengthen its overseas value-added telecommunications services business operations with a view to demonstrate a good track record for meeting the Qualification Requirements in due course once the restrictions on the percentage of foreign ownership in telecommunications services are removed in the PRC by then the Group can unwind the Arrangements, and acquire the entire equity of Huicong Construction, Beijing Zhixing Ruijing and Hangzhou Saidian Technology, respectively.

財務監控

- (i) 本公司財務總監(「財務總監」)將每月收集杭州賽點科技之管理賬目、銀行月結單及現金結餘以及主要營運數據，以進行審閱。倘發現任何可疑事件，財務總監須向公司秘書匯報，而公司秘書其後須向董事會匯報；
- (ii) 倘杭州賽點科技延遲向杭州賽典信息支付服務費，財務總監須與杭州賽點科技之股東會面以進行調查，並須向董事會匯報任何可疑事件。在嚴重情況下，杭州賽點科技之登記股東將被罷免並由他人接任；
- (iii) 杭州賽點科技須於每月結束後15日內提交杭州賽點科技各銀行賬戶之最新銀行對賬單副本；及
- (iv) 杭州賽點科技須協助及配合本公司對杭州賽點科技進行季度實地內部審核。

資格要求

本公司有意解除上文所討論之安排及於並無該等安排情況下可獲法律允許業務營運後儘快持有其業務營運之所有必要及相關許可證，惟須受有關法律及規例所限。

由於現時中國適用法律、法規或規則概無就資格要求之詮釋提供清晰指引，故本公司現時未能確定於法律允許本集團直接營運該業務時本公司是否有能力符合線上營運及進行增值電訊業務所需許可證及批准之所有條件。

本集團已逐步開展及加強其海外增值電信服務業務營運，展示良好往績記錄以於適當時候符合資格要求，以於中國一旦解除對外商於電信服務之擁有權百分比之限制時，本集團即可解除該等安排及分別收購慧聰建設、北京知行銳景及杭州賽點科技全部股權。

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In 2014, the Group has established a subsidiary in Hong Kong, namely, HC Group (Hong Kong) Limited ("Hong Kong HC"). Hong Kong HC will be principally engaged in the construction and operation of the Group's new overseas platform in Hong Kong, with an aim to making such platform the overseas platform and provide an expanded and upgraded services for the existing customers of the Group. Such additional platform will allow the existing and future high-quality customers to display their products and services online. Making use of the Group's strong customer base and media resources, Hong Kong HC and its overseas platform will help Hong Kong and overseas buyers to locate qualified PRC suppliers and facilitate transactions between them. The Directors consider the Group possesses the necessary technics and operating experiences as well as strong internal resources to facilitate the operation of Hong Kong HC with its overseas platform. Currently, Hong Kong HC is the registrant of the domain name "hc360.com.hk" and the Group has launched the construction of the Group's new overseas platform and expects to commit not less than HK\$2 million to the development and operation of the new overseas platform. Such financial commitment shall include, but not limited to, the establishment of the server, network services, staff costs and marketing costs. More financial resources will be committed by the Group according to the business needs of the new overseas platform.

As at the date of this report, the Group has officially operated the overseas platform (www.hc360.com.hk) since 2016. The Group will continue to invest relevant resources in expanding the business of the overseas platform.

於二零一四年，本集團已於香港成立一家附屬公司 HC Group (Hong Kong) Limited (「Hong Kong HC」)。Hong Kong HC 將主要從事建設及營運本集團之香港新海外平台，旨在令該平台成為海外平台及為本集團現有客戶提供已擴展及已升級服務。該新設平台讓現有及未來優質客戶於線上展示其產品及服務。為善用本集團強大之客戶基礎及媒體資源，Hong Kong HC 及其海外平台將協助香港及海外買家物色合資格之中國供應商，並促成彼等間之交易。董事認為，本集團具備所需技術及營運經驗，加上充裕之內部資源，足以促進經營Hong Kong HC 及其海外平台。目前，Hong Kong HC 為域名(「hc360.com.hk」)之註冊人，而本集團亦已動工建設其新海外平台，並預期投放不少於200萬港元以發展及營運該新海外平台。該財務承諾須包括但不限於，建立伺服器、網絡服務、員工成本及營銷成本。本集團將根據新海外平台之業務需要投入更多財務資源。

截至本報告日期，本集團於二零一六年起正式運營該海外平台(www.hc360.com.hk)。本集團將繼續投入相關資源，拓展海外平台的業務。

Management's Discussion and Analysis

管理層討論和分析

SIGNIFICANT EVENT(S)

Subscription of new shares of the Company under general mandate in consideration of the Convertible Bonds

On 5 January 2018, the Company entered into the subscription agreements ("Exchange Subscription Agreements") with (i) Daxiong Holdings Limited ("Daxiong"), Hanson He Holdings Limited, Richard Chen Holdings Limited, Grand Novel Developments Limited (浩新發展有限公司) and Mr Moustache Holdings Limited (together, the "Zhongfu Sellers"), and (ii) Mu Hao Holdings Limited, Hong Rui Technology Holdings Limited, Chance Technology Co. Ltd and Vanguard Technology Holdings Limited (together, the "Huijia Sellers") (the Zhongfu Sellers and the Huijia Sellers, collectively, the "Bondholders"), pursuant to which the Company agreed to allot 36,028,500 new shares ("Exchange Shares") in aggregate to each of the Bondholders in exchange for the surrender of the convertible bonds of the Company ("Convertible Bonds") issued to the Zhongfu Sellers and Huijia Sellers respectively pursuant to the sale and purchase agreement dated 18 December 2015 entered into between, among others, the Company and the Zhongfu Sellers (the "Zhongfu SPA") and sale and purchase agreement dated 13 January 2017 entered into between, among others, the Company and the Huijia Sellers (the "Huijia SPA") which remain outstanding and unconverted as at 5 January 2018 (the "Exchange Shares Subscriptions"). The number of Exchange Shares allotted to each of the Zhongfu Sellers and the Huijia Sellers was calculated in accordance with the outstanding principal amount of the Convertible Bonds they are holding and the conversion price of HK\$10 per Share for Zhongfu Sellers or the conversion price of HK\$7.5 per Share for Huijia Sellers. Pursuant to the Exchange Subscription Agreement, the Exchange Shares allotted to the Bondholders will be put into custodian accounts and will only be released to the Bondholders upon ascertaining the level of fulfilment of the performance targets set out in the Exchange Subscription Agreement.

The total number of Exchange Shares under the Exchange Shares Subscriptions, being 36,028,500 Shares, represents approximately 3.32% of the issued share capital of the Company of 1,085,323,710 Shares as at 5 January 2018 and approximately 3.21% of the then issued share capital of 1,121,352,210 Shares as enlarged by the Exchange Shares Subscriptions. The aggregate nominal value of the Exchange Shares under the Exchange Shares Subscriptions was HK\$3,602,850. The Exchange Shares were allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of the Company ("Shareholder(s)") at the annual general meeting of the Company held on 26 May 2017. The Exchange Shares were issued and allotted to the Bondholders on 16 January 2018 and the Convertible Bonds were cancelled accordingly.

For more details, please refer to the announcement of the Company dated 5 January 2018.

重大事項

根據一般授權認購本公司之新股份作為取替可換股債券之代價

於二零一八年一月五日，本公司與(i) Daxiong Holdings Limited(「Daxiong」)、Hanson He Holdings Limited、Richard Chen Holdings Limited、浩新發展有限公司及Mr Moustache Holdings Limited(統稱「中服賣方」)，及(ii) Mu Hao Holdings Limited、Hong Rui Technology Holdings Limited、Chance Technology Co. Ltd及Vanguard Technology Holdings Limited(統稱「慧嘉賣方」)(中服賣方及慧嘉賣方統稱「債券持有人」)訂立認購協議(「兌換認購協議」)，據此，本公司同意配發合計36,028,500股新股份(「兌換股份」)予各債券持有人，以換取交回分別根據日期為二零一五年十二月十八日由(其中包括)本公司與中服賣方訂立的買賣協議(「中服買賣協議」)及日期為二零一七年一月十三日由(其中包括)本公司與慧嘉賣方訂立的買賣協議(「慧嘉買賣協議」)發行予中服賣方及慧嘉賣方之本公司可換股債券(「可換股債券」)，該等可換股債券於二零一八年一月五日仍未償還及轉換(「兌換股份認購事項」)。配發予中服賣方及慧嘉賣方各自之兌換股份數目會根據彼等所持可換股債券之未償還金額以及給予中服賣方之轉換價每股10港元或給予慧嘉賣方之轉換價每股7.5港元計算得出。根據兌換認購協議，配發予債券持有人之兌換股份將於託管賬戶存置，並僅在確定兌換認購協議所載履約目標達成程度後，方會向債券持有人發放。

兌換股份認購事項下兌換股份總數(即36,028,500股股份)相當於本公司於二零一八年一月五日1,085,323,710股股份之已發行股本約3.32%及經兌換股份認購事項擴大之1,121,352,210股股份之當時已發行股本約3.21%。兌換股份認購事項下兌換股份之總面值為3,602,850港元。兌換股份根據本公司股東(「股東」)於二零一七年五月二十六日舉行之本公司股東週年大會上授予董事一般授權配發及發行。兌換股份於二零一八年一月十六日發行及配發予債券持有人，而可換股債券相應註銷。

更多詳情，請參閱本公司日期為二零一八年一月五日之公佈。

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管理層討論和分析

Fulfilment of Zhongfu Performance Target and Huijia Performance Target for the year ended 31 December 2017

Zhongfu Performance Target

Pursuant to the Exchange Subscription Agreement, the yearly target amount of the audited consolidated distributable profit (after-tax) of ZheJiang ZhongFu Internet Technology Company Limited* (浙江中服網絡科技有限公司, "Zhejiang Zhongfu") ("Zhongfu Performance Target") for the year ended 31 December 2017 was RMB13,000,000. According to the audited consolidated financial statement of Zhejiang Zhongfu for the year ended 31 December 2017 dated 27 March 2018, the audited consolidated distributable profit (after-tax) of Zhejiang Zhongfu for the year ended 31 December 2017 exceeded RMB13,000,000. Accordingly, the Zhongfu Performance Target for the year ended 31 December 2017 was met, and 3,014,250 Exchange Shares have been released to the Zhongfu Sellers, representing approximately 0.27% of the issued share capital of the Company as at the date of this report.

Huijia Performance Target

Pursuant to the Exchange Subscription Agreement, the yearly target amount of the audited consolidated profit attributable to equity holders of Beijing Huijiayuantian Cultural Media Company Limited* (北京慧嘉元天文化傳媒有限公司, "Beijing Huijia") ("Huijia Performance Target") for the year ended 31 December 2017 is RMB20,000,000. According to the audited consolidated financial statement of Beijing Huijia for the year ended 31 December 2017 dated 27 March 2018, the audited consolidated distributable profit attributable to equity holders of Beijing Huijia for the year ended 31 December 2017 exceeded RMB20,000,000. Accordingly, the Huijia Performance Target for the year ended 31 December 2017 was met, and 8,181,819 Exchange Shares have been released to the Huijia Sellers, representing approximately 0.73% of the issued share capital of the Company as at the date of this report.

For more details, please refer to the announcement of the Company dated 27 March 2018.

達成截至二零一七年十二月三十一日止年度之中服履約目標及慧嘉履約目標

中服履約目標

根據交換股份認購事項，浙江中服網絡科技有限公司（「浙江中服」）於截至二零一七年十二月三十一日止年度之經審計綜合可供分派溢利（除稅後）之年度目標金額為人民幣13,000,000元（「中服履約目標」）。根據日期為二零一八年三月二十七日之浙江中服截至二零一七年十二月三十一日止年度之經審計綜合財務報表，浙江中服截至二零一七年十二月三十一日止年度之經審計綜合可供分派溢利（除稅後）超過人民幣13,000,000元。因此，截至二零一七年十二月三十一日止年度之中服履約目標已告達成，而中服賣方已獲發放3,014,250股交換股份，相當於本公司於本報告日期已發行股本約0.27%。

慧嘉履約目標

根據交換股份認購事項，北京慧嘉元天文化傳媒有限公司（「北京慧嘉」）於截至二零一七年十二月三十一日止年度之權益持有人應佔經審核綜合溢利之年度目標金額為人民幣20,000,000元（「慧嘉履約目標」）。根據日期為二零一八年三月二十七日北京慧嘉截至二零一七年十二月三十一日止年度之經審核綜合財務報表，北京慧嘉截至二零一七年十二月三十一日止年度之權益持有人應佔經審核綜合可供分派溢利超過人民幣20,000,000元。因此，截至二零一七年十二月三十一日止年度之慧嘉履約目標已告達成，而慧嘉賣方已獲發放8,181,819股交換股份，相當於本公司於本報告日期已發行股本約0.73%。

有關更多詳情，請參閱本公司日期為二零一八年三月二十七日之公佈。

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管理層討論和分析

Discloseable transaction in relation to capital injection into Shanghai Mianlian E-business Co., Ltd.

On 8 April 2018, Shanghai Huijing E-business Co., Limited (上海慧旌電子商業有限公司) ("Shanghai Huijing"), a company established in the PRC and a wholly-owned subsidiary of the Company, entered into the capital increase agreement (the "Capital Increase Agreement") with Beijing Huicong Zaichuang Technology Co., Ltd.* (北京慧聰再創科技有限公司), a wholly-owned subsidiary of the Company, Geron Co., Ltd. (金輪藍海股份有限公司), Gong Wenlong (龔文龍), Beijing Wenlong Technological Development Centre (Limited Partnership)* (北京文龍科技發展中心(有限合夥)) and Shanghai Mianlian E-business Co., Ltd.* (上海棉聯電子商務有限公司, the "Target Company"). Pursuant to the Capital Increase Agreement, Shanghai Huijing has conditionally agreed to make capital contribution in the amount of RMB50,000,000 by way of cash to the Target Company and become a shareholder of the Target Company holding approximately 43.84% of its equity interests (the "Capital Increase"). Completion of the Capital Increase took place on 23 April 2018. Upon completion of the Capital Increase, the Group held an aggregate of approximately 51% of equity interests in the Target Company and therefore, the Target Company became an indirect non-wholly owned subsidiary of the Company and its financial results had been consolidated in the consolidated financial statements of the Group.

For more details, please refer to the announcement of the Company dated 8 April 2018.

Issue of HK\$350,000,000 2.85% plus HIBOR guaranteed and secured notes and issue of HK\$100,000,000 2.85% plus HIBOR guaranteed and secured convertible bonds

On 16 November 2018, the Company and Chance Talent Management Limited (the "Investor") entered into an investment agreement, pursuant to which the Investor agreed to subscribe for the 2.85% guaranteed and secured notes due 2020 (the "Notes") and the 2.85% guaranteed and secured convertible bonds due 2020 (the "2020 Convertible Bonds"). Completion of the issue of the Notes and the 2020 Convertible Bonds has taken place and the Notes and Convertible Bonds were issued to the Investor on 3 December 2018.

The Convertible Bonds will be convertible into Shares of the Company. Assuming full conversion of the 2020 Convertible Bonds at the conversion price of HK\$6.00 per new Shares to be issued upon conversion of the 2020 Convertible Bonds (the "Conversion Share"), the 2020 Convertible Bonds will be convertible into 16,666,667 new Shares. The Conversion Shares represent approximately 1.49% of the existing issued share capital of the Company and approximately 1.47% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The estimated net proceeds from the issue of the Notes and the 2020 Convertible Bonds would be approximately HK\$436 million.

For more details, please refer to the announcement of the Company dated 16 November 2018 and 4 December 2018.

有關向上海棉聯電子商務有限公司注資之須予披露交易

於二零一八年四月八日，本公司於中國成立之全資附屬公司上海慧旌電子商務有限公司(「上海慧旌」)與本公司全資附屬公司北京慧聰再創科技有限公司、金輪藍海股份有限公司、龔文龍、北京文龍科技發展中心(有限合夥)及上海棉聯電子商務有限公司(「目標公司」)訂立增資協議(「增資協議」)。根據增資協議，上海慧旌已有條件同意以現金向目標公司注資人民幣50,000,000元，並成為持有目標公司約43.84%股權(「增資」)之股東。增資於二零一八年四月二十三日完成。增資完成後，本集團持有目標公司合共約51%股權，故此，目標公司成為本公司之間接非全資附屬公司，其財務業績已於本集團綜合財務報表綜合入賬。

有關更多詳情，請參閱本公司日期為二零一八年四月八日之公佈。

發行350,000,000港元2.85%加HIBOR之有擔保及有抵押票據以及發行100,000,000港元2.85%加HIBOR之有擔保及有抵押可換股債券

於二零一八年十一月十六日，本公司與Chance Talent Management Limited(「投資者」)訂立投資協議，據此，投資者同意認購於二零二零年到期之2.85%有擔保及有抵押票據(「票據」)及於二零二零年到期之2.85%有擔保及有抵押可換股債券(「二零二零年可換股債券」)。票據及二零二零年可換股債券發行已完成，而票據及可換股債券已於二零一八年十二月三日向投資者發行。

可換股債券將轉換為本公司股份。假設二零二零年可換股債券按換股價每股於二零二零年可換股債券獲轉換後將予發行之新股份(「換股股份」)6.00港元獲悉數轉換，則二零二零年可換股債券將轉換為16,666,667股新股份。換股股份相當於本公司現有已發行股本約1.49%及本公司經發行換股股份擴大之已發行股本約1.47%。發行票據及二零二零年可換股債券之估計所得款項淨額將約為436百萬港元。

有關更多詳情，請參閱本公司日期為二零一八年十一月十六日及二零一八年十二月四日之公佈。

Management's Discussion and Analysis

管理層討論和分析

Discloseable transaction in relation to (i) the acquisition of the entire issued share capital of ZALE INC.; and (ii) issuance and allotment of Z.TECH consideration shares and deemed disposal of 10.66% of interest in Z.TECH

On 20 December 2018, Zalef Limited ("Zalef"), Ruthfly Limited ("Ruthfly") and Fejack Limited ("Fejack") (together, the "Vendors"), Z.TECH Holdings Limited ("Z.TECH" or "Purchaser") and YANG Fan ("Ms. Yang"), GENG Qian ("Ms. Geng") and LI Song ("Mr. Li") (together, the "Vendor Guarantors" who owns the entire issued share capital of Zalef, Ruthfly and Fejack, respectively) entered into the Sale and Purchase Agreement, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 500,000,000 ordinary shares of Zale Inc. (the "Target Company"), representing the entire issued share capital of the Target Company for an aggregate consideration of RMB392,220,000 in equivalent Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.88 (i.e. HK\$445,704,545) to be settled at Completion by way of (i) cash; and (ii) issuance and allotment of Z.TECH an aggregate of 5,966 new ordinary shares ("Z.TECH Consideration Shares") to the Vendors (subject to downward adjustments).

After the allotment and issue of Z.TECH Consideration Shares, the Vendors shall hold approximately 10.66% of the issued share capital of Z.TECH in aggregate. The number of Z.TECH Consideration Shares to be issued is based on the valuation of the interest in Orange Triangle Inc. (100%), 北京融商通聯科技有限公司 (Beijing Rongshang Tonglian Technology Co., Ltd.*) ("Beijing Rongshang") (100%) and 慧聰雲商(佛山)網絡科技有限公司 (Huicong Yunshang (Foshan) Internet Technology Co., Ltd.*) ("Huicong Yunshang") (65.6%) held or to be held by Z.TECH as at 9 December 2018 using market approach by an independent valuer at approximately RMB2,740,000,000.

The transactions under the Sale and Purchase Agreement were completed by 31 December 2018.

CORPORATE CHANGE(S)

CAPITAL STRUCTURE

During the year ended 31 December 2018, 400,000 Shares were issued upon the exercise of share options under the share option scheme of the Company.

On 16 January 2018, 30,000,000 Shares and 6,028,500 Shares had been allotted and issued to Huijia Vendors and Zhongfu Sellers (as defined in the announcement of the Company dated 5 January 2018) pursuant to the subscription agreements dated 5 January 2018, respectively.

During the year ended 31 December 2018, 1,350,000 Shares were repurchased pursuant to the general mandate to repurchase shares and 1,350,000 shares had been cancelled.

The total number of issued shares of the Company was 1,120,402,210 as at 31 December 2018 (2017: 1,085,323,710).

有關(i)收購ZALE INC.全部已發行股本；及(ii)發行及配發Z.TECH代價股份之須予披露交易及視作出售Z.TECH10.66%權益

於二零一八年十二月二十日，Zalef Limited (「Zalef」)、Ruthfly Limited (「Ruthfly」)及Fejack Limited (「Fejack」)(統稱「賣方」)、Z.TECH Holdings Limited (「Z.TECH」或「買方」)及楊帆(「楊女士」)、耿茜(「耿女士」)及李松(「李先生」)(統稱「賣方擔保人」分別擁有Zalef、Ruthfly及Fejack全部已發股本)訂立買賣協議，據此，賣方有條件同意出售，而買方有條件同意收購Zale Inc. (「目標公司」) 500,000,000股普通股，相當於目標公司全部已發行股本，總代價為人民幣392,220,000元，以1.00港元兌人民幣0.88元的匯率換算之等值港元為445,704,545港元。該代價將於完成時透過以下方式償付：(i)現金；及(ii)向賣方發行及配發Z.TECH合共5,966股新普通股(「Z.TECH代價股份」)(可予下調)。

於配發及發行Z.TECH代價股份後，賣方將合共持有Z.TECH已發行股本約10.66%。將予發行之Z.TECH代價股份數目由獨立估值師採用市場法按於二零一八年十二月九日Z.TECH持有或將持有Orange Triangle Inc. (100%)、北京融商通聯科技有限公司(「北京融商」)(100%)及慧聰雲商(佛山)網絡科技有限公司(「慧聰雲商」)(65.6%)之權益估值計算，約為人民幣2,740,000,000元。

買賣協議項下交易已於二零一八年十二月三十一日前完成。

公司變動

資本結構

截至二零一八年十二月三十一日止年度，400,000股股份已根據行使本公司購股權計劃項下之購股權獲發行。

於二零一八年一月十六日，30,000,000股股份及6,028,500股股份已根據日期為二零一八年一月五日之認購協議分別配發及發行予慧嘉賣方及中服賣方(定義見本公司日期為二零一八年一月五日之公佈)。

截至二零一八年十二月三十一日止年度，1,350,000股股份已根據購回股份之一般授權獲購回，而1,350,000股股份已予註銷。

於二零一八年十二月三十一日，本公司已發行股份總數為1,120,402,210股(二零一七年：1,085,323,710股)。

Management's Discussion and Analysis

管理層討論和分析

Change of head office and principal place of business in the People's Republic of China

With effect from 1 January 2018, the address of the Company's head office and principal place of business in the PRC have been changed to 7/F, Tower A1, Junhao Central Park Plaza, No. 10 Chaoyang Park South Road, Chaoyang District, Beijing 100026.

Change of Company name and stock short name

On 1 March 2018, the Company changed its name in Chinese from “慧聰網有限公司” to “慧聰集團有限公司”, which is used for identification purposes only. Accordingly, the Chinese stock short name of the Company for trading of the Shares on the Stock Exchange changed from “慧聰網” to “慧聰集團” with effect from 9:00 a.m. on 6 March 2018.

Following the aforesaid changes, on 25 May 2018, a special resolution approving the change of the English name of the Company from “HC International, Inc.” to “HC Group Inc.” and adoption of the Chinese name of “慧聰集團有限公司” as the dual foreign name of the Company (“Change of Company Name”) was passed by the Shareholders at the extraordinary general meeting of the Company held on 25 May 2018 (the “EGM”). The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 29 May 2018. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 3 July 2018 confirming the registration of the Company's new English and Chinese names in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Accordingly, the English stock short name of the Company was changed from “HC INTL” to “HC GROUP” for trading in the Shares on the Stock Exchange, with effect from 9:00 a.m. on 12 July 2018. The stock code of the Company on the Stock Exchange remains unchanged as “2280”.

The short name for trading in the Company's 5.00 per cent. convertible bonds due 2019 (the “2019 CB”) on the Stock Exchange was changed from “HC INTL B1911” to “HC GROUP B1911” on 12 July 2018. The stock code of the 2019 CB remains unchanged as “5839”.

For more details, please refer to the announcements of the Company dated 26 April 2018, 25 May 2018 and 9 July 2018, and the circular of the Company dated 3 May 2018.

Amendments of the Articles of Association of the Company

At the EGM, the Shareholders approved the special resolution in respect of the amendments to the articles of association (the “M&A”) of the Company to amend and restate the M&A to reflect the Change of Company Name and the previous increase in the authorised share capital of the Company approved by the Shareholders on 19 June 2015.

For more details, please refer to the announcement of the Company dated 26 April 2018 and the circular of the Company dated 3 May 2018.

總辦事處及於中華人民共和國之主要營業地點變動

本公司之總辦事處地址及於中國主要營業地點已改為北京市朝陽區朝陽公園南路10號院駿豪中央公園廣場A1樓7層(郵編: 100026), 自二零一八年一月一日起生效。

更改公司名稱及股份簡稱

於二零一八年三月一日, 本公司之中文名稱已由「慧聰網有限公司」更改為「慧聰集團有限公司」, 僅供識別。因此, 本公司於聯交所買賣股份之中文簡稱已由「慧聰網」更改為「慧聰集團」, 自二零一八年三月六日上午九時正起生效。

於上述變更後, 於二零一八年五月二十五日, 有關批准將本公司英文名稱由「HC International, Inc.」更改為「HC Group Inc.」並採用中文名稱「慧聰集團有限公司」作為本公司雙重外文名稱(「更改公司名稱」)之特別決議案已於本公司在二零一八年五月二十五日舉行之股東特別大會(「股東特別大會」)上由通過。開曼群島公司註冊處處長已於二零一八年五月二十九日發出更改名稱註冊證書。香港公司註冊處處長已於二零一八年七月三日發出註冊非香港公司變更名稱註冊證明書, 確認本公司已根據香港法例第622章公司條例第16部於香港註冊其新英文及中文名稱。

因此, 於聯交所買賣股份之本公司英文股份簡稱已由「HC INTL」更改為「HC GROUP」, 自二零一八年七月十二日上午九時正起生效。本公司於聯交所之股份代號「2280」則維持不變。

本公司二零一九年到期之5.00%可換股債券(「二零一九年可換股債券」)於聯交所買賣之簡稱已於二零一八年七月十二日由「HC INTL B1911」更改為「HC GROUP B1911」。二零一九年可換股債券之股份代號「5839」維持不變。

有關更多詳情, 請參閱本公司日期為二零一八年四月二十六日、二零一八年五月二十五日及二零一八年七月九日之公佈以及本公司日期為二零一八年五月三日之通函。

修訂本公司組織章程細則

於股東特別大會上, 股東就修訂本公司組織章程細則(「章程大綱及細則」)批准特別決議案, 修訂及重列章程大綱及細則以反映更改公司名稱及股東於二零一五年六月十九日批准先增加本公司法定股本。

有關更多詳情, 請參閱本公司日期為二零一八年四月二十六日之公佈及本公司日期為二零一八年五月三日之通函。

Management's Discussion and Analysis

管理層討論和分析

Change of Directors

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the changes and updated information regarding the Directors since the Company's last published annual report and up to the date of this report are set out below:

1) *Change of Chairman of the Board, members of the Board Committees, Authorised Representative and Compliance Officer*

With effect from 27 March 2018,

- (i) Mr. Guo Jiang has resigned as an executive Director, the chairman of the Board, the chairman of the nomination committee, a member of the remuneration committee (the "Remuneration Committee"), an authorised representative for the purpose of the Listing Rules (the "Authorised Representative") and the compliance officer of the Company (the "Compliance Officer");
- (ii) Mr. Liu Jun ("Mr. Liu"), an existing executive Director, the chief executive officer of the Company and an Authorised Representative, has been appointed as the chairman of the Board, the chairman of the Nomination Committee, the member of the Remuneration Committee and the Compliance Officer; and
- (iii) Mr. Lee Wee Ong, the then executive Director, has been appointed as an Authorised Representative.

Code Provision A.2.1 of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2018, upon the appointment of Mr. Liu as the chairman of the Board, Mr. Liu performed the roles as the chairman of the Board and the chief executive officer of the Company, which deviated from this Code Provision. After evaluation of the current situation of the Company and taking into account the experience and past performance of Mr. Liu, the Board was of the opinion that it is appropriate and in the best interests of the Company at the present stage of Mr. Liu to hold both positions as the chairman and chief executive officer of the Company as it helps to maintain the continuity of the policies and the stability of the operation of the Company. Furthermore, the Board considered that this arrangement did not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members are non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information.

For more details, please refer to the announcement of the Company dated 27 March 2018.

董事變動

根據香港聯合交易所有限公司證券上市規則(「上市規則」)第13.51B(1)條，有關董事自本公司最後刊發年報直至本年報日期之變動及更新資料如下：

1) *董事會主席、董事委員會成員、授權代表及監察主任變動*

自二零一八年三月二十七日起：

- (i) 郭江先生已辭任執行董事、董事會主席、提名委員會主席、薪酬委員會(「薪酬委員會」)成員、就上市規則而言之本公司授權代表(「授權代表」)及監察主任(「監察主任」)；
- (ii) 劉軍先生(「劉先生」)，現任執行董事、本公司首席執行官及授權代表，已獲委任為董事會主席、提名委員會主席、薪酬委員會成員及監察主任；及
- (iii) Lee Wee Ong先生，當時之執行董事，已獲委任為授權代表。

上市規則附錄十四所載企業管治守則(「守則」)之守則條文第A.2.1條規定，主席與首席執行官之角色應予區分，不應由一人同時兼任。截至二零一八年十二月三十一日止年度，隨著劉先生獲委任為董事會主席，劉先生同時兼任董事會主席及本公司首席執行官，因此跟此守則條文有所偏離。經評估本公司現況及考慮劉先生之經驗及以往表現後，董事會認為由劉先生兼任本公司主席及首席執行官兩個職務是合適及符合本公司之最佳利益，此舉可讓本公司維持政策延續及業務穩定。此外，董事會認為此項安排不會削弱董事會與本公司管理層間之權力及權限制衡，此乃由於董事會之絕大部分成員為非執行董事及獨立非執行董事，董事會定期舉行會議以考慮對本集團業務營運具有影響之重大事項，且董事會以充分、完整及可靠之資料適當及即時地向全體董事通報有關事項。

有關更多詳情，請參閱本公司日期為二零一八年三月二十七日之公佈。

Management's Discussion and Analysis

管理層討論和分析

2) Appointment of Executive Director

With effect from 1 June 2018, Mr. Liu Xiaodong the president of the Company, was appointed as an executive Director.

For more details, please refer to the announcement of the Company dated 26 April 2018.

Grant of share options

On 19 July 2018, an aggregate of 36,000,000 Options to subscribe for the ordinary shares of HK\$0.10 each in the share capital of the Company were granted to a total of 21 persons (the "Grantees"), who are the core management staff and officers of the Group, at an exercise price of HK\$4.60 per Share, under the Company's share option scheme adopted on 22 May 2015, subject to the acceptance of the Grantees. Of the 36,000,000 Options, 4,000,000 Options were granted to Mr. Liu Xiaodong, the executive Director and president of the Company, and 2,200,000 Options were granted to Mr. Lee Wee Ong, the chief financial officer of the Company.

For more details, please refer to the announcement of the Company dated 19 July 2018.

STAFF AND REMUNERATION

The success of the Group depends on the skills, motivation and commitment of its staff. As at 31 December 2018, the total number of Group's employees was 2,778, among which 957 were employed in the Sales and Marketing Division, 420 were employed in the Editorial Division, 406 were employed in the Information Technology Division and the remaining were employed in other divisions of the Group.

Remuneration of employees is generally in line with the market trend and commensurate with the salary level in the industry, with share options granted to employees based on individual performance. Other benefits to the Group's employees include medical insurance, retirement schemes, training programmes and educational subsidies.

CHARGES ON GROUP ASSETS

As at 31 December 2018, part of the bank borrowings, amounting to RMB372,376,000 are secured by certain properties and land use right, amounting to RMB251,500,000 are secured by bank deposit, and amounting to RMB980,000 are secured by bank acceptance bills. Part of the other borrowings, amounting to RMB255,000,000 are secured by certain loan receivables and amounting to RMB233,872,000 are secured by certain inventories.

Five subsidiaries of the Company have pledged their shares in favour of Chance Talent Management Limited as part of the security for the Notes and the 2020 Convertible Bonds.

2) 委任執行董事

本公司總裁劉小東先生已獲委任為執行董事，自二零一八年六月一日起生效。

有關更多詳情，請參閱本公司日期為二零一八年四月二十六日之公佈。

授出購股權

於二零一八年七月十九日，根據於二零一五年五月二十二日採納之本公司購股權計劃以每股4.60港元之行使價授出可認購本公司股本中每股面值0.10港元之普通股之合共36,000,000份購股權（「購股權」）已授予合共21名為本集團核心管理層員工及高級職員之人士（「承授人」），惟須待承授人接納，方告作實。於36,000,000份購股權當中，4,000,000份購股權授予本公司執行董事兼總裁劉小東先生；2,200,000份購股權授予本公司首席財務官Lee Wee Ong先生。

有關更多詳情，請參閱本公司日期為二零一八年七月十九日之公佈。

員工及薪酬

本集團之成功，全賴員工所具備之技能、拼勁及承諾。於二零一八年十二月三十一日，本集團共僱用2,778名僱員，當中957名屬於銷售及市場推廣部；420名屬於編輯部；406名屬於資訊科技部，剩餘僱員屬於本集團其他部門。

僱員薪酬大致上符合市場趨勢，並與業內薪金水平相符，而授予僱員之購股權則視乎個別僱員表現而定。本集團僱員可享有其他福利，包括醫療保險、退休計劃、培訓課程及教育津貼。

集團資產抵押

於二零一八年十二月三十一日，部分數額為人民幣372,376,000元之銀行借貸由若干物業及土地使用權作抵押，部分數額為人民幣251,500,000元之銀行借貸由銀行存款作抵押，而部分數額為人民幣980,000元之銀行借貸由銀行承兌匯票作抵押。部分其他借貸為由若干應收貸款作抵押的人民幣255,000,000元及由若干存貨作抵押的人民幣233,872,000元。

本公司五間附屬公司之股份已質押給Chance Talent Management Limited作為票據及二零二零可換股債券之部份抵押。

Management's Discussion and Analysis

管理層討論和分析

EXCHANGE RISK

As the Group's operations are principally in the PRC and majority of the assets and liabilities of the Group are denominated in RMB, the Directors believe that the Group is not subject to significant exchange risk.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no contingent liability (2017: Nil).

SUBSEQUENT EVENTS

(1) Appointment of executive Director; (2) resignation of co-president; (3) re-designation as president; (4) change of chief executive officer; (5) resignation of executive Director; and (6) change of Authorised Representative

With effect from 4 January 2019:

- (1) Mr. Zhang Yonghong has been appointed as the executive Director and as the chief executive officer of the Company and has resigned as the co-president of the Company;
- (2) Mr. Liu Xiaodong has been re-designated from the co-president of the Company to the president of the Company;
- (3) Mr. Liu Jun has resigned as chief executive officer of the Company, but will continue to serve as the chairman of the Board;
- (4) Mr. Lee Wee Ong has resigned as an executive Director, but will continue to serve as the chief financial officer of the Company; and
- (5) Mr. Lee Wee Ong has ceased to be the Authorised Representative and Mr. Zhang Yonghong has been appointed as the Authorised Representative.

Following the appointment of Mr. Zhang Yonghong as the chief executive officer of the Company in place of Mr. Liu Jun on 4 January 2019, the Company has complied with the Code Provision A.2.1 of the Code in respect of the separation of the roles of chairman and chief executive officer. For more details, please refer to the announcement of the Company dated 4 January 2019.

匯兌風險

鑒於本集團業務主要位於中國，而本集團大部分資產及負債均以人民幣計量，董事認為本集團業務並無承受重大匯兌風險。

或然負債

於二零一八年十二月三十一日，本集團並無任何重大或然負債（二零一七年：無）。

期後事項

(1)委任執行董事；(2)聯席總裁辭任；(3)調任總裁；(4)首席執行官變動；(5)執行董事辭任；及(6)授權代表變動

自二零一九年一月四日起：

- (1) 張永紅先生獲委任為本公司執行董事兼首席執行官，並已辭任本公司聯席總裁；
- (2) 劉小東先生已由本公司聯席總裁調任為本公司總裁；
- (3) 劉軍先生已辭任本公司首席執行官，惟將繼續擔任董事會主席；
- (4) Lee Wee Ong先生辭去執行董事職務，但繼續擔任公司首席財務官；及
- (5) Lee Wee Ong先生已不再擔任授權代表，而張永紅先生獲委任為授權代表。

於二零一九年一月四日委任張永紅先生為本公司之首席執行官以接替劉軍先生後，本公司已遵照守則之守則條文A.2.1條，當中有關主席與首席執行官之角色應予區分。有關更多詳情，請參閱本公司日期為二零一九年一月四日之公佈。

Report of the Directors

董事會報告

The Directors submit their report together with the audited financial statements for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 22 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities for the financial year ended 31 December 2018.

An analysis of the Group's performance for the financial year by business segment is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the financial year are set out in the consolidated statement of comprehensive income on page 122.

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

There is no arrangement that a shareholder has waived or agreed to waive any dividend.

RESERVES

Details of the movements in retained earnings of the Group during the financial year are set out on page 126.

Details of the movements in other reserves of the Group are set out in note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital and share options of the Company are set out in note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2018, calculated under the Companies Law of Cayman Islands, amounted to approximately RMB2,555,224,000 (2017: RMB2,470,373,000).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this report.

董事會提呈其報告連同截至二零一八年十二月三十一日止財政年度之經審核財務報表。

主要業務

本公司主要業務為投資控股。其主要附屬公司之業務載於合併財務報表附註22。截至二零一八年十二月三十一日止財政年度，本集團主要業務性質概無重大變動。

本集團於財政年度內按業務分部劃分之表現分析載於合併財務報表附註5。

業績及分派

本集團之財政年度業績載於第122頁之合併綜合收益表。

董事不建議就截止二零一八年十二月三十一日止年度派付末期股息。(二零一七年：無)

概無股東放棄或同意放棄任何股息之安排。

儲備

本集團於財政年度內之留存收益變動詳情載於第126頁。

本集團其他儲備變動詳情載於合併財務報表附註31。

物業、廠房及設備

本集團之物業、廠房及設備變動詳情載於合併財務報表附註18。

股本及購股權

本公司之股本及購股權變動詳情載於合併財務報表附註30。

可供派發儲備

根據開曼群島公司法，本公司於二零一八年十二月三十一日之可供派發儲備約人民幣2,555,224,000元(二零一七年：人民幣2,470,373,000元)。

五年財務概要

本集團過去五個財政年度之業績以及資產及負債概要載於本報告第6頁。

Report of the Directors 董事會報告

DIRECTORS

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

| | |
|--|---|
| Mr. Liu Jun ^{note1} (Chairman) | (appointed on 12 September 2016) |
| Mr. Zhang Yonghong ^{note1} (Chief Executive Officer) | (appointed on 4 January 2019) |
| Mr. Liu Xiaodong | (appointed on 1 June 2018) |
| Mr. Lee Wee Ong (Chief Financial Officer) | (appointed on 9th September 2011 as an independent non-executive Director and re-designated as an executive Director on 1 July 2012 and resigned on 4 January 2019) |
| Mr. Guo Jiang | (appointed on 1 August 2006 and resigned on 27 March 2018) |
| Mr. Guo Fansheng ^{note2} | (appointed on 21 March 2000 and re-designated as a non-executive Director on 18 October 2017) |
| Mr. Li Jianguang ^{note2} | (appointed on 1 August 2006) |
| Mr. Wong Chi Keung ^{note2} | (appointed on 12 September 2016) |
| Mr. Zhang Ke ^{note3} | (appointed on 28 March 2003) |
| Mr. Zhang Tim Tianwei ^{note3} | (appointed on 1 November 2011) |
| Ms. Qi Yan ^{note3} | (appointed on 30 November 2017) |

Notes:

- 1 On 4 January 2019, Mr. Liu Jun resigned as Chief Executive Officer and Mr. Zhang Yonghong was appointed as Chief Executive Officer
- 2 non-executive Directors
- 3 independent non-executive Directors

董事

本年度及直至本報告日期為止，在任董事如下：

| | |
|---------------------------------|---|
| 劉軍先生 ^{附註1} (主席) | (於二零一六年九月十二日獲委任) |
| 張永紅先生 ^{附註1} (首席執行官) | 於二零一九年一月四日獲委任 |
| 劉小東先生 | (於二零一八年六月一日獲委任) |
| Lee Wee Ong先生 (首席財務官) | (於二零一一年九月九日獲委任為獨立非執行董事，並於二零一二年七月一日調任為執行董事及於二零一九年一月四日辭任) |
| 郭江先生 | (於二零零六年八月一日獲委任，並於二零一八年三月二十七日辭任) |
| 郭凡生先生 ^{附註2} | (於二零零零年三月二十一日獲委任及於二零一七年十月十八日調任為非執行董事) |
| 李建光先生 ^{附註2} | (於二零零六年八月一日獲委任) |
| 王自強先生 ^{附註2} | (於二零一六年九月十二日獲委任) |
| 張克先生 ^{附註3} | (於二零零三年三月二十八日獲委任) |
| 張天偉先生 ^{附註3} | (於二零一一年十一月一日獲委任) |
| 祁燕女士 ^{附註3} | (於二零一七年十一月三十日獲委任) |

附註：

- 1 於二零一九年一月四日，劉軍先生辭任首席執行官，而張永紅先生獲委任為首席執行官
- 2 非執行董事
- 3 獨立非執行董事

Report of the Directors 董事會報告

In accordance with Article 86 of the Company's articles of association ("Articles of Association"), Mr. Zhang Yonghong and Mr. Liu Xiaodong will be subject to, and eligible offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 87 of the Company's articles of association, Mr. Zhang Ke will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS' PROFILE

The Directors' profile is set out on pages 17 to 21.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Liu Jun, Mr. Zhang Yonghong and Mr. Liu Xiaodong has entered into a director's service contract with the Company, whereby each of them has accepted the appointment as an executive Director of the Company for a term of three years from 12 September 2016, 4 January 2019 and 1 June 2018 respectively, which may be terminated by either party giving three months' prior written notice or otherwise in accordance with the terms of their respective service contracts.

Each of the independent non-executive Directors, Mr. Zhang Ke, Mr. Zhang Tim Tianwei and Ms. Qi Yan has entered into a director's service contract with the Company, whereby each of them has accepted the appointment for a term of one year, and the service contracts shall be renewed automatically at the end of the term. Either party may terminate the service contract at any time by giving one month's prior written notice or in accordance with the terms of their respective service contracts. There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed above and in note 45 to the consolidated financial statements, no Director was materially interested, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its fellow subsidiaries and subsidiaries was a party subsisted at the end of the year or at any time during the year.

DIRECTORS' AND SENIOR STAFF EMOLUMENTS

Details of Directors and senior staff emoluments for the year are set out in notes 10 to the consolidated financial statements.

The emoluments of the Directors and the senior staff are determined based on the operating results of the Group, individual performance and/or prevailing market conditions. The Company has also adopted the Share Option Scheme and the Share Award Scheme as an incentive to Directors and senior staff.

No Directors or the top five highest paid individual have waived or agreed to waive any emoluments during both years.

根據本公司組織章程細則(「組織章程細則」)第86條，張永紅先生及劉小東先生須於本公司應屆股東週年大會上重選並合資格重選連任。

根據本公司組織章程細則第87條，張克先生將於本公司應屆股東週年大會上退任，惟彼等合資格並願意重選連任。

董事簡介

董事簡介載於第17至21頁。

董事服務合約

劉軍先生、張永紅先生及劉小東先生各自與本公司訂立董事服務合約，據此，彼等各自同意獲委任為本公司執行董事，分別由二零一六年九月十二日、二零一九年一月四日及二零一八年六月一日起計為期三年，服務合約可由任何一方發出三個月事先書面通知或根據彼等各自之服務合約條款予以終止。

獨立非執行董事張克先生、張天偉先生及祁燕女士各自與本公司訂立董事服務合約，據此，彼等各自接受有關委任，為期一年，該等服務合約於期滿後將自動重續。服務合約可隨時由任何一方發出一個月事先書面通知或根據彼等各自之服務合約條款予以終止。概無就於應屆股東週年大會建議重選任何董事而訂立不可由本公司於一年內毋須支付賠償(法定賠償除外)而終止之服務合約。

董事於合約之權益

除上文及合併財務報表附註45所披露者外，於年終或年內任何時間，概無董事於對本集團業務而言屬重大，且本公司、其控股公司或其任何同系附屬公司及附屬公司為其中之訂約一方且仍然生效之任何合約中直接或間接擁有重大權益。

董事及高級僱員之薪酬

本年度董事及高級僱員之薪酬詳情載於合併財務報表附註10。

董事及高級僱員之薪酬根據本集團之經營業績、個人表現及／或當前市況釐定。本公司亦採納購股權計劃及股份獎勵計劃作為董事及高級僱員之獎勵。

概無董事或五位最高薪人士於兩個年度均放棄或同意放棄任何酬金。

Report of the Directors 董事會報告

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

As at 31 December 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

董事及行政總裁於本公司及其相聯法團之股份、相關股份及債券之權益及淡倉

於二零一八年十二月三十一日，董事及本公司行政總裁於本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例（「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XV部之第7及第8分部須知會本公司及聯交所之權益及淡倉（包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益或淡倉），或須記入本公司根據證券及期貨條例第352條所存置登記冊之權益及淡倉，或根據上市規則所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所。

(a) Directors' Long Positions in the Shares and Underlying Shares of the Company

(a) 董事於本公司股份及相關股份之好倉

| Name of Director 董事姓名 | Class of Shares 股份類別 | Capacity 身份 | Personal interests 個人權益 | Family interests 家族權益 | Corporate interests 公司權益 | Other interests 其他權益 | Total number of Shares 股份總數 | Percentage of shareholding (approximate) 股權百分比 (概約) |
|--------------------------|-------------------------|---|---------------------------------|--------------------------|---------------------------------|-------------------------|---------------------------------|--|
| Liu Jun 劉軍 | Ordinary 普通股 | Beneficial owners 實益擁有人 | 78,500,000 (note 1) (附註1) | - | - | - | 78,500,000 (note 1) (附註1) | 7.01% |
| Liu Xiaodong 劉小東 | Ordinary 普通股 | Beneficial owners 實益擁有人 | 4,000,000 (note 2) (附註2) | - | - | - | - | - |
| | Ordinary 普通股 | Interest of controlled corporation 受控制公司權益 | - | - | 62,273,794 (note 2) (附註2) | - | 66,273,794 (note 2) (附註2) | 5.92% |
| Guo Fansheng 郭凡生 | Ordinary 普通股 | Beneficial owners 實益擁有人 | 57,749,015 (note 3) (附註3) | - | - | - | 57,749,015 (note 3) (附註3) | 5.15% |
| Li Jianguang 李建光 | Ordinary 普通股 | Interest of controlled corporation 受控制公司權益 | - | - | 32,000,384 (note 4) (附註4) | - | 32,000,384 (note 4) (附註4) | 2.86% |
| Lee Wee Ong | Ordinary 普通股 | Beneficial owners 實益擁有人 | 29,050,672 (note 5) (附註5) | - | - | - | 29,050,672 (note 5) (附註5) | 2.59% |

Report of the Directors

董事會報告

Notes:

- Such interests Shares derived in the Company comprise: (i) 48,570,000 Shares, of which 44,870,000 Shares have been provided as security to Chance Talent Management Limited for the Notes and the 2020 Convertible Bonds and (ii) 29,930,000 Shares underlying from the Options held by Mr. Liu Jun.
- Such interests in the Company comprise: (i) 4,000,000 underlying Shares from the Options held by Mr. Liu Xiaodong and (ii) 62,273,794 Shares held by Wisdom Limited (a company wholly and beneficially owned by Mr. Liu Xiaodong) which have been provided as security to Chance Talent Management Limited for the Notes and the 2020 Convertible Bonds. Mr. Liu Xiaodong is deemed, or taken to have, interested in all the Shares held by Wisdom Limited pursuant to the SFO.
- Such interest in the Company comprises:
 - 35,000,000 Shares (long position) held by Mr. Guo Fansheng; and
 - 22,749,015 Shares (long position) held by a trustee of a trust of which Mr. Guo Fansheng is a founder of a discretionary trust who can influence how the trustee exercise his discretion.
- The references to 32,000,384 shares of the Company relate to the same block of shares of the Company held by Venture Profits Holdings Limited, the entire share capital of which is held by Malvern PTC Limited, a trustee of a trust of which Mr. Li Jianguang is a founder of a discretionary trust who can influence how the trustee exercise his discretion. Accordingly, Mr. Li Jianguang is deemed, or taken to have, interested in the said 32,000,384 Shares pursuant to the SFO.
- Such interests in the Company comprise: (i) 25,350,672 Shares and (ii) 3,700,000 underlying Shares derived from the Options held by Mr. Lee Wee Ong.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

附註：

- 該等來自本公司之股份權益包括：劉軍先生所持(i) 48,570,000股股份(其中44,870,000股股份已提供給Chance Talent Management Limited作為票據和二零二零可換股債券之保證)及(ii)購股權涉及之29,930,000股相關股份。
- 該等本公司權益包括：(i)劉小東先生所持購股權涉及之4,000,000股相關股份及(ii)由Wisdom Limited(由劉小東先生全資實益擁有之公司)持有之62,273,794股股份(該等股份已提供給Chance Talent Management Limited作為票據和二零二零可換股債券之保證)。根據證券及期貨條例，劉小東先生被當作或視作於Wisdom Limited所持有之全部股份中擁有權益。
- 該等本公司權益包括：
 - 由郭凡生先生持有之35,000,000股股份(好倉)；及
 - 以信託之信託人持有之22,749,015股股份(好倉)，當中郭凡生先生為全權信託之創始人，可影響信託人行使其酌情權。
- 所指之32,000,384股本公司股份與Venture Profits Holdings Limited所持本公司同一批股份有關，而該公司之全部股本由Malvern PTC Limited，即信託之受託人持有，當中李建光先生為全權信託之創始人，可影響信託人如何行使其酌情權。因此，根據證券及期貨條例，李建光先生被當作或視作於上述32,000,384股股份中擁有權益。
- 該等本公司權益包括Lee Wee Ong先生所持(i) 25,350,672股股份及(ii)購股權涉及之3,700,000股相關股份。

除上文披露者外，概無董事及本公司行政總裁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)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之任何權益或淡倉(包括根據證券及期貨條例有關條文彼等被當作或視作擁有之權益或淡倉)，或須記入本公司根據證券及期貨條例第352條所存置登記冊之任何權益或淡倉，或根據標準守則須知會本公司及聯交所之任何權益或淡倉。

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SHARE OPTION SCHEMES

Pursuant to the written resolutions of the Shareholders dated 30 November 2003, among others, a share option scheme (the “2003 Share Option Scheme”) was adopted by the Company. The principal terms of the 2003 Share Option Scheme were summarised in the paragraph headed “Share options” under the section headed “Statutory and General Information” in Appendix V of the prospectus of the Company dated 8 December 2003. Following the listing of the Shares being transferred from the GEM to the Main Board of the Stock Exchange on 10 October 2014, the 2003 Share Option Scheme adopted by the Company was terminated on 10 October 2014. Notwithstanding the termination of the 2003 Share Option Scheme, the outstanding options under the 2003 Share Option Scheme shall continue to be valid and exercisable in accordance with the 2003 Share Option Scheme.

On 22 May 2015, a new share option scheme were approved by the Shareholders (“2015 Share Option Scheme”). The principal terms of the 2015 Share Option Scheme were summarized in the appendix to the circular of the Company dated 5 May 2015.

The total number of Shares available for issue in respect of which options may be granted under the 2015 Share Option Scheme is 66,774,661 Shares, representing 5.96% of the issued shares as at the date of this report.

購股權計劃

根據本公司日期為二零零三年十一月三十日之股東書面決議案(其中包括)，本公司採納一項購股權計劃(「二零零三年購股權計劃」)。二零零三年購股權計劃之主要條款於本公司日期為二零零三年十二月八日之招股章程附錄五「法定及一般資料」一節「購股權」一段概述。股份於二零一四年十月十日由聯交所GEM轉至主板上市後，本公司所採納之二零零三年購股權計劃於二零一四年十月十日終止。儘管二零零三年購股權計劃已終止，惟二零零三年購股權計劃項下尚未行使之購股權將繼續有效並可根據二零零三年購股權計劃行使。

於二零一五年五月二十二日，股東批准新購股權計劃(「二零一五年購股權計劃」)。二零一五年購股權計劃之主要條款於本公司日期為二零一五年五月五日之通函附錄概述。

根據二零一五年購股權計劃中可能授出的購股權可予發行的股份總數為66,774,661股股份，相當於本報告日期已發行股份之5.96%。

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OUTSTANDING SHARE OPTIONS

尚未行使之購股權

Share Option Scheme

As at 31 December 2018, options to subscribe for an aggregate of 79,040,000 Shares granted pursuant to the 2003 Share Option Scheme and the 2015 Share Option Scheme were outstanding, details of which were as follows:

購股權計劃

於二零一八年十二月三十一日，根據二零零三年購股權計劃及二零一五年購股權計劃授予可認購合共 79,040,000 股股份之購股權尚未行使，有關詳情如下：

| | | Number of share options 購股權數目 | | | | | |
|---------------------------|-------------------|----------------------------------|--------------------------------------|---------------------------|-----------------------------|--------------------------|--|
| Name of grantee | Date of grant | Exercise price per share | As at 1st January 2018 於二零一八年一月一日 | Granted during the period | Exercised during the period | Lapsed during the period | As at 31st December 2018 於二零一八年十二月三十一日 (note 1) (附註1) |
| 承授人姓名 | 授出日期 | 每股行使價 HK\$ 港元 | | 期內授出 | 期內行使 | 期內失效 | |
| Directors | | | | | | | |
| 董事 | | | | | | | |
| Liu Jun (note 19) | 13 October 2017 | 6.476 | 29,930,000 | | | | 29,930,000 |
| 劉軍(附註19) | 二零一七年十月十三日 | | | | | | |
| Liu Xiaodong (note 19) | 19 July 2018 | 4.6 | | 4,000,000 | | | 4,000,000 |
| 劉小東(附註19) | 二零一八年七月十九日 | | | | | | |
| Lee Wee Ong (note 18) | 3rd April 2013 | 4.402 | 1,500,000 | | | | 1,500,000 |
| Lee Wee Ong(附註18) | 二零一三年四月三日 | | | | | | |
| (note 19) | 19th July 2018 | 4.6 | | 2,200,000 | | | 2,200,000 |
| (附註19) | 二零一八年七月十九日 | | | | | | |
| Senior management | | | | | | | |
| 高級管理層 | | | | | | | |
| Wu Lei (note 19) | 19 July 2018 | 4.6 | | 3,500,000 | | | 3,500,000 |
| 吳磊(附註19) | 二零一八年七月十九日 | | | | | | |
| Song Bingchen (note 19) | 19 July 2018 | 4.6 | | 3,000,000 | | | 3,000,000 |
| 宋冰晨(附註19) | 二零一八年七月十九日 | | | | | | |
| Other employees | | | | | | | |
| 其他僱員 | | | | | | | |
| In aggregate (note 18) | 29 September 2008 | 0.604 | 400,000 | | (400,000) | | – |
| 合計(附註18) | 二零零八年九月二十九日 | | | | | | |
| In aggregate (note 2, 18) | 7 April 2010 | 0.82 | 1,438,000 | | | | 1,438,000 |
| 合計(附註2、18) | 二零一零年四月七日 | | | | | | |
| In aggregate (note 3, 18) | 28 March 2011 | 1.108 | 200,000 | | | | 200,000 |
| 合計(附註3、18) | 二零一一年三月二十八日 | | | | | | |
| In aggregate (note 4, 18) | 18 November 2013 | 9.84 | 9,972,000 | | | | 9,972,000 |
| 合計(附註4、18) | 二零一三年十一月十八日 | | | | | | |
| In aggregate (note 5, 19) | 19 July 2018 | 4.6 | | 23,300,000 | | | 23,300,000 |
| 合計(附註5、19) | 二零一八年七月十九日 | | | | | | |
| | | | 43,440,000 | 36,000,000 | (400,000) | | 79,040,000 |
| Total 總計 | | | | | | | |

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Notes:

1. Each Option has a 10-year exercise period, which may be exercised after the expiry of twelve months from the date of the grant of Options.

For the Options exercisable at HK\$0.82 granted on 7 April 2010, the relevant grantees may exercise Options up to 50% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first and second anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$1.108 granted on 28 March 2011, the relevant grantees may exercise Options up to 50% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first and second anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$9.84 granted on 18 November 2013, the relevant grantees may exercise Options up to 10%, 20%, 40%, 70% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first, second, third, fourth and fifth anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$6.476 granted on 13 October 2017, the relevant grantees may exercise Options up to 20%, 40%, 60%, 80% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first, second, third, fourth and fifth anniversaries of the date of the grant of Options. Each Option has a 10-year exercise period, which may be exercised after the expiry of twelve months from the date of the grant of Options.

2. 3 employees have been granted Options under the 2003 Share Option Scheme to subscribe an aggregate of 1,438,000 Shares at HK\$0.82 per Share.
3. 2 employees have been granted Options under the 2003 Share Option Scheme to subscribe an aggregate of 200,000 Shares at HK\$1.108 per Share.
4. 56 employees have been granted Options under the 2003 Share Option Scheme to subscribe an aggregate of 9,972,000 Shares at HK\$9.84 per Share.
5. 17 employees have been granted Options under the 2015 Share Option Scheme to subscribe an aggregate of 23,300,000 Shares at HK\$4.60 per Share.

附註：

1. 每份購股權之行使期為10年，於購股權授出日期起計十二個月屆滿後可予行使。

就於二零一零年四月七日授出可按0.82港元行使之購股權而言，有關承授人於自購股權授出日期第一及第二週年，最多可分別行使彼所持購股權所涉及股份之50%及100%（扣除任何過往已行使購股權所涉及之股份數目）之購股權。

就於二零一一年三月二十八日授出可按1.108港元行使之購股權而言，有關承授人於自購股權授出日期第一及第二週年，最多可分別行使彼所持購股權所涉及股份之50%及100%（扣除任何過往已行使購股權所涉及之股份數目）之購股權。

就於二零一三年十一月十八日授出可按9.84港元行使之購股權而言，有關承授人於自購股權授出日期第一、第二、第三、第四及第五週年，最多可分別行使彼所持購股權所涉及股份之10%、20%、40%、70%及全數（扣除任何過往已行使購股權所涉及之股份數目）之購股權。

就於二零一七年十月十三日授出可按6.476港元行使之購股權而言，有關承授人於自購股權授出日期第一、第二、第三、第四及第五週年，最多可分別行使彼所持購股權所涉及股份之20%、40%、60%、80%及全數（扣除任何過往已行使購股權所涉及之股份數目）之購股權。每份購股權之行使期為10年，自購股權授出日期起計十二個月屆滿後可予行使。

2. 根據二零零三年購股權計劃已向3名僱員授出可按每股0.82港元認購合共1,438,000股股份之購股權。
3. 根據二零零三年購股權計劃已向2名僱員授出可按每股1.108港元認購合共200,000股股份之購股權。
4. 根據二零零三年購股權計劃已向56名僱員授出可按每股9.84港元認購合共9,972,000股股份之購股權。
5. 根據二零一五年購股權計劃已向17名僱員授出可按每股4.60港元認購合共23,300,000股股份之購股權。

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6. The fair value of Options granted under the 2003 Share Option Scheme on 18 February 2004, determined using the Binomial Model value model, was approximately RMB20,193,000. The significant inputs into the model were the exercise price of HK\$2.4, standard deviation of expected share price returns of 32%, expected life of Options ranging from 5.4 to 6.6 years, expected dividend paid out rate of 0% and annual risk-free interest rate ranging from 1.34% to 4.43%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
7. The fair value of Options granted under the 2003 Share Option Scheme on 23 June 2006, determined using the Binomial Model valuation model, was approximately RMB3,919,000. The significant inputs into the model were exercise price of HK\$1.49, standard deviation of expected share price returns of 34.8%, expected life of Options ranging from 3.2 to 5.5 years expected dividend paid out rate of 0% and annual risk free interest rate of 4.911%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
8. The fair value of Options granted under the 2003 Share Option Scheme on 11 July 2007, determined using the Binomial Model valuation model, was approximately RMB9,390,000. The significant inputs into the model were exercise price of HK\$1.24 standard deviation of expected share price returns of 49.0%, expected life of Options ranging from 2.4 to 6.2 years expected dividend paid out rate of 0% and annual risk-free interest rate of 4.757%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
9. The fair value of Options granted under the 2003 Share Option Scheme on 29 September 2008, determined using the Binomial Model valuation model, was approximately RMB2,756,000. The significant inputs into the model were exercise price of HK\$0.604 standard deviation of expected share price returns of 72.2%, expected life of Options ranging from 3.8 to 4.8 years expected dividend paid out rate of 0% and annual risk-free interest rate of 3.133%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
10. The fair value of Options granted under the 2003 Share Option Scheme on 7 April 2010, determined using the Binomial Model valuation model, was approximately RMB12,527,000. The significant inputs into the model were exercise price of HK\$0.82 standard deviation of expected share price returns of 79.8%, expected life of Options ranging from 3.4 to 5.9 years expected dividend paid out rate of 0% and annual risk-free interest rate of 2.865%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
6. 使用二項式估值模式計算於二零零四年二月十八日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣20,193,000元。輸入該模式之主要參數為行使價2.4港元、預計股價回報率標準偏差32%、購股權預計年期介乎5.4年至6.6年不等、預計派息率0%及年度無風險利率介乎1.34%至4.43%不等。按照預計股價回報率標準偏差計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
7. 使用二項式估值模式計算於二零零六年六月二十三日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣3,919,000元。輸入該模式之主要參數為行使價1.49港元、預計股價回報率標準偏差34.8%、購股權預計年期介乎3.2年至5.5年不等、預計派息率0%及年度無風險利率4.911%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
8. 使用二項式估值模式計算於二零零七年七月十一日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣9,390,000元。輸入該模式之主要參數為行使價1.24港元、預計股價回報率標準偏差49.0%、購股權預計年期介乎2.4年至6.2年不等、預計派息率0%及年度無風險利率4.757%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
9. 使用二項式估值模式計算於二零零八年九月二十九日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣2,756,000元。輸入該模式之主要參數為行使價0.604港元、預計股價回報率標準偏差72.2%、購股權預計年期介乎3.8年至4.8年不等、預計派息率0%及年度無風險利率3.133%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
10. 使用二項式估值模式計算於二零一零年四月七日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣12,527,000元。輸入該模式之主要參數為行使價0.82港元、預計股價回報率之標準偏差79.8%、購股權預計年期介乎3.4年至5.9年不等、預計派息率0%及年度無風險利率2.865%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。

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11. The fair value of Options granted under the 2003 Share Option Scheme on 28 March 2011, determined using the Binomial Model valuation model, was approximately RMB1,377,000. The significant inputs into the model were exercise price of HK\$1.108 standard deviation of expected share price returns of 77.4%, expected life of Options ranging from 3.8 to 4.9 years expected dividend paid out rate of 0% and annual risk-free interest rate 2.82%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
12. The fair value of Options granted under the 2003 Share Option Scheme on 3 April 2013, determined using the Binomial Model valuation model, was approximately RMB3,754,000. The significant inputs into the model were exercise price of HK\$4.402 standard deviation of expected share price returns of 75%, expected life of Options ranging from 9.1 to 9.6 years expected dividend paid out rate of 0% and annual risk-free interest rate 1.111%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
13. The fair value of Options granted under the 2003 Share Option Scheme on 18 November 2013, determined using the Binomial Model valuation model, was approximately RMB50,125,000. The significant inputs into the model were exercise price of HK\$9.84 standard deviation of expected share price returns of 71.5%, expected life of Options ranging from 4.7 to 7.9 years expected dividend paid out rate of 0% and annual risk-free interest rate 1.915%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
14. The fair value of Options granted under the 2015 Share Option Scheme on 13 October 2017, determined using the Binomial Model valuation model, was approximately RMB100,356,000. The significant inputs into the model were exercise price of HK\$6.476 standard deviation of expected share price returns of 62%, expected life of Options 4.9 years expected dividend paid out rate of 0.9% and annual risk-free interest rate 1.745%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
15. The fair value of Options granted under the 2015 Share Option Scheme on 19 July 2018, determined using the Binomial Model valuation model, was approximately RMB70,258,000. The significant inputs into the model were exercise price of HK\$4.6 standard deviation of expected share price returns of 70%, expected life of Options 10 years expected dividend paid out rate of 0% and annual risk-free interest rate 2.13%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
16. In respect of employees resigned during the period whose Options have not been vested, such share options are lapsed, and the share compensation costs recognised previously are credited to condensed consolidated final statement of comprehensive income.
11. 使用二項式估值模式計算於二零一一年三月二十八日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣1,377,000元。輸入該模式之主要參數為行使價1.108港元、預計股價回報率標準偏差77.4%、購股權預計年期介乎3.8年至4.9年不等、預計派息率0%及年度無風險利率2.82%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
12. 使用二項式估值模式計算於二零一三年四月三日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣3,754,000元。輸入該模式之主要參數為行使價4.402港元、預計股價回報率標準偏差75%、購股權預計年期介乎9.1年至9.6年不等、預計派息率0%及年度無風險利率1.111%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
13. 使用二項式估值模式計算於二零一三年十一月十八日根據二零零三年購股權計劃所授出購股權之公平值約為人民幣50,125,000元。輸入該模式之主要參數為行使價9.84港元、預計股價回報率標準偏差71.5%、購股權預計年期介乎4.7年至7.9年不等、預計派息率0%及年度無風險利率1.915%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
14. 使用二項式估值模式計算於二零一七年十月十三日根據二零一五年購股權計劃所授出購股權之公平值約為人民幣100,356,000元。輸入該模式之主要參數為行使價6.476港元、預計股價回報率標準偏差62%、購股權預計年期介乎4.9年、預計派息率0.9%及年度無風險利率1.745%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
15. 使用二項式估值模式計算於二零一八年七月十九日根據二零一五年購股權計劃所授出購股權之公平值約為人民幣70,258,000元。輸入該模式之主要參數為行使價4.6港元、預計股價回報率標準偏差70%、購股權預計年期介乎10年、預計派息率0%及年度無風險利率2.13%。按照預計股價回報率標準偏差所計算之波幅，乃根據本公司及業務性質類似之其他可資比較公司之過往價格波動統計數據分析計算。
16. 就於期內辭任而其購股權尚未歸屬之僱員而言，有關購股權均予失效，而過往已確認之股份補償成本則計入全年簡明合併綜合收益表。

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- | | |
|---|---|
| <p>17. The values of Options recognised in share-based compensation reserves are subject to a number of assumptions and with regard to the limitation of the valuation model.</p> <p>18. The Options were granted under the 2003 Share Option Scheme.</p> <p>19. The Options were granted under the 2015 Share Option Scheme.</p> <p>20. The weighted average closing price of the Shares immediately before the date on which these options were exercised was approximately HK\$5.50 per share.</p> | <p>17. 在以股份為基礎之補償儲備中確認之購股權價值須受多項假設規限，並與估值模式之限制有關。</p> <p>18. 該等購股權根據二零零三年購股權計劃授出。</p> <p>19. 該等購股權根據二零一五年購股權計劃授出。</p> <p>20. 於緊接該等購股權獲行使日期前股份加權平均收市價約為每股5.50港元。</p> |
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EMPLOYEES' SHARE AWARD SCHEME

On 17 November 2011, the Board adopted an employees' share award scheme ("Share Award Scheme") pursuant to which existing shares of the Company will be acquired by the trustee from the market at the cost of the Company and be held in trust for the selected employees until such shares are vested with the relevant selected employees in accordance with the provision of the share award scheme. For principal terms of the employees' share award scheme, please refer to the announcement of the Company dated 17 November 2011.

Since the adoption date, a total of 46,881,000 Shares has been granted up to the date of this report, representing approximately 4.18% of the issued share capital of the Company as at the date of this report. The awarded shares remain outstanding as at 31 December 2018 are set out below:

僱員股份獎勵計劃

於二零一一年十一月十七日，董事會採納僱員股份獎勵計劃（「股份獎勵計劃」），據此，受託人將自市場購入本公司現有股份（費用由本公司承擔）並以信託形式為經選定僱員持有，直至該等股份根據僱員股份獎勵計劃條文歸屬予相關經選定僱員為止。有關僱員股份獎勵計劃之主要條款，請參閱本公司日期為二零一一年十一月十七日之公佈。

自採納日期起直至本報告日期為止，授出合共46,881,000股股份，相當於本報告日期本公司已發行股本約4.18%。於二零一八年十二月三十一日，尚未歸屬之獎勵股份載列如下：

| Name of Grantee | Date of grant | As at 1st January 2018 於 二零一八年 一月一日 | Granted during the period | Vested during the period | As at 31 December 2018 於 二零一八年 十二月三十一日 |
|--------------------------|----------------------------------|--|---------------------------------|--------------------------------|---|
| 承授人姓名 | 授出日期 | | 期內授出 | 期內歸屬 | |
| Ex-director | | | | | |
| 前董事 | | | | | |
| Guo Jiang 郭江 | 20 August 2012 二零一二年八月二十日 | 8,351,000 | | | 8,351,000 |
| Senior management | | | | | |
| 高級管理層 | | | | | |
| Other employees | | | | | |
| 其他僱員 | | | | | |
| In aggregate 合計 | 23 November 2011 二零一一年十一月二十三日 | 5,009,443 | | (2,359,663) | 2,649,780 |
| | 17 January 2014 二零一四年一月十七日 | 2,000,000 | | | 2,000,000 |
| Total 總計 | | 15,360,443 | | (2,359,663) | 13,000,780 |

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2018, the interest of persons (not being a Director or chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

主要股東及其他人士於本公司股份及相關股份之權益及淡倉

於二零一八年十二月三十一日，於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須知會本公司及聯交所，或須記入本公司根據證券及期貨條例第336條所存置登記冊之權益之人士（並非董事或本公司行政總裁）如下：

| Name of Shareholder | Class of Shares | Long position | short position | Capacity | Approximate percentage of shareholding as at 31 December 2018 於二零一八年十二月三十一日之股本概約百分比 |
|---|-----------------|----------------------------------|----------------|--|--|
| 股東姓名／名稱 | 股份類別 | 好倉 | 淡倉 | 身份 | |
| Talent Gain Developments Limited | Ordinary 普通股 | 253,671,964 (note 1) (附註1) | | Interest in controlled corporation 受控制公司權益 | 22.64% |
| Digital China Holdings Limited 神州數碼控股有限公司 | Ordinary 普通股 | 341,314,821 (note 1) (附註1) | | Interest in controlled corporation 受控制公司權益 | 30.46% |
| Guo Jiang 郭江 | Ordinary 普通股 | 172,209,771 (note 2) (附註2) | 40,000,000 | Beneficial Owner and Family Interest 實益擁有人及家族權益 | 15.37% (long position) (好倉) 3.57% (short position) (淡倉) |
| Geng Yi 耿怡 | Ordinary 普通股 | 172,209,771 (note 2) (附註2) | 40,000,000 | Beneficial Owner and Family Interest 實益擁有人及家族權益 | 15.37% (long position) (好倉) 3.57% (short position) (淡倉) |
| China Construction Bank Corporation 中國建設銀行股份有限公司 | Ordinary 普通股 | 123,810,461 (note 3) (附註3) | | Interest in controlled corporation 受控制公司權益 | 11.05% (long position) (好倉) |
| Central Huijin Investment Ltd. 中國匯金投資有限責任公司 | Ordinary 普通股 | 123,810,461 (note 3) (附註3) | | Interest in controlled corporation 受控制公司權益 | 11.05% (long position) (好倉) |
| Chance Talent Management Limited | Ordinary 普通股 | 123,810,461 (note 3) (附註3) | | Beneficial Owner 實益擁有人 | 11.05% (long position) (好倉) |

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Notes:

- Such interests in the Company comprise: (1) 230,263,964 Shares held by Talent Gain Developments Limited; (2) 23,408,000 Shares held by and Unique Golden Limited; and (3) 87,642,857 underlying shares derived from the proposed subscription of the Company by Digital China Holdings Limited pursuant to the formal sale and purchase agreement dated 19 May 2017. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and indirectly wholly and beneficially owned by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861). Therefore, Talent Gain Developments Limited, is deemed to be interested in the Shares held by Unique Golden Limited, and each of Digital China (BVI) Limited and Digital China Holdings Limited is deemed to be interested in the Shares held by Talent Gain Developments Limited and Unique Golden Limited.
- Ms. Geng Yi is the spouse of Mr. Guo Jiang. Such interest in the Company comprises: (a) 118,074,146 Shares are held by Guo Jiang and 10,784,625 Shares are held by Ms. Geng Yi; (b) 8,351,000 underlying Shares derived from the awarded shares granted to Mr. Guo Jiang under the employees' share award scheme adopted on 17 November 2011; and (c) 35,000,000 Shares which were borrowed by Mr. Guo Jiang from Mr. Guo Fansheng pursuant to a stock borrowing agreement dated 9 May 2016 entered into between Mr. Guo Jiang and Mr. Guo Fansheng, of which 35,000,000 Shares were subsequently pledged to an independent third party. Ms. Geng Yi is deemed, or taken to have, interested in the shares and underlying shares held by Mr. Guo Jiang pursuant to the SFO.
- Such interests in the Company comprise: (1) the convertible bonds (i.e. the 2.85% guaranteed and secured convertible bonds due 2020 issued by the Company) subscribed to by Chance Talent Management Limited on 16 November 2018 which may be fully converted to 16,666,667 Shares; and (2) 107,143,794 Shares held by Chance Talent Management Limited as person having security interest. Chance Talent Management Limited is wholly and beneficially owned by CCBI Investments Limited which in turn is wholly and beneficially owned by CCB International (Holdings) Limited which in turn is wholly and beneficially owned by CCB Financial Holdings Limited which in turn is wholly and beneficially owned by CCB International Group Holdings Limited which in turn is wholly and beneficially owned by China Construction Bank Corporation, a company listed on the main board of the Stock Exchange (Stock Code: 939) and the Shanghai Stock Exchange (Stock Code: 601939). China Construction Bank Corporation is owned as to 57.11% by Central Huijin Investment Ltd. Therefore, all of the abovementioned companies in this note 3 and Central Huijin Investment Ltd. are deemed to be interested in the Shares held by Chance Talent Management Limited pursuant to the SFO.

Save as disclosed above, as at 31 December 2018, the Company had not been notified of any interests or short positions of substantial shareholders or other persons in the shares and underlying shares of the Company which are required to be kept under Section 336 of the SFO.

附註：

- 該等於本公司之權益包括：(1)由Talent Gain Developments Limited持有之230,263,964股股份；(2)由Unique Golden Limited持有之23,408,000股股份；及(3)根據日期為二零一七年五月十九日之正式買賣協議，神州數碼控股有限公司建議認購本公司所涉及之87,642,857股相關股份。Unique Golden Limited由Talent Gain Developments Limited全資實益擁有，而Talent Gain Developments Limited則由Digital China (BVI) Limited全資實益擁有並由神州數碼控股有限公司(其股份於聯交所上市(股份代號：861))間接全資實益擁有。因此，Talent Gain Developments Limited被當作於Unique Golden Limited所持有之股份中擁有權益，而Digital China (BVI) Limited及神州數碼控股有限公司各自被當作於Talent Gain Developments Limited及Unique Golden Limited所持有之股份中擁有權益。
- 耿怡女士為郭江先生之配偶。該等於本公司之權益包括：(a) 118,074,146股股份由郭江先生持有及耿怡女士所持有之10,784,625股股份；(b)郭江先生根據於二零一一年十一月十七日採納之僱員股份獎勵計劃所獲授之獎勵股份產生之8,351,000股相關股份；及(c)郭江先生根據郭江先生及郭凡生先生所訂立日期為二零一六年五月九日之借股協議向郭凡生先生借入之35,000,000股股份，其中35,000,000股股份隨後抵押予一名獨立第三方。根據證券及期貨條例，耿怡女士被當作或被視為於郭江先生所持有之股份及相關股份中擁有權益。
- 於本公司之有關權益包括：(1) Chance Talent Management Limited於二零一八年十一月十六日認購之可換股債券(即本公司發行之於二零二零年到期之2.85%有擔保及有抵押可換股債券)，其可悉數轉換為本公司之16,666,667股股份；及(2) Chance Talent Management Limited作為擁有擔保權益之人士持有之107,143,794股股份。Chance Talent Management Limited由CCBI Investments Limited全資實益擁有，而CCBI Investments Limited由建銀國際(控股)有限公司全資實益擁有，而建銀國際(控股)有限公司由建行金融控股有限公司全資實益擁有，而建行金融控股有限公司由建行國際集團控股有限公司全資實益擁有，而建行國際集團控股有限公司由中國建設銀行股份有限公司(於聯交所主板(股份代號：939)及於上海證券交易所(股份代號：601939)上市之公司)全資實益擁有，而中國建設銀行股份有限公司由中央匯金投資有限責任公司擁有57.11%權益。因此，根據證券及期貨條例，於本附註3之所有上述公司及中央匯金投資有限責任公司被視作於Chance Talent Management Limited持有之股份中擁有權益。

除上文披露者外，於二零一八年十二月三十一日，本公司並不知悉主要股東或其他人士於本公司股份及相關股份中擁有須記入本公司根據證券及期貨條例第336條所存置登記冊之任何權益或淡倉。

Report of the Directors 董事會報告

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company or any of its subsidiaries had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2018.

CONNECTED TRANSACTION/CONTINUING CONNECTED TRANSACTION

Details of the continuing connected transactions of the Company are as follows:

Zhongfu Structured Contracts

On 5 January 2016 Hangzhou Saidian Information, Hangzhou Saidian Technology and the PRC Equity Owners entered into the Zhongfu Structured Contracts, which constituted continuing connected transactions of the Company. Details of the Zhongfu Structured Contracts are set out in the paragraph headed "Major Terms of the Zhongfu Structured Contracts" of the "Management's Discussion and Analysis" section in this report. The Directors estimated that the respective annual caps for the transactions contemplated under the Structured Contracts for the three years ending 31 December 2016, 2017 and 2018 are RMB11,000,000, RMB14,000,000 and RMB18,000,000 respectively being the expected maximum sums received by the Company under the Management and Operations Agreement. The transaction amount for the year ended 31 December 2018 was RMB10,850,000.

Save as disclosed above, all the related party transaction, as disclosed in note 36 and 45 to the consolidated financial statement, did not constitute connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

The transaction in note 45 were provided under the service contracts of relevant management and thus were all fully exempted pursuant to Chapter 14A of the Listing Rules.

Also, as the loan granted by the Group to Hui De Holding Co., Ltd., an associate of the Group was conducted on normal commercial terms, such financial assistance was fully exempted pursuant to Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules from time to time in respect of the aforementioned connected transactions or continuing connected transactions.

控股股東於重大合約之權益

除另行披露者外，於年終或截至二零一八年十二月三十一日止年度之任何時間，概無本公司控股股東或其任何附屬公司於本公司、其控股公司或其任何附屬公司為其中之訂約一方且仍然生效之任何重大合約中直接或間接擁有重大權益。

關連交易／持續關連交易

有關本公司持續關連交易之詳情如下：

中服結構性合約

於二零一六年一月五日，杭州賽典信息、杭州賽點科技及中國股權擁有人訂立中服結構性合約，而有關交易構成本公司持續關連交易。有關中服結構性合約之詳情載於本報告「管理層討論和分析」一節「中服結構性合約之主要條款」一段。董事估計，截至二零一六年、二零一七年及二零一八年十二月三十一日止三個年度，結構性合約項下擬進行交易各自之年度上限分別為人民幣11,000,000元、人民幣14,000,000元及人民幣18,000,000元，即本公司預期根據管理及營運協議收取之最高總額。截至二零一八年十二月三十一日止年度之交易額為人民幣10,850,000元。

除上文披露者外，誠如合併財務報表附註36及45所披露，遵照上市規則第14A章，所有關聯人士交易並不構成本公司之關連交易或持續關連交易，故毋須遵守上市規則項下任何申報、公告或獨立股東批准之規定。

附註45中之交易乃根據相關管理層之服務合約提供，故根據上市規則第14A章，有關交易均獲全面豁免。

此外，本集團授予本集團聯營公司慧德控股有限公司之貸款按正常商業條款作出，故根據上市規則第14A章該財務援助獲全面豁免。

本公司已就上述關連交易或持續關連交易遵守上市規則第14A章不時訂立之披露規則。

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The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors. The independent non-executive Directors confirmed that these connected transactions were entered into (a) in the usual course of business of the Group; (b) on normal commercial terms or better terms; (c) in accordance with the agreements relating to the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (d) without exceeding the relevant cap amount disclosed in the previous announcements.

The Company's auditor was engaged to report on the group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

MAJOR SUPPLIERS AND CUSTOMERS

The Group's customers are a vast amount of small and medium sized enterprises in the PRC and certain well-known companies. Most of the Group's revenue is derived from B2B trading platform and online products. The major customers of trading platforms include a large number of small and medium sized enterprises and factories. The sales contracts are entered according to orders. Online products mainly consist of B2B member service and online advertising. The sale agreements have a term of one or two years, which, depending on different contracts, shall be renewed by the customers upon such sale agreements expired. As the price of each online product is not significant and the online products are sold to the large number of customers, each customer's contribution towards the Group's revenue is relatively small. Therefore, the Company merely relies on individual customers.

The Group's major suppliers are as follows: (i) the major suppliers of B2B trading platform are large-scale factories and traders; (ii) the suppliers of online products provide search engine and promotion services, allowing our paid members to have a higher exposure of their products by getting more search engine hits and promoting their products and achieving transactions. We currently have several search product suppliers which are leading search engine providers like Baidu and 360 Search and the respectively service contracts with them are renewed on a yearly basis.

Save as disclosed in this annual report, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

獨立非執行董事已審核上述持續關連交易。獨立非執行董事確認，該等關連交易(a)於本集團之日常業務過程中訂立；(b)按一般商業條款或更佳條款訂立；(c)根據有關該等交易之協議按公平合理條款訂立，且符合股東之整體利益；及(d)並無超出過往公佈所披露之相關上限金額。

根據《香港核證聘用準則3000》「歷史財務資料審計或審閱以外的核證聘用」及參考香港會計師公會所頒佈之實務說明第740號「香港上市規則規定的持續關連交易的核數師函件」，本公司已委聘核數師，以就本集團之持續關連交易作出報告。核數師已根據上市規則第14A.56條就上述持續關連交易之發現及結論出具無保留意見函件。本公司已向聯交所提供核數師函件副本。

主要供應商及客戶

本集團之客戶多為中國中小型企業及部分知名品牌公司。本集團大部分銷售收入來自B2B交易平台及線上產品。交易平台主要客戶大多數屬中小型企業及工廠。依據訂單簽訂銷售合約。線上產品主要包括B2B會員服務及線上廣告。銷售協議之年限期分為一年或兩年，或依不同合同而定，待銷售協議到期後，客戶可重新續簽。由於各線上產品之價格並不高昂且線上產品售予大量客戶，因此各客戶佔本集團銷售收入之比重相對較小。因此，本公司對於單一客戶之依賴程度不高。

本集團之主要供應商為：(i) B2B交易平台主要供應商為大型工廠及貿易商；(ii)線上產品供應商提供搜索引擎及推廣服務，讓我們繳費會員之產品獲得更多搜索引擎點擊次數，從而取得更高曝光率，並可推廣彼等之產品及促成交易。我們目前有若干搜索產品供應商，該等公司均為首屈一指之搜索引擎供應商，如百度及360搜索等，而我們與該等供應商訂立之相關服務合約乃按年重續。

除本年報內披露者外，概無董事、彼等之聯繫人士或任何股東(就董事所知擁有超過本公司已發行股本5%)於上述主要供應商或客戶擁有權益。

Report of the Directors 董事會報告

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 24 July 2003 with written terms of reference based on the guidelines set out in "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises two independent non-executive Directors, Mr. Zhang Ke and Ms. Qi Yan and a non-executive Director, Mr. Li Jianguang. Mr. Zhang Ke is the chairman of the Audit Committee.

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, the internal control procedures, the annual results of the Company for the year ended 31 December 2018 and has met with external auditors and discussed the financial matters of the Group that arose during the course of audit for the year ended 31 December 2018. The Audit Committee held 2 meetings during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save for the deviation from code provision A.2.1 of the Code disclosed in this report, during the year ended 31 December 2018, the Company had complied with the code provisions of the Code.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors and their respective close associates (as defined in the Listing Rules) has confirmed that none of them had any business or interest in any company that materially competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the year ended 31 December 2018.

審核委員會

本公司已於二零零三年七月二十四日成立具備書面職權範圍之審核委員會(「審核委員會」)。書面職權範圍乃根據香港會計師公會頒佈之「審核委員會有效運作指引」所載指引制定。

審核委員會之主要職責為檢討及監察本集團之財務申報過程及內部監控程序。審核委員會由兩名獨立非執行董事張克先生及祁燕女士以及非執行董事李建光先生組成。審核委員會主席由張克先生擔任。

審核委員會已聯同本公司管理層一並審閱本集團採納之會計原則及常規、內部監控程序、本公司截至二零一八年十二月三十一日止年度之年度業績，以及與外聘核數師會面並討論就截至二零一八年十二月三十一日止年度進行審核期間發現之本集團財務事項。審核委員會於年內共舉行兩次會議。

企業管治常規守則

除於本報告所披露有關偏離守則之守則條文A.2.1外，截至二零一八年十二月三十一日止年度，本公司已遵守守則之守則條文。

足夠公眾持股量

根據本公司所得公開資料及就董事所知，直至本報告日期，本公司已發行股本總額至少25%由公眾持有。

董事於競爭業務之權益

截至二零一八年十二月三十一日止年度，各董事及彼等各自之緊密聯繫人士(定義見上市規則)均已確認，彼等概無在與本集團業務構成或可能構成任何重大競爭之任何公司中擁有任何業務或權益，而任何該等人士與本集團利益亦無任何其他利益衝突。

Report of the Directors 董事會報告

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a written confirmation or an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors are or have been remained independent.

PERMITTED INDEMNITY

Pursuant to Article 167 of the M&A, the Directors and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. This indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Such provisions were in force during the financial year ended 31 December 2018 and remained in force as of the date of this report. The Company has also arranged appropriate directors and officers liability insurance in respect of potential legal action against Directors and other officers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the M&A of the Company, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2018, 1,350,000 Shares repurchased under the general mandates to repurchase Shares and 1,350,000 Shares had been cancelled.

Save as disclosed in this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company during the year ended 31 December 2018.

獨立非執行董事

本公司已收到各獨立非執行董事根據上市規則第3.13條就其獨立性發出之書面確認函或年度確認函，且本公司認為獨立非執行董事屬或仍屬獨立人士。

准許彌償

根據章程大綱及細則第167條，本公司董事及其他高級職員可自本公司資產及溢利中獲得彌償及擔保，使彼等不會因在各自職位履行其職責或建議職責而作出、應允或遺漏或與之相關之任何行為而理應或可能引致或蒙受之所有訴訟、成本、費用、損失、損害及開支而蒙損，惟此項彌償不得延伸至任何上述人士可能因欺詐或不誠實有關之任何事宜。該等條文於截至二零一八年十二月三十一日止財政年度生效，並於本報告日期維持效力。本公司亦已就董事及其他高級職員可能面臨之法律行動安排適當之董事及高級職員責任險。

優先購股權

本公司章程大綱及細則或開曼群島法例概無優先購股權之條文，以規定本公司須按比例向本公司現有股東發售新股份。

購買、出售或贖回證券

截至二零一八年十二月三十一日止年度，根據購回股份之一般授權購回1,350,000股股份及1,350,000股股份已被註銷。

除本報告所披露者外，截至二零一八年十二月三十一日止年度，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股份。

Report of the Directors 董事會報告

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board
HC Group Inc.
Liu Jun
Chairman

Hong Kong, 26 March 2019

核數師

財務報表由羅兵咸永道會計師事務所審計，羅兵咸永道會計師事務所將任滿告退，惟合資格並願意膺選連任。

承董事會命
慧聰集團有限公司
劉軍
主席

香港，二零一九年三月二十六日

Corporate Governance Report

企業管治報告

INTRODUCTION

Maintaining high standards of business ethics and corporate governance practices has always been one of the Company's goals. This corporate governance report describes its corporate governance practices, explains the applications of the principles of the Code on Corporate Governance contained in Appendix 14 of the Listing Rules (the "Code") and deviations, if any.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2018, the Company has complied with the code provisions of the Code save for the deviation from code provision A.2.1 of the Code as set out below. The Company believes that by achieving high standard of corporate governance, the corporate value and accountability of the Company can be enhanced and the shareholders' interests can be maximised. The Board has continued to monitor and review the Company's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to the Directors and senior management of the Company to ensure awareness to issues regarding corporate governance practices.

Code Provision A.2.1 of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2018, upon the appointment of Mr. Liu as the chairman of the Board, Mr. Liu performed both the roles as the chairman of the Board and the chief executive officer of the Company, which deviated from the said code provision. After evaluation of the situation of the Company and taking into account the experience and past performance of Mr. Liu, the Board was of the opinion that it was appropriate and in the best interests of the Company for Mr. Liu to hold both positions as the chairman and chief executive officer of the Company as it helped to maintain the continuity of the policies and the stability of the operation of the Company. Furthermore, the Board considered that this arrangement did not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members were non-executive Directors and independent non-executive Directors and the Board met regularly to consider major matters affecting the operations of the Group and all Directors were properly and promptly briefed on such matters with adequate, complete and reliable information.

For more details, please refer to the announcement of the Company dated 27 March 2018.

序言

本公司一直以維持高水準之商業道德與企業管治常規為目標。本企業管治報告描述其企業管治常規，並解釋上市規則附錄14所載企業管治守則（「守則」）之應用與偏離情況（如有）。

企業管治常規

截至二零一八年十二月三十一日止年度，除下列偏離守則之守則條文第A.2.1條者外，本公司已遵守守則之守則條文。本公司深信通過維持高水準之企業管治，可以提高本公司之企業價值與問責性，並將股東利益最大化。董事會持續監察並檢討本公司之企業管治常規之合規情況，以保證遵守守則。董事會全年均有召開且於適當之情況下向本公司董事及高級管理人員發出通告與其他指引，以確保其注意企業管治常規相關之事項。

上市規則附錄十四所載企業管治守則（「守則」）之守則條文第A.2.1條規定，主席與首席執行官之角色應予區分，不應由一人同時兼任。截至二零一八年十二月三十一日止年度，隨著劉先生獲委任為董事會主席，劉先生同時兼任董事會主席及本公司首席執行官，因此跟上述守則條文有所偏離。經評估本公司狀況及考慮劉先生之經驗及以往表現後，董事會認為由劉先生兼任本公司主席及首席執行官兩個職務是合適及符合本公司之最佳利益，此舉可讓本公司維持政策延續及業務穩定。此外，董事會認為此項安排不會削弱董事會與本公司管理層間之權力及權限制衡，此乃由於董事會之絕大部分成員為非執行董事及獨立非執行董事，董事會定期舉行會議以考慮對本集團業務營運具有影響之重大事項，且董事會以充分、完整及可靠之資料適當及即時地向全體董事通報有關事項。

有關更多詳情，請參閱本公司日期為二零一八年三月二十七日之公佈。

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision D3.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding Directors' securities transactions on terms not less than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the year ended 31 December 2018.

On 20 March 2006, the Board also adopted written guidelines on terms not less than the required standard of dealings for relevant employees in respect of their dealings in the securities of the Company. Prior to the adoption of such an internal code of conduct regarding securities transactions by employees, relevant employees who had in their possession of price-sensitive information were formally briefed on the dealing restrictions in relation to the securities of the Company at management meetings during the reporting period.

THE BOARD OF DIRECTORS

Composition

As at 31 December 2018 and as at the date of this report, the Board comprises nine (9) Directors, of whom three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The participation of non-executive Directors in the Board provides the Company with a wide range of expertise and experience, and plays an important role in the work of the Board and brings independent judgement on issues relating to the Company's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered. All Directors have given sufficient time and attention to the affairs of the Company. Each executive Director has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

企業管治職能

董事會負責履行守則第D3.1條守則條文所載企業管治職能。於本報告日期，董事會已審閱及監控：(a)本公司企業管治政策及常規；(b)董事及高級管理層人員之培訓及持續專業發展；(c)本公司遵守法律及規管規定之政策及常規；(d)本公司操守守則及(e)本公司遵守守則披露規定。

董事及僱員之證券交易

本公司已採納有關董事進行證券交易之書面指引，其條款不遜於上市規則附錄10所載買賣準則。本公司經向全體董事明確查詢後，董事於截至二零一八年十二月三十一日止年度一直遵守操守守則與所規定之買賣準則，以及董事進行證券交易之操守守則。

於二零零六年三月二十日，董事會亦採納相關僱員買賣本公司證券之書面指引，其條款不遜於所規定買賣準則。於採納僱員進行證券交易之內部操守守則前，掌握股價敏感資料之相關僱員已於報告期間之管理層會議上獲得正式簡介，得以瞭解關於本公司證券之交易限制。

董事會

組成

於二零一八年十二月三十一日及於本報告日期，董事會由九(9)名董事組成，其中三名為執行董事、三名為非執行董事及三名為獨立非執行董事。董事會中非執行董事之參與為本公司帶來廣泛專業知識及豐富經驗，並在董事會工作中擔當重要角色，且為本公司策略、表現、利益衝突、管理過程等事項提供獨立判斷，以確保充分考慮本公司全體股東之利益。全體董事均能付出足夠時間及精力處理本公司之事務。各執行董事均有足夠之經驗任職，以充分且有效地履行其職責。

Corporate Governance Report

企業管治報告

In full compliance with Rule 3.10(1) and (2) of the Listing Rules, the Company has appointed three independent non-executive Directors, at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with each and every guideline set out in Rule 3.13 of the Listing Rules.

Pursuant to the Code, the Board adopted a board diversity policy. The Company recognises the benefits of diversity of Board members, and will ensure that the Board has a balance of skills, experiences and diversity of prospect appropriate to the Company's business need prospectus.

The Board as at 31 December 2018 comprised:

Executive Directors

Liu Jun (Chairman and Chief Executive Officer) (note 1), Lee Wee Ong (Chief Financial Officer) (note 1), Liu Xiaodong

Non-executive Directors

Guo Fansheng, Li Jianguang, Wong Chi Keung

Independent non-executive Directors

Zhang Ke, Zhang Tim Tianwei, Qi Yan

All independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

There is no financial, business, family or other material/relevant relationship among any members of the Board.

Notes:

1. After the reporting period and before the publication of the annual results of the Company and with effect from 4 January 2019, (1) Mr. Zhang Yonghong has been appointed as the Executive Director and as the Chief Executive Officer and has resigned as the Co-President; (2) Mr. Liu Xiaodong has been re-designated from the Co-President to the President; (3) Mr. Liu Jun has resigned as Chief Executive Officer, but will continue to serve as the chairman of the Board; (4) Mr. Lee Wee Ong has resigned as an Executive Director, but will continue to serve as the Chief Financial Officer; and (5) Mr. Lee Wee Ong has ceased to be the Authorised Representative and Mr. Zhang Yonghong has been appointed as the Authorised Representative.

為充分遵守上市規則第3.10(1)及(2)條，本公司已委任三名獨立非執行董事，其中至少一名具備適當之專業資格或會計或相關之財務管理專業知識。本公司已從各獨立非執行董事收到有關獨立性之年度確認函，而本公司認為該等董事均符合上市規則第3.13條所列各項關於獨立性之指引。

根據守則，董事會已採納董事會成員多元化政策。本公司認同董事會成員多元化之裨益，並將確保董事會擁有均衡技能、經驗及多元化展望，以符合本公司業務所需。

於二零一八年十二月三十一日，董事會成員為：

執行董事

劉軍(主席兼行政總裁)(附註1)、Lee Wee Ong(首席財務官)(附註1)、劉小東

非執行董事

郭凡生、李建光、王自強

獨立非執行董事

張克、張天偉、祁燕

所有載有董事姓名之公司通訊中，已說明全體獨立非執行董事身份。

董事會成員之間概不存在財務、業務、家族或其他重大／相關關係。

附註：

1. 於報告期後及刊發本公司全年業績前以及自二零一九年一月四日起，(1)張永紅先生獲委任為執行董事及首席執行官並辭任聯席總裁；(2)劉小東先生已由聯席總裁調任為總裁；(3)劉軍先生已辭任本公司首席執行官，惟將繼續擔任董事會主席；(4) Lee Wee Ong先生辭去執行董事職務，但繼續擔任公司首席財務官；及(5) Lee Wee Ong先生已不再擔任本公司授權代表，而張永紅先生獲委任為授權代表。

Corporate Governance Report

企業管治報告

Board meetings and general meetings

The Board meets in person or through other electronic means of communication at least four times every year. At least 14 days' notice of all board meetings were given to all Directors (unless waived in accordance with the Articles of Association of the Company), who were all given an opportunity to include matters in the agenda for discussion. The Board secretary of the Company (the "Board Secretary") assists the Chairman in preparing the agenda for the meeting, and ensures that all applicable rules and regulations regarding the meetings are observed. The meeting agenda and accompanying board papers are sent to all Directors prior to meetings. During the financial year ended 31 December 2018, 7 Board meetings and 2 general meetings were held and the following is an attendance record of the meetings by each Director:

| | Attendance | |
|--|----------------|------------------|
| | Board Meetings | General Meetings |
| Executive Directors | | |
| Liu Jun | 7/7 | 2/2 |
| Lee Wee Ong | 7/7 | 2/2 |
| Liu Xiaodong | 5/5 | N/A |
| Guo Jiang | 1/2 | N/A |
| Non-executive Directors | | |
| Guo Fansheng | 6/7 | 0/2 |
| Li Jianguang | 7/7 | 2/2 |
| Wong Chi Keung | 7/7 | 2/2 |
| Independent non-executive Directors | | |
| Zhang Ke | 6/7 | 2/2 |
| Zhang Tim Tianwei | 6/7 | 2/2 |
| Qi Yan | 5/7 | 2/2 |

Notes:

- (1) Two general meeting of the Company was held during the financial year ended 31 December 2018.
- (2) Non-executive Directors (including independent non-executive Directors) have been invited by the Company but some of them were unable to attend the general meeting held during the year due to other engagements. The non-executive Directors actively participates in the Board and will attend the general meetings of the Company if possible.
- (3) Excluding Board meeting at which relevant Director is required to abstain pursuant to the Listing Rules and/or the Articles of Association of the Company.

董事會會議及股東大會

董事會會議每年召開至少四次。董事均親身出席或透過其他電子通訊方法參與。全體董事至少14天前就全部董事會會議接獲通知(惟根據本公司組織章程細則予以豁免者除外)，全體董事均有機會提出商討事項列入會議議程。本公司之董事會秘書(「董事會秘書」)協助主席為會議準備議程，以確保遵守所有有關會議之適用規則及規例。會議議程及相關會議文件均於會議舉行前送交全體董事。截至二零一八年十二月三十一日止財政年度，共召開七次董事會會議及兩次股東大會，各董事出席會議之記錄如下：

| | 出席次數 | |
|----------------|-------|------|
| | 董事會會議 | 股東大會 |
| 執行董事 | | |
| 劉軍 | 7/7 | 2/2 |
| Lee Wee Ong | 7/7 | 2/2 |
| 劉小東 | 5/5 | 不適用 |
| 郭江 | 1/2 | 不適用 |
| 非執行董事 | | |
| 郭凡生 | 6/7 | 0/2 |
| 李建光 | 7/7 | 2/2 |
| 王自強 | 7/7 | 2/2 |
| 獨立非執行董事 | | |
| 張克 | 6/7 | 2/2 |
| 張天偉 | 6/7 | 2/2 |
| 祁燕 | 5/7 | 2/2 |

附註：

- (1) 本公司於截至二零一八年十二月三十一日止財政年度舉行兩次股東大會。
- (2) 本公司已邀請非執行董事(包括獨立非執行董事)，惟部分董事因其他事務未能出席年內舉行之股東大會。非執行董事積極參與董事會並將在可能情況下出席本公司股東大會。
- (3) 不包括相關董事根據上市規則及／或本公司組織章程細則須放棄表決之董事會會議。

Corporate Governance Report 企業管治報告

During regular meetings of the Board, the Directors discuss and formulate the overall strategies of the Company, monitor financial performances and discuss the annual and interim results, set annual budgets, as well as discuss and decide on other significant matters.

The Board Secretary records the proceedings of each Board meeting in detail by keeping detailed minutes, including all decisions made by the Board together with concerns raised and dissenting views expressed (if any). Drafts of board minutes are circulated to all Directors for comments and approval as soon as practicable after the meeting. All minutes are open for inspection at any reasonable time on request by any Director. All Directors have access to relevant and timely information at all times as the Chairman ensures that management will supply the Board and its committees with all relevant information in a timely manner. The Directors acknowledge their responsibility for preparing the accounts and statement.

Delegation by the Board

The Company has set out the respective functions and responsibilities reserved to the Board and those delegated to management. The Board delegates day to day operations of the Group to executive Directors and senior management while reserving certain key matters for its approval. The Board is responsible for the approval and monitoring of the Company's overall strategies and policies; approval of business plans; evaluating the performance of the Company and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

Decisions of the Board are communicated to the management through executive Directors who have attended at board meetings.

INDUCTION AND PROFESSIONAL DEVELOPMENT

Newly appointed Directors will receive guideline and reference materials to enable them to familiarise with the Group's business operations and the Board's policies.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company has circulated to Directors training materials relevant to the directors duties and responsibilities and prepared a training record and the Directors have reviewed the training materials.

在董事會定期會議中，董事商討並制定本公司之整體策略、監察財務表現及商討全年及中期業績、設定年度預算以及商討及作出其他重大決定。

董事會秘書就各董事會會議作出詳細會議記錄，以記錄議程，包括董事會作出之所有決策，以及於會議上提出之任何疑慮及表達之反對意見(如有)。於會議結束後，董事會秘書將於實際可行情況下儘快將董事會會議記錄送交全體董事傳閱，以聽取意見及取得批准。任何董事可在任何合理時段查閱所有會議記錄。主席促使管理層向董事會及其轄下委員會適時提供一切相關資料，以使全體董事能夠在任何情況下均掌握有關及時資料。董事知悉彼等有編製賬目及報表之責任。

董事會權利之授權

本公司已規定董事會與授予管理層各自職能與職責。董事會委派本集團之日常營運工作予執行董事及高級管理層，同時保留若干主要事項由董事會批准。董事會負責批准及監察本公司之整體策略及政策；批准業務計劃；評估本公司之表現及管理層之監管。董事會亦負責透過指導及監察本公司之事務，促進本公司及其業務之成功。

董事會會透過出席董事會會議之執行董事向管理層傳達其決策。

入職簡報及專業發展

新委任董事將獲發指引及參考資料，以便其熟識本集團業務運作及董事會政策。

本公司鼓勵董事參加持續專業發展，以發展並更新董事之知識和技能。本公司已將與董事職務及職責相關之培訓材料供董事傳閱，並編製培訓記錄，而董事已審閱有關培訓材料。

Corporate Governance Report

企業管治報告

During the reporting period, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations, and the individual training record is summarised below:

於報告期間，全體董事已透過出席培訓課程或閱覽主題與企業管治及法規有關之相關材料參與持續專業發展，而個別培訓記錄概述如下：

| Attending seminar(s)/ relevant materials | | 出席會議/ 相關材料 | |
|---|-----|----------------|---|
| Executive Directors | | 執行董事 | |
| Liu Jun | YES | 劉軍 | 是 |
| Lee Wee Ong | YES | Lee Wee Ong | 是 |
| Liu Xiaodong | YES | 劉小東 | 是 |
| Non-executive Directors | | 非執行董事 | |
| Guo Fansheng | YES | 郭凡生 | 是 |
| Li Jianguang | YES | 李建光 | 是 |
| Wong Chi Keung | YES | 王自強 | 是 |
| Independent non-executive Directors | | 獨立非執行董事 | |
| Zhang Ke | YES | 張克 | 是 |
| Zhang Tim Tianwei | YES | 張天偉 | 是 |
| Qi Yan | YES | 祁燕 | 是 |

Term of Appointment and Re-election

Under the code provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. Each of the existing non-executive Directors, namely Mr. Guo Fansheng, Mr. Li Jianguang, Mr. Wong Chi Keung, Mr. Zhang Ke, Mr. Zhang Tim Tianwei and Ms. Qi Yan was appointed for a fixed term of one year, subject to rotation and/or re-election at the annual general meeting of the Company, as specified by the Articles of Association of the Company. Under the code provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

On 10 November 2006, a special resolution was passed by the shareholders of the Company to approve the amendments to the Company's Articles of Association to ensure compliance with the Code. Pursuant to the amended provisions of the Articles of Associations of the Company, any Director appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at that meeting. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

任期與重選

根據守則條文A.4.1條規定，非執行董事之委任應有指定任期，並可予重選。各現任非執行董事（即郭凡生先生、李建光先生、王自強先生、張克先生、張天偉先生及祁燕女士）獲委任一年之固定任期，並根據本公司組織章程細則之規定於本公司股東週年大會上輪值告退及／或重選。守則條文A.4.2條規定，所有為填補臨時空缺而獲委任之董事應在接受委任後之首次股東大會上接受股東選舉，而各董事（包括有指定任期之董事）須最少每三年輪值告退一次。

於二零零六年十一月十日，本公司股東通過特別決議案，批准修訂本公司章程細則，以確保遵守守則。根據本公司組織章程細則之經修訂條文，獲董事會委任之董事任期僅至本公司下屆股東大會止（填補空缺之情況下）或直至本公司下屆股東週年大會（為增加董事會席位之情況下），惟屆時合資格於該大會膺選連任。在每屆股東週年大會上，當時三分之一之董事（或倘人數並非三(3)之倍數，則以最接近但不少於三分之一之人數為準）須輪值告退，惟各董事（包括按指定任期委任之董事）須最少每三年輪值告退一次。

Corporate Governance Report 企業管治報告

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Chairman is responsible for ensuring that the Board functions effectively and smoothly. In doing so, the Chairman ensures that good corporate governance practices and procedures are established and followed, and that all Directors are properly briefed and received all relevant information prior to each meeting.

The Chairman was responsible for overseeing the implementation of corporate strategies of the Company. The chief executive officer of the Company was responsible for overseeing the day-to-day operations of the Company.

During the reporting period, upon the appointment of Mr. Liu Jun as the chairman of the Board with effect from 27 March 2018, Mr. Liu Jun performed the roles as the chairman of the Board and the chief executive officer of the Company, which deviated from code provision A.2.1. After evaluation of the current situation of the Company and taking into account the experience and past performance of Mr. Liu, the Board was of the opinion that it is appropriate and in the best interests of the Company at the present stage of Mr. Liu to hold both positions as the chairman and chief executive officer of the Company as it helps to maintain the continuity of the policies and the stability of the operation of the Company. Furthermore, the Board considered that this arrangement did not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members are non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information.

Following the appointment of Mr. Zhang Yonghong as the chief executive officer of the Company in place of Mr. Liu Jun on 4 January 2019, the Company has complied with the code provision A.2.1 of the Code in respect of the separation of the roles of chairman and chief executive officer. For more details, please refer to the announcement of the Company dated 4 January 2019.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 March 2006. As at 31 December 2018 and as at the date of this report, the chairman of the Remuneration Committee is Mr. Zhang Ke (independent non-executive Director) and other members include Mr. Liu Jun (executive Director), Mr. Wong Chi Keung (non-executive Director), Mr. Zhang Tim Tianwei (independent non-executive Director) and Ms. Qi Yan (independent non-executive Director).

主席與行政總裁

守則之守則條文第A.2.1條規定，主席與行政總裁之角色應予區分，不應由一人同時兼任。

主席負責確保董事會有效及順利地運作。主席可藉此確保本公司制定及遵守良好之企業管治常規及程序，及確保全體董事於每次會議前獲悉並收到一切有關資料。

主席負責監督本公司企業策略實施。本公司行政總裁則負責監督本公司日常營運。

於報告期間，隨著劉軍先生自二零一八年三月二十七日起獲委任為董事會主席，劉軍先生將同時兼任董事會主席及本公司行政總裁，因此偏離守則之守則條文第A.2.1條規定。經評估本公司現況及考慮劉軍先生的經驗及以往的表現後，董事會認為於現階段由劉軍先生兼任本公司主席及行政總裁兩個職務是合適及符合本公司之最佳利益，這可以讓本公司維持政策的延續及業務的穩定。此外，董事會認為此項安排不會削弱董事會與本公司管理層間之權力及權限制衡，此乃由於董事會之絕大部分成員為非執行董事及獨立非執行董事，董事會定期舉行會議以考慮對本集團業務營運具有影響之重大事項，且董事會以充分、完整及可靠之資料適當及及時地向全體董事通報有關事項。

於二零一九年一月四日委任張永紅先生為本公司之首席執行官以接替劉軍先生後，本公司已遵照守則之守則條文A.2.1條，當中有關主席與首席執行官之角色應予區分。有關更多詳情，請參閱本公司日期為二零一九年一月四日之公佈。

薪酬委員會

薪酬委員會於二零零六年三月二十日成立。於二零一八年十二月三十一日及於本報告日期，張克先生（獨立非執行董事）擔任薪酬委員會主席，其他成員包括劉軍先生（執行董事）、王自強先生（非執行董事）、張天偉先生（獨立非執行董事）及祁燕女士（獨立非執行董事）。

Corporate Governance Report

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During the year, the Remuneration Committee was responsible for formulating and recommending the Board in relation to the remuneration policy, determining the remunerations of executive Directors and members of the senior management of the Company, and reviewing and making recommendations on the Company's share option scheme and share award scheme, bonus structure, provident fund and other compensation-related issues. The Remuneration Committee consults with the Chairman and/or the chief executive officer of the Company on its proposals and recommendations.

The Remuneration Committee is provided with other resources enabling it to discharge its duties such as the access to professional advice if and when necessary. For the financial year ended 31 December 2018, the Remuneration Committee held 2 meetings. The individual attendance record of each member is as follows:

| Members | Attendance |
|-------------------|------------|
| Liu Jun | 1/1 |
| Zhang Ke | 2/2 |
| Zhang Tim Tianwei | 2/2 |
| Wong Chi Keung | 2/2 |
| Qi Yan | 1/2 |
| Guo Jiang | 0/1 |

Full minutes of the Remuneration Committee's meetings are properly kept by the Company. In line with practices consistent with meetings of the Board and other committee meetings, draft and final versions of Remuneration Committee meeting minutes are circulated to all members of the Remuneration Committee for comments, approval and record as soon as practicable after each meeting.

At the meetings of the Remuneration Committee held in the period under review, the members of the Remuneration Committee have reviewed the Group's remuneration policy and discussed the remuneration packages of Directors and senior management for the forthcoming financial year.

The emoluments of the Directors and the management are determined based on the operating results of the Company, individual performance and/or prevailing market conditions. The Company has also adopted the Share Option Scheme and Share Award Scheme as an incentive to Directors and senior management.

年內，薪酬委員會負責制定薪酬政策及就薪酬政策向董事會提出建議，釐定本公司執行董事及高級管理人員之薪酬，以及檢討本公司之購股權計劃及股份獎勵計劃、分紅機制、公積金與其他薪酬相關事宜，並就此提出建議。薪酬委員會就其建議及推薦意見諮詢本公司主席及／或行政總裁之意見。

薪酬委員會獲提供額外資源以履行其職責，包括在需要時諮詢專業意見。截至二零一八年十二月三十一日止財政年度，薪酬委員會共舉行兩次會議，各成員之出席記錄如下：

| 成員 | 出席次數 |
|-----|------|
| 劉軍 | 1/1 |
| 張克 | 2/2 |
| 張天偉 | 2/2 |
| 王自強 | 2/2 |
| 祁燕 | 1/2 |
| 郭江 | 0/1 |

本公司妥為保存薪酬委員會之完整會議記錄。根據董事會及其他委員會會議之慣例，薪酬委員會會議記錄草稿及最終定稿在每次會議後於實際可行情況下儘快送交全體薪酬委員會成員傳閱，以作表達意見、批准及記錄之用。

於回顧期內舉行之薪酬委員會會議上，薪酬委員會成員已檢閱本集團之薪酬政策，並討論下一財政年度董事及高級管理人員之薪酬組合。

董事及管理人員之酬金水平乃根據本公司經營業績、個人表現及／或當時市況釐定。本公司亦已採納購股權計劃及股份獎勵計劃以激勵董事及高級管理人員。

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NOMINATION COMMITTEE

With effect from 20 March 2012, the Company established the Nomination Committee and written terms of reference of the nomination committee have been adopted. As at 31 December 2018 and the date of this report, the chairman of the Nomination Committee was Mr. Liu Jun (executive Director) and other members include Mr. Zhang Ke (independent non-executive Director) and Mr. Zhang Tim Tianwei (independent non-executive Director). The Nomination Committee is responsible for reviewing the structure, size, diversity and composition of the Board, identifying individual suitably qualified to become Board members, selecting or making recommendation to the Board on selection of individuals nominated for directorship, assessing the independence of independent non-executive Director and making recommendation to the Board on the appointment or reappointment of Directors and succession planning for Directors. During the year ended 31 December 2018, the Nomination Committee also reviewed the structure and composition of the Board.

In August 2013, amendments to the written terms of reference of the nomination committee have been adopted. In deciding the composition of the Board, the Company will consider the Board diversity from various perspectives, including but not limited to sex, age, cultural and academic background, race, professional experience, skills, knowledge and terms of services.

Board nomination policy

The Company has also adopted a Directors nomination policy ("Nomination Policy") in compliance with the Code, which establishes criteria and procedures for the nomination committee to identify and consider individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant skills, experience and diversity of perspectives critical to the Group's business to enable the Board to make sound and well considered decisions.

提名委員會

自二零一二年三月二十日起，本公司成立提名委員會，並採納提名委員會之書面職權範圍。於二零一八年十二月三十一日及本報告日期，提名委員會主席為劉軍先生（執行董事），其他成員包括張克先生（獨立非執行董事）及張天偉先生（獨立非執行董事）。提名委員會負責檢討董事會之架構、人數、多元化及組成、識別合資格人士出任董事會成員、挑選及向董事會建議供挑選提名為董事之人士、評核獨立非執行董事之獨立性及就委任或重新委任董事以及董事繼任計劃向董事會作出建議。於截至二零一八年十二月三十一日止年度，提名委員會亦曾檢討董事會之架構及組成。

於二零一三年八月，提名委員會書面職權範圍之修訂已予採納。於釐定董事會組成時，本公司將從多個角度考慮董事會之成員多元化，包括但不限於性別、年齡、文化及學歷背景、種族、專業經驗、技能、知識及服務年期。

董事會提名政策

本公司亦已採納一項董事提名政策（「提名政策」），以遵守守則，其為提名委員會訂立標準及程序，以物色及考慮適當之合資格人士出任董事會成員，並參考已制訂的準則就甄選獲提名擔任董事之人選向董事會作出建議。董事會就甄選及委任新董事負有最終責任。

董事會通過轉授其權力予提名委員會，已盡最大努力確保獲委任至董事會之董事擁有對本集團之業務至關重要之相關技能、經驗及多元化視野，使董事會可作出合理及經深思熟慮之決定。

Corporate Governance Report

企業管治報告

Nomination Process

When receiving the proposal to appoint a new Director, the nomination committee shall (i) assess the candidate with reference to the selection criteria as set out in the Nomination Policy to determine the eligibility of the candidate to serve as a Director; (ii) if there are more than one desirable candidates, rank them in accordance with the needs of the Company and the merits of each candidate; and (iii) make recommendations to the Board on the appointment of a suitable candidate to serve as a Director (if applicable).

When a retiring Director, being eligible, offers himself for re-election, the nomination committee shall (i) review the overall contribution and services of the retiring Director and the performance and level of participation of the retiring Director; (ii) assess whether the retiring Director satisfy the selection criteria as set out in the Nomination Policy; and (iii) if considered appropriate make recommendations to the Board, which may make a recommendation to the Shareholders to re-elect the retiring Director at a general meeting.

Selection Criteria

The Nomination Committee will take into account the Board Diversity Policy, a candidate's (i) character (in terms of his/her honesty, integrity, motivation or reputation), (ii) merits (in terms of his/her qualifications (including professional qualifications), skills, knowledge, accomplishment and experience related to the business and strategy of the Company and the diversity in skill set of the Board in accordance with Board Diversity Policy of the Company), (iii) business expertise, (iv) whether sufficient time can be devoted to properly discharge its duties as a member of the Board and a member of the board committees; and (v) his/her independence (if an independent non-executive director is being considered).

The Board shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

For the financial year ended 31 December 2018, the Nomination Committee held 2 meetings. The Individual attendance record of each members is as follows:

| Members | Attendance |
|-------------------|------------|
| Liu Jun | 1/1 |
| Zhang Ke | 2/2 |
| Zhang Tim Tianwei | 2/2 |
| Guo Jiang | 0/1 |

提名程序

當接獲委任新董事之建議，提名委員會將(i)根據提名政策所載甄選標準釐定候選人是否適合擔任董事，從而對候選人作出評估；(ii)倘有多於一名合適候選人，則根據本公司之需求及各候選人之優點進行排名；及(iii)就委任合適候選人出任董事向董事會提出建議(倘適用)。

當退任董事符合資格並願意重選連任，提名委員會將(i)審視退任董事之整體貢獻及服務以及退任董事之表現及參與程度；(ii)評估退任董事是否符合提名政策所載之甄選標準；及(iii)倘視為合適，則向董事會提出建議，而董事會可就於股東大會上重選退任董事向股東提出建議。

甄選準則

提名委員會將考慮董事會多元化政策、候選人之(i)性格(有關其是否誠實、其誠信、熱誠或聲譽)、(ii)優點(其與本公司業務及策略有關之資格(包括專業資格)、技能、知識、成就及經驗以及根據本公司董事會多元化政策，董事會技能組合是否多元化、(iii)業務專長、(iv)是否可投入足夠時間妥為履行其作為董事會成員及董事委員會成員之職責；及(v)其獨立性(倘考慮一名獨立非執行董事)。

董事會須定期或按要求檢討及重新評估提名政策及其成效。

截至二零一八年十二月三十一日止財政年度，提名委員會曾舉行兩次會議。各成員之出席記錄如下：

| 成員 | 出席次數 |
|-----|------|
| 劉軍 | 1/1 |
| 張克 | 2/2 |
| 張天偉 | 2/2 |
| 郭江 | 0/1 |

Corporate Governance Report

企業管治報告

AUDIT COMMITTEE AND ACCOUNTABILITY

Management of the Company provides all relevant information and records to the Board enabling the Board to make assessment and to prepare the financial statements and other financial disclosures. In full compliance with Rules 3.21 and 3.23 of the Listing Rules, the audit committee of the Company ("Audit Committee") was established in July 2003 and is currently chaired by Mr. Zhang Ke (independent non-executive Director). Other members of the Audit Committee include Mr. Li Jianguang (non-executive Director) and Ms. Qi Yan (independent non-executive Director).

During the year, the Audit Committee's primary duties include ensuring the Company's financial statements, annual and interim reports, and the auditor's report present a true and balanced assessment of the Company's financial position; reviewing the Company's financial control, internal control and risk management systems; and reviewing the Company's financial and accounting policies and practices.

The Audit Committee is provided with sufficient resources enabling it to discharge its duties. For the financial year ended 31 December 2018, the Audit Committee held 2 meetings. The individual attendance record of each member is as follows:

| Members | Attendance |
|--------------|------------|
| Zhang Ke | 2/2 |
| Li Jianguang | 2/2 |
| Qi Yan | 1/2 |

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, the internal control procedures, the financial results of the Group during the year ended 31 December 2018 and met with external auditors and discussed the financial matters of the Group that arose during the course of audit during the year ended 31 December 2018. In the opinion of the Audit Committee, there are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or discussion of the external auditors.

Full minutes of all Audit Committee meetings are properly kept by the Company. In line with practices consistent with meetings of the Board and other committee meetings, draft and final versions of Audit Committee meeting minutes are circulated to all members of the Audit Committee for comments, approval and record as soon as practicable after each meeting.

審核委員會與問責

本公司管理層向董事會提供所有相關資訊與記錄，致使董事會進行評估並編製財務報表及其他財務披露資料。為充分遵守上市規則第3.21及3.23條，本公司於二零零三年七月成立審核委員會（「審核委員會」），目前由張克先生（獨立非執行董事）擔任主席。審核委員會之其他成員包括李建光先生（非執行董事）及祁燕女士（獨立非執行董事）。

年內，審核委員會之主要職責包括確保本公司之財務報表、年報及中期報告以及核數師報告真實公平地呈列本公司之財務狀況；檢討本公司之財務監控、內部監控及風險管理制度；及檢討本公司之財務及會計政策以及常規。

審核委員會獲提供足夠資源以履行其職責。截至二零一八年十二月三十一日止財政年度，審核委員會共舉行兩次會議。各成員之出席記錄如下：

| 成員 | 出席次數 |
|-----|------|
| 張克 | 2/2 |
| 李建光 | 2/2 |
| 祁燕 | 1/2 |

審核委員會已與本公司管理層一併審閱本集團採納之會計原則及常規、內部監控程序以及本集團截至二零一八年十二月三十一日止年度之財務業績，以及與外聘核數師會面並討論就截至二零一八年十二月三十一日止年度進行審核期間發現之本集團財務事項。審核委員會認為，概無重大不確定事件或情況，可能令本集團持續經營能力嚴重成疑。董事會及審核委員會概無就外聘核數師之甄選、委任、辭任或討論產生爭議。

本公司妥為保存審核委員會之完整會議記錄。根據董事會及其他委員會會議之慣例，審核委員會會議記錄草稿及最終定稿在每次會議後於實際可行情況下儘快送交全體審核委員會成員傳閱，以作表達意見、批准及記錄之用。

Corporate Governance Report

企業管治報告

The Directors' responsibilities for the financial statements and the responsibilities of the external auditors to the shareholders are set out on pages 118 to 121 of this report.

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors and reviewing any non-audit function performed by external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Company. The Group's external auditor is PricewaterhouseCoopers. The remuneration paid or payable to the external auditor of the Group in relation to the year ended 31 December 2018 comprised fees for audit services of HKD7,200,000 (2017: HKD5,440,000) and HKD4,172,000 (2017: HKD3,660,000) for non-audit related services, included providing professional services on interim review, merger and acquisition.

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and Ms. Kwong Yin Ping Yvonne is appointed as the Company Secretary. The primary contact person in the Company for Ms. Kwong in relation to corporate secretarial matters is Mr. Lu Qingguo, the Board Secretary and the General Counsel of the Company.

Ms. Kwong Yin Ping Yvonne has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the year ended 31 December 2018.

SENIOR MANAGEMENT REMUNERATION

Senior management remuneration by band

The emoluments fell within the following bands:

董事對財務報表之責任，以及外聘核數師對股東之責任載於本報告第118至121頁。

核數師薪酬

審核委員會負責考慮外聘核數師之委任及審查外聘核數師進行之任何非核數工作，包括有關非核數工作會否對本公司構成任何潛在重大不利影響。本集團外聘核數師為羅兵咸永道會計師事務所。截至二零一八年十二月三十一日止年度，已付或應付本集團外聘核數師之薪酬包括核數服務費用7,200,000港元(二零一七年：5,440,000港元)及非審計相關服務(包括提供中期審閱、併購之專業服務)費用4,172,000港元(二零一七年：3,660,000港元)。

公司秘書

本公司委任外部服務供應商提供公司秘書服務，鄭燕萍女士獲委任為公司秘書。本公司與鄭女士就公司秘書事宜之主要連絡人士為本公司董事會秘書兼首席法律顧問盧慶國先生。

截至二零一八年十二月三十一日止年度，鄭燕萍女士已遵守上市規則第3.29條有關專業培訓之規定。

高級管理人員薪酬

按組別劃分之高級管理人員酬金
酬金範圍如下：

| | Number of individuals 人數 | |
|---|-----------------------------|---------------|
| | 2018 二零一八年 | 2017 二零一七年 |
| Nil to HKD1,000,000 零至1,000,000港元 | 1 | 3 |
| HKD1,000,000 to HKD2,000,000 1,000,000港元至2,000,000港元 | 1 | 1 |
| HKD2,000,000 to HKD3,000,000 2,000,000港元至3,000,000港元 | 2 | — |

Corporate Governance Report 企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective risk management and internal control systems for the Group to safeguard the Company's assets and shareholders' interests, as well as for reviewing such systems' effectiveness. The Board conducts review of the Company's internal control systems periodically, covering financial, operational and compliance controls and risk management functions. In such review, the Board has considered factors such as changes since the last review; scope and quality of management's monitoring of risks; incidence of significant control failings and weaknesses identified; and effectiveness relating to financial reporting and compliance with the Listing Rules.

On 28 December 2015, the Company adopted the new terms of reference of the Audit Committee in accordance with the amendments to the Corporate Governance Code and Corporate Governance Report made by the Stock Exchange, which is applicable to the accounting period beginning from 1 January 2016. In addition, the Company set up a Group Audit Department in order to enhance the internal control and risk management of the Company.

Each year, external auditors will also report on issues in the Group's internal control and accounting procedure which have come to their attention during the course of their audit, if any.

The Audit Committee periodically considers the risk management and internal control issues raised by the Company's management, if any. The Audit Committee will then review the remedial plans proposed by the management in addressing the issues and will then be submitted to the Board for consideration.

For the year of 2018, having reviewed the effectiveness of the internal control systems, no critical internal control issues have been identified and the internal control systems is considered effective and adequate.

風險管理及內部監控

董事會負責維持本集團穩健及有效之風險管理及內部監控制度，以保障本公司資產及股東之利益，以及檢討該等制度之成效。董事會定期檢討本公司之內部監控制度，包括財務、運作、合規監控及風險管理功能。在該檢討中，董事會考慮到許多因素，包括自上一次檢討後之轉變；管理層監察風險之工作範疇及素質；發生重大監控失誤及發現重大監控弱項之次數；及有關財務報告及遵守上市規則之規定是否有效。

於二零一五年十二月二十八日，本公司根據聯交所制訂之企業管治守則及企業管治報告之修訂本採納審核委員會之新訂職權範圍，該職權範圍適用於自二零一六年一月一日起開始之會計期間。此外，本公司成立集團審核部門，從而加強本公司內部監控及風險管理。

每年，外聘核數師亦將匯報彼等於審核過程中所發現本集團內部監控及問責過程之弱點(如有)。

審核委員會定期考慮本公司管理層所提出的風險管理及內部監控問題(如有)。審核委員會屆時將會審閱管理層就解決有關問題所提出的補救計劃並會將其呈交董事會考慮。

於二零一八年，經檢討內部控制系統之成效，並無發現任何重要內部監控問題，故內部控制系統被視為有效及充分。

Corporate Governance Report 企業管治報告

DIVIDEND POLICY

Pursuant to provision E.1.5 of the Code, the Company should have a policy on payment of dividends.

The Board has adopted a dividend policy (the “Dividend Policy”) to enhance the transparency of dividends distributed by the Company and to facilitate the Shareholders and potential investors to make informed investment decisions.

There is no guarantee or assurance that dividends of any amount will be declared or distributed in any given period and the Company does not have a predetermined dividend payout ratio.

The declaration, payment and form of dividends is at the absolute discretion of the Board, and the final dividend to be declared shall be subject to the approval of the Shareholders, memorandum and articles of association (the “Articles”) of the Company, the laws of Cayman Islands, any other applicable laws and regulations and the provision of this Dividend Policy.

The Board in determining the level of dividends will consider factors including:

1. Distributable profits;
2. Earnings;
3. Current financial position;
4. Capital requirements and expense planning;
5. Past financial performance;
6. Past and forecasted cash flows;
7. Business status and strategies;
8. Future operations and profitability;
9. Shareholder interests;
10. Restrictions on dividend payments (including contractual restrictions, such as restrictions stipulated in any financing agreements)

Subject to Shareholders’ approval at a general meeting and to the relevant laws and regulations of the PRC, any applicable rules and regulations, the Articles and after consideration on the factors above, the Company may also declare interim dividends, final dividends, special dividends and/or any distributions that is considered appropriate by the Board in addition to the annual distributions.

The Board will review the Dividend Policy from time to time.

股息政策

根據守則之守則條文第E.1.5條，本公司應擁有派發股息之政策。

本公司已採納股息政策（「股息政策」）以提高本公司分派股息之透明度，並協助股東及潛在投資者作出知情投資決定。

概不擔保或保證將於任何特定時期建議或宣派任何金額之股息，且本公司並無預設之派息比率。

董事會對宣派、派發及股息之形式擁有絕對酌情權，而末期股息之宣派將須獲股東批准、並受限於本公司之組織章程大綱及細則（「細則」）、開曼群島法律、任何其他適用法律及法規以及本股息政策條文。

董事會釐定股息水平時將考慮以下因素：

1. 可供分派溢利；
2. 盈利；
3. 當前財務狀況；
4. 資金需求及開支計劃；
5. 過往財務表現；
6. 過往及預計現金流量；
7. 業務狀況及策略；
8. 未來營運及盈利能力；
9. 股東權益；
10. 派發股息之限制（包括合約限制，例如任何融資合同訂明之限制）

受限於股東大會上之股東批准及相關中國法律及法規、任何適用規則及規例、細則及經考慮上述因素，除年度分派外，本公司亦可能宣派中期股息、末期股息、特別股息及／或任何董事會認為合適之分派。

董事會將不時審閱股息政策。

Corporate Governance Report 企業管治報告

INVESTOR RELATIONS

The Company discloses all necessary information to the shareholders in compliance with the Listing Rules. The Directors host the annual general meeting each year to meet the shareholders of the Company and answer their enquiries (if any). The Directors make efforts to attend annual general meetings so that they may answer any question raised by the shareholders of the Company.

Save as disclosed in this report, there is no significant change in the memorandum of association and articles of association of the Company during the year ended 31 December 2018.

The proceedings of the annual general meetings are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance.

The Company also communicates with its shareholders through its annual, interim and quarterly reports. The directors, company secretary or other appropriate members of senior management also respond to inquiries from shareholders and investors promptly.

A Shareholders communication policy was reviewed and updated on 20 March 2012 to comply with code provision E.1.4 of the Code.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department of the Company whose contact details are as follows:

7/F, Tower A1, Junhao Central Park Plaza
No.10 Chaoyang Park South Road
Chaoyang District
Beijing 100026
The People's Republic of China
Email: ir@hcgroupp.com
Tel No: (8610) 6592 0059
Fax No: (8610) 6592 0068

Investor Relations Department of the Company handles both telephone and written enquiries from Shareholders from time to time.

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

投資者關係

為遵守上市規則，本公司向股東披露所有必要資料。董事每年於股東週年大會上會見本公司股東並回答股東詢問(如有)。董事均盡其最大努力出席股東週年大會，以便回答本公司股東之任何提問。

除於本報告披露者外，截至二零一八年十二月三十一日止年度，本公司之組織章程大綱及組織章程細則概無任何重大變動。

本公司不時檢討股東週年大會之程序，以確保本公司已遵守最佳之企業管治守則。

本公司亦透過其年度、中期及季度報告與其股東溝通。董事、公司秘書或其他合適之高級管理人員均會就股東及投資者之問題作出迅速回應。

股東溝通政策已根據守則之守則條文第E.1.4條進行檢討並已於二零一二年三月二十日更新。

股東向董事會提出查詢之程序

股東可隨時以書面透過本公司投資者關係部向董事會提出查詢及疑問，投資者關係部之聯絡詳情如下：

中華人民共和國
北京市
朝陽區
朝陽公園南路10號院
駿豪中央公園廣場A1樓7層(100026)
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本公司投資者關係部不時處理股東之來電及書面查詢。

在適當情況下，股東之查詢及疑問將轉交董事會及／或本公司相關董事會委員會，以解答股東之提問。

Corporate Governance Report 企業管治報告

Shareholders' right to convene an extraordinary general meeting

Pursuant to Article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Shareholders 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 Secretary of the Company, to require an extraordinary 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 (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting Forward Proposals at General Meetings by Shareholders

Pursuant to Article 88 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The procedures for Shareholders to propose a person for election as a Director is posted on the Company's website at <http://www.hcgroup.com>.

股東召開股東特別大會之權利

根據組織章程細則第58章，董事會可酌情召開股東特別大會。於遞交書面要求日期持有不少於附帶本公司股東大會表決權之本公司實繳股本十分之一之任何一名或以上股東，於任何時間均有權向董事會或公司秘書發出書面要求，以要求董事會召開股東特別大會處理有關要求內所訂明之任何事項；且有關大會應於遞交有關要求後兩(2)個月內舉行。倘於遞交要求後二十一(21)日內董事會未能召開大會，遞交要求人士可以相同形式自行召開有關大會。遞交要求人士因董事會未能召開大會而產生之所有合理費用應由本公司向遞交要求人士償付。

股東於股東大會上提出動議之程序

根據組織章程細則第88條，除非獲董事推薦參選，否則除會上退任董事外，概無任何人士合資格於任何股東大會上參選董事，除非由正式合資格出席大會並於會上投票之股東(並非擬參選人)簽署通告，其內表明建議提名該人士參選之意向，另外，由獲提名人士簽署通告，表明願意參選。該等通告須呈交總辦事處或過戶登記處，惟該等通告之最短通告期限為至少七(7)日，而呈交該等通告之期間由寄發就該推選所指定之股東大會通告日期起計至不遲於該股東大會舉行日期前七(7)日止。

股東建議人選參選董事之程序於本公司網站 <http://www.hcgroup.com> 刊載。

Independent Auditor's Report

獨立核數師報告



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HC GROUP INC.

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of HC Group Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 122 to 316, which comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道

獨立核數師報告

致慧聰集團有限公司股東

(於開曼群島註冊成立的有限公司)

意見

我們已審計之內容

慧聰集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第122至316頁的合併財務報表包括：

- 於二零一八年十二月三十一日的合併財務狀況表；
- 截至該日止年度的合併綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們之意見

我們認為，該等合併財務報表已根據香港會計師公會頒佈之《香港財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》之披露規定妥為擬備。

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Independent Auditor's Report 獨立核數師報告

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 matters identified in our audit are summarised as follows:

- Impairment assessment of loans to customers
- Business combination
- Impairment assessments of goodwill
- Non-listed financial assets, valued using market information and significant unobservable input

意見基礎

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。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們之審計意見提供基礎。

獨立性

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，並已履行守則中之其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併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。

我們在審計中識別之關鍵審計事項概述如下：

- 客戶貸款減值評估
- 業務合併
- 商譽減值評估
- 非上市金融資產，以市場資料及重大不可觀察數據輸入估值

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|--|---|
| <p>Impairment assessment on loans to customers 客戶貸款減值評估</p> <p><i>Refer to note 4 and note 21 to the consolidated financial statements.</i> 請參閱合併財務報表附註4及附註21。</p> <p>As at 31 December 2018, the Group has gross loans to customers amounted to RMB1,552,826,000 and accumulated impairment allowance of RMB104,563,000 was recognised. 於二零一八年十二月三十一日，貴集團客戶貸款總額為人民幣1,552,826,000元，並已確認累計減值撥備人民幣104,563,000元。</p> <p>The adoption of HKFRS 9 has fundamentally changed the Group's accounting for loan loss impairment by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models. 採納香港財務報告準則第9號已基本上改變貴集團貸款虧損減值之會計處理，因其透過前瞻性預期信貸虧損(「預期信貸虧損」)法取代香港會計準則第39號之產生虧損法。預期信貸虧損之計量須應用重大判斷及增加複雜性，包括識別信貸質素顯著惡化之風險及預期信貸虧損模型所用之假設。</p> | <p>In the evaluation of management's impairment assessment of loans to customers, we have performed the following procedures: 於評價管理層對客戶貸款之減值評估時，我們已進行以下程序：</p> <ul style="list-style-type: none"> Understood, evaluated and validated the design, implementation and operating effectiveness of key internal controls over the approval, recording and monitoring of loans to customers; 瞭解、評價並核證有關批准、記錄及監控發放予客戶貸款之關鍵內部控制之設計、實施及運作效益； Understood, evaluated and validated the design and operating effectiveness of the controls over impairment assessment of loan receivables, which relate to management's identification of events that triggered the provision for impairment of loan receivables and estimation of the amount of provisions; 瞭解、評價並核證應收貸款減值評估控制之設計及運作效益，其涉及管理層所確認觸發應收貸款減值撥備之事項以及撥備金額估算； |

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|--|---|
| <p>We focused on this area due to the size of the balance of loans to customers is significant to the consolidated financial statements and the impairment allowance involved significant judgements and estimates.</p> <p>由於合併財務報表之客戶貸款結餘重大，加上減值撥備涉及重大判斷及估計，因此我們專注於此範疇。</p> | <ul style="list-style-type: none"> Obtained management's assessment on the expected credit loss allowance of loan receivables and assessed the reasonableness of the expected loss rates. We corroborated and validated management's assessment based on the historical settlement pattern from past years, correspondence with customers and market research regarding the relevant forward-looking information such as macroeconomic factors used in management's assessment. 取得管理層就應收貸款預期信貸虧損撥備之評估並評估預期虧損率之合理程度。我們按照過往年度之歷史結算方式、與客戶之聯繫及就相關前瞻性資料(例如管理層評估所用之宏觀經濟因素)之市場研究，證實及核證管理層之評估。 Carried out procedures, on a sample basis, to test the accuracy of the aging of loan receivables as at the reporting date used in management assessment; 以抽樣方式執执行程序，測試管理層評估所用截至報告日期之應收貸款賬齡之準確性； Reviewed management's assessment on the adequacy of provision for individual impairment based on customer's ability to repay the outstanding loan receivables and the value of underlying collaterals attached to the loan receivables; and 按照客戶償還應收貸款之能力，檢討管理層就個別減值撥備充足程度之評估以及管理層對應收貸款附帶相關抵押品價值之評估；及 Re-performed management's calculation of collective impairment assessment which grouped together all the receivables with similar risk characteristics and based on the reference to the actual loss rates. 重新執行管理層對共同減值評估之計算方法，有關評估將所有風險特徵相近之應收款項歸為一組並按照實際虧損率作出。 <p>We found the judgements made by the management in relation to the impairment assessment of loans to customers were supported by available evidence. 我們認為，管理層就客戶貸款減值評估作出之判斷均有證據支持。</p> |

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|---|--|
| <p>Business combination 業務合併</p> <p><i>Refer to note 4 and note 24 to the consolidated financial statements</i> 請參閱合併財務報表附註4及附註24</p> <p>During the year ended 31 December 2018, the Group completed four business combinations including (i) acquisition of Zhongmoyun (Tianjin) Construction Science and Technology Company Limited, (ii) step acquisition of Shanghai Mianlian E-business Co., Ltd. (iii) step acquisition of Guangdong Jiadian Shijie E-business Company Limited and (iv) acquisition of Zale Inc., which in turn step acquired Beijing Rongshang Tonglian Technology Co. Ltd at consideration of RMB38,590,000, RMB56,400,000, RMB41,189,000 and RMB575,215,000, respectively. The Group recognised approximately RMB173,000,000 intangible assets and RMB507,154,000 goodwill in relation to these acquisitions.</p> <p>截至二零一八年十二月三十一日止年度，貴集團完成四項業務合併，包括(i)收購中模雲(天津)建築科技有限公司、(ii)分階段收購上海棉聯電子商務有限公司、(iii)分階段收購廣東家電世界電子商務有限公司及(iv)收購Zale Inc.，從而分階段收購北京融商通聯科技有限公司，代價分別為人民幣38,590,000元、人民幣56,400,000元、人民幣41,189,000元及人民幣575,215,000元。貴集團就該等收購確認無形資產及商譽分別約人民幣173,000,000及人民幣507,154,000元。</p> <p>The aforesaid step acquisitions also has given rise to a fair value gain of approximately RMB169,496,000 recognised in the consolidated statement of comprehensive income.</p> <p>上述分階段收購事項亦引致合併綜合收益表確認公平值收益約人民幣169,496,000元。</p> <p>The accounting of the above business combinations involved various significant judgements and estimates including the valuation of consideration, recognition of identifiable net assets and intangible assets at fair value at the acquisition date.</p> <p>上述業務合併之會計處理涉及各項重大判斷及估計，包括代價估值及確認於收購日期按公平值計算之可識別資產淨值及無形資產。</p> | <p>In assessing management's judgment and estimates over business combination, we have performed the following procedures:</p> <p>於評估管理層對業務合併之判斷及估計時，我們進行以下程序：</p> <ul style="list-style-type: none"> Assessed the competency, capabilities and objectivity of the independent external valuer used by management; 評估管理層使用之獨立外部估值師是否有資格、有能力及客觀； Understood and assessed the rationale of management and independent professional valuer on the identification of intangible assets and methodologies used in the valuation based on our knowledge of the business and by comparison to external information about other companies in similar industry 按照我們之業務知識及比較類似行業中其他公司之外部信息，瞭解及評估管理層及獨立專業估值師就識別無形資產及估值所使用方法之理據； |

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|--|---|
| <p>The purchase price allocation of the transactions were supported by valuation performed by an independent professional valuer. The valuations involved unobservable inputs such as revenue growth, gross profit margin, useful life of the intangible assets and discount rate.</p> <p>交易買價分配由一名獨立專業估值師進行之估值支持。估值涉及不可觀察輸入數據，例如銷售收入增長、毛利率、無形資產之可使用年期及貼現率。</p> <p>We focused on this area as the accounting of it required significant judgements and estimates by management.</p> <p>由於其會計處理需要管理層作出重大判斷及估計，故此我們專注於此範疇。</p> | <ul style="list-style-type: none"> Involved our internal valuation specialists to assess the appropriateness of key assumptions applied in the valuation such as revenue growth rate, discount rate, useful life of intangible assets and discount rate by comparing these assumptions against relevant market data and industry research; 內部估值專家通過比較該等假設與相關市場數據及行業研究，參與評估估值所應用之主要假設(如銷售收入增長率、貼現率、無形資產可使用年期及貼現率)之恰當性； Tested the mathematical accuracy of the underlying calculation of the discounted cash flow forecast used in the fair value assessment. 測試公平值評估所用貼現現金流量預測相關計算之數理準確性。 <p>We found the judgements and assumptions made by the management in relation to the valuations were supported by available evidence.</p> <p>我們認為，管理層就估值作出之判斷及假設均有證據支持。</p> |

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|---|---|
| <p>Impairment assessments of goodwill 商譽減值評估</p> <p><i>Please refer to note 4 and note 19 to the consolidated financial statements.</i> 請參閱合併財務報表附註4及附註19。</p> <p>As at 31 December 2018, the goodwill of the Group amounted to RMB1,843,785,000 which were arisen from business acquisitions in previous and current years. 於二零一八年十二月三十一日，貴集團之商譽為人民幣1,843,785,000元，源自過往年度及本年度業務收購。</p> <p>The Group's goodwill were allocated to nine cash-generating units ("CGUs"), namely (i) anti-counterfeiting products and services; (ii) online services – B2B2C business; (iii) online services – garment industry; (iv) integrated marketing and advertising services; (v) financing services; (vi) trading services – cotton industry; (vii) construction equipment rental services; (viii) electronic appliance e-business; and (ix) new technology retails solution. 貴集團之商譽分配至九個現金產生單位(「現金產生單位」)，即(i)防偽產品及服務；(ii)互聯網服務—B2B2C業務；(iii)互聯網服務—製衣業；(iv)整合營銷及廣告服務；(v)金融服務；(vi)交易服務—棉花行業；(vii)建築設備租賃服務；(viii)電器電子商務；及(ix)新技術零售解決方案。</p> | <p>In the evaluation of management's impairment assessments over the goodwill balance, we have performed the following procedures: 於評價管理層對商譽結餘之減值評估時，我們已進行以下程序：</p> <ul style="list-style-type: none"> Evaluated the composition of the Group's future cash flow forecasts in developing the VIU calculations of all the CGUs, and the process by which they were drawn up, including testing the underlying calculations and comparing the forecasts to the latest budgets approved by the board of directors; 評價 貴集團就所有現金產生單位之使用價值計算及其擬訂之過程(包括測試相關計算及與董事會最近批准之預算案預測比較)之未來現金流量預測組合； Challenged the key assumptions including the revenue growth rate, gross profit margin and customer attrition rate in the forecasts, by making reference to the historical performance and future business plans of the CGUs and by benchmarking those assumptions to our independent market analysis; and 質疑主要假設，包括預測銷售收入增長率、毛利率及客戶流失率，當中經參考現金產生單位之歷史表現及未來業務計劃以及以我們獨立市場分析作為該等假設之指標；及 |

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|---|--|
| <p>As described in the accounting policies in note 2.12 to the consolidated financial statements, the Group is required to, at least annually, test goodwill for impairment. In carrying out the goodwill impairment assessments, management determines the recoverable amount of each CGU by using value in use calculation ("VIU"). These assessments involved significant management judgments and estimates in the determination of valuation model and the application of assumptions in the model, including forecast revenue growth rate, gross profit margin, customer attrition rate, terminal growth rate, and volatility and cost of equity for discount rate used in the projection period. Based on the management's assessment, there is no impairment required for goodwill.</p> <p>誠如合併財務報表附註2.12會計政策所述，貴集團須最少每年就商譽減值進行測試。於進行商譽減值評估時，管理層透過利用使用價值(「使用價值」)計算，釐定各現金產生單位之可收回金額。該等評估涉及管理層於釐定估值模型及於該模型中應用假設(包括於預測期間所用之預測銷售收入增長率、毛利率、客戶流失率、最終增長率以及股權貼現率之波動及成本)之重大判斷及估計。按照管理層之評估，商譽毋須減值。</p> <p>We focused on this area due to the size of goodwill balance. Furthermore, the management's goodwill impairment assessments involved significant judgements and estimates. 由於商譽結餘之情況，加上管理層對商譽減值評估涉及重大判斷及估計，故此我們專注於此範疇。</p> | <ul style="list-style-type: none"> Challenged management's sensitivity calculations over all the CGUs. We determined that the calculations were most sensitive to the assumptions for revenue growth rates and discount rates. We calculated the degree to which these assumptions would need to change before an impairment conclusion was triggered. <p>質疑管理層對所有現金產生單位之敏感度計算。我們確定，該等計算最易受銷售收入增長率及貼現率假設影響。我們計算該等假設需要變動之程度，直至得出減值結論為止。</p> <p>We found management's judgements and estimates applied on the impairment assessments in respect of the goodwill were supported by available evidence.</p> <p>我們認為管理層就商譽所用減值評估判斷及估計均有證據支持。</p> |

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|---|--|
| <p>Non-listed financial assets, valued using market information and significant unobservable input 非上市金融資產、以市場資料及重大不可觀察輸入數據估值 <i>Refer to note 4 to the consolidated financial statements.</i> 請參閱合併財務報表附註4。</p> <p>The Group held certain non-listed shares in Inner Mongolia Hohhot Jingu Rural Commercial Bank Limited Company which were classified as available-for-sale financial assets ("AFS") as at 31 December 2017 and reclassified as financial assets at fair value through profit or loss ("FVPL") upon adoption of HKFRS9 on 1 January 2018 and were measured at fair value.</p> <p>貴集團持有內蒙古呼和浩特金谷農村商業銀行股份有限公司之若干非上市股份，該等股份於二零一七年十二月三十一日分類為可供出售金融資產（「可供出售金融資產」）並於二零一八年一月一日採納香港財務報告準則第9號後重新分類為按公平值計入損益之金融資產（「按公平值計入損益之金融資產」）及按公平值計量。</p> <p>On 27 June 2018, Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited ("Jingu") obtained the approval from China Banking Regulatory Commission in relation to the change of the composition of the board of director. Upon the completion, the Group would have the right to appoint one director to the board, which in turn enable the Group to exercise significant influence to Jingu. Therefore, the investment has been reclassified from "financial assets at fair value through profit or loss" to "investment in associate company" on the approval date, the gain on fair value changed from the beginning of the current period to the approval date amounting to RMB94,000,000 was recognised in "other gains, net" in the consolidated statement of comprehensive income.</p> <p>於二零一八年六月二十七日，內蒙古呼和浩特金谷農村商業銀行股份有限公司（「金谷」）獲中國銀行業監督管理委員會批准變更董事會之組成。完成後，貴集團將有權向董事會委任一名董事，使貴集團對金谷具有重大影響力。因此，有關投資已於批准日期由「按公平值計入損益之金融資產」重新分類至「於聯營公司之投資」，本期期初至批准日期之公平值變動收益人民幣94,000,000元已於合併綜合收益表內「其他收益淨額」確認。</p> | <p>In assessing management's valuation of the FVPL, we have performed the following procedures:</p> <p>於評估管理層對按公平值計入損益之金融資產之評估時，我們進行以下程序：</p> <ul style="list-style-type: none"> Assessed the objectivity, independence and competence of the external appraiser engaged by the Group; 評估 貴集團委聘之外聘估值師是否客觀、獨立及有能力； Assessed the appropriateness of the selection of comparable companies by reference to their business nature and size of market capitalisation available in public market; 參考可資比較公司之業務性質及於公開市場之市值規模，以評估選定之可資比較公司是否合適； |

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

| Key Audit Matter 關鍵審計事項 | How our audit addressed the Key Audit Matter 我們之審計如何處理關鍵審計事項 |
|--|--|
| <p>Management engaged an external valuer to determine the fair value of the non-listed FVPL based on market approach. The valuation of this FVPL required the use of market information (net assets value and price to book ratio of comparable companies in the industry) and significant unobservable input (discount for lack of marketability).</p> <p>管理層已委聘外聘估值師，以釐定非上市按公平值計入損益之金融資產按市場法計算之公平值。該按公平值計入損益之金融資產估值過程須使用市場資料(業內可資比較公司資產淨值及市賬率)及重大不可觀察輸入數據(缺乏市場流通性貼現)。</p> <p>We focused on this area due to significant management's assumption and judgements were involved in the choice of comparable companies and the determination of discount for lack of marketability in the fair value measurement of the FVPL and the significance of the fair value gain recognised during the year.</p> <p>由於選擇可資比較公司及按公平值計入損益之金融資產公平值計量缺乏市場流通性貼現，加上年內已確認公平值收益重大，以致管理層涉及之假設及判斷屬重大，故此我們專注於此範疇。</p> | <ul style="list-style-type: none"> Tested the accuracy of the net assets value, price to book ratio of the comparable companies by checking to their audited financial statements available publicly; and 檢查可公開獲取之可資比較公司經審核財務報表，以測試其資產淨值及市賬率是否準確；及 Utilised our internal valuation specialists to critically assess the determination of discount for lack of marketability by reference to market practice and research. 動用我們之內部估值專家，透過參考市場慣例及研究，嚴格評估缺乏市場流通性貼現之釐定方法。 <p>We found the judgements made by the management in relation to the valuation of the financial assets were supported by available evidence. 我們認為，管理層就金融資產估值之判斷均有證據支持。</p> |

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 report of director and management's discussion and analysis (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and management's statement and management's discussion and analysis, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the management's statement and corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括我們在本核數師報告日前取得的董事會報告及管理層討論和分析(但不包括合併財務報表及我們的核數師報告)，以及預期會在本核數師報告日後取得的管理層報告及管理層討論和分析內的信息。

我們對合併財務報表的意見並不涵蓋其他信息，我們既也不也將不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀上述的其他信息，在此過程中，考慮其他信息是否與合併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。

基於我們對在本核數師報告日前取得的其他信息所執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

當我們閱讀管理層報告及企業管治報告後，如果我們認為其中存在重大錯誤陳述，我們需要將有關事項與審核委員會溝通，並考慮我們的法律權利和義務後採取適當行動。

董事及審核委員會就合併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》的披露規定擬備真實而中肯的合併財務報表，並對其認為使合併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。

在擬備合併財務報表時，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，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督 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. We report our opinion solely to you, as a body, 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 scepticism 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.

核數師就審計合併財務報表承擔的責任

我們之目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響合併財務報表使用者依賴合併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合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們之意見的基礎。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重大錯誤陳述之風險高於未能發現因錯誤而導致重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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

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

核數師就審計合併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之持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併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。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。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，我們與審核委員會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。

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Ka Keung, Johnny.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2019

核數師就審計合併財務報表承擔的責任(續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併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，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在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項目合夥人是黃家強。

羅兵咸永道會計師事務所
執業會計師

香港，二零一九年三月二十六日

Consolidated Statement of Comprehensive Income

合併綜合收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

| | | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------------|------------|-----------------------------------|-----------------------------------|
| Revenue | 銷售收入 | 5 | 10,447,418 | 3,663,094 |
| Interest income from financing services | 金融服務所得利息收入 | | 135,693 | 39,372 |
| | | | 10,583,111 | 3,702,466 |
| Cost of revenue | 銷售成本 | | (9,316,068) | (2,397,882) |
| Other income | 其他收入 | 6 | 35,464 | 44,359 |
| Other gains, net | 其他收益淨額 | 7 | 258,181 | 168,255 |
| Selling and marketing expenses | 銷售及市場推廣費用 | | (722,858) | (708,017) |
| Administrative expenses | 行政費用 | | (413,885) | (304,467) |
| Net impairment losses of financial assets | 金融資產減值虧損淨額 | | (37,144) | (53) |
| Operating profit | 經營溢利 | | 386,801 | 504,661 |
| Finance cost, net | 財務成本淨額 | 11 | (82,380) | (85,962) |
| Share of post-tax profits/(losses) of associates | 分佔聯營公司除稅後溢利／ (虧損) | 23 | 28,014 | (22,405) |
| Share of post-tax profits of joint ventures | 分佔合營公司除稅後溢利 | 23 | — | 19,774 |
| Profit before income tax | 除所得稅前溢利 | 8 | 332,435 | 416,068 |
| Income tax expense | 所得稅開支 | 12 | (55,560) | (98,758) |
| Profit for the year | 本年度溢利 | | 276,875 | 317,310 |
| Other comprehensive income: | 其他全面收入： | | | |
| Items that may be reclassified to profit or loss | 可重新分類至損益之項目 | | | |
| Fair value loss on available-for-sale financial assets | 可供出售金融資產之公平值虧損 | 31 | — | (48,875) |
| Fair value release on disposal of available-for-sale financial assets | 出售可供出售金融資產撥回之公平值 | 31 | — | (28,605) |
| Currency translation differences | 貨幣匯兌差異 | 31 | 14,913 | 13,724 |
| Items that will not be reclassified to profit or loss | 將不會重新分類至損益之項目 | | | |
| Fair value loss on financial assets at fair value through other comprehensive income | 按公平值計入其他全面收入之金融資產之公平值虧損 | 31 | (16,856) | — |
| Currency translation differences for financial assets through other comprehensive income | 計入其他全面收入金融資產之貨幣匯兌差異 | 31 | 3,932 | — |
| Total comprehensive income for the year, net of tax | 本年度全面收入總額，扣除稅項 | | 278,864 | 253,554 |
| Profit attributable to: | 以下人士應佔： | | | |
| Equity holders of the Company | 本公司權益持有人 | | 275,610 | 267,777 |
| Non-controlling interests | 非控股權益 | | 1,265 | 49,533 |
| | | | 276,875 | 317,310 |

Consolidated Statement of Comprehensive Income

合併綜合收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

| | | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------------------|------------|-----------------------------------|-----------------------------------|
| Total comprehensive income attributable to: | 下列人士應佔全面收入總額： | | | |
| Equity holders of the Company | 本公司權益持有人 | | 277,599 | 204,021 |
| Non-controlling interests | 非控股權益 | | 1,265 | 49,533 |
| | | | 278,864 | 253,554 |
| Earnings per share attributable to the equity holders of the Company (expressed in RMB per share) | 本公司權益持有人於本期間應佔每股盈利（以每股人民幣列值） | | | |
| Basic earnings per share | 每股基本盈利 | 13 | 0.2462 | 0.2651 |
| Diluted earnings per share | 每股攤薄盈利 | 13 | 0.2458 | 0.2559 |

The above consolidated statement of comprehensive income should be read in conjunction with the accompany notes. 上述合併綜合收益表應與隨附附註一併閱讀。

Consolidated Statement of Financial Position

合併財務狀況表

As At 31 December 2018 於二零一八年十二月三十一日

| | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------|-----------------------------------|-----------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Land use rights | 15 | 161,934 | 166,671 |
| Investment properties | 16 | 623,829 | 642,087 |
| Property, plant and equipment | 18 | 533,787 | 286,358 |
| Intangible assets | 19 | 2,992,052 | 2,376,400 |
| Long term deposits, prepayments and other receivables | 20 | 5,604 | 11,146 |
| Loans and interest receivables | 21 | 103,160 | 304,400 |
| Deferred income tax assets | 38 | 31,292 | 21,115 |
| Investments accounted for using equity method | 23 | 677,808 | 124,583 |
| Available-for-sale financial assets | 25(c) | — | 528,960 |
| Finance lease receivables | 27 | 25,000 | — |
| Financial assets at fair value through other comprehensive income | 25(a) | 95,247 | — |
| Financial assets at fair value through profit or loss | 25(a) | 16,758 | — |
| Total non-current assets | | 5,266,471 | 4,461,720 |
| Current assets | | | |
| Completed properties held for sale | 17 | 82,500 | 110,750 |
| Deferred expenses | 2.2(c) | — | 49,335 |
| Inventories | 28 | 354,984 | 142,910 |
| Finance lease receivables | 27 | 63,855 | 155,587 |
| Loans and interest receivables | 21 | 1,419,592 | 1,345,918 |
| Deposits, prepayments and other receivables | 20 | 281,079 | 164,046 |
| Trade receivables | 20 | 512,094 | 290,848 |
| Contract assets | 2.2(c) | 38,965 | — |
| Available-for-sale financial assets | 25(c) | — | 39,500 |
| Financial assets at fair value through profit or loss | 25(a) | 740 | 172,021 |
| Restricted bank deposit | 29 | 276,003 | — |
| Cash and cash equivalents | 29 | 471,672 | 401,918 |
| Total current assets | | 3,501,484 | 2,872,833 |
| Total assets | | 8,767,955 | 7,334,553 |
| Equity | | | |
| Equity attributable to the Company's equity holders | | | |
| Share capital | 30 | 103,625 | 100,740 |
| Other reserves | 31 | 3,092,149 | 2,737,941 |
| Retained earnings | | 1,141,955 | 815,417 |
| Non-controlling interests | | 4,337,729 | 3,654,098 |
| Total equity | | 5,221,624 | 4,457,129 |

Consolidated Statement of Financial Position

合併財務狀況表

As At 31 December 2018 於二零一八年十二月三十一日

| | | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------|------------|-----------------------------------|-----------------------------------|
| Liabilities | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Non-current portion of bank borrowings | 銀行借貸之非流動部分 | 36 | 368,000 | 712,376 |
| Non-current portion of other borrowings | 其他借貸之非流動部分 | 36 | 351,162 | 267,412 |
| Convertible bonds – liabilities portion | 可換股債券－負債部分 | 37 | 83,145 | – |
| Deferred government grants | 遞延政府補助 | 34 | 165,808 | 175,658 |
| Deferred income tax liabilities | 遞延所得稅負債 | 38 | 274,100 | 271,710 |
| Receipt in advance | 預收款項 | 33 | – | 40,282 |
| Contract liabilities | 合約負債 | 2.2(c) | 36,622 | – |
| Financial liabilities at fair value through profit or loss | 按公平值計入損益之金融負債 | 25(b) | – | 115,672 |
| Total non-current liabilities | 非流動負債總額 | | 1,278,837 | 1,583,110 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 應付賬款 | 35 | 94,922 | 19,482 |
| Accrued expenses and other payables | 應計費用及其他應付款項 | 35 | 282,652 | 219,864 |
| Deferred revenue | 遞延收入 | | – | 158,983 |
| Contract liabilities | 合約負債 | 2.2(c) | 348,866 | – |
| Receipt in advance | 預收款項 | 33 | – | 163,581 |
| Current portion of bank borrowings | 銀行借貸之流動部分 | 36 | 860,244 | 393,837 |
| Current portion of other borrowings | 其他借貸之流動部分 | 36 | 547,932 | 123,505 |
| Deferred government grants | 遞延政府補助 | 34 | 10,650 | 20,627 |
| Convertible bonds – liabilities portion | 可換股債券－負債部分 | 37 | 44,417 | 41,387 |
| Financial liabilities at fair value through profit or loss | 按公平值計入損益之金融負債 | 25(b) | – | 53,328 |
| Other taxes payables | 其他應繳稅項 | 39 | 25,882 | 34,422 |
| Income tax payables | 應繳所得稅 | 39 | 51,929 | 65,298 |
| Total current liabilities | 流動負債總額 | | 2,267,494 | 1,294,314 |
| Total liabilities | 總負債 | | 3,546,331 | 2,877,424 |
| Total equity and liabilities | 總權益及負債 | | 8,767,955 | 7,334,553 |

Note: Under the transaction method chosen, comparative information is not restated for the initial adoption of HKFRS 9 and HKFRS 15. See note 2.2 for details.

附註：根據所選之過渡方式，比較資料不會就首次採納香港財務報告準則第9號及香港財務報告準則第15號重列。詳情請見附註2.2。

The consolidated financial statements on pages 122 to 128 were approved by the Board of Directors on 26 March 2019 and were signed on its behalf.

第122至128頁之合併財務報表於二零一九年三月二十六日獲董事會批准並由下列董事代表董事會簽署。

LIU Jun
Director
劉軍
董事

ZHANG Yonghong
Director
張永紅
董事

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

上述合併財務狀況表應與隨附附註一併閱讀。

Consolidated Statement of Changes in Equity

合併權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

| | | Attributable to the Company's equity holders 本公司權益持有人應佔 | | | | Non-controlling interests 非控股權益 | Total 總計 |
|--|-------------------------|--|--|---|-------------------------------------|------------------------------------|------------------|
| | | Share capital 股本 RMB'000 人民幣千元 | Other reserves 其他儲備 RMB'000 人民幣千元 | Retained earnings 留存收益 RMB'000 人民幣千元 | Sub-total 小計 RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Balance at 1 January 2017 | 於二零一七年一月一日結餘 | 93,885 | 2,307,761 | 587,143 | 2,988,789 | 279,354 | 3,268,143 |
| Comprehensive income | 全面收入 | | | | | | |
| Profit for the year | 本年度溢利 | – | – | 267,777 | 267,777 | 49,533 | 317,310 |
| Other comprehensive (loss)/income | 其他全面(虧損)/收入 | | | | | | |
| Fair value loss on available-for-sale financial assets, net of deferred tax | 可供出售金融資產之公平值虧損，扣除遞延稅項 | – | (48,875) | – | (48,875) | – | (48,875) |
| Fair value release on disposal of available-for-sale financial assets, net of deferred tax | 出售可供出售金融資產撥回之公平值，扣除遞延稅項 | – | (28,605) | – | (28,605) | – | (28,605) |
| Currency translation differences | 貨幣匯兌差異 | – | 13,724 | – | 13,724 | – | 13,724 |
| Total comprehensive (loss)/income | 全面(虧損)/收入總額 | – | (63,756) | 267,777 | 204,021 | 49,533 | 253,554 |
| Transactions with owners | 與權益持有人進行之交易 | | | | | | |
| Issuance of shares in relation to contingent consideration arrangement | 就或然代價安排發行股份 | 358 | 24,352 | – | 24,710 | – | 24,710 |
| Issuance of new shares | 發行新股份 | 7,438 | 513,227 | – | 520,665 | – | 520,665 |
| Buy-back of shares | 購回股份 | (982) | (24,317) | (982) | (26,281) | – | (26,281) |
| Exercise of share options | 行使購股權 | 41 | 476 | – | 517 | – | 517 |
| Share based compensation – value of employee services | 以股份支付之補償—僱員服務價值 | – | 33,815 | – | 33,815 | – | 33,815 |
| Partial redemption of convertible bonds – equity portion | 部分贖回可換股債券—股權部分 | – | (47,494) | 22,817 | (24,677) | – | (24,677) |
| Non-controlling interests arising on business combination | 業務合併產生之非控股權益 | – | – | – | – | 471,808 | 471,808 |
| Contribution from non-controlling shareholders of subsidiaries | 附屬公司非控股股東之注資 | – | – | – | – | 8,713 | 8,713 |
| Transactions with non-controlling interests | 與非控股權益進行之交易 | – | (6,123) | – | (6,123) | (6,377) | (12,500) |
| Dividend paid | 已派付股份 | – | – | (61,338) | (61,338) | – | (61,338) |
| Total transactions with owners | 與權益持有人進行之交易總額 | 6,855 | 493,936 | (39,503) | 461,288 | 474,144 | 935,432 |
| Balance at 31 December 2017 | 於二零一七年十二月三十一日結餘 | 100,740 | 2,737,941 | 815,417 | 3,654,098 | 803,031 | 4,457,129 |

Consolidated Statement of Changes in Equity

合併權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

| | | Attributable to the Company's equity holders 本公司權益持有人應佔 | | | | Non-controlling interests | Total |
|---|--------------------------------|--|------------------------|---------------------------|------------------|---------------------------|------------------|
| | | Share capital 股本 | Other reserves 其他儲備 | Retained earnings 留存收益 | Sub-total 小計 | 非控股權益 | 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Balance at 1 January 2018 | 於二零一八年一月一日結餘 | 100,740 | 2,737,941 | 815,417 | 3,654,098 | 803,031 | 4,457,129 |
| Effect on adoption of HKFRS 9 | 採納香港財務報告準則第9號之影響 | - | (63,515) | 51,042 | (12,473) | (1,760) | (14,233) |
| Comprehensive income | 全面收入 | | | | | | |
| Profit for the year | 本年度溢利 | - | - | 275,610 | 275,610 | 1,265 | 276,875 |
| Other comprehensive income | 其他全面收入 | | | | | | |
| Fair value loss on financial assets at fair value through other comprehensive income, net of deferred tax | 按公平值計入其他全面收入之金融資產之公平值虧損，扣除遞延稅項 | - | (16,856) | - | (16,856) | - | (16,856) |
| Currency translation differences | 貨幣匯兌差異 | - | 18,845 | - | 18,845 | - | 18,845 |
| Total comprehensive income | 全面收入總額 | - | 1,989 | 275,610 | 277,599 | 1,265 | 278,864 |
| Transactions with owners | 與權益持有人進行之交易 | | | | | | |
| Issuance of shares in relation to contingent consideration arrangement | 就或然代價安排發行股份 | 2,964 | 163,620 | - | 166,584 | - | 166,584 |
| Buy-back of shares | 購回股份 | (114) | (4,877) | (114) | (5,105) | - | (5,105) |
| Exercise of share options | 行使購股權 | 35 | 177 | - | 212 | - | 212 |
| Share based compensation – value of employee services | 以股份支付之補償－僱員服務價值 | - | 74,580 | - | 74,580 | - | 74,580 |
| Issuance of convertible bonds – equity | 發行可換股債券－股權部分 | - | 12,359 | - | 12,359 | - | 12,359 |
| Non-controlling interests arising on business combination | 業務合併產生之非控股權益 | - | - | - | - | 81,509 | 81,509 |
| Contribution from non-controlling shareholders of subsidiaries | 附屬公司非控股股東之注資 | - | - | - | - | 11,789 | 11,789 |
| Transactions with non-controlling interests | 與非控股權益進行之交易 | - | 169,875 | - | 169,875 | (1,803) | 168,072 |
| Dividend paid to non-controlling interests of a subsidiary | 向一間附屬公司之非控股權益派付之股息 | - | - | - | - | (10,136) | (10,136) |
| Total transactions with owners | 與權益持有人進行之交易總額 | 2,885 | 415,734 | (114) | 418,505 | 81,359 | 499,864 |
| Balance at 31 December 2018 | 於二零一八年十二月三十一日結餘 | 103,625 | 3,092,149 | 1,141,955 | 4,337,729 | 883,895 | 5,221,624 |

The above consolidated statement of changes in equity should be read in conjunction with the accompany notes.

上述合併權益變動表應與隨附附註一併閱讀。

Consolidated Cash Flow Statement

合併現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

| | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--------------------------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | 經營業務之現金流量 | | |
| Cash generated from operations | 經營產生之現金 | 52,852 | 144,371 |
| Interest received | 已收利息 | 9,922 | 17,527 |
| Interest paid | 已付利息 | (84,189) | (89,910) |
| The People's Republic of China ("PRC") income tax paid | 已付中華人民共和國(「中國」)所得稅 | (82,750) | (104,305) |
| Net cash used in operating activities | 經營業務所用之現金淨額 | (104,165) | (32,317) |
| Cash flows from investing activities | 投資活動之現金流量 | | |
| Acquisition of subsidiaries, net of cash acquired | 收購附屬公司(扣除購入之現金) | (44,182) | (630,511) |
| Additions of property, plant and equipment | 添置物業、廠房及設備 | (192,042) | (9,521) |
| Additions of intangible assets | 添置無形資產 | (260) | (256) |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | 808 | 925 |
| Proceeds from disposal of available-for-sale financial assets | 出售可供出售金融資產所得款項 | — | 125,675 |
| Proceeds from disposal of an associate | 出售一間聯營公司所得款項 | 12,037 | 3,200 |
| Proceeds from disposal of a joint venture | 出售一間合營企業所得款項 | 165 | — |
| Proceeds from disposal of financial assets at fair value through profit or loss | 出售按公平值計入損益之金融資產所得款項 | 177,748 | 586 |
| Dividend received | 已收股息 | 714 | 6,010 |
| Loans to an associate | 貸款予一間聯營公司 | — | (18,000) |
| Loan repayment received from an associate | 已收一間聯營公司償還貸款 | 18,000 | — |
| Loan repayment received from third parties and employees | 已收第三方及僱員償還貸款 | 6,054 | 18,137 |
| Investment in available-for-sale financial assets | 於可供出售金融資產之投資 | — | (58,400) |
| Investment in financial assets at fair value through profit or loss | 於按公平值計入損益之金融資產之投資 | — | (7,930) |
| Investment in associates | 於聯營公司之投資 | (26,330) | (8,228) |
| Net cash used in investing activities | 投資活動所用之現金淨額 | (47,288) | (578,313) |
| Cash flows from financing activities | 融資活動之現金流量 | | |
| Proceeds from issuance of new shares | 發行新股份所得款項 | — | 520,689 |
| Buy-back of shares | 購回股份 | (5,105) | (26,281) |
| Dividend paid to non-controlling interests of a subsidiary | 向一間附屬公司之非控股權益派付之股息 | (10,136) | (61,338) |
| Proceeds from bank borrowings | 銀行借貸所得款項 | 511,380 | 887,400 |
| Proceeds from other borrowings | 其他借貸所得款項 | 794,085 | — |
| Proceeds from issuance of convertible bonds | 發行可換股債券所得款項 | 85,959 | — |
| Increase in restricted bank deposit | 受限制銀行存款增加 | (279,405) | — |
| Partial redemption of convertible bonds | 贖回部分可換股債券 | — | (611,707) |
| Repayment of bank borrowings | 償還銀行借貸 | (397,300) | (633,000) |
| Repayment of other borrowings | 償還其他借貸 | (433,506) | (11,800) |
| Acquisition of additional equity interests in subsidiaries | 收購附屬公司額外股權 | (57,150) | (12,500) |
| Capital contribution from non-controlling interests | 非控股權益注資 | 11,789 | 8,713 |
| Exercise of share options | 行使購股權 | 212 | 517 |
| Repayments for finance lease obligation | 償還融資租賃負債 | — | (158) |
| Net cash generated from financing activities | 融資活動產生之現金淨額 | 220,823 | 60,535 |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等值物淨額增加/(減少) | 69,370 | (550,095) |
| Cash and cash equivalents at beginning of the year | 於年初之現金及現金等值物 | 401,918 | 963,523 |
| Exchange gain/(loss) on cash and cash equivalents | 現金及現金等值物之匯兌收益/(虧損) | 384 | (11,510) |
| Cash and cash equivalents at end of the year | 於年終之現金及現金等值物 | 471,672 | 401,918 |

The above consolidated cash flow statement should be read in conjunction with the accompany notes. 上述合併現金流量表應與隨附附註一併閱讀。

Notes to the Consolidated Financial Statements

合併財務報表附註

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is 4th Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands, British West Indies. The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in the following activities in the PRC:

- Providing industrial search result prioritising services through its B2B website "hc360.com" and offering comprehensive IT-related product information by "zol.com.cn";
- Sales of goods through its B2B trading platforms;
- Providing SaaS (Software as a Service) services in 3C industrial internet and new technology retail solutions in PRC;
- Providing cross-industrial integrated marketing and advertising services;
- Providing anti-counterfeiting products and services and supply chain management to enterprises;
- Engaging in finance business; including micro-credit financing, lease financing and factoring services;
- Providing construction equipment rental services;
- Sales of properties and provision of property rental and management services via its O2O business exhibition centre;
- Hosting exhibitions and seminars.

1 一般資料

本公司是一家於開曼群島註冊成立之有限公司，其註冊辦事處位於4th Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands, British West Indies。本公司於香港聯合交易所有限公司（「聯交所」）主板第一上市。

本集團於中國主要從事以下活動：

- 透過其B2B網站「hc360.com」提供行業搜尋結果優先順序服務，並透過利用「zol.com.cn」提供全面之IT相關產品信息；
- 透過其B2B交易平台交易貨品；
- 於中國提供3C工業網絡SaaS（軟件即服務）服務及新技術零售解決方案；
- 提供跨行業整合營銷及廣告服務；
- 向企業提供防偽產品及服務以及供應鏈管理；
- 從事金融業務，包括小額貸款融資、融資租賃及保理服務；
- 提供建築設備租賃服務；
- 透過其O2O商業展覽中心銷售物業及提供物業租賃及管理服務；
- 舉辦展覽及研討會。

Notes to the Consolidated Financial Statements

合併財務報表附註

1 GENERAL INFORMATION (Continued)

On 27 June 2018, Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited ("Jingu") obtained the approval from China Banking Regulatory Commission in relation to the change of the composition of the board of director. Upon the completion, the Group would have the right to appoint one director to the board, which in turn enable the Group to exercise significant influence to Jingu. The investment has been reclassified from "financial assets at fair value through profit or loss" to "investment in associate company" on the approval date, the gain on fair value change from the beginning of the current period to the approval date amounting to RMB94,000,000 was recognised in "other gains, net" in the consolidated statement of comprehensive income.

In addition, during the year ended 31 December 2018, the Group has also completed several business combinations by acquisition of subsidiaries and step acquisition of associates, total intangible assets and goodwill amounting to RMB173,000,000 and RMB507,154,000 were recognised. Please refer to note 24 in relation to these transactions.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of HC Group Inc. and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with HKFRS

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

1 一般資料(續)

於二零一八年六月二十七日，內蒙古呼和浩特金谷農村商業銀行股份有限公司(「金谷」)獲中國銀行業監督管理委員會批准變更董事會之組成。完成後，本集團將有權向董事會委任一名董事，使本集團對金谷具有重大影響力。有關投資已於批准日期由「按公平值計入損益之金融資產」重新分類至「於聯營公司之投資」，本期間至批准日期之公平值變動收益人民幣94,000,000元已於合併綜合收益表內「其他收益淨額」確認。

此外，於截至二零一八年十二月三十一日止年度，本集團亦已透過收購附屬公司及分階段收購聯營公司完成若干業務合併，分別確認無形資產總額及商譽人民幣173,000,000元及人民幣507,154,000元。有關該等交易，請參閱附註24。

除另有說明外，該等合併財務報表以人民幣千元(人民幣千元)列值。

2 主要會計政策概要

本附註提供編製該等合併財務報表時採納之主要會計政策清單。除另有說明外，該等政策均貫徹應用於所呈報之所有年度。合併財務報表是為本集團(由慧聰集團有限公司及其附屬公司組成)而作出。

2.1 編製基準

(i) 遵守香港財務報告準則

本集團合併財務報表已按照香港財務報告準則(「香港財務報告準則」)編製。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.1 Basis of preparation (Continued)

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income, and financial assets and liabilities at fair value through profit or loss, which are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time for their annual reporting period commencing 1 January 2018:

| | |
|-----------------------|---|
| HKFRS 2 (Amendment) | Classification and measurement of share-based payment transactions |
| HKFRS 4 (Amendment) | Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts |
| HKFRS 9 | Financial instruments |
| HKFRS 15 | Revenue from contracts with customers |
| HKFRS 15 (Amendments) | Clarifications to HKFRS 15 |
| HK (IFRIC) 22 | Foreign currency transactions and advance consideration |
| HKAS 40 (Amendments) | Transfer of investment property |
| HKFRS 1 and HKAS 28 | Annual improvements to HKFRS 2014-2016 cycle |

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

2.1 編製基準(續)

(ii) 歷史成本法

除按公平值計入其他全面收益之金融資產及按公平值計入損益之金融資產及負債按公平值計量外，合併財務報表乃按照歷史成本基準編製。

(iii) 本集團所採納之新訂及經修訂準則

於二零一八年一月一日開始之年度報告期間，本集團已首次應用以下由香港會計師公會（「香港會計師公會」）頒佈之準則及香港財務報告準則之修訂本：

| | |
|------------------------|-------------------------------------|
| 香港財務報告準則第2號(修訂本) | 以股份為基礎付款之交易之分類及計量 |
| 香港財務報告準則第4號(修訂本) | 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號保險合約一併應用 |
| 香港財務報告準則第9號 | 金融工具 |
| 香港財務報告準則第15號 | 客戶合約收入 |
| 香港財務報告準則第15號(修訂本) | 香港財務報告準則第15號之澄清 |
| 香港(國際財務報告詮釋委員會)第22號 | 外幣交易及預付代價 |
| 香港會計準則第40號(修訂本) | 轉讓投資物業 |
| 香港財務報告準則第1號及香港會計準則第28號 | 香港財務報告準則二零一四年至二零一六年週期之年改進 |

採納該等準則及新會計政策之影響於下文披露。其他準則對本集團之會計政策並無任何重大影響，亦毋須作出追溯調整。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 主要會計政策概要(續)

2.1 Basis of preparation (Continued)

(iv) New standards and amendments to HKFRS in issue but not yet effective

Certain new accounting standards and amendments have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group.

2.1 編製基準(續)

(iv) 已頒佈但尚未生效之新訂準則及香港財務報告準則之修訂

於二零一八年十二月三十一日報告期間已頒佈但並未強制生效且本集團並無提早採納之若干新訂會計準則及修訂本。

**Effective for
accounting periods
beginning on
or after
於該日或之後之
會計期間開始生效**

| | | |
|--|--|-----------------------------|
| Amendments to HKFRS 香港財務報告準則(修訂本) | Annual improvements to HKFRS 2015-2017 cycle 香港財務報告準則二零一五年至二零一七年週期之年度改進 | 1 January 2019 二零一九年一月一日 |
| HKAS 1 and 8 (Amendments) 香港會計準則第1號及第8號(修訂本) | Definition of material 重大之定義 | 1 January 2020 二零二零年一月一日 |
| HKAS 19 (Amendments) 香港會計準則第19號(修訂本) | Employee benefits 僱員福利 | 1 January 2019 二零一九年一月一日 |
| HKAS 28 (Amendments) 香港會計準則第28號(修訂本) | Investments in associates and joint ventures 於聯營公司及合營企業之投資 | 1 January 2019 二零一九年一月一日 |
| HKAS 9 (Amendments) 香港會計準則第9號(修訂本) | Prepayment features with negative compensation 具有負補償之提前還款特性 | 1 January 2019 二零一九年一月一日 |
| HKFRS 3 (Amendments) 香港財務報告準則第3號(修訂本) | Definition of business 業務之定義 | 1 January 2020 二零二零年一月一日 |
| HKFRS 16 香港財務報告準則第16號 | Leases 租賃 | 1 January 2019 二零一九年一月一日 |
| HKFRS 17 香港財務報告準則第17號 | Insurance contracts 保險合約 | 1 January 2021 二零二一年一月一日 |
| HK(IFRIC) – Int 23 香港(國際財務報告詮釋委員會) 一詮釋第23號 | Uncertainty over income tax treatments 所得稅不確定性之處理 | 1 January 2019 二零一九年一月一日 |
| HKFRS 10 and HKAS 28 (Amendments) 香港財務報告準則第10號及 香港會計準則第28號(修訂本) | Sale or contribution of assets between an investor and its associate and joint venture 投資者與其聯營公司及合營公司之間資產出售或注資 | To be determined 待釐定 |

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) *New standards and amendments to HKFRS in issue but not yet effective* (Continued)

HKFRS 16 Leases

A number of new standards and amendments to standards are effective for annual periods beginning on and after 1 January 2019 and earlier application is permitted. However, the Group has not early adopted these new or amended standards in preparing these financial statements. The Group is in the process of making an assessment of what the impact of these standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the Group's financial statements. Further details of the expected impacts are discussed below.

HKFRS 16 "Leases" replaces HKAS 17 "Leases" and is mandatory for the Group's financial statements for annual periods beginning on or after 1 January 2019.

As disclosed in note 2.32, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases which are currently classified as operating leases.

The new lease standard requires lessees to account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases over the lease term.

2 主要會計政策概要(續)

2.1 編製基準(續)

(iv) *已頒佈但尚未生效之新訂準則及香港財務報告準則之修訂(續)*

香港財務報告準則第16號租賃

多項新訂之準則及準則之修訂於二零一九年一月一日或其後開始之年度期間生效並容許提前應用。然而，本集團在編製財務報表時尚未提前採用此等新訂或經修訂之準則。本集團正評估此等準則於首次應用期間之預期影響。到目前為止，本集團已確定香港財務報告準則第16號若干方面可能對集團之財務報表產生重大影響。預期影響之進一步詳情於下文討論。

香港財務報告準則第16號「租賃」取代香港會計準則第17號「租賃」，並對本集團於二零一九年一月一日或其後開始之年度期間之財務報表屬強制性。

如附註2.32所披露，本集團目前將租約分類為融資租賃或經營租賃，並視乎租約的分類，就租賃安排以不同方式列賬。本集團以出租人身份訂立部分租約，並以承租人身份訂立其他租約。

香港財務報告準則第16號將會主要影響本集團目前分類為經營租賃並以承租人身份訂立之租約之會計法。

新租賃準則規定承租人，以目前融資租賃會計法類似之方式將所有租約列賬，即承租人於租約開始日將按最低未來租賃付款之現值確認及計量租賃負債，並將確認相應之「使用權」資產。於首次確認此項資產及負債後，承租人將確認租賃負債未償還結餘之應計利息支出及資產使用權之折舊，以取代按現行會計政策確認經營租賃租約期內產生之租金支出。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) *New standards and amendments to HKFRS in issue but not yet effective* (Continued)

HKFRS 16 Leases (Continued)

The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the income statement over the period of the lease. With all other variables remaining constant the new accounting treatment will lead to a higher EBITDA and EBIT. The combination of a straight-line depreciation of the right-of-use asset and effective interest rate method applied to the lease liability results in a decreasing "total lease expense" over the lease term. In the initial years of a lease, the new standard will result in an income statement expense which is higher than the straight-line operating lease expense typically recognized under the current standard, and a lower expense after the mid-term of the lease as the interest expense reduces. The Group's profit after tax for a particular year may be affected negatively or positively depending on the maturity of the Group's overall lease portfolio in that year. In addition, leasing expenses will no longer be presented as operating cash outflows in the statement of cash flows, but will be included as part of the financing cash outflow. Interest expenses from the newly recognised lease liability may be presented in the cash flow from operating or from financing activities.

The Group plans to elect the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. As allowed by HKFRS 16, the Group plans to use the practical expedient not need to reconsider the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

2 主要會計政策概要(續)

2.1 編製基準(續)

(iv) *已頒佈但尚未生效之新訂準則及香港財務報告準則之修訂* (續)

香港財務報告準則第16號租賃 (續)

預期應用新會計模式將導致資產及負債增加，並影響租約期內於收益表中開支確認之時間。如所有其他變數維持不變，新會計處理法將導致EBITDA及EBIT增加。以平均等額折舊法應用於資產使用權與實際利率法應用於租賃負債之合併影響，令租期內「租賃開支總額」有所減少。於租賃之初期年間，新準則產生之收益表開支，會較一般根據現行準則確認之平均等額經營租賃支出為高，到了租賃中期後，隨著利息支出減少，開支將會下降。本集團某一特定年度之除稅後溢利可能受到負面或正面影響，視乎集團於該年度整體租賃組合之到期狀況。此外，租賃支出將不再於現金流量表內呈列為經營現金流出，但將會列入作為融資現金流出之一部分。新確認之租賃負債之利息支出或會自經營業務或融資業務中之現金流呈列。

本集團計劃就採納香港財務報告準則第16號選擇經修改追溯法，並將確認首次應用之累計影響，作為於二零一九年一月一日權益年初結餘之調整及將不會重新編列比較資料。如香港財務報告準則第16號所允許，本集團計劃運用實際權宜措施不追溯過往對現有安排為租約或包括租約之評估。因此，本集團將僅會於首次應用日期或之後訂立之合約，應用香港財務報告準則第16號內租約之新定義。此外，本集團計劃選擇運用實際權宜措施，不應應用新會計模式於短期租約及低價值租約。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.1 Basis of preparation (Continued)

(iv) *New standards and amendments to HKFRS in issue but not yet effective* (Continued)

HKFRS 16 Leases (Continued)

Other than the impacts discussed above, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the actual impact upon the initial adoption of this standard may differ as the assessment carried out to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its elections on transition options, practical expedients and recognition exemptions, until the standard is initially applied in that financial report.

2.2 Changes in accounting policy

This note explains the impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior years.

2.2(a) *Impact on the financial statements*

As a result of the changes in the entity's accounting policies, prior year consolidated financial statements had to be restated.

As explained in 2.2(b) below, HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

As explained in 2.2(c) below, the Group elects to use a modified retrospective approach for transition of HKFRS 15 without restating comparative information. The Group will recognise the cumulative effect of initially applying the revenue standard as an adjustment to the opening balance of retained earnings.

2.1 編製基準(續)

(iv) *已頒佈但尚未生效之新訂準則及香港財務報告準則之修訂* (續)

香港財務報告準則第16號租賃 (續)

除上文討論之影響外，本集團預計就首次採納香港財務報告準則第16號作出之過渡性調整將不會重大。然而，於首次採納此項準則後之實際影響或會有所不同，皆因迄今為止所進行之評估乃根據本集團現時所得之資料而作出，而在本集團就截至二零一九年六月三十日止六個月之中期財務報表首次應用此等準則前可能會確認進一步影響。本集團亦可能會在該準則於該財務報告中首次應用前，更改其於過渡性選項、實際權宜措施及確認豁免之選擇。

2.2 會計政策變動

本附註闡釋採納香港財務報告準則第9號「金融工具」及香港財務報告準則第15號「客戶合約收入」對本集團合併財務報表之影響，並披露自二零一八年一月一日起應用之新會計政策（倘其與過往年度所應用者不同）。

2.2(a) *對財務報表之影響*

由於實體會計政策產生變化，上年度合併財務報表須予重列。

誠如下文2.2(b)所述，採納香港財務報告準則第9號時通常毋須重列比較資料。因此，因新減值規則引起之重新分類及調整並未於二零一七年十二月三十一日之資產負債表反映，但於二零一八年一月一日之年初資產負債表內確認。

誠如下文2.2(c)所述，本集團議決就香港財務報告準則第15號之過渡使用經修訂之追溯法，且不會重列比較資料。本集團將首次應用銷售收入準則之累計影響確認為對留存收益年初結餘之調整。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(b) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of consolidated financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note 2.14 below. In accordance with the transitional provisions in HKFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

2.2 會計政策變動(續)

2.2(b) 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號取代香港會計準則第39號中有關金融資產及金融負債之確認、分類及計量、合併金融工具之剔除確認、金融資產之減值及對沖會計之條文。

自二零一八年一月一日起採納香港財務報告準則第9號金融工具導致會計政策變動及對於合併財務報表確認之金額進行調整。新會計政策載列於下文附註2.14。根據香港財務報告準則第9號(7.2.15)及(7.2.26)之過渡條文，並無重列比較數字。

對本集團於二零一八年一月一日之留存收益之總影響載列如下：

| | Notes 附註 | RMB'000 人民幣千元 |
|---|--|------------------|
| Closing retained earnings as at 31 December 2017 – HKAS 39 | 於二零一七年十二月三十一日之 年末留存收益－香港會計準則 第39號 | 815,417 |
| Reclassify investments from available-for-sale financial assets ("AFS") to financial assets at fair value through profit or loss ("FVPL") | 將投資自可供出售金融資產重新分類至按公平值計入損益之金融資產 (a) | 63,515 |
| Increase in provision for impairment for trade receivables, contract assets, finance lease receivables and loans and interest receivables | 增加應收賬款、合約資產、融資租賃應收款項以及應收貸款及利息之減值撥備 (b) | (13,674) |
| Increase in deferred tax assets relating to impairment provisions | 增加有關減值撥備之遞延稅項資產 | 1,201 |
| Opening retained earnings as at 1 January 2018 – HKFRS 9 | 於二零一八年一月一日之年初留存 收益－香港財務報告準則第9號 | 866,459 |

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(b) HKFRS 9 Financial Instruments (Continued)

(a) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

2.2 會計政策變動(續)

2.2(b) 香港財務報告準則第9號金融工具(續)

(a) 分類及計量

於二零一八年一月一日(香港財務報告準則第9號之初次應用日期)，本集團管理層已評估何種業務模式適用於本集團持有之金融資產，並已將其金融工具分類至適當之香港財務報告準則第9號類別。此重新分類產生之主要影響載列如下：

Financial assets – 1 January 2018

金融資產—二零一八年一月一日

| | Notes 附註 | AFS 可供出售 金融資產 RMB'000 人民幣千元 | FVPL 按公平值 計入損益 RMB'000 人民幣千元 | FVOCI 按公平值計入 其他全面收入 之金融資產 RMB'000 人民幣千元 |
|---|------------------------------------|---|--|--|
| Closing balance 31 December 2017 – HKAS 39 * | 於二零一七年十二月三十一日之年末結餘—香港會計準則第39號* | 568,460 | 172,021 | — |
| Reclassify investments from AFS to FVPL | 將投資自可供出售金融資產重新分類至按公平值計入損益之金融資產 | (i) (533,925) | 533,925 | — |
| Reclassify investments from FVPL to FVOCI | 將投資自按公平值計入損益之金融資產重新分類至按公平值計入其他全面收入 | (ii) — | (76,932) | 76,932 |
| Reclassify investments from AFS to FVOCI | 將投資自可供出售金融資產重新分類至按公平值計入其他全面收入 | (iii) (34,535) | — | 34,535 |
| Opening balance 1 January 2018 – HKFRS 9 | 於二零一八年一月一日之年年初結餘—香港財務報告準則第9號 | — | 629,014 | 111,467 |

* The closing balances as at 31 December 2017 show available-for-sale financial assets under fair value through other comprehensive income ("FVOCI"). These reclassifications have no impact on the measurement categories. The financial assets at amortised cost are after reclassifications and adjustments arising from the adoption of HKFRS 15 and include trade receivables and other financial assets at amortised cost, but exclude cash and cash equivalents.

* 於二零一七年十二月三十一日之期末結餘顯示按公平值計入其他全面收入(「按公平值計入其他全面收入」)之可供出售金融資產。該等重新分類對計量類別並無任何影響。按攤銷成本計量之金融資產已進行採納香港財務報告準則第15號引致之重新分類及調整，並包括應收賬款及按攤銷成本計量之其他金融資產，但不包括現金及現金等價物。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(b) HKFRS 9 Financial Instruments (Continued)

(a) Classification and measurement (Continued)

The impact of these changes on the Group's equity is as follows:

Financial assets – 1 January 2018

| | Notes 附註 | Effect on AFS reserves 對可供出售 金融資產儲備 之影響 RMB'000 人民幣千元 | Effect on retained earnings 對留存 收益之影響 RMB'000 人民幣千元 |
|--|--|--|---|
| Opening balance – HKAS 39 | 年初結餘 – 香港會計準則 第39號 | | |
| Reclassify investments from AFS to FVPL | 將投資自可供出售金融資產 重新分類至按公平值計入 損益之金融資產 | 63,515 | 815,417 |
| | (i) | (63,515) | 63,515 |
| Opening balance – HKFRS 9 | 年初結餘 – 香港財務報告 準則第9號 | – | 878,932 |

- (i) Reclassification from available-for-sale financial assets to FVPL
Certain investments in equity shares and private fund were reclassified from available-for-sale to financial assets at fair value through profit and loss (RMB533,925,000 as at 1 January 2018). They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest and the Group does not designate investment in equity instrument previously recognised in available-for-sale as FVOCI. Related fair value gains of RMB63,515,000 were transferred from the available-for-sale financial assets reserves to retained earnings on 1 January 2018.

- (i) 自可供出售金融資產重新分類至按公平值計入損益之金融資產
若干股權投資及私人基金自可供出售金融資產重新分類至按公平值計入損益之金融資產(於二零一八年一月一日為人民幣533,925,000元)。該等股權投資不符合香港財務報告準則第9號按攤銷成本計量之分類標準，因為其現金流量並不指僅對本金及利息之付款，且本集團並無將之前於可供出售中確認之股本工具投資指定為按公平值計入其他全面收入。相關公平值收益人民幣63,515,000元於二零一八年一月一日從可供出售金融資產儲備轉撥至留存收益。

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(b) 香港財務報告準則第9號金融工具(續)

(a) 分類及計量(續)

該等變動對本集團股權之影響載列如下：

金融資產 – 二零一八年一月一日

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(b) HKFRS 9 Financial Instruments (Continued)

- (a) Classification and measurement (Continued)
- (ii) Reclassification from FVPL to FVOCI

Certain investments in equity shares were reclassified from financial assets at FVPL (RMB76,932,000 as at 1 January 2018) to FVOCI, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

- (iii) Reclassification from available-for-sale financial assets to FVOCI

The Group elected to present in OCI changes in the fair value of certain equity investments previously classified as available-for-sale financial assets, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of RMB34,535,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI and related fair value gains were reclassified from the available-for-sale financial assets reserves to the FVOCI reserves on 1 January 2018.

- (iv) Other financial assets
- Equity securities that held for trading are required to be classified as FVPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from adoption.

2.2 會計政策變動(續)

2.2(b) 香港財務報告準則第9號金融工具(續)

- (a) 分類及計量(續)

- (ii) 自按公平值計入損益之金融資產重新分類至按公平值計入其他全面收入
- 若干股權投資自按公平值計入損益之金融資產(於二零一八年一月一日為人民幣76,932,000元)重新分類至按公平值計入其他全面收入，因為該等投資是作為長期策略性投資持有，預計短期至中期內不會出售。

- (iii) 自可供出售金融資產重新分類至按公平值計入其他全面收入
- 本集團選擇於其他全面收入中呈列之前被分類為可供出售金融資產之若干權益投資之公平值變動，因為該等投資是作為長期策略性投資持有，預計短期至中期內不會出售。因此，公平值為人民幣34,535,000元之資產自可供出售金融資產重新分類至按公平值計入其他全面收入之金融資產，而相關公平值收益於二零一八年一月一日自可供出售金融資產儲備重新分類至按公平值計入其他全面收入儲備。

- (iv) 其他金融資產
- 根據香港財務報告準則第9號，持作買賣股本證券須被分類為按公平值計入損益之金融資產。採納香港財務報告準則第9號不會對就該等資產確認之金額產生任何影響。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(b) HKFRS 9 Financial Instruments (Continued)

(b) Impairment of financial assets

The Group has following types of financial assets at amortised cost that are subjected to HKFRS 9's new expected credit loss ("ECL") model:

- Trade receivables
- Contract assets
- Finance lease receivables
- Loans and interest receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables, contract assets, finance lease receivables and loans and interest receivables

The Group has applied simplified approach under HKFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and finance lease receivables; and applied general approach under HKFRS 9 to measure expected credit losses for all loans and interest receivables from 1 January 2018.

This resulted in an increase of the loss allowance on 1 January 2018 by RMB7,650,000 for trade receivables, RMB131,000 for contract assets, RMB778,000 for finance lease receivables, RMB7,390,000 for loans and interest receivables.

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(b) 香港財務報告準則第9號金融工具(續)

(b) 金融資產減值

本集團有以下按攤銷成本計量之金融資產類型，須遵守香港財務報告準則第9號之新預期信貸虧損(「預期信貸虧損」)模式：

- 應收賬款
- 合約資產
- 融資租賃應收款項
- 應收貸款及利息

本集團須就該等每項類型資產按香港財務報告準則第9號修訂其減值方法。

雖然現金及現金等值物亦須遵守香港財務報告準則第9號之減值規定，但已識別之減值虧損並不重大。

應收賬款、合約資產、融資租賃應收款項以及應收貸款及利息

本集團已採用香港財務報告準則第9號之簡化方法計量預期信貸虧損，為所有應收賬款、合約資產及融資租賃應收款項使用全期預期虧損撥備；並自二零一八年一月一日起採用香港財務報告準則第9號之一般方法計量所有應收貸款及利息之預期信貸虧損。

其導致於二零一八年一月一日就應收賬款、合約資產、融資租賃應收款項以及應收貸款及利息作出之虧損撥備分別增加人民幣7,650,000元、人民幣131,000元、人民幣778,000元及人民幣7,390,000元。

Notes to the Consolidated Financial Statements 合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in HKFRS 15, the Group has elected to apply the “cumulative catch-up” transitional method whereby the effects of adopting HKFRS 15 for uncompleted contract with customers as at 31 December 2017 are adjusted at the opening balance of equity as at 1 January 2018 and prior period comparatives are not restated.

The accounting policies were changed to comply with HKFRS 15, which replaces the provision of HKAS 18 Revenue (“HKAS 18”) and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to be recognised through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue when control of a good or service transfers to a customer.

Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響

本集團自二零一八年一月一日起採納香港財務報告準則第15號客戶合約收入，導致會計政策變動及對已於財務報表中確認之金額作出調整。根據香港財務報告準則第15號之過渡條文，本集團已選擇採用「累計追補」過渡法，據此，對於二零一七年十二月三十一日未完成之客戶合約，採納香港財務報告準則第15號之影響於二零一八年一月一日之年初權益結餘予以調整且之前期間之比較數據不予重列。

會計政策已發生變動以符合香港財務報告準則第15號，香港財務報告準則第15號取代香港會計準則第18號銷售收入（「香港會計準則第18號」）中關於銷售收入及成本之確認、分類及計量之條文及相關詮釋。

香港財務報告準則第15號通過五步法構建一個綜合框架以釐定確認銷售收入之時間及確認收入之金額：(i)識別與客戶之合約；(ii)識別合約中之獨立履約責任；(iii)釐定交易價格；(iv)將交易價格分配至履約責任；及(v)於履約責任達成時確認銷售收入。核心原則為公司應於向客戶轉讓貨品或服務控制權時確認銷售收入。

銷售收入乃於商品或服務之控制權轉移至客戶時確認。視乎合約條款及適用於該合約之法律規定，商品或服務之控制權可根據時間或於某一時間點轉移。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Stamp duty, sales commissions and other costs only incurred if the contract is obtained, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

倘本集團在履約過程中滿足下列條件，商品或服務之控制權將隨著時間轉移：

- 提供全部利益，而客戶亦同步收到並耗用有關利益；
- 因本集團履約而產生或增加客戶所控制之資產；或
- 並無產生對本集團而言有其他用途之資產，而本集團可強制執行其權利收回累計至今已完履約部份之款項。

倘資產之控制權隨著時間轉移，則銷售收入確認將按整個合約期間已完成履約責任之進度進行。否則，銷售收入於客戶獲得資產控制權之某一時間點確認。

完成履約責任之進度乃基於下列最能描述本集團完成履約責任表現之其中一種方法計量：

- 直接計量本集團已轉移給客戶之價值；或
- 相較於預期總付出或投入，本集團為完成履約責任之付出或投入。

印花稅、銷售佣金及其他成本僅於取得合約時方會產生，倘可收回，則作為合約資產資本化，並隨後在確認相關銷售收入時攤銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

The effects of the adoption of HKFRS 15 are as follows:

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities in relation to payments received in advance from customers for online services were previously presented as deferred revenue.
- Contract liabilities in relation to payments received in advance from customers for properties sales and merchandise sales were previously presented as receipts in advance.
- Contract assets in relation to online services represent revenue recognised prior to the date on which it is invoiced to customers were previously presented as trade receivables.
- Contract assets in relation to the incremental costs, primarily sales commission paid, as a result of obtaining the online services contract were previously presented as deferred cost.

Accounting for online services and advertisement

Under HKFRS 15, advertising income from internet portals, mobile devices, trade catalogues, yellow page directories and printed periodicals is recognised at the point in time on the date of publication.

Subscription fee income from online services is recognised over the period of contracts entered with the customers. The excess of cumulative payments made by customers over the cumulative revenue recognised in consolidated statement of comprehensive income is recognised as contract liabilities. The contract liability is recognised as revenue when the Group satisfies its performance obligations.

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

採納香港財務報告準則第15號之影響如下：

於二零一八年一月一日進行重新分類以與根據香港財務報告準則第15號使用之術語一致：

- 就互聯網服務向客戶預收之合約負債先前呈列為遞延收入。
- 就物業銷售及貨品銷售向客戶預收之合約負債先前呈列為預收款項。
- 互聯網服務之合約資產指向客戶出具發票當日前確認之銷售收入，先前呈列為應收賬款。
- 就取得線上服務合約導致成本上升(主要為已付銷售佣金)之合約資產先前呈列為遞延成本。

互聯網服務及廣告之會計處理

根據香港財務報告準則第15號，來自行業門戶網站、移動設備、工商業目錄、黃頁目錄及印刷期刊之廣告收入於出版日期之某一時間點確認。

來自互聯網服務之訂閱費收入於與客戶訂立合約期間內確認。客戶所作出之累計款項超過於合併綜合收益表內確認之累計銷售收入之差額確認為合約負債。合約負債於本集團履行其履約責任時確認為銷售收入。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Accounting for online services and advertisement (Continued)

The excess of cumulative revenue recognised in consolidated statement of comprehensive income over the cumulative payments made by customers is recognised as contract assets. The contract assets are recognised as a receivable when the Group's right to consideration is unconditional.

Accounting for marketing events, seminars and other services

Under HKFRS 15, revenue from the hosting of marketing events, trade exhibition and business seminars is recognised over the period when the related service is rendered or the event is held.

Accounting for B2B trading platform

Under HKFRS 15, revenue from B2B trading platform primarily represents merchandise sales. Revenue is recognised when control of the products is transferred, being when the goods are delivered. The Group acts as a principal and recognises the sales on a gross basis when they are primary obliged, subjected to inventory risk, have discretion right in establishing price, and obtain control of the goods before they are transferred to the customer.

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

互聯網服務及廣告之會計處理(續)

於合併綜合收益表內確認之累計銷售收入超過客戶所作出之累計款項之差額確認為合約資產。合約資產於本集團收取代價的權利屬無條件時確認為應收款項。

營銷活動、會議及其他服務之會計處理

根據香港財務報告準則第15號，來自舉辦營銷活動、貿易展覽會及業務會議之銷售收入於提供有關服務或舉辦有關活動期間確認。

B2B交易平台之會計處理

根據香港財務報告準則第15號，來自B2B交易平台之銷售收入主要指貨品銷售。銷售收入於轉移產品控制權(即交付商品)時確認。本集團擔任委託人，並於首次履行銷售責任時以總額基準確認銷售。本集團須承擔存貨風險，就定價擁有酌情權，並於貨品交付予客戶前取得其控制權。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Accounting for anti-counterfeiting business

Under HKFRS 15, anti-counterfeiting business comprises revenue from providing anti-counterfeiting products and services. Revenue from selling of anti-counterfeiting products is recognised at the point in time when the control of the products has been transferred, being when the goods are delivered. Revenue from anti-counterfeiting services is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided. Customers are invoiced upon the completion of services or on a regular basis.

Accounting for O2O business exhibition centre

Under HKFRS 15, revenue from O2O business exhibition centre comprises revenue from sales of properties and provision of property rental and management services. The control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Rental and management income is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

The excess of cumulative payments made by purchasers of properties over the cumulative revenue recognised in consolidated statement of comprehensive income is recognised as contract liabilities. The contract liability is recognised as revenue when the Group satisfies its performance obligations.

Accounting for construction equipment rental business

Under HKFRS 15, the revenue from renting of construction equipment is recognised over the lease period by reference to stage of completion of the specific construction.

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

防偽業務之會計處理

根據香港財務報告準則第15號，防偽業務包括來自提供防偽產品及服務之銷售收入。來自防偽產品之銷售收入於轉移產品控制權(即交付商品)之某一時間點確認。來自防偽服務之銷售收入於提供服務之會計期間按照特定交易完成階段確認，並根據所提供之實際服務佔將予提供服務總量之比例予以評估。於服務完成時或定期向客戶開具發票。

O2O商業展覽中心之會計處理

根據香港財務報告準則第15號，來自O2O商業展覽中心之銷售收入包括銷售物業及提供物業租賃及管理服務之銷售收入。物業控制權於某一時間點轉移，而銷售收入於客戶取得已竣工物業之實物擁有權或法定業權且本集團擁有現時收款權及很可能收取代價時確認。

租金及管理收入按租賃年期以直線法於合併綜合收益表內確認。

物業買方作出之累計付款超過於合併綜合收益表內確認之累計銷售收入之差額確認為合約負債。合約負債於本集團達成其履約責任時確認為銷售收入。

建築設備租金業務之會計處理

根據香港財務報告準則第15號，來自出租建築設備之銷售收入於租期內根據特定建築之完工階段確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, stamp duty, sales commissions and other costs only incurred if the contract is obtained, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

2 主要會計政策概要(續)

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

取得合約產生之成本之會計處理

在採納香港財務報告準則第15號後，倘可收回只有在取得合約時才會發生之印花稅、銷售佣金及其他成本，則作為合約資產資本化，並隨後在確認相關銷售收入時攤銷。

相較於採納香港財務報告準則第15號前生效之香港會計準則第18號，應用香港財務報告準則第15號對本集團之財務狀況影響如下：

| | | As at 1 January 2018 於二零一八年一月一日 | | |
|--|----------------------|--|------------------|------------------|
| Consolidated statement of financial position (extract) | As previously stated | Effects of the adoption of HKFRS 15 採納香港財務報告準則第15號之影響 | | As restated |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | |
| 合併財務狀況表(摘錄) | 以往列示 | | | 已重列 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| Current assets | 流動資產 | | | |
| Contract assets | 合約資產 | – | 62,297 | 62,297 |
| Deferred expense | 遞延開支 | 49,335 | (49,335) | – |
| Trade receivables | 應收賬款 | 290,848 | (12,962) | 277,886 |
| Non-current liabilities | 非流動負債 | | | |
| Contract liabilities | 合約負債 | – | 40,282 | 40,282 |
| Receipt in advance | 預收款項 | 40,282 | (40,282) | – |
| Current liabilities | 流動負債 | | | |
| Contract liabilities | 合約負債 | – | 322,564 | 322,564 |
| Deferred revenue | 遞延收入 | 158,983 | (158,983) | – |
| Receipt in advance | 預收款項 | 163,581 | (163,581) | – |

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Accounting for costs incurred to obtain a contract (Continued)

The adoption of HKFRS 15 has no impact to the net cash flow from operating, investing and financing activities on the consolidated statement of cash flows.

Details of contract assets are as follows:

| | | As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元 | As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元 |
|--|-----------------------|---|--|
| Unbilled revenue related to online services (note i) | 與互聯網服務有關之未入賬銷售收入(附註i) | 8,134 | 12,962 |
| Costs to fulfil contracts (note ii) | 取得合約之成本(附註ii) | 30,831 | 49,335 |
| | | 38,965 | 62,297 |

Notes:

- (i) These contract assets mainly represent unbilled revenue arising from online services recognised prior to the date on which it is invoiced to customers.
- (ii) These contract assets mainly represent sales commissions and agency fees paid in respect of subscription revenue received in advance, the Group has capitalised the amounts and amortised when the related revenue are recognised.

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

取得合約產生之成本之會計處理(續)

採納香港財務報告準則第15號並無對合併現金流量表之經營、投資及融資活動所得現金流量淨額造成影響。

合約資產詳情如下：

附註：

- (i) 該等合約資產主要指向客戶開具發票日期前所確認來自與互聯網服務有關之未入賬銷售收入。
- (ii) 該等合約資產主要包括就預先收取之訂購收入支付之銷售佣金及代理費用，本集團已於確認相關銷售收入時資本化及攤銷有關款項。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Accounting for costs incurred to obtain a contract (Continued)

Details of contract liabilities are as follows:

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

取得合約產生之成本之會計處理(續)

合約負債詳情如下：

| | | As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元 | As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元 |
|--|----------------------------|---|--|
| Contract liabilities related to online services (note i) | 與互聯網服務有關之合約負債(附註i) | 140,190 | 147,914 |
| Contract liabilities related to sales of goods on B2B trading platform (note ii) | 與於B2B交易平台銷售貨品有關之合約負債(附註ii) | 185,856 | 150,506 |
| Contract liabilities related to sales of properties (note iii) | 與銷售物業有關之合約負債(附註iii) | 59,442 | 64,426 |
| | | 385,488 | 362,846 |

Notes:

- (i) These contract liabilities consist of deferred revenue resulting from online services when the Group received payments from customers in advance.
- (ii) These contract liabilities consist of advanced payments, related to the B2B trading platform business, received from customers for goods that have not yet been transferred to the customers.
- (iii) These contract liabilities consist of advanced payments received from customers and deferred revenue resulting from the properties sales and sales and leaseback arrangement, respectively.

附註：

- (i) 該等合約負債包括本集團預收客戶款項時互聯網服務產生之遞延收入。
- (ii) 該等合約負債包括尚未交付予客戶之B2B交易平台業務貨品之預收客戶款項。
- (iii) 該等合約負債分別包括預收客戶款項以及物業銷售及售後租回安排所產生之遞延銷售收入。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.2 Changes in accounting policy (Continued)

2.2(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Notes: (Continued)

- (iv) Presentation of assets and liabilities related to contracts with customers

The Group has also voluntarily changed the presentation of certain amounts in the balance sheet to reflect the terminology of HKFRS 15 and HKFRS 9:

- Contract liabilities in relation to payments received in advance from customers were previously presented as deferred revenue amounting to RMB116,448,000 (RMB158,983,000 as at 31 December 2017).
- Contract liabilities in relation to payments received in advance from customers were previously presented as receipts in advance amounting to RMB269,040,000 (RMB203,863,000 as at 31 December 2017).
- Contract assets in relation to revenue recognised prior to the date on which it is invoiced to customers were previously presented as part of trade receivables amounting to RMB8,134,000 (RMB12,962,000 as at 31 December 2017).
- Contract assets in relation to the incremental costs, primarily sales commission paid, as a result of obtaining the online services contract were previously presented as part of deferred expenses amounting to RMB30,831,000 (RMB49,335,000 as at 31 December 2017).

2.2 會計政策變動(續)

2.2(c) 香港財務報告準則第15號客戶合約收入－採納之影響(續)

附註：(續)

- (iv) 與客戶合約有關的資產及負債的列報

本集團亦自願變更資產負債表內若干金額的列報方式，以反映香港財務報告準則第15號及香港財務報告準則第9號的術語：

- 向客戶預收之合約負債先前呈列為遞延收入人民幣116,448,000元(於二零一七年十二月三十一日為人民幣158,983,000元)。
- 向客戶預收之合約負債先前呈列為預收款項人民幣269,040,000元(於二零一七年十二月三十一日為人民幣203,863,000元)。
- 合約資產指向客戶出具發票當日前確認之銷售收入，先前呈列為部分應收賬款人民幣8,134,000元(於二零一七年十二月三十一日為人民幣12,962,000元)。
- 就取得線上服務合約導致成本上升(主要為已付銷售佣金)之合約資產先前呈列為部分遞延開支人民幣30,831,000元(於二零一七年十二月三十一日為人民幣49,335,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 主要會計政策概要(續)

2.3 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.4). Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

2.3 綜合及股權會計原則

(i) 附屬公司

附屬公司為本集團對其擁有控制權之所有實體(包括結構實體)。當本集團透過參與實體之業務而就可變回報承擔風險或享有當中權利及有能力通過其權力指導實體活動從而影響該等回報時，則本集團可控制實體。附屬公司自控制權轉移至本集團之日起悉數合併。其於控制權終止之日終止合併。

本集團之業務合併採用會計收購法入賬(請參閱附註2.4)。公司間之交易、結餘及集團公司間交易之未變現收益得予以對銷。除非交易提供證據證明所轉讓資產出現減值，否則未變現虧損亦予以對銷。附屬公司之會計政策已按需要作出改動，以確保與本集團採納之政策保持一致。

附屬公司之業績及權益中之非控股權益分別於合併綜合收益表、權益變動表及合併財務狀況表中單獨列示。

(ii) 聯營公司

聯營公司指本集團對其有重大影響力但並無控制權或聯合控制權之所有實體。一般而言，本集團持有20%至50%之投票權。於初步按成本確認後，於聯營公司之投資以權益會計法入賬(見下文(iv))。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(iii) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has both joint operations and joint ventures.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial positions.

(iv) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.13.

2 主要會計政策概要(續)

2.3 綜合及股權會計原則(續)

(iii) 聯合安排

根據香港財務報告準則第11號聯合安排，於聯合安排之投資分類為合營業務或合營企業。該分類取決於各投資者之合約權利及責任，而非聯合安排之法律架構。本公司擁有合營業務及合營企業。

於合併財務狀況表初步按成本確認後，於合營企業之權益使用權益法入賬(請參閱下文(iv))。

(iv) 權益會計

根據權益會計法，投資初步以成本確認，其後予以調整，以於損益中確認本集團分佔被投資者之收購後溢利或虧損，以及於其他全面收入中確認本集團分佔被投資者之其他全面收入變動。已收或應收聯營公司及合營企業之股息確認為投資賬面值之減少。

當本集團分佔權益會計投資之虧損相當於或超過其於實體之權益(包括任何其他無抵押長期應收款項)時，本集團並不會確認進一步虧損，除非其已承擔責任或代表其他實體進行付款。

本集團與其聯營企業及合營公司間交易之未變現收益按本集團於該等實體之權益予以對銷。未變現虧損亦予以對銷，除非交易提供證據證明所轉讓資產出現減值。權益入賬被投資者之會計政策已按需要作出改動，以確保與本集團採納之政策貫徹一致。

權益入賬投資之賬面值乃按附註2.13所述政策作減值測試。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(v) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a "Other Reserves" within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 主要會計政策概要(續)

2.3 綜合及股權會計原則(續)

(v) *擁有權權益之變動*

本集團將不會引致失去控制權之非控股權益交易視為與本集團權益持有人之交易。擁有權權益變動導致控股與非控股權益賬面值間進行調整，以反映其於附屬公司之相關權益。非控股權益調整數額與任何已付或已收代價間之任何差額於本公司擁有人應佔權益中之「其他儲備」內確認。

倘本集團因喪失控制權、共同控制權或重大影響力而終止就投資綜合入賬或按權益入賬，則於實體之任何保留權益按其公平值重新計量，而賬面值變動則於損益內確認。就隨後入賬列作聯營公司、合營企業或金融資產之保留權益而言，該公平值成為初步賬面值。此外，先前於其他全面收入內確認與該實體有關任何金額按猶如本集團已直接出售有關資產或負債之方式入賬。此可能意味著先前在其他全面收入內確認之金額重新分類至損益或轉撥至適用香港財務報告準則所指／准許之另一權益類別。

倘於合營企業或聯營公司之擁有權權益減少，而共同控制權或重大影響力獲保留，則僅部分先前於其他全面收入內確認之金額重新分類至損益(倘適用)。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2 主要會計政策概要(續)

2.4 業務合併

所有業務合併採用會計收購法入賬，不論是否購買權益工具或其他資產。購買附屬公司所轉讓之代價包括：

- 所轉讓資產之公平值
- 對所收購業務之前擁有人承擔之負債
- 本集團發行之股權
- 或然代價安排所產生之任何資產或負債之公平值，及
- 附屬公司中任何先前股權之公平值。

在業務合併中所收購可識別資產以及所承擔之負債及或然負債，初步以其於收購日期之公平值計量（存在有限之例外情況）。本集團按逐項收購基準以公平值或非控股權益分佔所收購實體可識別資產之比例，確認任何於所收購實體之非控股權益。

收購相關成本於產生時支銷。以下

- 所轉讓代價、
- 於所收購實體之任何非控股權益之金額及
- 任何先前於所收購實體之股權於收購日期之公平值

超出所收購可識別資產淨值之公平值之差額列賬為商譽。倘該等金額低於所收購業務可識別資產淨值之公平值，則該差額直接於損益確認為議價收購。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combinations (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial asset. Amounts classified as a financial asset are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The executive directors of the Group are regarded as the chief operating decision maker who will review the operating results of the Group on a consolidated basis, and make strategic decisions.

2 主要會計政策概要(續)

2.4 業務合併(續)

倘遞延結算現金代價之任何部分，未來應付款項將按兌換日期之現值貼現。所用貼現率為實體之增量借貸率，即根據可比較條款及條件下可自獨立融資人獲得之類似借貸之利率。

或然代價分類為權益或金融資產。分類為金融資產之金額隨後重新計量至公平值，而公平值變動則於損益內確認。

倘業務合併分階段進行，收購方原先所持被收購方股權於收購日期之賬面值，按收購日期之公平值重新計量。重新計量產生之任何收益或虧損於損益確認。

2.5 單獨財務報表

於附屬公司之投資按成本扣除減值列賬。成本包括投資之直接歸屬成本。附屬公司業績由本公司按已收及應收股息之基準入賬。

於收到該等投資之股息時，倘股息超過附屬公司在宣派股息期間之全面收入總額，或倘在單獨財務報表之投資賬面值超過被投資方資產淨值(包括商譽)在合併財務報表之賬面值時，則必須對於附屬公司之投資進行減值測試。

2.6 分部報告

經營分部之報告方式以提供予主要經營決策者之內部報告一致之方式進行報告。

本集團執行董事被視為主要經營決策者，將審閱本集團按合併基準編製之經營業績並作出策略性決定。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.7 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"). Hong Kong Dollars is regarded as the Company's functional currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains or losses that related to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income. All other foreign exchange gains or losses are presented in the consolidated statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2.7 外幣換算

(i) *功能及呈報貨幣*

本集團各實體之財務報表所包括項目，按該實體經營所在主要經濟環境之貨幣（「功能貨幣」）計量。合併財務報表以人民幣（「人民幣」）呈列。港元被視為本公司之功能貨幣。

(ii) *交易及結餘*

外幣交易均按交易或項目重新計量而進行估值之日期當時之匯率換算為功能貨幣。因該等交易結算及按年結日之匯率換算以外幣計值之貨幣資產及負債而產生之匯兌收益及虧損，均於合併綜合收益表確認。

有關借貸及現金及現金等值物之匯兌收益或虧損列示於合併綜合收益表內。其他全部匯兌收益或虧損列示於合併綜合收益表內。

於外幣按公平值計量之非貨幣性項目以公平值釐定之日之匯率換算。按公平值列賬之資產及負債之換算差額呈列為部分公平值收益或虧損。舉例而言，非貨幣性金融資產及負債（例如所持按公平值計入損益之權益）之換算差額作為部分公平值收益或虧損於損益中確認，而非貨幣性金融資產（例如分類為公平值計入其他全面收入之權益）之換算差額則計入其他全面收入。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Foreign currency translation (Continued)

(iii) Group companies

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.8 Land use rights

Land use rights are recorded at cost less subsequent accumulated amortisation and accumulated impairment losses, if any. Land use rights are amortised using the straight-line method over their lease terms from 40 to 50 years.

2 主要會計政策概要(續)

2.7 外幣換算(續)

(iii) 集團公司

所有功能貨幣與呈報貨幣不一致之集團實體之業績及財務狀況均按以下方法換算為呈報貨幣：

- (i) 各合併財務狀況表呈列之資產及負債均按照該合併財務狀況表結算日之收市匯率換算；
- (ii) 各合併綜合收益表之收入及開支按照平均匯率換算(除非平均匯率並非交易日期現行匯率累計影響之合理約數，在此情況下，收支項目按交易日期之匯率換算)；及
- (iii) 所有產生之匯兌差額均於其他全面收入確認。

收購海外實體時產生之商譽及公平值調整乃作為該海外實體之資產及負債處理，並按收市匯率換算。貨幣換算產生之差額於其他全面收入內確認。

2.8 土地使用權

土地使用權按成本減其後累計攤銷及累計減值虧損(如有)列賬。土地使用權以直線法按租賃年期40至50年攤銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at carrying values, representing cost less depreciation and impairment provision. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of 40 years.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

2.10 Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.11 Property, plant and equipment

Property, plant and equipment, comprising buildings, computer and telecommunications equipment, fixtures, fittings and office equipment, leasehold improvements and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 主要會計政策概要(續)

2.9 投資物業

投資物業(主要包括租賃土地及樓宇)乃持作賺取長期租金收入或資本增值或兩者兼備,且並非由本集團佔用。投資物業亦包括正在建造或開發供未來作投資物業使用之物業。投資物業初步按成本(包括相關交易成本及(如適用)借貸成本)計量。於初步確認後,投資物業按賬面值(成本減折舊及減值撥備)列賬。折舊乃以直線法於估計可用年期40年將成本分配至剩餘價值計算。

倘投資物業由業主自用或開始進一步發展以供出售,則重新分類為物業、廠房及設備及土地使用權或發展中物業,而就會計目的而言,其於改變用途之日之公平值將為其成本。

2.10 持作銷售竣工物業

於報告期末尚未出售之竣工物業按成本與可變現淨值兩者之較低者列賬。成本包括尚未出售物業應佔發展成本。

可變現淨值乃參考於一般業務過程中已售物業之銷售所得款項,減適用可變銷售開支,或由管理層按現行市況估計。

2.11 物業、廠房及設備

物業、廠房及設備,包括樓宇、電腦及電訊設備、傢具、裝置及辦公室設備、租賃裝修及汽車,按成本減累計折舊及累計減值虧損(如有)列賬。歷史成本包括收購項目直接應佔開支。

僅當與項目有關之未來經濟利益有可能流入本集團及項目成本能可靠計量時,其後成本方會計入資產賬面值或確認為一項獨立資產(如適用)。入賬列作獨立資產之任何部分於取替時剔除確認賬面值。所有其他維修及保養則於產生之財政期間於合併綜合收益表內扣除。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Property, plant and equipment (Continued)

Rental construction equipment is stated at cost, net of accumulated depreciation. They are depreciated over the estimated holding year on a straight-line basis.

Motor vehicles classified as finance lease commences depreciation from the time when the assets become available for its intended use. Depreciation of property, plant and equipment is calculated using the straight line method to allocate their cost to their residual values over its estimated useful lives, at the following rates per annum:

| | |
|---|--|
| Leasehold improvements | |
| 租賃物業裝修 | |
| Buildings | |
| 樓宇 | |
| Computer and telecommunications equipment | |
| 電腦及電訊設備 | |
| Fixtures, fittings and office equipment | |
| 傢具、裝置及辦公室設備 | |
| Motor vehicles | |
| 汽車 | |
| Rental construction equipment | |
| 租賃建築設備 | |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the consolidated statement of comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less impairment losses, if any. No provision for depreciation is made on assets under construction in progress until such time as the relevant assets are completed and available for their intended use. On completion, the relevant assets are transferred to property, plant and equipment at cost less accumulated impairment losses.

2 主要會計政策概要(續)

2.11 物業、廠房及設備(續)

租借建築設備按成本扣除累計折舊入賬，以直線法於估計持有年期折舊。

歸類為融資租賃之汽車於資產可供作擬定用途時開始計算折舊。物業、廠房及設備之折舊採用直線法於其估計可使用年期內將成本分配至剩餘價值，年率如下：

| | |
|--|-----------|
| Over the lease terms from 2 to 5 years | |
| 介乎租賃年期2至5年 | |
| | 2% – 5% |
| | 2%至5% |
| | 20% – 33% |
| | 20%至33% |
| | 20% – 33% |
| | 20%至33% |
| | 10% – 20% |
| | 10%至20% |
| | 20% |
| | 20% |

資產剩餘價值及可使用年期於各合併財務狀況表日期審閱，並作出調整（如適用）。

倘資產賬面值超過其估計可收回金額，則資產賬面值即時撇減至可收回金額。

出售收益或虧損透過比較所得款項與賬面值釐定，並於合併綜合收益表內確認為行政費用。

在建工程為建設中或待安置之物業、廠房及設備，按照成本扣除減值虧損（如有）列賬。建設中資產不計提折舊，直至有關資產完工並可供擬定用途為止。完工時，有關資產按成本減累計減值虧損轉撥至物業、廠房及設備。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.12 Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purpose.

(ii) Contractual customer, distributor relationship and non-compete agreement

Contractual customer, distributor relationships and non-compete agreement acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer/distributor relations have a finite useful life and are carried at cost less accumulated amortisation.

(iii) Patents

Separately acquired patents are shown at historical cost. Patents acquired in a business combination are recognised at fair value at the acquisition date. The patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method of eight years over the expected life of the patents.

2.12 無形資產

(i) 商譽

商譽按附註2.4所述計量。收購附屬公司之商譽計入無形資產。商譽不作攤銷，惟須每年進行減值測試，或當有事件出現或情況變動顯示可能出現減值時進行更頻密減值測試，並按成本減累計減值虧損列賬。出售一間實體之收益及虧損包括所售實體有關之商譽賬面值。

商譽就減值測試而分配至現金產生單位（「現金產生單位」）。該分配就預期受益於產生商譽之業務合併之各個現金產生單位或現金產生單位組別作出。該等單位或單位組別在商譽被監控作內部管理用途之最低級別予以識別。

(ii) 合約客戶、分銷商關係及非競爭協議

於業務合併時收購之合約客戶、分銷商關係及非競爭協議按收購日期之公平值確認。合約客戶／分銷商關係具有有限可使用年期及按成本減累計攤銷列賬。

(iii) 專利

單獨收購之專利按歷史成本值列示。業務合併所收購之專利於收購日期按公平值確認。專利具有有限可使用年期，並按成本減累計攤銷列賬。攤銷以直線法將專利之預計可使用年期分攤為八年計算。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Intangible assets (Continued)

(iv) Trade name and domain name

Trade name, domain name acquired in a business combination are recognised at fair value at the acquisition date. Trade name, domain name have a finite useful life and are carried at cost less accumulated amortisation.

(v) Software license and order back log

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to their intended use. Order backlog are recognised at fair value at the acquisition date.

(vi) Data library

Costs incurred on acquiring the data library are recognised as an intangible asset where the technical feasibility has been demonstrated, and there is an ability to sell or to use the assets that will generate probable future economic benefits.

(vii) License

License acquired in a business combination are recognised at fair value at the acquisition date. The license has a finite useful life and are carried at cost less accumulated amortisation.

(viii) Technical knowhow

Technical knowhow acquired in a business combination are recognised at fair value at the acquisition date. The technical knowhow has a finite useful life and are carried at cost less accumulated amortisation.

(ix) Platform

Platform acquired in a business combination are recognised at fair value at the acquisition date. The technical knowhow has a finite useful life and are carried at cost less accumulated amortisation.

2 主要會計政策概要(續)

2.12 無形資產(續)

(iv) 商號及域名

業務合併所收購之商號及域名於收購日期按公平值確認。商號、域名具有有限可使用年期，並按成本減累計攤銷列賬。

(v) 軟件許可證及積壓訂單

所收購電腦軟件許可證按購入軟件及軟件可達致其擬定用途所產生之成本撥充資本。積壓訂單於收購日期按公平值確認。

(vi) 資料庫

收購資料庫產生之成本於證實技術可行性以及有能力出售或使用可能產生未來經濟利益之資產時確認為無形資產。

(vii) 牌照

於業務合併中獲得之牌照在收購日期按公平值確認。牌照具有有限可使用年期並按成本減累計攤銷列賬。

(viii) 技術知識

於業務合併中獲得之技術知識在收購日期按公平值確認。技術知識具有有限使用年限並按成本減累計攤銷列賬。

(ix) 平台

平台獲得之技術知識在收購日期按公平值確認。技術知識具有有限使用年限並按成本減累計攤銷列賬。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.12 Intangible assets (Continued)

(x) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

| | |
|--|------------|
| Contractual customer, distributor relationship and non-compete agreement | 3-17 years |
| 合約客戶、分銷商關係及非競爭協議 | 3至17年 |
| Patents | 8 years |
| 專利 | 8年 |
| Trade name and domain name | 9-15 years |
| 商號及域名 | 9至15年 |
| Software license and order back log | 1-5 years |
| 軟件許可證及積壓訂單 | 1至5年 |
| Data library | 3 years |
| 資料庫 | 3年 |
| License | 47.5 years |
| 牌照 | 47.5年 |
| Technical knowhow | 7 years |
| 技術知識 | 7年 |
| Platform | 7 years |
| 平台 | 7年 |

2.13 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 無形資產(續)

(x) 攤銷方法及期間

本集團於以下期間採用直線法攤銷具有有限使用年期之無形資產：

2.13 非金融資產之減值

無限定可使用年期之商譽及無形資產毋須攤銷，惟須每年進行減值測試，或於有事件出現或情況變動顯示可能出現減值時更頻繁進行減值測試。當有事件出現或情況變動顯示賬面值可能無法收回時，其他資產須進行減值測試。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額為資產公平值扣除出售成本與使用價值兩者間之較高者。為評估減值，資產歸入具單獨可識別現金流入(大致上獨立於其他資產或資產組別(現金產生單位)之現金流入)之最低層次組別。面臨減值之非金融資產(商譽除外)於各報告期末就減值撥回之可能性進行檢討。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities

(i) Classification

From 1 January 2018, the Group classifies its financial assets and liabilities in the follow measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and liabilities and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債

(i) 分類

自二零一八年一月一日起，本集團將其金融資產及負債分類為以下計量類別：

- 隨後按公平值(計入其他全面收入或計入損益)計量者；及
- 按攤銷成本計量者。

分類取決於實體管理金融資產及負債之業務模式及現金流量之合約條款。

對於按公平值計量之資產，收益及虧損將記入損益或其他全面收入；對於並非持作買賣之權益工具投資，則取決於本集團是否在初步確認時不可撤回地選擇以按公平值計入其他全面收入(按公平值計入其他全面收入)之方式將權益投資入賬。

當且僅當管理該等資產之業務模式發生變動，本集團方會對債務投資進行重新分類。

(ii) 確認及剔除確認

正常途徑買賣之金融資產於交易日期確認，交易日期為本集團承諾購買或出售資產之日期。於收取金融資產現金流量之權利屆滿或已轉讓，且本集團已轉讓擁有權之絕大部分風險及回報時，金融資產剔除確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset or liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(iii) 計量

於初步確認時，本集團按金融資產或負債公平值加上(倘金融資產並非按公平值計入損益計量)收購金融資產直接應佔之交易成本計量金融資產。按公平值計入損益列賬之金融資產之交易成本於損益支銷。

確定具有嵌入衍生工具之金融資產之現金流量是否僅為支付本金及利息時，需從金融資產之整體進行考慮。

債務工具

債務工具之後續計量取決於本集團管理資產之業務模式及該項資產之現金流量特點。本集團將其債務工具分類為三種計量類別：

- **攤銷成本：**為收取合約現金流量而持有且現金流量僅為支付本金及利息之資產按攤銷成本計量。該等金融資產之利息收入按實際利率法計入財務收入。剔除確認產生之任何收益或虧損直接於損益確認，並於「其他收益淨額」中與匯兌收益及虧損一併列示。減值虧損於合併綜合收益表中作為獨立項目列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities

(Continued)

(iii) Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains, net" and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains, net" in the period in which it arises.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(iii) 計量(續)

債務工具(續)

- 按公平值計入其他全面收入：倘持作收回合約現金流量及出售金融資產之資產之現金流量僅支付本金及利息，則該等資產按公平值計入其他全面收入計量。賬面值變動計入其他全面收入，惟減值收益或虧損、利息收入以及匯兌收益及虧損之確認除外，該等項目於損益中確認。金融資產剔除確認時，先前於其他全面收入確認之累計收益或虧損由權益重新分類至損益並於「其他收益淨額」中確認。該等金融資產之利息收入按實際利率法計入財務收入。匯兌收益及虧損於「其他收益淨額」中呈列，而減值費用則於綜合收益表中作為獨立項目列示。
- 按公平值計入損益：不符合攤銷成本或按公平值計入其他全面收入標準之資產以按公平值計入損益計量。隨後按公平值計入損益計量之債務投資之收益或虧損於損益中確認，並於產生期間於「其他收益淨額」中呈列。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities (Continued)

(iii) **Measurement** (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain, net in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) **Impairment**

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 20 for further details.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(iii) **計量**(續)

權益工具

本集團其後按公平值計量所有權益投資。如果本集團管理層已選擇於其他全面收入中呈列權益投資之公平值收益及虧損，則在剔除確認投資後，其後不會將公平值收益及虧損重新分類至損益。當本集團已確立可收取款項之權利時，來自有關投資之股息仍將作為其他收入於損益中確認。

按公平值計入損益之金融資產之公平值變動於合併綜合收益表(如適用)之其他收益淨額中確認。按公平值計入其他全面收入計量之權益投資之減值虧損(及減值虧損撥回)不會與公平值其他變動分開呈報。

(iv) **減值**

自二零一八年一月一日起，本集團按前瞻性基準評估與其按攤銷成本及按公平值計入其他全面收入方式列賬之債務工具有關之預期信貸虧損。減值方法之運用取決於信貸風險是否顯著增加。

就應收賬款而言，本集團採用香港財務報告準則第9號所允許之簡化方法，該方法要求在初步確認應收款項起確認預期全期虧損，進一步詳情請參閱附註20。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities (Continued)

(v) Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017, the Group classifies its financial assets and liabilities in the following categories:

- financial assets and liabilities at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period. See note 26 for details about each type of financial asset.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(v) 截至二零一七年十二月三十一日應用的會計政策

本集團已追溯應用香港財務報告準則第9號，惟已選擇不重列比較資料。因此，所提供之比較財務資料繼續根據本集團之前的會計政策入賬。

截至二零一七年十二月三十一日止，本集團將其金融資產及負債分類為以下類別：

- 按公平值計入損益之金融資產及負債；
- 貸款及應收款項；及
- 可供出售金融資產。

有關分類就購入投資之目的而定。管理層於初步確認時確定其投資分類，並在資產分類為持有至到期之情況下，於各報告期末重估此分類。有關各類型金融資產之詳情請參閱附註26。

Notes to the Consolidated Financial Statements 合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities (Continued)

(v) *Accounting policies applied until 31 December 2017* (Continued)

(i) *Reclassification*

The Group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(v) *截至二零一七年十二月三十一日應用的會計政策(續)*

(i) *重新分類*

倘金融資產不再持作短期出售，則本集團可選擇將分類為持作買賣類別之非衍生交易性金融資產重新分類。除貸款及應收款項以外之金融資產僅在出現罕見且短期內極不可能發生單一事件出現罕見情況下，方獲准自持作買賣類別重新分類。此外，倘本集團有意並有能力於預見未來或直至重新分類日期到期止持有該等金融資產，則本集團可選擇將符合貸款及應收款項定義之金融資產自持作買賣或可供出售類別重新分類。

按重新分類日期之公平值進行重新分類。公平值成為新成本或攤銷成本(倘適用)，而於重新分類日期前入賬之公平值收益或虧損隨後並無撥回。重新分類至貸款及應收款項以及持有至到期類別之金融資產之實際利率於重新分類日期釐定。現金流量估計進一步增加預期會令實際利率有所調整。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities

(Continued)

(v) Accounting policies applied until 31 December 2017

(Continued)

(ii) Subsequent measurement

The measurement at initial recognition did not change an adoption of HKFRS 9, see description above.

Subsequent to the initial, recognition loans and receivables and held-to-maturity investments were subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for “financial assets and liabilities at FVPL” – in profit or loss within “other gains/(loss), net”
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 3.3.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and other losses from investment securities.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(v) 截至二零一七年十二月三十一日應用的會計政策(續)

(ii) 後續計量

見上文所述，初步確認時之計量並無改變採用香港財務報告準則第9號。

初步確認以後，貸款及應收款項以及持有至到期投資之確認其後採用實際利率法按攤銷成本列賬。

可供出售金融資產以及按公平值計入損益之金融資產隨後以公平值列賬。公平值變動產生之收益或虧損確認如下：

- 就「按公平值計入損益之金融資產及負債」而言——在「其他收益／(虧損)淨額」項下損益內
- 就以外幣計值貨幣證券之可供出售金融資產而言——證券攤銷成本變動有關之匯兌差異於損益中確認，而賬面值其他變動於其他全面收入中確認
- 就分類為可供出售其他貨幣及非貨幣證券而言——於其他全面收入內。

有關如何釐定財務工具公平值之詳情於附註3.3披露。

倘出售分類為可供出售之證券，則其於其他全面收入確認之累計公平值調整於損益中分類為投資證券之收益及其他虧損。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities (Continued)

(v) Accounting policies applied until 31 December 2017 (Continued)

(iii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(v) 截至二零一七年十二月三十一日應用的會計政策(續)

(iii) 減值

本集團於各報告期末評估是否存在客觀證據顯示金融資產或金融資產組別出現減值。僅當有客觀證據顯示於初步確認資產後發生一宗或多宗事件導致出現減值(「虧損事件」)，而該宗(或該等)虧損事件對該項或該組金融資產之未來估計現金流量構成可以合理估計之影響，有關金融資產才算出現減值及產生減值虧損。倘股權投資歸類為可供出售，證券公平值大幅或長期低於其成本被視為資產出現減值跡象。

按攤銷成本列賬之資產

就貸款及應收款項而言，虧損金額根據資產賬面值與按金融資產原實際利率貼現之估計未來現金流量(不包括仍未產生之未來信貸虧損)現值兩者之差額計量。資產賬面值予以減少，而虧損金額則在損益確認。如貸款或持至到期投資有浮動利率，計量任何減值虧損之貼現率為按合約釐定之當前實際利率。作為可行權宜之做法，本集團可採用可觀察市價按某工具之公平值基礎計量減值。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Investment and other financial assets and liabilities (Continued)

(v) Accounting policies applied until 31 December 2017 (Continued)

(iii) Impairment (Continued)

Assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

Impairment testing of trade receivables is described in note 3.1(b).

Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

2 主要會計政策概要(續)

2.14 投資及其他金融資產及負債(續)

(v) 截至二零一七年十二月三十一日應用的會計政策(續)

(iii) 減值(續)

按攤銷成本列賬之資產(續)

如在後期，減值虧損款額減少，而此減少可客觀地聯繫至確認減值後發生之事件(例如債務人信用評級有所改善)，則撥回之前已確認之減值虧損可在損益確認。

應收賬款減值測試於附註3.1(b)載述。

分類為可供出售之資產

倘有客觀證據顯示可供出售金融資產出現減值，累計虧損(按收購成本與現有公平值之差額，減該金融資產之前在損益確認之任何減值虧損計量)自權益剔除，並在損益確認。

在損益中確認的權益工具減值虧損不會於往後期間透過損益撥回。

倘分類為可供出售之債務工具公平值於往後期間增加，且有關增加客觀上與減值虧損於損益確認後發生之事件有關，則減值虧損透過損益撥回。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforce right must not be contingent on future event and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.16 Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation of fees recognised.

The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2.15 抵銷金融工具

當有法定強制執行權利可抵銷已確認金額，且有意按淨額結算或同時變現資產及結算負債時，有關金融資產與負債可互相抵銷，並在合併財務狀況表報告其淨額。法定強制執行權利不得取決於未來事件，且必須於一般業務過程中及在本公司或對手方出現違約、無償債能力或破產時行使。

2.16 財務擔保負債

本集團就物業買家向銀行提供之財務擔保確認財務擔保負債。

財務擔保負債初步以公平值加發行財務擔保負債直接應佔之交易成本確認。於初步確認後，有關負債按解除現有責任所需支出之最佳估計現值或初步已確認數額減已確認累計攤銷費(以較高者為準)計量。

負債初步以公平值計量及隨後以其中較高者計量：

- 根據香港財務報告準則第9號金融工具項下之預期信貸損失模型釐定之款額及
- 根據香港財務報告準則第15號來自客戶合約之收入原則初步確認之款額減(如適用)已確認之收入累計款額。

財務擔保公平值由債務工具規定之合約付款與無擔保所需付款之間之現金流量差額現值，或就承擔責任向第三方應付之估計金額釐定。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial guarantee liabilities (Continued)

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods comprises merchandises and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

They are generally due for settlement within one year and therefore are all classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 3.1 for a description of the Group's impairment policies.

2 主要會計政策概要(續)

2.16 財務擔保負債(續)

如有關聯營公司貸款或其他應付款項之擔保就無補償撥備，公平值入賬列作供款並確認為投資成本一部分。

財務擔保負債於且僅於合約規定之義務獲解除或取消或到期時，方會於資產負債表中終止確認。

2.17 存貨

存貨按成本與可變現淨值兩者之較低者入賬。成本使用先入先出法釐定。製成品之成本包括商品及其他直接成本。可變現淨值按日常業務過程中之估計售價減適用之浮動銷售費用計算。

2.18 應收賬款

應收賬款是於日常業務過程中向客戶銷售貨品或提供服務而應收之款項。

應收賬款通常於一年內到期結付，因此所有應收賬款均分類為流動資產，否則會列作非流動資產。應收賬款初步按無條件代價金額確認，除非其按公平值確認時包含重大融資成分。本集團持有應收賬款，旨在收取合約現金流量，因此其後以實際利率法按攤銷成本計量。有關本集團減值政策之描述請參閱附註3.1。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

2.20 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity (note 30).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the company's shares are acquired from the market under the employee share scheme, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as shares held for employee share scheme and deducted from total equity. Upon vesting, the related costs of the vested shares for employee share scheme purchased from the market are credited to shares held for employee share scheme, with a corresponding decrease in employee share-based compensation reserve for employee share scheme.

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. These amounts are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 主要會計政策概要(續)

2.19 現金及現金等值物

就呈列現金流量表而言，現金及現金等值物包括手頭現金、金融機構活期存款、原定到期日為三個月或以內且可隨時轉換為已知數額現金而並無重大價值變動風險之其他短期高流通性投資以及銀行透支。銀行透支列入合併財務狀況表中流動負債的借貸內。

2.20 股本及僱員股份計劃持有之股份

普通股分類為權益(附註30)。

發行新股份或購股權直接應佔之遞增成本列作所得款項扣除稅項後之扣減，於權益入賬。

倘公司股份是根據僱員股份計劃自市場購入，則從市場購入之股份總代價(包括任何直接應佔遞增成本)呈列為僱員股份計劃持有之股份並於總權益中扣減。歸屬後，從市場購買僱員股份計劃歸屬股份之相關成本會計入僱員股份計劃持有之股份，並就僱員股份計劃於僱員以股份為基礎之補償儲備中作相應扣減。

2.21 應付賬款及其他應付款項

應付賬款及其他應付款項指於財政年度結算前向本集團提供貨品及服務之未付款責任。如付款到期日於一年或以內(若更長則在業務正常經營週期內)，該等款項會分類為流動負債，否則列作非流動負債。

該等款項初步以公平值確認，其後利用實際利率法按攤銷成本計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 主要會計政策概要(續)

2.22 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceed is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in consolidated statement of comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

2.22 借貸

借貸初步按公平值扣除已產生之交易成本確認，其後按攤銷成本計量。所得款項（扣除交易成本）與贖回價值之間之任何差額於借貸期間採用實際利率法於損益確認。在融資將有可能部分或全部提取之情況下，就設立貸款融資支付之費用確認為貸款交易成本。在此情況下，該費用將遞延至提取貸款發生時。在並無跡象顯示該融資將很可能部分或全部提取之情況下，該費用撥充資本作為流動資金服務之預付款項，並於其相關融資期間攤銷。

可換股債券負債部分之公平值按等值不可換股債券之市場利率釐定。該金額按攤銷成本基準列作負債，直至債券兌換或到期清償為止。所得款項餘下部分分配至兌換選擇權，會予以確認並計入股東權益（扣除所得稅影響）。

當合約中訂明之義務解除、註銷或屆滿時，借貸將從合併財務狀況表中剔除。已清償或轉移至另一方之金融負債賬面值與已付代價之間之差額，包括任何已轉移非現金資產或已承擔負債，均在合併綜合收益表中確認為財務成本。

倘金融負債條款重新協商且實體向債權人發行權益工具以清償全部或部分負債（債務股權置換），則收益或虧損於合併綜合收益表中確認，並按金融負債賬面值與已發行權益工具公平值間之差額計量。

除非本集團有權無條件將債務結算遞延至報告期後至少12個月，否則借貸將分類為流動負債。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period which they are incurred.

2.24 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 主要會計政策概要(續)

2.23 借貸成本

收購、建設或生產合資格資產直接應佔之一般及特定借貸成本，於完成資產及將資產達致擬定用途或可供出售狀態所需之一段時間內撥充資本。需要一段長時間方達致擬定用途或可供出售狀態之資產為合資格資產。

特定借貸暫時投資賺取之投資收入在有待用作合資格資產開支時，自合資格撥充資本之借貸成本中扣除。

其他借貸成本於產生期間支銷。

2.24 當期及遞延所得稅

期內所得稅開支或抵免指根據各司法權區適用所得稅稅率就當期應課稅收入支付之稅項，而該開支或抵免會因暫時差額及未動用稅項虧損所引致之遞延稅項資產及負債變動而作出調整。

(i) 當期所得稅

當期所得稅支出根據本公司附屬公司及聯營公司營運及產生應課稅收入之國家於報告期末已頒佈或實質頒佈之稅法計量。管理層就適用稅務規例受詮釋所規限之情況定期評估報稅表之狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax (Continued)

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amount will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 主要會計政策概要(續)

2.24 當期及遞延所得稅(續)

(ii) 遞延所得稅

遞延所得稅以負債法按資產及負債稅基與其賬面值產生之暫時差額，在合併財務報表悉數計提撥備。然而，倘遞延稅項負債來自商譽之初步確認，則不予確認。倘遞延所得稅來自初步確認一項於交易時不影響會計及應課稅損益之交易(業務合併除外)之資產或負債，則遞延所得稅不予入賬。遞延所得稅以報告期末已頒佈或實質頒佈之稅率(及稅法)釐定，預計將於有關遞延所得稅資產變現或遞延所得稅負債清償時應用。

釐定按公平值計量之投資物業相關遞延稅項負債時，乃假設該物業將透過出售完全收回。

遞延稅項資產僅在未來應課稅金額將可用於抵銷該等暫時差額及虧損時確認。

倘本公司能控制撥回暫時差額之時間及該等差額很可能不會於可見將來撥回，則不會就海外業務投資賬面值與稅基之間之暫時差額確認遞延稅項負債及資產。

倘若存在可依法強制執行之權利將當期稅項資產與負債抵銷，及當遞延稅項結餘與同一稅務機構相關，則可將遞延稅項資產與負債抵銷。倘實體有可依法強制執行抵銷權利且有意按淨值基準清償或同時變現資產及清償負債，則當期稅項資產與稅項負債相互抵銷。

當期及遞延稅項於損益中確認，惟與於其他全面收入或直接於權益確認之項目有關者則除外。在此情況下，稅項亦分別於其他全面收入或直接於權益中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.25 Employee benefits

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(i) Retirement benefit costs

The full-time employees of the Group are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas.

The relevant government agencies are responsible for the pension liabilities to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made.

Contributions to these plans are expensed as incurred.

(ii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.25 僱員福利

僱員享用病假及產假之權利於休假時始行確認。

(i) 退休福利成本

本集團全職僱員受政府設立之各種退休金計劃保障，據此，僱員享有按若干公式計算之每月退休金。

有關政府機構有責任向該等退休僱員支付退休金。本集團按月向該等退休金計劃供款。根據該等計劃，本集團除上述供款外概無其他退休後福利責任。

向該等計劃作出之供款於發生時列作費用。

(ii) 獎金福利

當本集團因僱員已提供之服務須承擔現有法律或推定責任，而責任能可靠估算時，則將獎金款項之預期成本確認為負債。

獎金負債預期須在12個月內償付，並根據償付時預期支付之金額計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2 主要會計政策概要(續)

2.25 Employee benefits (Continued)

(iii) Share-based compensation

The Group operates equity settled, share-based compensation plans. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Under the Share Award Scheme, the directors and certain employees of the Group are entitled to receive shares in the Company. The shares held under trust by a financial institution ("Trustee") for the benefit of the director and employees, would be paid and the paid up consideration would be capitalised in the Company's reserves. The Trustee has been instructed to buy shares from the market using the funds held by the Trustee to grant shares to the director and employees.

The Company has also adopted the Share Option Scheme under which options may be granted to subscribe for the Company's shares.

The fair value of the employee services received in exchange for the grant of the share options and shares awarded is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares or share options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each consolidated statement of financial position date, the Group revises its estimates of the number of shares or share options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of comprehensive income, and a corresponding adjustment to equity.

2.25 僱員福利(續)

(iii) 以股份支付之補償

本集團設有以權益償付、以股份支付為補償之計劃。當購股權獲行使時，已收取所得款項(扣除任何直接應佔交易成本)列入股本(面值)及股份溢價。

根據股份獎勵計劃，本集團董事及若干僱員有權收取本公司股份。股份由一間金融機構(「受託人」)以董事及僱員為受益人之信託方式持有，並已繳付股款，實繳代價於本公司儲備中資本化。受託人已獲指示利用受託人所持資金於市場回購股份，以向董事及僱員授出股份。

本公司亦已採納購股權計劃，據此，可授出購股權以認購本公司股份。

僱員就換取獲授購股權及股份獎勵而提供之服務公平值確認為開支。

於歸屬期內列作開支之總額，乃參照已授出購股權及股份之公平值釐定，不包括任何非市場歸屬條件(例如盈利能力及銷售增長目標)之影響。於假設預期可歸屬股份或購股權數目時，將會計及非市場歸屬條件。總支銷金額於歸屬期(即達成所有特定歸屬條件之期間)確認。於各合併財務狀況表日期，本集團會根據非市場歸屬條件修改其估計預期可歸屬之股份或購股權數目。修改原估計數目(如有)之影響將於合併綜合收益表內確認，並對權益作出相應調整。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.25 Employee benefits (Continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after consolidated statement of financial position date are discounted to present value.

2.26 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.25 僱員福利(續)

(iv) 離職福利

離職福利於僱員在正常退休日期前被本集團終止僱用，或當僱員接受自願遣散以換取此等福利時支付。本集團在能證明以下承諾時確認離職福利：根據一項不可撤回之詳盡正式計劃終止僱用現有僱員；或就提出一項要約以鼓勵自願遣散而提供離職福利。在合併財務狀況表日期後超過12個月到期支付之福利貼現為現值。

2.26 撥備

倘本集團須就過去事項承擔現有法律或推定責任、履行該責任可能導致資源流出、及有關金額能可靠估計，方就法律索償、服務權證及履行義務確認撥備。概不就未來營運虧損確認撥備。

倘出現多項類似責任，因履行責任導致資源流出之可能性會考慮責任之整體類別後釐定。即使同類責任中有關任何一項可能流出資源之機會不大，仍須確認撥備。

撥備按管理層對報告期末履行現有責任所需支出之最佳估計現值計量。用於釐定現值之貼現率為反映現時市場對金錢時間值及負債特定風險評估之稅前利率。隨著時間流逝而增加之撥備確認為利息開支。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold or services performed, stated net of discounts, returns and value-added taxes. The Group recognises revenue when the specific criteria have been met for each of the Group's activities, as described below.

Revenue is recognised when or as the control of goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

When determining the transaction price to be allocated from different performance obligations, the Group first determines the service fees that the Group entitles in the contract period and adjusts the transaction price for variable considerations and significant financing component, if any. The Group includes in the transaction price some of all of an amount of variable considerations only to the extent that it is highly probable that a significant reversal in amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

2 主要會計政策概要(續)

2.27 銷售收入確認

銷售收入按已收或應收代價之公平值計量，其為銷售貨品及提供服務之應收款項，扣除折扣、回報及增值稅列賬。本集團於其下述各項活動符合指定條件時確認銷售收入。

銷售收入於貨品或服務之控制權轉移至客戶時確認。視乎合約條款及適用於該合約之法律規定，貨品或服務之控制權可根據時間或於某一時間點轉移。倘本集團在履約過程中達到下列條件，貨品或服務之控制權將隨著時間轉移：

- 提供所有獲客戶同步收取並使用之利益；
- 因本集團履約而產生或提升客戶所控制之資產；或
- 並無產生對本集團而言有其他用途之資產，而本集團對截至該日止完成之履約付款有強制執行權。

倘貨品及服務之控制權隨著時間轉移，則銷售收入按合約期間並計及已完成履約責任之進度確認。否則，銷售收入於客戶獲得貨品及服務控制權之某一時間點確認。

於釐定將自不同履約責任分配之交易價格時，本集團首先釐定其於合約期內有權獲得之服務費並就可變考慮因素及重大融資組成部分(如有)調整交易價格。本集團於交易價格中計入可變考慮因素之部分或所有款額，惟僅以可變考慮因素有關之不確定性其後得以解除，且已確認累計銷售收入款額極可能不會大幅撥回為限。

當合約之任何一方已履約，本集團會視乎實體履約責任與客戶付款之間之關係，將合約於合併財務狀況表列為合約資產或合約負債。

Notes to the Consolidated Financial Statements 合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to a consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(i) Revenue from B2B trading platform

Revenue from B2B trading platform primarily comprised commission income and revenue from merchandise sales. Commission income is recognised for transactions where the Group is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices and selecting suppliers. Commission income is recognised on a net basis which is based on a fixed percentage of the sales amount.

Revenue from merchandise sales and related costs is recognised on a gross basis when the Group acts as a principal. Commission income and revenue from merchandise sales are recognised when the customer has accepted the goods and the related risks and rewards of ownership.

2 主要會計政策概要(續)

2.27 銷售收入確認(續)

合約資產為本集團對已向客戶轉移之貨品及服務換取代價之權利。應收款項於本集團擁有無條件收取代價之權利時入賬。倘代價僅須隨時間流逝而到期支付，則收取代價之權利屬無條件。

倘於本集團向客戶轉讓貨品或服務前，客戶支付代價或本集團具有無條件收取代價款項之權利，則本集團於作出付款或應收款項入賬時(以較早者為準)呈列合約負債。合約負債是本集團因已向客戶收取代價(或到期代價款項)而向客戶轉讓貨品或服務之責任。

以下為本集團主要銷售收入流之會計政策描述。

(i) 來自B2B交易平台之銷售收入

來自B2B交易平台之銷售收入主要包括佣金收入及貨品銷售之銷售收入。倘本集團並非主要義務人，毋須承擔存貨風險及在定價和供應商選擇方面並無自主權，則本集團會確認交易佣金收入。佣金收入按淨額基準確認，以銷售金額之固定百分比計算。

來自貨品銷售之銷售收入及相關成本於本集團作為主事人時按總額確認。佣金收入及來自貨品銷售之銷售收入於客戶接受貨品以及所有權之相關風險及回報時確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(ii) Revenue from online services and advertisement

Advertising income from internet portals, mobile devices, trade catalogues, yellow page directories and printed periodicals is recognized ratably over the contracted period in which the advertisements are displayed.

Subscription fee income from online services is recognised over the period of contracts entered with the customers. The unrecognised portions of contract sum are recognised as contract liabilities.

The excess of cumulative revenue recognised in consolidated statement of comprehensive income over the cumulative payments made by customers is recognised as contract assets. The contract assets are recognised as a receivable when the Group's right to consideration is unconditional.

Some contracts include multiple performance obligations and do not include any integration services. They are therefore accounted for as separate performance obligations. Revenue from each of the performance obligations is recognised at the stand-alone service price. Under HKFRS 15, the rebate to customers is a variable consideration and to be net off against the transaction price.

(iii) Revenue from operating lease

Lease payment derived from operating lease contracts is recognised as revenue over the lease period, by reference to stage of completion of the specific construction project and assessed on the basis of actual services provided as a proportion of the total service to be provided.

Rental revenue are recognised within "Revenue-rental income" in the consolidated statement of comprehensive income.

2 主要會計政策概要(續)

2.27 銷售收入確認(續)

(ii) 來自互聯網服務及廣告之銷售收入

來自互聯網門戶網站、移動設備、工商業目錄、黃頁目錄及印刷期刊之廣告收入於展示廣告之合約期間內按比例確認。

來自互聯網服務之訂閱費收入於與客戶訂立合約期內確認。合約金額之未確認部分確認為合約負債。

於合併綜合收益表內確認之累計銷售收入超過客戶所作出之累計款項之差額確認為合約資產。合約資產於本集團收取代價的權利屬無條件時確認為應收款項。

部分合約包括多項履約責任，惟並不包括任何綜合服務。因此其列賬為獨立履約責任。各項履約責任之銷售收入按單一服務價格確認。根據香港財務報告準則第15號，向客戶退款為可變考慮因素，並將抵銷交易價。

(iii) 來自經營租賃之銷售收入

來自經營租賃合約之租賃付款參考指定建設項目之完成階段按租期確認為銷售收入，並根據所提供實際服務佔將予提供服務總量之比例予以評估。

租金收入在合併綜合收益表中「銷售收入－租金收入」項下確認。

Notes to the Consolidated Financial Statements 合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.27 Revenue recognition (Continued)

(iv) Revenue from O2O business exhibition centre

Revenue from sales of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as contract liabilities.

Rental income from investment properties is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

The excess of cumulative payments made by purchasers of properties over the cumulative revenue recognised in consolidated statement of comprehensive income is recognised as contract liabilities. The contract liability is recognised as revenue when the Group satisfies its performance obligations.

(v) Revenue from marketing events, seminars and other services

Revenue from the hosting of marketing events, trade exhibitions and business seminars is recognised upon conclusion of the exhibitions or seminars.

(vi) Revenue from anti-counterfeiting business

Anti-counterfeiting business comprises revenue from providing anti-counterfeiting products and services. Revenue from selling of anti-counterfeiting products is recognised at the point in time when the control of the products has been transferred, being when the goods are delivered. Revenue from anti-counterfeiting services is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided. Customers are invoiced upon the completion of services or on a regular basis.

2.27 銷售收入確認(續)

(iv) 來自O2O商業展覽中心之銷售收入

銷售物業之銷售收入於物業之風險及回報轉讓至買方，即訂立具法律約束力之無條件銷售合約、有關物業竣工，物業已根據銷售合約交付買方且能合理確保有關應收款項可予以收回時，方予確認。在銷售收入確認日期前就已售物業所收取之按金及分期付款於合併財務狀況表列作合約負債。

來自投資物業之租金收入按租期以直線法於合併綜合收益表確認。

物業買方作出之累計付款超過於合併綜合收益表內確認之累計銷售收入之差額確認為合約負債。合約負債於本集團達成其履約責任時確認為銷售收入。

(v) 來自營銷活動、研討會及其他服務之銷售收入

舉辦營銷活動、貿易展覽及商務研討會之銷售收入於展覽或研討會結束時確認。

(vi) 來自防偽業務之銷售收入

防偽業務包括來自提供防偽產品及服務之銷售收入。來自防偽產品之銷售收入於轉移產品控制權(即交付商品)之某一時間點確認。來自防偽服務之銷售收入於提供服務之會計期間按照特定交易完成階段確認，並根據所提供之實際服務佔將予提供服務總量之比例予以評估。於服務完成時或定期向客戶開具發票。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition (Continued)

(vii) Revenue from construction equipment rental business

Under HKFRS 15, the revenue from renting of construction equipment is recognised over the lease period by reference to stage of completion of the specific construction.

2.28 Financing services income

Lease income attributable to finance leases is recognised over the lease term on a systematic and rational basis so as to produce a constant rate of return on the net investment in the finance lease.

Interest income and expense for asset factoring and micro-credit financing services are recognised within “revenue-interest income” and “direct cost-interest expense” in consolidated statement of comprehensive income using the effective interest method, while the interest from bank deposits are recognised within “finance income” in the consolidated statement of comprehensive income.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and payments paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2 主要會計政策概要(續)

2.27 銷售收入確認(續)

(vii) 來自出租建築設備之銷售收入

根據香港財務報告準則第15號，來自出租建築設備之銷售收入於租期內根據特定建築之完工階段確認。

2.28 來自金融服務之銷售收入

融資租賃應佔租賃收入按系統及合理基準以租期確認，以得出該融資租賃投資淨額之固定回報率。

所有資產保理及小額貸款融資服務之利息收入及開支採用實際利率法於合併綜合收益表中之「銷售收入－利息收入」及「直接成本－利息開支」確認，惟銀行存款利息則於合併綜合收益表中之「財務收入」確認。

實際利率法乃計算金融資產或金融負債之攤銷成本及於相關期間攤分利息收入或利息開支之方法。實際利率指按金融工具預計年期或較短期間內(如適用)將估計未來現金支出或收入準確貼現至金融資產或金融負債之賬面淨值利率。計算實際利率時，本集團在考慮金融工具之一切合約條款(例如提早償還選擇權)但並無考慮未來信貸虧損後估計現金流量。計算範圍包括訂約各方所付或所收構成實際利率之一切費用及付款、交易成本及其他所有溢價或折讓。

一項金融資產或一組類似之金融資產因減值虧損而撇減時，按就計量減值虧損用於貼現未來現金流量之利率確認利息收入。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.29 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing: the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.30 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI) (2017 – from financial assets at FVPL and available-for-sale financial assets). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.29 每股盈利

(i) 每股基本盈利

每股基本盈利通過：本公司擁有人應佔盈利(扣除普通股以外之任何權益成本)除以財政年度發行在外之普通股加權平均數，並就年內已發行普通股之股利作出調整(不包括庫存股份)。

(ii) 每股攤薄盈利

每股攤薄盈利調整用於釐定每股基本盈利之數字，以計及：

利息之除所得稅後影響及與潛在攤薄普通股有關之其他融資成本，及假設轉換所有潛在攤薄普通股，發行在外之額外普通股之加權平均數。

2.30 股息收入

股息自按公平值計入損益(按公平值計入損益)及按公平值計入其他全面收入(按公平值計入其他全面收入)計量之金融資產收取(二零一七年一自按公平值計入損益之金融資產及可供出售金融資產收取)。於確立收取付款之權利時，股息於損益中確認為其他收入。其亦適用於股息自收購前溢利中分派，除非股息明顯為回收一項投資之部分成本。於此情況下，倘股息與按公平值計入其他全面收入計量之投資相關，則於其他全面收入中確認。然而，投資可能因而需要進行減值測試。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Leases

(i) Operating lease – as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(ii) Operating lease – as a lessor

When assets are leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the assets. Lease income on operating lease is recognised over term of the lease on a straight-line basis.

(iii) Finance lease – as a lessee

The Group leases certain property, plant and equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(iv) Finance lease – as a lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to as the 'actuarial method'. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

2 主要會計政策概要(續)

2.31 租賃

(i) 經營租賃－作為承租人

凡出租人仍保留擁有權之絕大部分風險及回報之租賃，均分類為經營租賃。經營租賃作出之付款（扣除自出租人收取之任何優惠）會按租期以直線法計入合併綜合收益表。

(ii) 經營租賃－作為出租人

當資產根據經營租賃出租時，資產會根據資產性質計入合併財務狀況表。經營租賃之租賃收入按租期以直線法確認。

(iii) 融資租賃－作為承租人

本集團租賃若干物業、廠房及設備。如本集團大致上承受擁有權之絕大部分風險和回報，則物業、廠房及設備之租賃歸類為融資租賃。融資租賃在租賃開始時，按租賃物業之公平值或最低租賃付款現值兩者之較低者資本化。

每項租金均分攤為負債及融資支出。相應租賃責任在扣除融資支出後計入其他長期應付款項。財務成本之利息部分於租期內在合併綜合收益表中扣除，以計算常數。根據融資租賃而獲得之設備按資產可使用年期與租期兩者之較短者折舊。

(iv) 融資租賃－作為出租人

以融資租賃出租資產時，租賃付款之現值確認為應收款項。應收款項總額與應收款項現值之差額確認為未賺取財務收入。

於會計期間分配盈利總額之方法稱為「精算法」。精算法於各會計期間在財務收入與償還資本之間分配租金，據此方法，財務收入將以出租人於租賃淨投資之固定回報率出現。

Notes to the Consolidated Financial Statements

合併財務報表附註

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 2 主要會計政策概要(續)

2.32 Government grants

Grants from the government are recognised at their fair values when there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.33 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.34 Sale and leaseback transaction

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

2.32 政府補助

當可合理地確定本集團將獲得政府補助，並符合所有附帶條件，政府補助以公平值確認。

有關成本之政府補助已被遞延，於其與擬定補償成本配對之所需期間於合併綜合收益表確認。

2.33 股息分派

於報告期末或之前宣派但於報告期末並未分派之任何股息金額(即已適當授權及不再按實體之酌情權)會作出撥備。

2.34 銷售及回租交易

銷售及回租交易涉及出售資產及將同一資產回租。租賃付款及售價經協定為相關，通常會相互影響。銷售及回租交易之會計處理取決於所涉及之租賃種類。倘銷售及回租交易導致融資租賃，則銷售所得款項超出賬面值之任何差額將於租期內遞延及攤銷。倘銷售及回租交易導致經營租賃，且交易明顯按公平值進行，則即時確認任何損益。倘售價低於公平值，則即時確認任何損益，惟倘虧損以低於市價之未來租賃付款補償，則於該資產之預期使用年期按租賃付款比例遞延及攤銷。倘售價高於公平值，則超出公平值之差額須於該資產之預期使用期間遞延及攤銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central finance department (the "Finance Department") headed by the Chief Financial Officer of the Group. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units to cope with overall risk management as well as specific areas such as market risk, credit risk and liquidity risk.

3 財務風險管理

3.1 財務風險因素

本集團因其業務活動面臨各種財務風險：市場風險（包括外匯風險、利率風險及價格風險）、信貸風險及流動資金風險。本集團之整體風險管理計劃著重於金融市場之不可預測情況及致力減低潛在負面因素對本集團財務表現造成之影響。

風險管理由本集團首席財務官領導之中央財務部門（「財務部」）進行。財務部與本集團之營運部門緊密合作，以識別及評估財務風險，以處理整體風險管理以及特定範疇（如市場風險、信貸風險及流動資金風險）之風險。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and the PRC and majority of its transactions are denominated in the functional currencies of the respective entities. The Group has no material foreign currency denominated assets and liabilities and does not have material exposure on foreign exchange risk.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent from changes in market interest rates and the Group has no significant interest – bearing assets except for loan receivables categorised in "Loans and interest receivables" and cash and cash equivalents, details of which have been disclosed in notes 21 and 29.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in note 36. Borrowings carry at fixed rates expose the Group to low fair value interest-rate risk.

Borrowings at variable rates expose the Group to cash flow interest-rate risk. As at 31 December 2018, if interest rate had increased/decreased by 50 basis points (2017: 50 basis points) with all other variable constant, the Group's profit after tax and total comprehensive income would have been approximately RMB3,946,000 (2017: RMB1,415,000) lower/higher.

The Group regularly monitors its interest rate risk to ensure there are no undue exposures to significant interest rate movements and regular reporting is provided to the management for the Group's debt and interest rates exposure.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險

(i) 外匯風險

本集團在香港及中國經營，其大部分交易以有關實體之功能貨幣計值。本集團並無重大外幣計值資產及負債，且並無面對重大外匯風險。

(ii) 利率風險

本集團之收入及經營現金流量幾乎完全不受市場利率變動之影響，除「應收貸款及利息」組別內之應收貸款以及現金及現金等值物外，本集團並無重大計息資產，有關詳情於附註21及29披露。

本集團亦因其借貸而面對利率變動之風險，有關詳情於附註36披露。按固定利率列賬之借貸使本集團面對低公平值利率風險。

本集團就按浮動利率計息之借貸面臨現金流量利率風險。於二零一八年十二月三十一日，倘利率上升／下跌50個基點（二零一七年：50個基點），而所有其他變量維持不變，則本集團之除稅後溢利及全面收入總額應減少／增加約人民幣3,946,000元（二零一七年：人民幣1,415,000元）。

本集團定期監察其利率風險，以確保並無不適當之重大利率波動風險，並定期向管理層匯報本集團之債務及利率風險。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position as fair value either through profit or loss or other comprehensive income (note 25).

Post-tax profit for the period would increase/decrease by approximately RMB1,424,000 (2017: RMB270,000) as a result of 10% gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease by approximately RMB9,525,000 (2017: RMB53,793,000) as a result of 10% gains/losses on equity securities classified as either at fair value through other comprehensive income.

(b) Credit risk

Credit risk is managed on a group basis. The credit risk mainly arisen from a customer's inability or unwillingness to meet its financial obligations. It arises primarily from the loan receivables from the financing service segment.

Impairment of financial assets

The Group has following types of financial assets at amortised cost that are subjected to HKFRS 9's new expected credit loss ("ECL") model:

- Trade receivables
- Contract assets
- Finance lease receivables
- Loans and interest receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 價格風險

本集團承受其持有投資所產生之股權證券價格風險，並於合併財務狀況表分類按公平值計入損益或其他全面收入(附註25)。

由於分類為按公平值計入損益之股權證券收益／虧損10%，期內除稅後溢利應增加／減少約人民幣1,424,000元(二零一七年：人民幣270,000元)。由於分類為按公平值計入其他全面收入之股權證券收益／虧損10%，股權之其他組成部分應增加／減少約人民幣9,525,000元(二零一七年：人民幣53,793,000元)。

(b) 信貸風險

信貸風險按組別管理。信貸風險主要於客戶無力或不願履行其財務責任時產生。其主要源自融資服務分部之應收貸款。

金融資產減值

本集團有以下按攤銷成本計量之金融資產類型，須遵守香港財務報告準則第9號的新預期信貸虧損(「預期信貸虧損」)模式：

- 應收賬款
- 合約資產
- 融資租賃應收款項
- 應收貸款及利息

本集團須就該等每項類型資產按香港財務報告準則第9號修訂其減值方法。雖然現金及現金等值物亦須遵守香港財務報告準則第9號的減值規定，但已識別到的減值虧損並不重大。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, contract assets and finance lease receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and finance lease receivables.

To measure the expected credit losses, trade receivables and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables, contract assets and finance lease receivables are a reasonable approximation of the loss rates for the contract assets.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of HKFRS9) was determined as follows for trade receivables, contract assets and finance lease receivables.

| | | Current – 30 days past due | More than 30 days past due | More than 90 days past due | More than 180 days past due | More than 365 days past due | More than 720 days past due | Total |
|-----------------------|--------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------|
| 31 December 2018 | 二零一八年十二月三十一日 | 目前至30天 | 逾期30天以上 | 逾期90天以上 | 逾期180天以上 | 逾期365天以上 | 逾期720天以上 | 總計 |
| Gross carrying amount | 總賬面值 | 402,109 | 44,829 | 117,510 | 35,058 | 42,094 | 465 | 642,065 |
| Loss allowance | 虧損撥備 | 2,654 | 821 | 6,852 | 9,715 | 12,475 | 465 | 32,982 |
| Expected loss rate | 預期虧損率 | 0.7% | 1.8% | 5.8% | 27.7% | 29.6% | 100% | 5.1% |

| | | Current – 30 days past due | More than 30 days past due | More than 90 days past due | More than 180 days past due | More than 365 days past due | More than 720 days past due | Total |
|-----------------------|-----------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------|
| 1 January 2018 | 二零一八年一月一日 | 目前至30天 | 逾期30天以上 | 逾期90天以上 | 逾期180天以上 | 逾期365天以上 | 逾期720天以上 | 總計 |
| Gross carrying amount | 總賬面值 | 356,160 | 27,259 | 24,191 | 34,207 | 15,756 | 6,776 | 464,349 |
| Loss allowance | 虧損撥備 | 3,128 | 1,141 | 2,727 | 4,737 | 8,315 | 6,425 | 26,473 |
| Expected loss rate | 預期虧損率 | 0.9% | 4.2% | 11.3% | 13.8% | 52.8% | 94.8% | 5.7% |

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 應收賬款、合約資產及融資租賃應收款項

本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，為所有應收賬款、合約資產及融資租賃應收款項使用全期預期虧損撥備。

為計量預期信貸虧損，已根據共有之信貸風險特徵及已逾期天數對應收賬款及融資租賃應收款項進行分組。合約資產涉及未開單在建工程，且與相同類型合約的應收賬款具有大致相同的風險特徵。因此，本集團認為，應收賬款、合約資產及融資租賃應收款項的預期虧損率與合約資產虧損率合理相若。

按此基準，已對應收賬款、合約資產及融資租賃應收款項釐定於二零一八年十二月三十一日及二零一八年一月一日(採納香港財務報告準則第9號)之虧損撥備如下。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, contract assets and finance lease receivables (Continued)

The closing loss allowances for trade receivables, contract assets and finance lease receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

| | | Trade receivables 應收賬款 RMB'000 人民幣千元 | Contract assets 合約資產 RMB'000 人民幣千元 | Finance lease receivables 融資租賃應收款項 RMB'000 人民幣千元 |
|--|---|--|--|--|
| At 31 December 2017 – calculated under HKAS39 | 於二零一七年十二月 三十一日 – 根據香港會 計準則第39號計算 | 17,914 | – | – |
| Amounts restated through opening retained earnings | 透過年初留存收益重列 之金額 | 7,434 | 131 | 778 |
| Amounts restated through opening non-controlling interests | 透過年初非控股權益重列 之金額 | 216 | – | – |
| Opening loss allowance as at 1 January 2018 – calculated under HKFRS 9 | 於二零一八年一月一日之 年初虧損撥備 – 根據香 港財務報告準則第9號計 算 | 25,564 | 131 | 778 |
| Increase in loan loss allowance recognized in profit or loss during the year | 年內於損益確認之 貸款虧損撥備增加 | 13,521 | (23) | (331) |
| Receivables written off during the year as uncollectible | 年內撇銷為不可收回之 應收款項 | (6,658) | – | – |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | 32,427 | 108 | 447 |

Trade receivables, contract assets and finance lease receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 3 years past due.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 應收賬款、合約資產及融資租賃應收款項(續)

於二零一八年十二月三十一日
應收賬款、合約資產及融資租
賃應收款項之期末虧損撥備與
期初虧損撥備之對賬如下：

當不存在可收回的合理預期時，本集團會撇銷應收賬款、合約資產及融資租賃應收款項。不存在可收回的合理預期的指標包括(其中包括)債務人無法與本集團達成還款計劃及無法就逾期超過3年的賬款作出合約付款。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, contract assets and finance lease receivables (Continued)

Impairment losses on trade receivables, contract assets and finance lease receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 應收賬款、合約資產及融資租賃應收款項(續)

應收賬款、合約資產及融資租賃應收款項之減值虧損於經營溢利內列作減值虧損淨額。其後收回先前撇銷之金額將計入同一項目。

應收賬款減值之過往會計政策

於過往年度，應收賬款之減值乃根據已產生虧損模式評估。已知不可收回之個別應收款項通過直接減少賬面值之方式撇銷。其他應收款項進行集體評估，以釐定是否存在已發生但尚未識別之客觀減值證據。就該等應收款項而言，估計減值虧損於減值之單獨撥備中確認。本集團認為倘有下列任何指標，則表示有減值證據：

- 債務人陷入重大財務困境
- 債務人有可能進入破產或財務重組，及
- 違約或拖欠付款(逾期超過30日)。

當預期不可收回額外現金時，已確認減值撥備之應收款項就其撥備進行撇銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, contract assets and finance lease receivables (Continued)

Debt investments

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(ii) Loans and interest receivables

The credit risk of loans and interest receivables mainly arises from micro-credit business. The Group has established relevant mechanism to cover credit risk in key operational phases of micro-credit business, including pre-lending evaluations, credit approval, and post-lending monitoring. The Group conducts customer acceptance and due diligence by operating department and risk management department in the pre-lending evaluations.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(i) 應收賬款、合約資產及融資租賃應收款項(續)

債務投資

所有按攤銷成本及按公平值計入其他全面收入之實體債務投資均視為具低信貸風險，於此期間確認之虧損撥備因而限於12個月預期虧損。管理層認為上市債券之「低信貸風險」為至少一家主要評級機構之投資等級信貸評級。其他工具於違約風險較低且發行人於近期內具有較強之履行合約現金流量責任之能力時被視為信貸風險較低。

(ii) 應收貸款及利息

應收貸款及利息之信貸風險主要來自小額貸款業務。本集團已設立相關機制，用以抵銷小額貸款業務各關鍵經營階段所產生之信貸風險，包括貸前評估、信貸審批及貸後監察。於貸前評估階段，本集團委派業務部門及風險管理部門進行客戶接納及盡職審查。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Loans and interest receivables (Continued)

In the credit approval phase, all loans applications are subject to the assessment and approval of the Department Manager, General Manager and Risk Assessment Committee, depending on the amount and nature of the loans. During the post-lending monitoring, the Group conducts on-site inspections and off-site inquiries to detect potential risks by evaluating various aspects, including but not limited to the customer's operational and financial conditions, status of collaterals and other sources of repayment.

In accordance with the regulations issued by the local regulatory authority, Chongqing Financial Affairs Office (重慶市金融工作辦公室), the Group has established a loan credit risk classification system based on the type of collateral and credit period, and performs credit risk management based on loan classification in one of five categories. The Group classifies loans into the following five categories: normal, special-mention, substandard, doubtful and loss. Loans classified as substandard, doubtful and loss are regarded as nonperforming loans. The primary factors considered in loan impairment assessment include probability of loan repayment and recoverability of principal and interest, which reflect borrowers' repayment ability, repayment record and intention, projected profitability, bank guarantees or collateral and legal responsibility of repayment. The allowance for impairment losses is assessed collectively or individually, as appropriate.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 應收貸款及利息(續)

於信貸審批階段，視乎貸款數額及性質而定，所有貸款申請須接受部門經理、總經理及風險評估委員會評估及批核。於貸後監察階段，本集團進行現場視察及遙距查詢，透過對不同範疇進行評估識別潛在風險，包括但不限於客戶的經營及財務狀況、抵押品狀況及其他還款來源。

根據當地監管機構重慶市金融工作辦公室頒佈之法規，本集團已根據抵押品類型及信貸期設立貸款信貸風險分類系統，並根據五個類別之一貸款分類進行信貸風險管理。本集團將貸款分為以下五個類別：正常類、關注類、次級類、可疑類及損失類。分為次級類、可疑類及損失類之貸款視為不履約貸款。貸款減值評估過程中所考慮之主要因素包括貸款還款之可能性以及本息之可收回程度，其反映借款人之還款能力、還款記錄以及意向、預期盈利能力、銀行擔保或抵押品及還款之法律責任。減值虧損撥備按共同或個別基準(如適合)作出評估。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Loans and interest receivables (Continued)

The definitions of the five categories of loan receivables are set out below:

| | |
|------------------|--|
| Normal: | Borrowers can honour the terms of their loans. There is no reason to doubt their ability to repay principal and interest in full on a timely basis. |
| Special-mention: | Borrowers are currently able to service their loans and interest, although repayment may be adversely affected by specific factor. |
| Substandard: | Borrowers' ability to service their loans is in question and they cannot rely entirely on normal business revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked. |
| Doubtful: | Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked. |
| Loss: | Principal and interest of loans cannot be recovered or only a small portion of them can be recovered after taking all possible measure or resorting to all necessary legal procedures. |

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 應收貸款及利息(續)

五類應收貸款之定義載列如下：

| | |
|------|---|
| 正常類： | 借款人能夠履行貸款條款。概無理由懷疑其按時悉數償還本息之能力。 |
| 關注類： | 儘管借款人目前有能力償還貸款及利息，但還款情況或會受到特定因素之不利影響。 |
| 次級類： | 借款人之還款能力存疑，其無法完全依靠正常業務收益償還本息。即使進行抵押或擔保，亦可能因而造成損失。 |
| 可疑類： | 借款人無法悉數償還本息，即使援引抵押物或擔保，亦須確認重大虧損。 |
| 損失類： | 在採取所有可能措施或付諸一切必要法律程序之後，本息仍然無法收回，或只能收回少部分。 |

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Loans and interest receivables (Continued)

The balance of each categories of loan receivables (excluding the corresponding interest receivables) as at the reporting date is as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------------|-----|-----------------------------------|-----------------------------------|
| Normal | 正常類 | 1,249,211 | 1,513,132 |
| Special-mention | 關注類 | 154,386 | 45,679 |
| Substandard | 次級類 | 54,945 | 784 |
| Doubtful | 可疑類 | 53,054 | 29,200 |
| Loss | 損失類 | 41,230 | 43,318 |
| Total | 總計 | 1,552,826 | 1,632,113 |

The Group applies general approach under HKFRS 9 to measure expected credit losses for all loans and interest receivables accounted for at amortised cost.

Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 應收貸款及利息(續)

各類應收貸款(不包括相應之應收利息)於報告日期之結餘如下:

本集團應用香港財務報告準則第9號之一般方法計量所有按攤銷成本計量之應收貸款及利息之預期信貸虧損。

按照一般方法，金融資產乃基於初步確認後之信貸風險變動，透過下列三個階段予以轉撥：

第1階段：十二個月預期信貸虧損

就自初步確認起並無顯著增加且於產生時並無出現信貸減值之風險而言，乃確認與未來十二個月出現違約事件之可能性有關之全期預期信貸虧損部分。

第2階段：全期預期信貸虧損—無信貸減值

就自初步確認起出現重大信貸風險增長但無出現信貸減值之風險而言，乃確認全期預期信貸虧損(即反映金融資產之剩餘期限)。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Loans and interest receivables (Continued)

Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

The Group rebuts the presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due as management considers the probability of default is highly correlated with the collateral value and historical settlement pattern rather than the past due days.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, remaining term to maturity and other relevant factors.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 應收貸款及利息(續)

第3階段：全期預期信貸虧損－信貸減值

當發生會對該資產之估計未來現金流量造成不利影響之一項或多項事件，則有關風險將被評定為出現信貸減值。就已出現信貸減值之風險而言，乃確認全期預期信貸虧損，並透過於扣除撥備後之攤銷成本(而非賬面總值)應用實際利率計算利息收入。

於各報告日期，本集團會比較由報告日期至初步確認日期之預計生命週期內出現之違約風險，以評估自初步確認以來信貸風險有否顯著增加。本集團就此考慮相關及毋須付出過多成本或人力即可獲取之合理及具理據之資料，當中包括定量及定性資料以及前瞻性分析。

倘金融資產逾期超過30日，本集團不會假設該金融資產之信貸風險自初步確認起已顯著增加，原因為管理層認為，出現違約之可能性與抵押品價值及過往結算方式(而非逾期日數)緊密相連。

本集團按個別或集體基準評估信貸風險是否顯著增加。為共同評估減值，本集團按共享信貸風險特徵基準，並考慮到工具類別、距離到期之剩餘年期及其他相關因素，將金融工具分類。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Loans and interest receivables (Continued)

Stage 3: Lifetime ECL – credit-impaired (Continued)

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

On that basis, the loss allowance as at 31 December 2018 was determined as follows for loans to customers of financing services business.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 應收貸款及利息(續)

第3階段：全期預期信貸虧損－信貸減值(續)
預期信貸虧損之金額乃計量為按原實際利率貼現之金融資產預計年內所有現金不足額之可能性加權現值。現金不足額為結欠本集團之所有合約現金流量與本集團預期將收取之所有現金流量之差額。虧損金額使用呆賬撥備確認。

倘於往後期間，信貸質素改善及撥回早前所評估自產生以來顯著增加之信貸風險，則將呆賬減值撥備由全期預期信貸虧損恢復為十二個月預期信貸虧損。

按此基準，已對貸款予融資服務業務之客戶釐定於二零一八年十二月三十一日之虧損撥備如下。

| | | 2018 二零一八年 | | | 2017 二零一七年 | |
|-------------------------|--------------|---|---|--|------------------|------------------|
| | | Stage 1 Low credit risk (12 month ECL) 第1階段 低風險 (十二個月 預期信貸虧損) | Stage 2 not credit- impaired (Lifetime ECL) 第2階段 無信貸減值 (全期預期 信貸虧損) | Stage 3 credit- impaired (Lifetime ECL) 第3階段 信貸減值 (全期預期 信貸虧損) | Total 總計 | Total 總計 |
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| 31 December 2018 | 二零一八年十二月三十一日 | | | | | |
| Gross carrying amount | 賬面總值 | 1,249,211 | 262,385 | 41,230 | 1,552,826 | 1,632,113 |
| Expected loss allowance | 預期虧損撥備 | (27,981) | (35,352) | (41,230) | (104,563) | (77,250) |
| Expected loss rate | 預期虧損率 | 2.2% | 13.5% | 100% | 6.7% | 4.7% |

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Loans and interest receivables (Continued)

During the year, the loss allowances was increased by RMB20,494,000 after the adoption of HKFRS 9. The change would have been a decrease of RMB1,350,000 under the incurred loss model of HKAS 39.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Previous accounting policy for impairment of trade receivables

Impairment and provisioning policies

Individual assessment

All loan receivables are individually reviewed for objective evidence of impairment and classified based on a five-tier classification system. Loans that are classified as substandard, doubtful or loss are assessed individually for impairment.

If there is objective evidence that an impairment loss on a loan or receivables has been incurred on an individual basis, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the counterparty's business plan;
- The borrower's ability to improve performance once a financial difficulty has arisen;
- Projected receipts and the expected pay out should bankruptcy ensure;

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

(ii) 應收貸款及利息(續)

年內，於採納香港財務報告準則第9號後，虧損撥備增加人民幣20,494,000元。根據香港會計準則第39號之已產生虧損模式，有關變動為減少人民幣1,350,000元。

金融資產虧損撥備基於對違約風險及預期虧損率之假設。本集團根據本集團過往歷史、現有市場狀況以及於各報告期末之前瞻性估計，於作出該等假設及選擇減值計算之輸入數據時使用判斷。

應收賬款減值之過往會計政策

減值及撥備政策

個別評估

所有應收貸款就減值之客觀證據進行個別審閱，並根據五級分類系統進行分類。分為次級類、可疑類或損失類之貸款個別進行減值評估。

倘有客觀證據顯示，按個別基準產生之貸款或應收款項產生減值虧損，則虧損金額按資產賬面值與估計未來現金流量以資產原有實際利率貼現之現值兩者之差額計量。減值虧損撥備於賬面值中扣減。減值虧損於損益確認。按個別基準釐定撥備時考慮之因素如下：

- 對手方業務計劃之可持續性；
- 借款人在發生財務困難時改善業績之能力；
- 預計收款及於破產時之預期分派；

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment and provisioning policies (Continued)

Individual assessment (Continued)

- The availability of other financial support and the realizable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, discrete event that caused the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of the reporting period, unless unforeseen circumstances require more careful attention.

Collective assessment

Loans and receivables which are assessed collectively for impairment include individually assessed loans and receivables with no objective evidence of impairment on an individual basis, and homogeneous groups of loans and receivables which are not considered individually significant and not assessed individually. Loans and receivables are grouped for similar credit risk characteristics for collective assessment. The objective evidence of impairment mainly includes that, though it is unable to identify the decrease of cash flow of each individual asset, after collective assessment based on observable data, there is observable evidence indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

Collateral and other credit enhancements

The amount and type of collateral required depends on the assessment of the credit risk of the counterparty.

Guidelines are in place covering the acceptability and valuation of each type of collateral.

The collateral obtained by the Group mainly consists of mortgages on land use rights, building ownership rights or equipment and pledge on shares. All collateral is registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of the collateral regularly.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

減值及撥備政策(續)

個別評估(續)

- 可取得之其他財務援助及抵押品之可變現價值；及
- 預期現金流量時間。

可能無法確定導致減值之單一分散事件，惟可透過若干事件所產生之綜合影響確定減值。除非出現須更審慎關注之不可預見情況，否則會在報告期末評估減值虧損。

共同評估

按共同基準進行減值評估之貸款及應收款項包括按個別基準進行評估且於個別評估時並無客觀減值證據之貸款及應收款項，以及被視為個別並不重大且未有進行個別評估之同類貸款及應收款項組別。貸款及應收款項按相若信貸風險特徵分組，以進行共同評估。減值之客觀證據主要包括，儘管未能識別各項個別資產之現金流量減少，但根據可觀察數據進行共同評估後，有可觀察證據顯示自初步確認該等資產後，某一組金融資產之估計未來現金流量出現可計量下降。

抵押品及其他信用增強

所需抵押品之金額及類型取決於對手方之信貸風險評估。

已制訂之指引涵蓋各類抵押品之可接受程度及估值。

本集團所取得之抵押品主要包括土地使用權、房產所有權或設備抵押及股權質押。所有抵押品均須按照相關法律及法規辦理登記。信貸人員定期檢查抵押品，並評估抵押品價值變化。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment and provisioning policies (Continued)

Collateral and other credit enhancements (Continued)

Although collateral can mitigate credit risk to a certain extent, the Group mostly grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flows, instead of the value of collateral. The necessity of collateral is dependent on the nature of the loan.

In the event of default, the Company might sell the collateral for repayment. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Please refer to note 21 for individually assessed and collectively assessed impairment allowances arising from unsecured, guaranteed loans and unsecured loans.

Other credit risk

Credit risk also arises from cash and cash equivalents and restricted bank deposit, as well as credit exposures to trade and other receivables. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets. To manage this risk, deposits are mainly placed with state-owned financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The finance department has policies in place to monitor the exposures to these credit risks on an on-going basis.

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

減值及撥備政策(續)

抵押品及其他信用增強(續)

雖然抵押品可在一定程度上降低信用風險，惟本集團授出貸款之基礎主要為評估借款人以現金流量履行責任之能力，而非抵押品之價值。是否需要抵押品視乎貸款性質而定。

在違約事件中，本公司或會出售抵押品還款。管理層會監察抵押品之市值，並將根據相關協議要求額外抵押品。

有關來自無抵押、有擔保貸款及無抵押貸款之按個別評估及共同評估之減值撥備，請參閱附註21。

其他信貸風險

信貸風險亦來自現金及現金等值物及受限制銀行存款，以及應收賬款及其他應收款項之信貸風險。該等金融資產各級別之賬面值指本集團所承受有關金融資產相應級別之最大信貸風險。為管理該風險，存款主要存於中國國有金融機構及國外有信譽之國際金融機構。近期並無有關該等金融機構之拖欠記錄。財務部已制訂政策，以持續監察所面臨之該等信貸風險。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Other credit risk (Continued)

No significant credit risk was identified for sales of goods through B2B trading platform as receipts in advance are required before the relevant goods are delivered. The Group has put in place policies to ensure that provision of services is made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Provisions are made for past due balances when management considers the loss from the customers is likely. The Group's historical experience in collection of receivables falls within the recorded allowances.

For balance with related companies and loan to a third party and the employees, management assesses the recoverability of the balances taking into account the history of default of these companies and the employees, and their financial performance.

The table below shows the cash and cash equivalents and restricted bank deposit held by different type of financial institutions at consolidated statement of financial position date.

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---------------------------------|-----------|-----------------------------------|-----------------------------------|
| Restricted bank deposit | 受限制銀行存款 | 276,003 | — |
| Cash at banks and bank deposits | 銀行現金及銀行存款 | | |
| Listed financial institutions | 上市金融機構 | 418,310 | 273,369 |
| Unlisted financial institutions | 非上市金融機構 | 53,165 | 128,366 |
| Cash on hand | 庫存現金 | 197 | 183 |
| Total | 總計 | 747,675 | 401,918 |

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信貸風險(續)

其他信貸風險(續)

在於相關貨物交付前提前收款之要求下，並無確定透過B2B貿易平台銷售貨物之重大信貸風險。本集團已採取政策確保向具良好信貸記錄之客戶提供服務，而本集團亦對其客戶進行定期信用評估。當管理層認為很可能因客戶而產生損失，會就逾期結餘作出撥備。本集團過往收回應收款項並無超出入賬撥備。

就與關聯公司之結餘及向第三方及僱員作出之貸款而言，管理層經計及該等公司及僱員之拖欠記錄及財務表現評估結餘之可收回程度。

下表顯示由不同金融機構於合併財務狀況表日期所持現金及現金等值物及受限制銀行存款。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining sufficient cash from operating activities.

As at 31 December 2018, the cash and cash equivalents of the Group approximated RMB471,672,000 (2017: RMB401,918,000).

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險

由於相關業務之多變性質，本集團透過在經營業務中維持足夠現金以維持資金靈活性。

於二零一八年十二月三十一日，本集團現金及現金等值物約為人民幣471,672,000元(二零一七年：人民幣401,918,000元)。

| | | Less than 1 year 1年內 RMB'000 人民幣千元 | Between 1 and 2 years 1至2年 RMB'000 人民幣千元 | Between 2 and 5 years 2至5年 RMB'000 人民幣千元 | Over 5 years 5年以上 RMB'000 人民幣千元 | Total 總額 RMB'000 人民幣千元 |
|--|---------------|--|--|--|---|---------------------------------|
| At 31 December 2018 | 於二零一八年十二月三十一日 | | | | | |
| Trade payables | 應付賬款 | 94,922 | - | - | - | 94,922 |
| Accrued expenses and other payables | 應計費用及其他應付款項 | 282,652 | - | - | - | 282,652 |
| Borrowings | 借貸 | 1,507,520 | 668,232 | 143,523 | - | 2,319,275 |
| Convertible bonds – liabilities proportion | 可換股債券－負債部分 | 46,593 | - | 88,565 | - | 135,158 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | | |
| Trade payables | 應付賬款 | 19,482 | - | - | - | 19,482 |
| Accrued expenses and other payables | 應計費用及其他應付款項 | 219,864 | - | - | - | 219,864 |
| Borrowings | 借貸 | 593,539 | 905,801 | 165,597 | - | 1,664,937 |
| Convertible bonds – liabilities proportion | 可換股債券－負債部分 | 2,157 | 45,290 | - | - | 47,447 |

The table above summarises the maturity analysis shows the cash outflow based on the earliest date in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The amounts include interest payments computed using contractual rates.

上表概述到期分析，該分析乃根據本集團須支付之最早日期(即倘貸款人援引其無條件權利以即時收回貸款)顯示現金流出。該等金額包括按合約利率計算之利息還款。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties as the directors consider the likelihood of default in payments by the purchasers is minimal. As at 31 December 2018, there is RMB51,041,000 outstanding guarantees for mortgages (2017: RMB287,763,000).

Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Management monitors the Group's liquidity through cash flow projections covering a period of twelve months on a rolling basis. Based on the cash flow projection, taking into account the reasonably possible changes in the operational performance and the continuous availability of banking facilities, management considers that there will be sufficient financial resources in the coming twelve months to meet its financial obligations as and when they fall due.

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

上表不包括給予銀行作授予本集團物業之若干買家之按揭融資之擔保金額，乃由於董事認為買家拖欠付款之可能性很低。於二零一八年十二月三十一日，按揭之未償還擔保金額為人民幣51,041,000元(二零一七年：人民幣287,763,000元)。

有關擔保於下列日期較早者終止：
(i)發行一般可於完成擔保登記後平均一至兩年期取得之房地產權益權證；或(ii)物業買家悉數償還按揭貸款。

管理層透過涵蓋十二個月期間之現金流量預測以滾動方式監察本集團之流動資金。根據現金流量預測，經考慮營運表現及持續可用之銀行融資之合理可能變動，管理層認為，於未來十二個月將有充足財務資源，以於其財務責任到期時履行。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including convertible bonds) less cash and cash equivalents (including restricted bank deposits). Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. Accordingly, the gearing ratios at 31 December 2018 and 2017 were as follows:

3 財務風險管理(續)

3.2 資本風險管理

本集團管理資金之目的為保障本集團持續經營之能力，為股東帶來回報，同時為其他持份者帶來利益，並維持最佳資本結構以減低資本成本。

為維持或調整資本結構，本集團可能會調整派付予股東之股息金額、向股東退還資本、發行新股份或出售資產以減低債務。

本集團根據資本負債比率監察其資本。該比率按淨債務除以總資本計算。淨債務之計算方法為將總借貸(包括可換股債券)減現金及現金等值物(包括受限制銀行存款)。總資本之計算方法為將「權益」(於合併財務狀況表列示)加淨債務。因此，於二零一八年及二零一七年十二月三十一日之資本負債比率如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-----------------------------|-----------------------------------|-----------------------------------|
| Bank borrowings (note 36) | 銀行借貸(附註36) | 1,228,244 | 1,106,213 |
| Other borrowings (note 36) | 其他借貸(附註36) | 899,094 | 390,917 |
| Convertible bonds – liabilities portion (note 37) | 可換股債券－負債部分(附註37) | 127,562 | 41,387 |
| Less: cash and cash equivalents (including restricted bank deposit) (note 29) | 減：現金及現金等值物(包括受限制銀行存款)(附註29) | (747,675) | (401,918) |
| Net debt | 淨債務 | 1,507,225 | 1,136,599 |
| Total equity | 總權益 | 5,221,624 | 4,457,129 |
| Total capital | 總資本 | 6,728,849 | 5,593,728 |
| Gearing ratio | 資本負債比率 | 22% | 20% |

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents and restricted bank deposit, trade and other receivables, contract assets, finance lease receivable, trade payables, accruals and other payables, contract liabilities, borrowings and finance lease obligation and amount due from a related company, approximate their fair values due to their short maturities.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2018 and 2017 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are at fair value at 31 December 2018 and 2017.

3 財務風險管理(續)

3.3 公平值估計

本集團之金融資產及負債包括現金及現金等值物及受限制銀行存款、應收賬款及其他應收款項、合約資產、融資租賃應收款項、應付賬款、應計費用及其他應付款項、合約負債、借貸及融資租賃負債以及應收關聯公司款項，由於該等金融資產及負債在短期內到期，故其賬面值與公平值相若。

下表按用於計量公平值之估值方法所用輸入數據之層級，分析於二零一八年及二零一七年十二月三十一日本集團按公平值列賬之金融工具。有關輸入數據分類為公平值架構內之下列三個層級：

- 相同資產或負債在活躍市場之報價（未經調整）（第一級）。
- 資產或負債中可直接（即例如價格）或間接（即自價格引伸）觀察之輸入數據，不包括第一級內之報價（第二級）。
- 資產或負債中並非依據可觀察市場數據輸入（即不可觀察輸入數據）（第三級）。

下表呈列本集團於二零一八年及二零一七年十二月三十一日按公平值計量之金融資產及負債。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3 財務風險管理(續)

3.3 Fair value estimation (Continued)

3.3 公平值估計(續)

| | | Level 1 第一級 RMB\$'000 人民幣千元 | Level 2 第二級 RMB\$'000 人民幣千元 | Level 3 第三級 RMB\$'000 人民幣千元 | Total 總額 RMB\$'000 人民幣千元 |
|---|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| At 31 December 2017 | 於二零一七年 十二月三十一日 | | | | |
| Assets | 資產 | | | | |
| Available-for-sale financial assets | 可供出售金融資產 | 39,500 | — | 528,960 | 568,460 |
| Financial assets at fair value through profit or loss | 按公平值計入損益之金融資產 | 169,921 | — | 2,100 | 172,021 |
| | | 209,421 | — | 531,060 | 740,481 |
| Liabilities | 負債 | | | | |
| Financial liabilities at fair value through profit or loss | 按公平值計入損益之金融負債 | — | — | 169,000 | 169,000 |
| | | — | — | 169,000 | 169,000 |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | | | | |
| Assets | 資產 | | | | |
| Financial assets at fair value through other comprehensive income | 按公平值計入其他全面收入之金融資產 | 62,647 | — | 32,600 | 95,247 |
| Financial assets at fair value through profit or loss | 按公平值計入損益之金融資產 | — | — | 17,498 | 17,498 |
| | | 62,647 | — | 50,098 | 112,745 |
| Liabilities | 負債 | | | | |
| Financial liabilities at fair value through profit or loss | 按公平值計入損益之金融負債 | — | — | — | — |
| | | — | — | — | — |

There were no transfers between Level 1 and 3 and no other changes in valuation techniques during the year.

年內，第一級與第三級之間並無轉移，估值方法亦無其他變化。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quote market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, price services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(b) Financial instruments in level 3

The following table represents the changes in level 3 instruments for the year ended 31 December 2018.

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第一級之金融工具

在活躍市場買賣之金融工具公平值根據合併財務狀況表日期之市場報價計算。當可即時及定期從證券交易所、經銷商、經紀、業內人士、報價服務或者監管代理取得報價，而有關報價代表按公平交易基準進行之實際與常規市場交易時，該市場被視為活躍市場。

(b) 第三級之金融工具

下表呈列截至二零一八年十二月三十一日止年度第三級工具之變動。

| | | Financial assets | | | |
|--|----------------------|--|---|---|---|
| | | Financial assets at fair value through profit or loss (note ii) 按公平值 計入損益之 金融資產 (附註ii) RMB'000 人民幣千元 | at fair value through other comprehensive income (note i) 按公平值計入 其他全面收入 之金融資產 (附註i) RMB'000 人民幣千元 | Financial liabilities at fair value through profit or loss 按公平值 計入損益之 金融負債 RMB'000 人民幣千元 | Available-for- sale financial assets 可供出售 金融資產 RMB'000 人民幣千元 |
| As at 1 January 2018 | 於二零一八年一月一日 | 2,100 | - | (169,000) | 528,960 |
| Effect on adoption of HKFRS 9 | 採納香港財務報告準則 第9號之影響 | 494,425 | 34,535 | - | (528,960) |
| Additions | 添置 | 3,500 | - | - | - |
| Transferred to investment in associates | 轉移至於聯營公司投資 | (541,000) | - | - | - |
| Issuance of shares in related to contingent consideration arrangement | 就或然代價安排發行股份 | 3,040 | - | - | - |
| Cancellation of contingent consideration arrangement | 取消或然代價安排 | - | - | 165,626 | - |
| Fair value changes credited to consolidated statement of comprehensive income | 於合併綜合收益表計入 之公平值 | 84,183 | - | 3,374 | - |
| Fair value changes credited to other comprehensive income | 於其他全面收入計入 之公平值 | - | (1,935) | - | - |
| Disposal | 出售 | (28,750) | - | - | - |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | 17,498 | 32,600 | - | - |

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Financial instruments in level 3 (Continued)

The following table represents the changes in level 3 instruments for the year ended 31 December 2017.

| | | Financial assets at fair value through profit or loss (note ii) 按公平值 計入損益之 金融資產 (附註ii) RMB'000 人民幣千元 | Financial assets at fair value through other comprehensive income (note i) 按公平值計入 其他全面收入 之金融資產 (附註i) RMB'000 人民幣千元 | Financial liabilities at fair value through profit or loss 按公平值 計入損益之 金融負債 (附註i) RMB'000 人民幣千元 | Available-for- sale financial assets 可供出售 金融資產 RMB'000 人民幣千元 |
|---|-------------------------|--|---|--|---|
| As at 1 January 2017 | 於二零一七年一月一日 | 4,600 | – | (41,500) | 484,071 |
| Additions | 添置 | – | – | – | 18,900 |
| Acquisition of subsidiaries | 收購附屬公司 | – | – | (182,200) | – |
| Issuance of shares in related to contingent consideration arrangement | 就或然代價安排發行股份 | – | – | 24,686 | – |
| Fair value changes (charged)/credited to consolidated statement of comprehensive income | 於合併綜合收益表(扣除)/ 計入之公平值 | (2,075) | – | 18,472 | – |
| Fair value changes credited to other comprehensive income | 於其他全面收入計入之 公平值 | – | – | – | 25,989 |
| Currency translation differences | 貨幣匯兌差異 | (425) | – | 11,542 | – |
| As at 31 December 2017 | 於二零一七年十二月三十一日 | 2,100 | – | (169,000) | 528,960 |

The Group's finance department includes a team that performs the valuation of financial asset required for financial reporting purposes, including Level 3 fair values. This team report directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussion of valuation processes and results are held between the CFO, AC and the valuation team at least once before the reporting date of every quarter, in line with the Group's quarterly reporting dates.

本集團財務部設有一支團隊，負責就財務報告目的進行所需之金融資產(包括第三級之公平值)估值。該團隊直接向首席財務官(首席財務官)及審核委員會(審核委員會)匯報。為符合本集團之季度報告日期，首席財務官、審核委員會與估值團隊至少每季報告日期前就估值程序及結果進行討論。

3 財務風險管理(續)

3.3 公平值估計(續)

(b) 第三級之金融工具(續)

下表呈列截至二零一七年十二月三十一日止年度第三級工具之變動。

Notes to the Consolidated Financial Statements

合併財務報表附註

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(b) Financial instruments in level 3 (Continued)

- i) For the financial assets at fair value through other comprehensive income, the Group estimates the fair value based on the latest unit selling price of the financial assets on an arm's length basis and the market data of comparable companies.
- ii) The fair value of the financial assets through profit or loss, which include contingent consideration arrangement related to the acquisition of Zale Inc. and Huijia Yuantian Limited. (refer to note 25(a)), was estimated by applying income approach which considers the probability that companies could achieve the performance target and the market prices of the consideration share at the valuation date. The key unobservable assumptions in calculating this contingent consideration are:

| | Zale Inc. | Huijia Yuantian Limited 慧嘉元天有限公司 | |
|--|---|---|---|
| | 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 | 31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元 | 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 |
| Risk-free rate | 0.66% | 1.63% | 1.49% |
| Probabilities to achieve the performance target | 90% | 80% | 90% |

The investment in Jingu was classified as financial assets at fair value through profit or loss until it is reclassified as "investment in associate company", the Group estimates the fair value based on the price to book ratio of comparable companies in the industry and discount for lack of marketability.

於金谷之投資分類為按公平值計入損益之金融資產，直至其重新分類為「於聯營公司之投資」，本集團根據業內可比公司之市賬率及缺乏市場流通性貼現估計公平值。

3 財務風險管理(續)

3.3 公平值估計(續)

(b) 第三級之金融工具(續)

- i) 就按公平值計入其他全面收入之金融資產而言，本集團按公平基準根據金融資產之最新單位售價及可資比較公司之市場數據估計公平值。
- ii) 計入損益之金融資產公平值包括與收購Zale Inc.及慧嘉元天有限公司有關之或然代價安排(請參閱附註25(a))，該公平值以收入法估計，考慮到公司達成履約目標之可能性及代價股份於估值日期之市價。計算該或然代價之主要不可觀察假設為：

Notes to the Consolidated Financial Statements

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group tests annually whether goodwill have suffered any impairment, in accordance with the accounting policy stated in note 2.12. The recoverable amounts of cash-generating units have been determined based on the higher of value – in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

4 重要會計估計及判斷

估計及假設乃基於過往經驗及其他因素而持續進行評估，當中包括按情況對日後事件作出相信屬合理之預測。

4.1 重要會計估計及假設

本集團就未來作出估計及假設。所得會計估計按定義甚少與有關實際結果相同。下文將討論存在重大風險可導致下個財政年度之資產及負債賬面值造成重大調整之估計及假設。

(a) 商譽減值

本集團每年根據附註2.12所述會計政策對商譽進行減值測試。現金產生單位之可收回金額根據使用價值計算或公平值減出售成本的較高者釐定。該等計算方法需要使用判斷及估計。資產減值範圍需要由管理層作出判斷，特別是評估：(i)是否發生可能顯示相關資產價值可能無法收回之事件；(ii)一項資產之賬面值是否可由可收回金額（即公平值減出售成本及根據於業務中持續使用資產估計之未來現金流量現淨值，以較高者為準）支持；及(iii)應用於編製現金流量預測之適用重要假設，包括該等現金流量預測是否按適用比率折讓。改變管理層於評估減值時所選擇之假設（包括現金流量預測之貼現率或增長率假設）可能對減值測試所用之現淨值造成重大影響，繼而影響本集團之財務狀況及經營業績。

Notes to the Consolidated Financial Statements

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(b) *Revenue from trading of goods through its B2B trading platforms*

Determining whether the Group is acting as a principal or as an agent in the sales of goods on the Group's platform requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers, individually or in combination whether the Group is primarily responsible for fulfilment the contract, is subject to the inventory risk, has discretion to establish prices. Having considered the relevant facts and circumstances, management considers that the Group obtains control of those goods sold through the platforms before the goods are transferred to the customers. Accordingly, the Group is acting as a principal for the direct sales and the related revenue is presented on a gross basis.

(c) *Useful lives of intangible assets*

Significant judgement is exercised in the assessment of the useful lives of the intangible assets. In making its judgement, management considers a wide range of factors such as the attrition rates and obsolescence rates.

(d) *Impairment of non-financial assets*

At each date of consolidated statement of financial position, the Group reviews internal and external sources of information to identify indications that the interests in associates which are significant to the Group may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

4 重要會計估計及判斷(續)

4.1 重要會計估計及假設(續)

(b) *通過B2B交易平台交易貨品之收入*

於確定本集團是否作為本集團平台銷售貨品之主事人或代理人時，需要對所有相關事實及情況作出判斷及考慮。在評估本集團是作為主事人或代理人時，本集團會個別或合併考慮本集團是否主要負責履行合約、是否存在存貨風險或可酌情定價。經考慮有關事實及情況後，管理層認為，本集團在貨品轉移至客戶前取得通過平台銷售之該等貨品之控制權。因此，本集團作為直接銷售主事人，其相關收入按總額基準呈列。

(c) *無形資產之可使用年期*

於評估無形資產之可使用年期時須作出重大判斷。管理層作出判斷時會考慮一系列因素，如流失率及過時率。

(d) *非金融資產減值*

於各合併財務狀況表日期，本集團審閱內部及外部資料來源，以辨識對本集團而言屬重大之聯營公司權益可能減值或過往確認之減值虧損不再存在或可能已減低之跡象。倘出現任何有關跡象，將估計資產之可收回金額。當一項資產之賬面值超出其可收回金額時，則會於合併綜合收益表確認減值虧損。

Notes to the Consolidated Financial Statements

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(d) Impairment of non-financial assets (Continued)

The sources utilised to identify indications of impairment are often subjective in nature and the Group is required to use judgement in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given reporting date. If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable amount, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or the Group may engage external advisors to counsel the Group in making this assessment. Regardless of the resources utilised, the Group is required to make many assumptions to make this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of any asset.

(e) Provision of impairment of loans and interest receivables

Significant judgement is exercised in the assessment of the collectability of loans and interest receivables from each counter party. In making its judgement, management considers a wide range of factors such as results of following – up procedures performed by customer relationship personnel, counter parties' payment record, creditability, nature of loans, underlying security and subsequent settlements.

4 重要會計估計及判斷(續)

4.1 重要會計估計及假設(續)

(d) 非金融資產減值(續)

用於辨識減值跡象之來源通常屬主觀性質，本集團將該等資料應用於業務時須作出判斷。本集團對此資料之詮釋是否於任何特定報告日期進行減值評估具有直接影響。倘辨識到減值跡象，該等關資料須由本集團進一步估計可收回金額（即資產公平值減出售成本或其使用減值，以較高者為準）。視乎本集團對所審閱資產之整體重要性及產生可收回金額合理估計之複雜性評估，本集團可能利用內部資源進行有關評估或委聘外部顧問為本集團評估時提供諮詢。不論來源是否已動用，本集團須為此估值作出大量假設，包括有關資產之使用、將予產生之現金流量、適用之市場貼現率及預測市場及監管情況。任何該等假設之變動應對未來任何資產之估計可收回金額造成重大變動。

(e) 就應收貸款及利息減值計提撥備

於評估應收各對手方貸款及利息之可收回性時行使重大判斷。管理層於判斷時，會考慮一系列因素，如客戶關係人員進行跟進程序之結果、對手方還款記錄、信譽度、貸款性質、相關擔保及後續付款。

Notes to the Consolidated Financial Statements

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued) 4 重要會計估計及判斷(續)

4.1 Critical accounting estimates and assumptions (Continued)

(f) *Share-based payment*

Significant judgement is exercised in the assessment of the fair value of the share-based payments. In making its judgement, management considers a wide range of factors such as the share price of the Group and the expected vesting number of share options.

(g) *Taxes*

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the provision for various kinds of taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the consolidated statement of comprehensive income in the period in which such determination is made.

(h) *Fair value of contingent consideration*

The fair value of financial assets and liabilities through profit or loss, were determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions, including the discount rates and fair value of the Company's shares, which are mainly based on market conditions existing at the end of each reporting period. Changes in assumption used could materially affect the fair value of these balances and as a result affect the Group's financial condition and results of operation.

(i) *Fair value of intangible assets and goodwill*

The Group had completed 4 business combinations during the year and intangible assets and goodwill amounting to RMB173,000,000 and RMB507,154,000, respectively were resulted from these acquisitions. The fair value of intangible assets and the purchase price allocation were supported by valuation performed by an independent professional valuer, the Group use judgement in making the assumption on key estimates including revenue growth, gross profit margin, useful life of the intangible assets and discount rate based on the Group's past history, existing market condition and forward looking estimates.

4.1 重要會計估計及假設(續)

(f) *以股份為基礎之付款*

於評估以股份為基礎之付款公平值時需要行使重大判斷，管理層於作出判斷時，會考慮一系列因素，如本集團之股價及購股權之預期歸屬數目。

(g) *稅項*

本集團需要在多個司法權區繳納稅項。本集團釐定各種稅項撥備時需要作出重大判斷。未能確定最終稅款之交易及計算眾多。本集團根據額外稅款是否將會到期之估計，確認預期稅務審計事宜負債。如此等事件之最終稅務結果與初步入賬金額不同，有關差額將影響作出此等釐定期間之合併綜合收益表。

(h) *或然代價之公平值*

計入損益之金融資產及負債公平值通過使用估值技術釐定。本集團運用其判斷選擇多種方法及作出假設，包括本公司股份之貼現率及公平值，乃主要根據各報告期末存在之市況為基礎。所採用之假設如有變動，均會對該等結餘之公平值造成重大影響，並因而影響本集團之財務狀況及經營業績。

(i) *無形資產及商譽之公平值*

年內，本集團已完成4項業務合併有關收購導致無形資產及商譽分別人民幣173,000,000元及人民幣507,154,000元。無形資產之公平值及交易買價分配由一名獨立專業估值師進行之估值支持，本集團於根據本集團過往歷史、現有市場狀況及前瞻性估計對關鍵估計(包括銷售收入增長、毛利率、無形資產之可使用年期及貼現率)進行假設時使用判斷。

Notes to the Consolidated Financial Statements

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(j) Fair value of non-listed financial assets

The investment in Jingu is classified as FVPL before its reclassification to associate on 27 June 2018 and recognised a gain on fair value changed amounting to RMB94,000,000. The valuation was prepared by independent and professional qualified valuer. The Group uses judgement in selecting the market comparables to determine the price to book ratio of the industry and discount for lack of marketability.

4.2 Critical judgement in applying the Group's accounting policies

(a) Existence of significant influence

On 27 June 2018, Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited ("Jingu") obtained the approval from China Banking Regulatory Commission in relation to the change of the composition of the board of director. Upon the completion, the Group would have the right to appoint one director to the board and participates in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over Jingu, even though it only holds 9.8% of the voting rights.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4 重要會計估計及判斷(續)

4.1 重要會計估計及假設(續)

(j) 非上市金融資產之公平值

於金谷之投資於其在二零一八年六月二十七日重新分類為聯營公司前分類為按公平值計入損益，並確認公平值變動收益人民幣94,000,000元。估值由獨立專業合資格估值師編製。本集團於甄選可比較公司以釐定業內市賬率及缺乏市場流通性貼現時使用判斷。

4.2 應用本集團會計政策之重要判斷

(a) 存在重大影響

於二零一八年六月二十七日，內蒙古呼和浩特金谷農村商業銀行股份有限公司(「金谷」)獲中國銀行業監督管理委員會批准變更董事會之組成。完成後，本集團將有權向董事會委任一名董事，並參與所有重大財務及經營決策。因此，本集團認為，即使其只擁有9.8%之投票權，其仍對金谷具有重大影響力。

(b) 金融資產減值

金融資產的虧損撥備基於對違約風險及預期虧損率的假設。本集團根據集團過往歷史、現有市場狀況以及於各報告期末前瞻性估計，於作出該等假設及選擇減值計算之輸入數據時使用判斷。

Notes to the Consolidated Financial Statements

合併財務報表附註

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Critical judgement in applying the Group's accounting policies (Continued)

(c) Fair value of sale and lease back properties

The Group had started the pre-sale of the O2O business exhibition centre in the PRC to third parties through its indirectly owned subsidiary, Guangdong Huicong Household Appliances City Investment Co., Ltd.* (“廣東慧聰家電城投資有限公司”) since 2014.

Some of the properties sale transactions were subject to sale and lease back arrangement, in which the properties buyers entered into sale contracts with Guangdong Huicong Household Appliances City Investment Co., Ltd. and non – cancellable lease back agreements with Foshan Huiconghui E-business Co., Ltd* (“佛山市慧從匯電子商務有限公司”), another indirectly owned subsidiary of the Group. Pursuant to the lease back agreement, the buyers would lease back the units purchased to the Group in 20 years terms. At consolidation level, the above contracts involved the sale and lease back of same assets form a sale and finance lease back transaction.

The Group has completed the handover of certain units which under the sale and lease back transaction and recognised the revenue in prior year. The excess amount between the contracted selling price and the fair value at the date of sale has been deferred in accordance with the accounting policy stated in note 2.34.

The Group assesses the fair value of these properties based on valuations prepared by independent and professional qualified valuer. The fair value is determined by reference to current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts) with adjustments to reflect any changes in market and economic conditions; and discounted cash flow projections based on reliable estimates of future cash flows of current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

4 重要會計估計及判斷(續)

4.2 應用本集團會計政策之重要判斷(續)

(c) 銷售及租回物業之公平值

自二零一四年起，本集團已開始透過其間接附屬公司廣東慧聰家電城投資有限公司(「廣東慧聰家電城投資有限公司」)向第三方預售於中國之O2O商業展覽中心。

若干物業銷售交易須遵守銷售及租回安排，當中物業買家與廣東慧聰家電城投資有限公司訂立銷售合約及與本集團另一間間接附屬公司佛山市慧從匯電子商務有限公司(「佛山市慧從匯電子商務有限公司」)訂立不可註銷之租回協議。根據租回協議，買家將於20年年期內向本集團租回已購買之單位。於合併層面而言，上述涉及銷售及租回相同資產之合約構成銷售及融資租賃租回交易。

於上一年度，本集團已完成銷售及租回交易項下若干單位的交接。銷售日期之合約售價與公平值間之超額已根據附註2.34所述會計政策遞延。

本集團根據獨立專業合資格估值師編製之估值法評估該等物業之公平值。公平值經參考不同性質、狀況或地點(或按不同租約或其他合約)物業之活躍市場當前價格(經調整以反映市場及經濟狀況之任何變動)；及根據相同地點及狀況之類似物業目前市場租金之可靠未來現金流量估計作出之貼現現金流量預測，並使用反映現金流量金額及時間不確定性之目前市場評估之貼現率釐定。

Notes to the Consolidated Financial Statements

合併財務報表附註

5 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the Executive Directors. The Executive Directors review the Group's internal report in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

During the year, the Group adjusted its organisation structure into four business sectors, namely (i) Technology-driven new retail segment, (ii) Smart industries segment, (iii) Platform and corporate services segment, and (iv) O2O business exhibition centre segment.

The Executive Directors assess the performance of the operating segments based on a measure of profit/(loss) before income tax. This measurement basis excludes the effects of non-recurring expenditure from operating segments.

As at 31 December 2018, the Group is organised into the following business segments:

- (i) Technology-driven new retail segment, which mainly integrated offline and online retail of electronics products by leveraging big data and mobile internet technology, and provision of online services through "zol.com.cn".
- (ii) Smart industries segment, which mainly include B2B trading platform and the anti-counterfeiting products and services, and supply chain management.
- (iii) Platform and corporate services segment, which mainly include the online services provided through "hc360.com", advance marketing services utilising the digital big data and tools, and provision of financing and other services.
- (iv) O2O business exhibition centre segment, which mainly include sales of properties and provision of properties rental and management services.

5 分部資料

主要經營決策制定者(「主要經營決策制定者」)被認為執行董事。執行董事審閱本集團之內部報告，以評估表現並分配資源。管理層已根據該等報告釐定經營分部。

於本年度，本集團將其組織架構調整為四大業務板塊，即(i)科技新零售事業群；(ii)智慧產業事業群；(iii)平台及企業服務事業群；及(iv)O2O商業展覽中心事業群。

執行董事根據除所得稅前溢利／(虧損)計量評估經營分部表現。是項計量基準撇除經營分部之非經常支出影響。

於二零一八年十二月三十一日，本集團可分為下列業務板塊：

- (i) 科技新零售事業群，主要透過利用大數據及移動互聯網技術整合電子產品之線下及線上零售，並透過網站「zol.com.cn」提供互聯網服務。
- (ii) 智慧產業事業群，主要包括B2B交易平台及防偽產品及服務，以及供應鏈管理。
- (iii) 平台及企業服務事業群，主要包括透過網站「hc360.com」提供互聯網服務、透過大數據和數據化提升營銷服務，以及提供金融及其他服務。
- (iv) O2O商業展覽中心事業群，主要包括物業銷售以及提供物業租賃及管理服務。

Notes to the Consolidated Financial Statements

合併財務報表附註

5 SEGMENT INFORMATION (Continued)

There were no sales or other transactions between the business segments for the year ended 31 December 2018.

5 分部資料(續)

截至二零一八年十二月三十一日止年度，各業務板塊之間並無銷售或其他交易。

| | | Year ended 31 December 2018 截至二零一八年十二月三十一日止年度 | | | | |
|---|-------------------------|--|---|--|---|---------------------------------|
| | | Technology-driven new retail segment 科技新零售 事業群 RMB'000 人民幣千元 | Smart industries segment 智慧產業 事業群 RMB'000 人民幣千元 | Platform and corporate services segment 平台及企業 服務事業群 RMB'000 人民幣千元 | O2O business exhibition centre segment O2O商業展覽 中心事業群 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Revenue under HKFRS 15 | 根據香港財務報告準則 第15號之銷售收入 | 557,875 | 9,211,537 | 591,870 | 86,136 | 10,447,418 |
| Revenue under another accounting standard: | 於另一會計準則項下 之收入： | | | | | |
| Interest income from financing services | 金融服務所得利息收入 | – | – | 135,693 | – | 135,693 |
| Total revenue | 總銷售收入 | 557,875 | 9,211,537 | 727,563 | 86,136 | 10,583,111 |
| Segment results | 分部業績 | 62,697 | 3,383 | 67,584 | (40,508) | 93,156 |
| Other income | 其他收入 | | | | | 35,464 |
| Other gains, net | 其他收益淨額 | | | | | 258,181 |
| Share of post-tax profit of associates | 分佔聯營公司除稅後溢利 | | | | | 28,014 |
| Finance income | 財務收入 | | | | | 12,044 |
| Finance cost | 財務成本 | | | | | (94,424) |
| Profit before income tax | 除所得稅前溢利 | | | | | 332,435 |
| Other information: | 其他資料： | | | | | |
| Depreciation and amortisation | 折舊及攤銷 | | | | | 151,817 |
| Share based compensation expense | 以股份為基礎之補償開支 | | | | | 74,580 |

Notes to the Consolidated Financial Statements

合併財務報表附註

5 SEGMENT INFORMATION (Continued)

5 分部資料(續)

| | | Year ended 31 December 2017 截至二零一七年十二月三十一日止年度 | | | | |
|---|---------------------|--|---|---|--|---------------------------------|
| | | Technology-driven new retail segment 科技新零售事業群 RMB'000 人民幣千元 | Smart industries segment 智慧產業事業群 RMB'000 人民幣千元 | Platform and corporate services segment 平台及企業服務事業群 RMB'000 人民幣千元 | O2O business exhibition centre segment O2O商業展覽中心事業群 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Revenue under HKFRS 15 | 根據香港財務報告準則第15號之銷售收入 | 411,909 | 2,154,579 | 663,509 | 433,097 | 3,663,094 |
| Revenue under another accounting standard: | 其他會計準則項下之收入： | | | | | |
| Interest income from financing services | 金融服務所得利息收入 | – | – | 39,372 | – | 39,372 |
| Total revenue | 總銷售收入 | 411,909 | 2,154,579 | 702,881 | 433,097 | 3,702,466 |
| Segment results | 分部業績 | 108,137 | (22,669) | 134,171 | 72,408 | 292,047 |
| Other income | 其他收入 | | | | | 44,359 |
| Other gains, net | 其他收益淨額 | | | | | 168,255 |
| Share of post-tax losses of associates | 分佔聯營公司除稅後虧損 | | | | | (22,405) |
| Share of post-tax profits of joint ventures | 分佔合營企業除稅後溢利 | | | | | 19,774 |
| Finance income | 財務收入 | | | | | 21,105 |
| Finance cost | 財務成本 | | | | | (107,067) |
| Profit before income tax | 除所得稅前溢利 | | | | | 416,068 |
| Other information: | 其他資料： | | | | | |
| Depreciation and amortisation | 折舊及攤銷 | | | | | 117,230 |
| Share based compensation expense | 以股份為基礎之補償開支 | | | | | 33,815 |

The comparative amounts have been reclassified to conform with current year's presentation.

As at 31 December 2018, the total non-current assets includes land use rights, investment properties, property, plant and equipment and intangible assets located in PRC is approximately RMB4,311,602,000 (2017: RMB3,471,516,000) and the total of these non-current assets located in other countries is Nil (2017: Nil).

比較金額已予重新分類以與目前年度之呈列一致。

於二零一八年十二月三十一日，非流動資產總額包括位於中國之土地使用權、投資物業、物業、廠房及設備及無形資產約人民幣4,311,602,000元(二零一七年：人民幣3,471,516,000元)，而該等位於其他國家之非流動資產總值為零(二零一七年：零)。

Notes to the Consolidated Financial Statements

合併財務報表附註

5 SEGMENT INFORMATION (Continued)

(a) Disaggregation of revenue

| | | 2018 二零一八年 RMB'000 人民幣千元 |
|-------------------------------|----------|-----------------------------------|
| Timing of revenue recognition | 確認銷售收入時間 | |
| – At a point in time | – 於某時點 | 9,364,354 |
| – Overtime | – 隨時間 | 1,083,064 |
| | | 10,447,418 |

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------------|-----------------------------------|-----------------------------------|
| Revenue under HKFRS 15: | 根據香港財務報告準則第15號之銷售收入： | | |
| B2B trading platform | B2B交易平台 | 9,102,366 | 2,041,038 |
| Online services | 線上服務 | 887,142 | 951,170 |
| Anti-counterfeiting products and services | 防偽產品及服務 | 157,991 | 106,066 |
| Seminars and other services | 會議及其他服務 | 118,688 | 127,569 |
| O2O business exhibition centre | O2O商業展覽中心 | 59,238 | 430,095 |
| Rental income from leasing of construction equipment and investment properties | 出租工程設備及投資物業所得租金收入 | 119,127 | 3,002 |
| Others | 其他 | 2,866 | 4,154 |
| | | 10,447,418 | 3,663,094 |
| Revenue under other accounting standard: | 根據其他會計準則之銷售收入： | | |
| Interest income from financing services | 金融服務所得利息收入 | 135,693 | 39,372 |
| Total revenue | 總銷售收入 | 10,583,111 | 3,702,466 |

5 分部資料(續)

(a) 分拆銷售收入

Notes to the Consolidated Financial Statements

合併財務報表附註

5 SEGMENT INFORMATION (Continued)

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

5 分部資料(續)

(b) 與客戶合約有關之資產及負債

本集團已確認下列與客戶合約有關之資產及負債：

| | | 2018 二零一八年 RMB'000 人民幣千元 |
|--|----------------------|-----------------------------------|
| Contract assets related to online services | 與互聯網服務有關之合約資產 | 8,242 |
| Less: provision for impairment | 減：減值撥備 | (108) |
| Contract asset related to online services-net | 淨與互聯網服務有關之合約資產 | 8,134 |
| Asset recognised for costs incurred to fulfil control | 為履行合約所產生成本確認之資產 | 30,831 |
| Contract assets | 合約資產 | 38,965 |
| Contract liabilities related to online services | 與互聯網服務有關之合約負債 | 140,190 |
| Contract liabilities related to sales of goods on B2B trading platform | 與於B2B交易平台銷售貨品有關之合約負債 | 185,856 |
| Contract liabilities related to sales of properties | 與銷售物業有關之合約負債 | 59,442 |
| Contract liabilities | 合約負債 | 385,488 |

(i) Significant changes in contract liabilities

Contract liabilities related to sales of goods on B2B trading platform have increased by RMB22,642,000 due to increase in overall contract activities.

(i) 合約負債之重大變動

與於B2B交易平台銷售貨品有關之合約負債已增加人民幣22,642,000元，原因為整體合約活動增加。

Notes to the Consolidated Financial Statements

合併財務報表附註

5 SEGMENT INFORMATION (Continued)

(b) Assets and liabilities related to contracts with customers (Continued)

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current year related to carried forward contract liabilities.

| | | 2018 二零一八年 RMB'000 人民幣千元 |
|---|--------------------|-----------------------------------|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | 計入年初合約負債結餘之已確認銷售收入 | |
| – Online services | – 互聯網服務 | 90,482 |
| – Sales of goods on B2B trading platform | – 於B2B交易平台銷售貨品 | 150,506 |
| – Sales of properties | – 銷售物業 | – |
| | | 240,988 |

6 OTHER INCOME

6 其他收入

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------------|------|-----------------------------------|-----------------------------------|
| Government grants | 政府補助 | 34,750 | 38,349 |
| Dividend income | 股息收入 | 714 | 6,010 |
| | | 35,464 | 44,359 |

Various government grants have been received from the local government authority for promoting electronic trading platform among the enterprise in the PRC. The conditions specified in the government approval were fully achieved during the year.

本集團已就於中國推行企業間電子貿易平台收取當地政府機構之多項政府補助。年內，政府批准之特定條件已悉數達成。

Notes to the Consolidated Financial Statements

合併財務報表附註

7 OTHER GAINS, NET

Other gains and losses are analysis as follows:

7 其他收益淨額

其他收益及虧損分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--|-----------------------------------|-----------------------------------|
| Impairment loss recognised in respect of investment in associates | 就於聯營公司投資確認之減值虧損 | (19,547) | — |
| Gains on disposal of an associate | 出售一間聯營公司收益 | — | 5,000 |
| Gains on disposal of available-for-sale financial assets | 出售可供出售金融資產收益 | — | 34,217 |
| Change in fair value on financial liabilities at fair value through profit or loss | 按公平值計入損益之金融負債公平值變動 | 3,374 | — |
| Change in fair value on financial assets at fair value through profit or loss | 按公平值計入損益之金融資產公平值變動 | 10,192 | (6,913) |
| Change in fair value on financial asset at fair value through profit or loss in relation to Jingu | 有關金谷按公平值計入損益之金融資產公平值變動 | 94,000 | — |
| Fair value gains on deemed disposal on step acquisition on Chongqing Digital China Huicong Micro-Credit Company Limited | 分階段收購重慶神州數碼慧聰小額貸款有限公司視作出售之公平值收益 | — | 117,963 |
| Fair value gains on deemed disposal on step acquisition on Shanghai Mianlian E-business Co., Limited (note 24(a)) | 分階段收購上海棉聯電子商務有限公司視作出售之公平值收益(附註24(a)) | 2,304 | — |
| Fair value gains on deemed disposal on step acquisition on Guangdong Jiadian Shijie E-business Company Limited (note 24(c)) | 分階段收購廣東家電世界電子商務有限公司視作出售之公平值收益(附註24(c)) | 2,314 | — |
| Fair value gains on deemed disposal on step acquisition on Beijing Rongshang Tonglian Technology Co., Ltd. (note 24(d)) | 分階段收購北京融商通聯科技有限公司視作出售之公平值收益(附註24(d)) | 164,878 | — |

Notes to the Consolidated Financial Statements

合併財務報表附註

8 PROFIT BEFORE INCOME TAX

8 除所得稅前溢利

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| The profit before income tax is arrived at after charging: | 除所得稅前溢利經扣除以下各項後達致： | | |
| Cost of properties sold | 已售物業成本 | 28,250 | 253,867 |
| Direct expenses of B2B trading platform | B2B交易平台之直接費用 | 9,052,746 | 2,027,703 |
| Direct expenses of anti-counterfeiting products and services | 防偽產品及服務之直接費用 | 78,741 | 52,652 |
| Direct expenses of rental of construction equipment | 租賃建築設備之直接費用 | 55,243 | — |
| Agency cost | 代理商費用 | 40,267 | 68,047 |
| Marketing and consultancy expenses | 市場推廣及諮詢費用 | 243,438 | 189,803 |
| Amortisation of land use rights | 土地使用權攤銷 | 4,737 | 4,737 |
| Amortisation of investment properties | 投資物業攤銷 | 18,258 | 18,258 |
| Amortisation of intangible assets | 無形資產攤銷 | 79,532 | 63,811 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 49,290 | 30,424 |
| Auditor's remuneration | 核數師酬金 | | |
| – Audit services | – 審核服務 | 6,073 | 4,716 |
| – Non – audit services | – 非審核服務 | 3,519 | 3,508 |
| Employee benefits expenses | 僱員福利開支 | 451,293 | 404,796 |
| Staff commission | 員工佣金 | 69,102 | 70,582 |
| Provision for impairment of trade receivables | 應收賬款減值撥備 | 13,521 | 13,459 |
| Provision for/(reversal of) impairment of loans and interest receivables | 應收貸款及利息減值撥備／(撥回) | 23,977 | (13,406) |
| Gain on disposal of property, plant and equipment | 出售物業、廠房及設備收益 | (298) | (108) |
| Operating lease payments in respect of land and buildings | 有關土地及樓宇之經營租約付款 | 57,371 | 56,945 |

Notes to the Consolidated Financial Statements

合併財務報表附註

9 EMPLOYEE BENEFITS EXPENSES

9 僱員福利開支

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------|-----------------------------------|-----------------------------------|
| Wages and salaries | 工資及薪金 | 316,931 | 313,801 |
| Retirement benefits costs (a) | 退休福利成本(a) | 59,782 | 57,180 |
| Share based compensation – Share Option Scheme | 以股份支付之補償－購股權計劃 | 64,528 | 17,786 |
| Share based compensation – Share Award Scheme | 以股份支付之補償－股份獎勵計劃 | 10,052 | 16,029 |
| | | 451,293 | 404,796 |

The employee benefits expenses amounting to RMB214,919,000 (2017: RMB181,073,000) and RMB236,374,000 (2017: RMB223,723,000) are recognised in selling and marketing expenses and administrative expenses, respectively in the consolidated statement of comprehensive income.

- (a) In accordance with the PRC regulations, the Group is required to make annual contributions to the state retirement plans calculated at 20% of the basic salaries of the employees, and employees are required to contribute 8% of their basic salaries to the plans. The Group has no obligations for further pension payments or any post-retirement benefits beyond these annual contributions. The retirement benefits are paid directly from the plan assets to the retired employees and are calculated by reference to their monthly basic salaries at the date of retirement and periods of service rendered.

As at 31 December 2018, there were no forfeited contributions available to offset future retirement benefit obligations of the Group.

金額為人民幣214,919,000元(二零一七年：人民幣181,073,000元)及人民幣236,374,000元(二零一七年：人民幣223,723,000元)之僱員福利開支分別於合併綜合收益表之銷售及市場推廣費用以及行政費用確認。

- (a) 根據中國規例，本集團每年須按僱員基本薪金20%向國家退休計劃供款，僱員則須向該等計劃作出其基本薪金8%之供款。除該等年度供款外，本集團毋須承擔其他退休金付款或任何退休後福利。退休福利由該等計劃資產直接向退休僱員支付，並參考其於退休日期之基本月薪及提供服務之年期計算。

於二零一八年十二月三十一日，概無沒收供款可供用於抵銷本集團日後退休福利責任。

Notes to the Consolidated Financial Statements

合併財務報表附註

9 EMPLOYEE BENEFITS EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2017: three) directors whose emolument is reflected in the analysis presented in note 10. The emoluments paid and payable to the remaining three (2017: two) individuals during the year are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------------|-----------------------------------|-----------------------------------|
| Basic salaries, housing allowances, share options, other allowances and benefits in kind | 基本薪金、房屋津貼、購股權、其他津貼及實物利益 | 10,309 | 3,307 |
| Retirement plan contributions | 退休計劃供款 | 221 | 164 |
| | | 10,530 | 3,471 |

The emoluments for these three individuals (2017: two) fell within the following bands:

該三名(二零一七年：兩名)人士之酬金範圍如下：

| | | Number of individuals 人數 | |
|------------------------------|-----------------------------|-----------------------------|---------------|
| | | 2018 二零一八年 | 2017 二零一七年 |
| Nil to RMB1,000,000 | 零至人民幣1,000,000元 | — | — |
| RMB1,000,001 to RMB1,500,000 | 人民幣1,000,001元至人民幣1,500,000元 | — | 1 |
| RMB1,500,001 to RMB2,000,000 | 人民幣1,500,001元至人民幣2,000,000元 | — | 1 |
| RMB2,000,001 to RMB3,000,000 | 人民幣2,000,001元至人民幣3,000,000元 | 1 | — |
| RMB3,000,001 to RMB4,000,000 | 人民幣3,000,001元至人民幣4,000,000元 | 1 | — |
| RMB4,000,001 to RMB5,000,000 | 人民幣4,000,001元至人民幣5,000,000元 | — | — |
| RMB5,000,001 to RMB6,000,000 | 人民幣5,000,001元至人民幣6,000,000元 | — | — |
| RMB6,000,001 to RMB7,000,000 | 人民幣6,000,001元至人民幣7,000,000元 | 1 | — |

(c) During the year, no emoluments have been paid by the Group to the directors or the five highest paid individuals mentioned above as an inducement to join or upon joining the Group, or as compensation for loss of office (2017: Nil).

(c) 年內，本集團並無向董事或上述五位最高薪人士支付任何酬金，作為加入或於加入本集團時之報酬或離職補償(二零一七年：無)。

Notes to the Consolidated Financial Statements

合併財務報表附註

10 BENEFITS AND INTERESTS OF DIRECTORS

10 董事福利及權益

(a) Directors' and chief executive's emoluments

The remuneration of every director and chief executive for the years ended 31 December 2017 and 2018 is set out below:

(a) 董事及主要行政人員之酬金

截至二零一七年及二零一八年十二月三十一日止年度，各董事及主要行政人員之薪酬載列如下：

| | | Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking 就擔任本公司或其附屬公司事務董事之人士已付或應收之酬金 | | | | |
|------------------------------|---------------|--|----------------------------------|---|---|--------|
| | | Employer's contribution to a retirement benefit scheme 僱主對退休福利計劃的供款 | | | Total 總計 | |
| Name 姓名 | | Fees 袍金 RMB'000 人民幣千元 | Salary 薪金 RMB'000 人民幣千元 | Estimated money value of other benefit 其他福利估計貨幣值 RMB'000 人民幣千元 | Estimated money value of other benefit 其他福利估計貨幣值 RMB'000 人民幣千元 | |
| 2018: | 二零一八年： | | | | | |
| Mr. Liu Jun | 劉軍先生 | — | 600 | 41,326 | 90 | 42,016 |
| Mr. Guo Jiang (note i) | 郭江先生(附註i) | — | 150 | — | 22 | 172 |
| Mr. Lee Wee Ong | Lee Wee Ong先生 | — | 720 | 1,271 | — | 1,991 |
| Mr. Liu Xiaodong (note ii) | 劉小東先生(附註ii) | — | 350 | 2,236 | 53 | 2,639 |
| Mr. Guo Fangsheng (note iii) | 郭凡生先生(附註iii) | — | — | — | — | — |
| Mr. Li Jianguang | 李建光先生 | — | — | — | — | — |
| Mr. Wong Chi Keung | 王自強先生 | — | — | — | — | — |
| Mr. Zhang Ke | 張克先生 | 250 | — | — | — | 250 |
| Mr. Zhang Tim Tianwei | 張天偉先生 | 220 | — | — | — | 220 |
| Ms. Qi Yan (note v) | 祁燕女士(附註v) | 220 | — | — | — | 220 |
| 2017: | 二零一七年： | | | | | |
| Mr. Guo Fansheng (note iii) | 郭凡生先生(附註iii) | — | 500 | — | 82 | 582 |
| Mr. Guo Jiang | 郭江先生 | — | 600 | 5,011 | 82 | 5,693 |
| Mr. Lee Wee Ong | Lee Wee Ong先生 | — | 720 | 219 | 137 | 1,076 |
| Mr. Liu Jun | 劉軍先生 | — | 600 | 10,293 | 82 | 10,975 |
| Mr. Zhang Ke | 張克先生 | 250 | — | — | — | 250 |
| Mr. Zhang Tim Tianwei | 張天偉先生 | 220 | — | — | — | 220 |
| Mr. Tang Jie (note iv) | 湯捷先生(附註iv) | 242 | — | — | — | 242 |
| Mr. Wong Chi Keung | 王自強先生 | — | — | — | — | — |
| Mr. Li Jianguang | 李建光先生 | — | — | — | — | — |
| Ms. Qi Yan (note v) | 祁燕女士(附註v) | 18 | — | — | — | 18 |

Notes to the Consolidated Financial Statements

合併財務報表附註

10 BENEFITS AND INTERESTS OF DIRECTORS 10 董事福利及權益(續)

(Continued)

(a) Directors' and chief executive's emoluments

(Continued)

Note:

- (i) Mr. Guo Jiang had resigned as an executive director with effect from 27 March 2018.
- (ii) Mr. Liu Xiaodong was appointed as an executive director with effect from 1 June 2018.
- (iii) Mr. Guo Fansheng was re-designated as a non-executive director with effect from 18 October 2017.
- (iv) Mr. Tang Jie had resigned as an independent non-executive director with effect from 30 November 2017.
- (v) Ms Qi Yan was appointed as an independent non-executive director with effect from 30 November 2017.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year ended 31 December 2018 (2017: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year ended 31 December 2018 (2017: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2018, the Company did not pay consideration to any third parties for making available directors' services (2017: Nil).

(a) 董事及主要行政人員之酬金(續)

附註：

- (i) 郭江先生辭任執行董事，自二零一八年三月二十七日起生效。
- (ii) 劉小東先生獲委任為執行董事，自二零一八年六月一日起生效。
- (iii) 郭凡生先生獲調任為非執行董事，自二零一七年十月十八日起生效。
- (iv) 湯捷先生辭任獨立非執行董事，自二零一七年十一月三十日起生效。
- (v) 祁燕女士獲委任為獨立非執行董事，自二零一七年十一月三十日起生效。

(b) 董事退休福利

截至二零一八年十二月三十一日止年度，概無董事已收取或將收取任何退休福利(二零一七年：無)。

(c) 董事終止僱傭福利

截至二零一八年十二月三十一日止年度，概無董事已收取或將收取任何終止僱傭福利(二零一七年：無)。

(d) 就作出董事服務向第三方提供之代價

截至二零一八年十二月三十一日止年度，本公司概無就作出董事服務向任何第三方支付代價(二零一七年：無)。

Notes to the Consolidated Financial Statements

合併財務報表附註

10 BENEFITS AND INTERESTS OF DIRECTORS

(Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2018, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors (2017: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 45, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiary was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years.

(g) No director received any housing allowance; emolument from the Group as an inducement to join or leave the Group or compensation for loss of office; emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking during the years ended 31 December 2018 (2017: Nil).

10 董事福利及權益(續)

(e) 有關以董事、受控制法人團體及該等董事之關連實體為受益人之貸款、準貸款及其他交易之資料

截至二零一八年十二月三十一日止年度，概無有關以董事或受控制法人團體及該等董事之關連實體為受益人之貸款、準貸款及其他交易安排(二零一七年：無)。

(f) 董事於交易、安排或合約中之重大權益

除附註45所披露者外，本集團概無就其業務訂立本公司附屬公司為其中訂約方及本公司董事直接或間接擁有重大權益而於該等年度末或該等年度內任何時間仍然存續之重大交易、安排及合約。

(g) 截至二零一八年十二月三十一日止年度，概無董事已收取任何房屋津貼、來自本集團之酬金以作為加入或離開本集團時之報酬或離職補償或董事就管理本公司或其附屬公司事務之其他服務已付或應收取酬金(二零一七年：無)。

11 FINANCE COST, NET

11 財務成本淨額

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Interest expense: | 利息開支： | | |
| – Bank borrowings | — 銀行借貸 | (71,264) | (54,405) |
| – Other borrowings | — 其他借貸 | (11,085) | (1,639) |
| – Convertible bonds (note 37) | — 可換股債券(附註37) | (3,872) | (43,893) |
| – Others | — 其他 | (8,203) | (4,428) |
| – Fair value loss on early redemption of convertible bonds | — 提早贖回可換股債券之公平值虧損 | — | (2,702) |
| Finance cost | 財務成本 | (94,424) | (107,067) |
| Finance income | 財務收入 | 12,044 | 21,105 |
| Finance cost, net | 財務成本淨額 | (82,380) | (85,962) |

Notes to the Consolidated Financial Statements

合併財務報表附註

12 INCOME TAX EXPENSE

12 所得稅開支

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------------|-----------------------------------|-----------------------------------|
| Current income tax expense | 當期所得稅開支 | | |
| – Hong Kong profits tax | – 香港利得稅 | – | – |
| – The PRC corporate income tax ("CIT") | – 中國企業所得稅 (「企業所得稅」) | 69,367 | 65,335 |
| – The PRC land appreciation tax ("LAT") | – 中國土地增值稅 (「土地增值稅」) | 29,509 | 17,046 |
| – The PRC Withholding tax | – 中國預提所得稅 | – | 22,800 |
| Deferred income tax (credit)/expense | 遞延所得稅(抵免)/開支 | | |
| – The PRC corporate income tax | – 中國企業所得稅 | (38,737) | (11,002) |
| – The PRC withholding tax | – 中國預提所得稅 | (4,579) | 4,579 |
| | | 55,560 | 98,758 |

(a) No Hong Kong profits tax has been provided as there is no assessable profit arising in Hong Kong for the year (2017: Nil).

(b) The PRC corporate income tax represents taxation charged on assessable profits for the year at the rates of taxation prevailing in the cities in the PRC in which the Group operates.

The tax rate applicable to the subsidiaries in the PRC is 25%, except for certain subsidiaries of the Group in the PRC which were approved as High and New Technology Enterprise and accordingly, they were subject to a reduced preferential CIT rate of 15% for a 3-year period according to the applicable CIT Law, and would successively expire by 2020. Moreover, a subsidiary was qualified for the local government tax concession scheme to enjoy a preferential tax rate for the year.

(c) The PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use right and all property development expenditures.

(d) According to applicable tax regulations prevailing in the PRC, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax.

(e) As at 31 December 2017, the Group recognised deferred tax liabilities amounting to RMB4,579,000 on dividend declared by a PRC subsidiary but not yet paid.

In 2017, the Group recognised deferred tax liabilities amounting to RMB4,579,000 on dividend declared by a PRC subsidiary but not yet paid.

(a) 由於在年內並無於香港產生應課稅溢利，故並未就香港利得稅作出撥備(二零一七年：無)。

(b) 中國企業所得稅指於年內按本集團於中國業務所在各個城市現行稅率就應課稅溢利徵收之稅項。

中國附屬公司之適用稅率為25%，惟本集團若干中國附屬公司獲批准成為高新技術企業除外，因此，根據適用企業所得稅法，其可於三年期間享有優惠企業所得稅率15%。此外，一家附屬公司合資格參與當地政府之稅務寬減計劃，可於年內享有優惠稅率。

(c) 中國土地增值稅就土地增值數額(即銷售物業所得款項減包括土地使用權及所有物業發展開支在內之可扣減開支)按介乎30%至60%之遞增稅率徵收。

(d) 根據中國現行適用之稅務規例，於中國成立之公司向其境外投資者派付於二零零八年一月一日之後賺取之溢利所產生股息，將須繳納10%之預提所得稅。

(e) 於二零一七年十二月三十一日，本集團就一間中國附屬公司宣派但尚未派付之股息確認遞延稅項負債人民幣4,579,000元。

於二零一七年，本集團就一間中國附屬公司宣派但尚未派付之股息確認遞延稅項負債人民幣4,579,000元。

Notes to the Consolidated Financial Statements

合併財務報表附註

12 INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before tax from continuing operations differs from the theoretical amount that would arise using the taxation rate of the home country of the Group companies as follows:

12 所得稅開支(續)

本集團有關持續經營業務除稅前溢利之稅項與採用本集團公司所在國家之稅率計算所得理論數額差異如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|----------------------------|-----------------------------------|-----------------------------------|
| Profit before income tax | 除所得稅前溢利 | 332,435 | 416,068 |
| Tax calculated at 25% (2017: 25%) | 按25%稅率計算之稅項 (二零一七年：25%) | 83,109 | 104,017 |
| Effect of different taxation rates in other cities/ under preferential tax treatment | 其他城市採納不同稅率／ 根據優惠稅率之影響 | (16,632) | (33,966) |
| Income not taxable | 毋須課稅收入 | (44,435) | (33,433) |
| PRC land appreciation tax deductible for PRC corporate income tax proposes | 已就中國企業所得稅作出扣減的 中國土地增值稅 | (7,377) | (4,262) |
| Expenses not deductible for tax purposes | 不可扣稅之費用 | 11,386 | 26,556 |
| Withholding tax for dividend paid | 已付股息之預提所得稅 | — | 22,800 |
| PRC corporate income tax | 中國企業所得稅 | 26,051 | 81,712 |
| PRC land appreciation tax | 中國土地增值稅 | 29,509 | 17,046 |
| Income tax expense | 所得稅開支 | 55,560 | 98,758 |

Notes to the Consolidated Financial Statements

合併財務報表附註

13 EARNINGS PER SHARE

13 每股盈利

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------|--|--|
| Profit attributable to equity holders of the Company 本公司權益持有人應佔溢利 | | 275,610 | 267,777 |
| | | 2018 二零一八年 No. of Shares 股份數目 '000 千股 | 2017 二零一七年 No. of Shares 股份數目 '000 千股 |
| Weighted average number of shares in issue | 已發行股份之加權平均數 | 1,119,464 | 1,010,215 |
| Incremental shares from assumed exercise of share options granted | 假設行使已授出購股權而增加之股份 | 1,959 | 36,083 |
| Diluted weighted average number of shares | 攤薄股份之加權平均數 | 1,121,423 | 1,046,298 |
| Basic earnings per share (in RMB) | 每股基本盈利(人民幣) | 0.2462 | 0.2651 |
| Diluted earnings per share (in RMB) | 每股攤薄盈利(人民幣) | 0.2458 | 0.2559 |

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares repurchased by the company (note 30).

每股基本盈利按本公司擁有人應佔溢利除以年內已發行普通股加權平均數計算(不包括本公司購回之普通股)(附註30)。

Notes to the Consolidated Financial Statements

合併財務報表附註

13 EARNINGS PER SHARE (Continued)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. Since diluted earnings per share is increased when taking into account the adjustment on conversion of the convertible debt, the convertible debt is anti-dilutive and is ignored in the calculation of diluted earnings per share.

13 每股盈利(續)

每股攤薄盈利按調整流通在外的普通股加權平均數以假設所有潛在攤薄普通股已獲轉換而計算。本公司之潛在攤薄普通股分為兩類：可換股債項及購股權。可換股債項假設已轉換為普通股，而純利經已調整以撇銷利息開支扣除稅務影響。就購股權而言，假設購股權獲行使時應已發行之股份數目扣除按相同所得款項總額公平值（按年內每股股份之平均市價釐定）可予發行之股份數目後，即得出無償發行之股份數目。由於計入調整兌換可換股債項會增加每股攤薄盈利，故可換股債項具反攤薄影響，且並無用作計算每股攤薄盈利。

14 DIVIDENDS

14 股息

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--|-----------------------------------|-----------------------------------|
| Interim dividend paid of HK\$Nil (2017: HK\$0.02) per share (note a) | 已付中期股息每股零港元 (二零一七年：0.02港元) (附註a) | — | 17,953 |
| No proposed final dividend (2017: Nil) (note b) | 概無建議末期股息 (二零一七年：零)(附註b) | — | — |
| | | — | 17,953 |

Notes:

- (a) No interim dividend of financial period ended 30 June 2018 was declared (2017: HK\$0.02 per share was declared and paid on 18 September 2017.)
- (b) No final dividend of financial year ended 31 December 2018 was declared (2017: Nil)

附註：

- (a) 截至二零一八年六月三十日止財政期間，概無宣派中期股息(二零一七年：已於二零一七年九月十八日宣派及支付每股0.02港元)。
- (b) 截至二零一八年十二月三十一日止財政年度，概無宣派末期股息(二零一七年：無)。

Notes to the Consolidated Financial Statements

合併財務報表附註

15 LAND USE RIGHTS

The Group's interests in land use rights in the PRC represent prepaid operating lease payments with lease period of 40 to 50 years and their net book value is analysed as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------|----------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 166,671 | 171,408 |
| Amortisation | 攤銷 | (4,737) | (4,737) |
| At 31 December | 於十二月三十一日 | 161,934 | 166,671 |

Amortisation of the Group's land use rights is included in administrative expenses in the consolidated statement of comprehensive income.

15 土地使用權

本集團於中國土地使用權之權益指租期為40至50年之預付經營租賃付款，其賬面淨值分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------------|------------|-----------------------------------|-----------------------------------|
| Outside Hong Kong, held on: | 於香港以外持有： | | |
| Leases of between 40 to 50 years | 租期介乎40至50年 | 161,934 | 166,671 |

本集團土地使用權之攤銷計入合併綜合收益表之行政費用內。

Notes to the Consolidated Financial Statements

合併財務報表附註

16 INVESTMENT PROPERTIES

16 投資物業

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------|----------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 642,087 | 660,345 |
| Amortisation | 攤銷 | (18,258) | (18,258) |
| At 31 December | 於十二月三十一日 | 623,829 | 642,087 |

The investment properties are carried at cost.

An independent valuation of the Group's investment properties was performed by the valuer, Vigers Appraisal and Consulting Limited, to determine the fair value of the investment properties which amounted to RMB878,000,000 as at 31 December 2018 (2017: RMB946,000,000). Fair value of the investment properties is derived using the market comparison approach. This valuation method is essentially a means of valuing the investment properties by assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and with adjustments to valuer's interpretation on the difference in factors such as location and property size.

The fair value is valued by independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the location of the investment property valued.

The Group's finance department includes a team that reviews the valuation performed by the independent valuer for financial reporting purpose. This team reports directly to the chief financial officer (CFO) and the audit committee (AC).

該等投資物業按成本列賬。

本集團投資物業之獨立估值由估值師威格斯資產評估顧問有限公司進行，以釐定投資物業於二零一八年十二月三十一日之公平值為人民幣878,000,000元（二零一七年：人民幣946,000,000元）。投資物業公平值乃以市場比較法計算。此估值方法為評估投資物業之必要方式，假設該等物業各自於其現況以空置擁有權之方式出售。透過參考相關市場可得之銷售交易，已選擇鄰近地點之可資比較物業，並已按估值師就地點及物業規模等因素差別之詮釋作出調整。

公平值由獨立專業合資格估值師進行估值，該估值師持有經認可相關專業資格並擁有所估值投資物業所在地區近期估值經驗。

本集團財務部設有一支團隊，負責審閱由獨立估值師就財務報告進行之估值。該團隊直接向首席財務官（首席財務官）及審核委員會（審核委員會）匯報。

Notes to the Consolidated Financial Statements

合併財務報表附註

16 INVESTMENT PROPERTIES (Continued)

At each financial year end, finance department

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when comparing to the prior year valuation report;
- Holds discussion with the independent valuer.

16 投資物業(續)

於各財政年度末，財務部

- 核實獨立估值報告內所有主要輸入數據；
- 評估物業估值相較上一年估值報告之變動；
- 與獨立估值師展開討論。

17 COMPLETED PROPERTIES HELD FOR SALE

17 持作銷售竣工物業

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--------------------------|-----------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 110,750 | 364,617 |
| Properties sold (note 8) | 已售物業(附註8) | (28,250) | (253,867) |
| At 31 December | 於十二月三十一日 | 82,500 | 110,750 |

All completed properties held for sale are located in the PRC. The cost of properties sold recognised as expense and included in "cost of revenue" amounted to approximately RMB28,250,000 (2017: RMB253,867,000).

所有持作銷售竣工物業均位於中國。已售物業之成本確認為開支，並計入「銷售成本」，金額約為人民幣28,250,000元(二零一七年：人民幣253,867,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

18 PROPERTY, PLANT AND EQUIPMENT

18 物業、廠房及設備

| | | Construction in progress | Buildings | Computer and telecom- munications equipment | Fixtures, fittings and office equipment | Leasehold improve- ments | Motor vehicles | Total |
|---|-----------------------------|-----------------------------|------------------------|--|--|--------------------------------|------------------------|------------------------|
| | | 在建工程 RMB'000 人民幣千元 | 樓宇 RMB'000 人民幣千元 | 電腦及電訊設備 RMB'000 人民幣千元 | 裝置、裝修及 辦公設備 RMB'000 人民幣千元 | 租賃物業裝修 RMB'000 人民幣千元 | 汽車 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 1 January 2017 | 於二零一七年一月一日 | | | | | | | |
| Cost | 成本 | 1,094 | 335,744 | 90,309 | 25,224 | 8,337 | 28,376 | 489,084 |
| Accumulated depreciation | 累計折舊 | - | (77,280) | (56,645) | (20,411) | (7,054) | (18,178) | (179,568) |
| Net book amount | 賬面淨值 | 1,094 | 258,464 | 33,664 | 4,813 | 1,283 | 10,198 | 309,516 |
| Year ended 31 December 2017 | 截至二零一七年 十二月三十一日止年度 | | | | | | | |
| Opening net book amount | 年初賬面淨值 | 1,094 | 258,464 | 33,664 | 4,813 | 1,283 | 10,198 | 309,516 |
| Acquisition of subsidiaries (note 24) | 收購附屬公司(附註24) | - | - | 458 | 4 | - | - | 462 |
| Additions | 添置 | - | - | 4,384 | - | 4,089 | 1,048 | 9,521 |
| Disposals | 出售 | - | - | (100) | (73) | - | (644) | (817) |
| Depreciation (a) | 折舊(a) | - | (14,275) | (8,841) | (1,795) | (1,457) | (4,056) | (30,424) |
| Transfer from construction in progress | 自在建工程轉撥 | (1,094) | 1,094 | - | - | - | - | - |
| Government grant received | 已收政府補助 | - | - | (1,900) | - | - | - | (1,900) |
| Closing net book amount | 年終賬面淨值 | - | 245,283 | 27,665 | 2,949 | 3,915 | 6,546 | 286,358 |
| At 31 December 2017 and 1 January 2018 | 於二零一七年十二月三十一日 及二零一八年一月一日 | | | | | | | |
| Cost | 成本 | - | 336,837 | 92,341 | 24,948 | 12,426 | 23,929 | 490,481 |
| Accumulated depreciation | 累計折舊 | - | (91,554) | (64,676) | (21,999) | (8,511) | (17,383) | (204,123) |
| Net book amount | 賬面淨值 | - | 245,283 | 27,665 | 2,949 | 3,915 | 6,546 | 286,358 |

Notes to the Consolidated Financial Statements

合併財務報表附註

18 PROPERTY, PLANT AND EQUIPMENT (Continued)

18 物業、廠房及設備(續)

| | | Buildings | Computer and telecommunications equipment | Fixtures, fittings and office equipment | Leasehold improvements | Motor vehicles | Production equipment | Rental construction equipment | Construction in progress | Total |
|---------------------------------------|--------------------------|-----------|---|---|------------------------|----------------|----------------------|-------------------------------|--------------------------|-----------|
| | | 樓宇 | 電腦及電訊設備 | 裝置、裝備及辦公設備 | 租賃物業裝修 | 汽車 | 生產設備 | 租賃建築設備 | 在建工程 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Year ended 31 December 2018 | 截至二零一八年十二月三十一日止年度 | | | | | | | | | |
| Opening net book amount | 年初賬面淨值 | 245,283 | 27,665 | 2,949 | 3,915 | 6,546 | - | - | - | 286,358 |
| Acquisition of subsidiaries (note 24) | 收購附屬公司(附註24) | - | 800 | 51 | - | 176 | 3,194 | 96,195 | 4,771 | 105,187 |
| Additions | 添置 | 9,306 | 2,087 | 1,650 | 8,434 | 924 | 641 | 150,578 | 18,422 | 192,042 |
| Disposals | 出售 | - | (3) | (79) | - | (428) | - | - | - | (510) |
| Depreciation (a) | 折舊(a) | (14,253) | (9,965) | (2,122) | (3,137) | (3,046) | (350) | (16,417) | - | (49,290) |
| Closing net book amount | 年終賬面淨值 | 240,336 | 20,584 | 2,449 | 9,212 | 4,172 | 3,485 | 230,356 | 23,193 | 533,787 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | | | | | | | | | |
| Cost | 成本 | 336,234 | 90,732 | 25,981 | 17,540 | 20,971 | 3,835 | 246,986 | 23,193 | 765,472 |
| Accumulated depreciation | 累計折舊 | (95,898) | (70,148) | (23,532) | (8,328) | (16,799) | (350) | (16,630) | - | (231,685) |
| Net book amount | 賬面淨值 | 240,336 | 20,584 | 2,449 | 9,212 | 4,172 | 3,485 | 230,356 | 23,193 | 533,787 |

(a) Depreciation of approximately RMB3,440,000 (2017: RMB4,477,000) is included in selling and marketing expenses; and RMB29,818,000 (2017: RMB25,947,000) in administrative expenses; and RMB 16,032,000 (2017: Nil) in cost of sales in the consolidated statement of comprehensive income.

(a) 折舊約人民幣3,440,000元(二零一七年：人民幣4,477,000元)及人民幣29,818,000元(二零一七年：人民幣25,947,000元)以及人民幣16,032,000元(二零一七年：零)分別計入合併綜合收益表之銷售及市場推廣費用、行政費用及銷售成本內。

Notes to the Consolidated Financial Statements

合併財務報表附註

19 INTANGIBLE ASSETS

19 無形資產

| | | Goodwill 商譽 RMB'000 人民幣千元 | Customer relationship 客戶關係 RMB'000 人民幣千元 | Trade name and domain name 商號及域名 RMB'000 人民幣千元 | License 牌照 RMB'000 人民幣千元 | Technical Knowhow 技術知識 RMB'000 人民幣千元 | Others 其他 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|---------------------------------|------------------------------------|--|--|-----------------------------------|--|----------------------------------|---------------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | | | | | | | |
| Cost | 成本 | 1,068,987 | 343,900 | 160,300 | – | – | 50,554 | 1,623,741 |
| Accumulated amortisation | 累計折舊 | – | (50,333) | (16,122) | – | – | (35,667) | (102,122) |
| Net book value | 賬面淨值 | 1,068,987 | 293,567 | 144,178 | – | – | 14,887 | 1,521,619 |
| Year ended 31 December 2017 | 截至二零一七年 十二月三十一日止年度 | | | | | | | |
| Opening net book amount | 年初賬面淨值 | 1,068,987 | 293,567 | 144,178 | – | – | 14,887 | 1,521,619 |
| Acquisition of subsidiaries (note 24) | 收購附屬公司(附註24) | 269,722 | – | – | 554,000 | 105,500 | 7,900 | 937,122 |
| Additions | 添置 | – | – | – | – | – | 256 | 256 |
| Disposals | 出售 | – | – | (101) | – | – | – | (101) |
| Amortisation (a) | 折舊(a) | – | (31,431) | (12,997) | (972) | (13,555) | (4,856) | (63,811) |
| Currency translation differences | 貨幣匯兌差異 | (13,482) | – | – | – | (5,203) | – | (18,685) |
| Closing net book amount | 年終賬面淨值 | 1,325,227 | 262,136 | 131,080 | 553,028 | 86,742 | 18,187 | 2,376,400 |
| At 31 December 2017 and 1 January 2018 | 於二零一七年 十二月三十一日及 二零一八年一月一日 | | | | | | | |
| Cost | 成本 | 1,325,227 | 343,900 | 160,199 | 554,000 | 100,297 | 58,711 | 2,542,334 |
| Accumulated amortisation | 累計折舊 | – | (81,764) | (29,119) | (972) | (13,555) | (40,524) | (165,934) |
| Net book value | 賬面淨值 | 1,325,227 | 262,136 | 131,080 | 553,028 | 86,742 | 18,187 | 2,376,400 |

Notes to the Consolidated Financial Statements

合併財務報表附註

19 INTANGIBLE ASSETS (Continued)

19 無形資產(續)

| | | Goodwill 商譽 RMB'000 人民幣千元 | Customer relationship 客戶關係 RMB'000 人民幣千元 | Trade name and domain name 商標及域名 RMB'000 人民幣千元 | License 牌照 RMB'000 人民幣千元 | Technical Knowhow 技術知識 RMB'000 人民幣千元 | Platform 平台 RMB'000 人民幣千元 | Patent 專利 RMB'000 人民幣千元 | Others 其他 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---------------------------------------|-------------------------------|------------------------------------|--|---|-----------------------------------|--|------------------------------------|----------------------------------|----------------------------------|---------------------------------|
| Year ended 31 December 2018 | 截至二零一八年 十二月三十一日止年度 | | | | | | | | | |
| Opening net book amount | 年初賬面淨值 | 1,325,227 | 262,136 | 131,080 | 553,028 | 86,742 | - | 6,590 | 11,597 | 2,376,400 |
| Acquisition of subsidiaries (note 24) | 收購附屬公司(附註24) | 507,154 | 3,000 | - | - | - | 115,900 | 32,100 | 22,000 | 680,154 |
| Additions | 添置 | - | - | - | - | - | - | - | 260 | 260 |
| Disposals | 出售 | - | - | - | - | - | - | - | (31) | (31) |
| Amortisation (a) | 攤銷(a) | - | (31,831) | (12,987) | (11,663) | (13,989) | (139) | (3,059) | (5,864) | (79,532) |
| Currency translation differences | 貨幣匯兌差異 | 11,404 | - | - | - | 3,397 | - | - | - | 14,801 |
| Closing net book amount | 年終賬面淨值 | 1,843,785 | 233,305 | 118,093 | 541,365 | 76,150 | 115,761 | 35,631 | 27,962 | 2,992,052 |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | | | | | | | | | |
| Cost | 成本 | 1,843,785 | 346,900 | 160,199 | 554,000 | 104,862 | 115,900 | 43,200 | 69,836 | 3,238,682 |
| Accumulated amortisation | 累計攤銷 | - | (113,595) | (42,106) | (12,635) | (28,712) | (139) | (7,569) | (41,874) | (246,630) |
| Net book value | 賬面淨值 | 1,843,785 | 233,305 | 118,093 | 541,365 | 76,150 | 115,761 | 35,631 | 27,962 | 2,992,052 |

(a) Amortisation of intangible assets is included in administrative expenses in the consolidated statement of comprehensive income.

(a) 無形資產之攤銷計入合併綜合收益表之行政費用內。

Notes to the Consolidated Financial Statements

合併財務報表附註

19 INTANGIBLE ASSETS (Continued)

Impairment test for goodwill

Management reviews the business performance based on type of business. Goodwill are allocated to nine cash-generating units ("CGUs") identified. Goodwill is monitored by the management at the operating segment level.

19 無形資產(續)

商譽減值測試

管理層基於業務類型審閱業務表現。商譽分配予九個已識別之現金產生單位(「現金產生單位」)。商譽由管理層按經營分部層次進行監察。

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-----------------|-----------------------------------|-----------------------------------|
| Anti-counterfeiting products and services | 防偽產品及服務 | 50,314 | 50,314 |
| Online services – B2B2C business | 互聯網服務 – B2B2C業務 | 980,247 | 980,247 |
| Online services – garment industry | 互聯網服務 – 製衣業 | 38,426 | 38,426 |
| Integrated marketing and advertising services | 整合營銷及廣告服務 | 248,018 | 236,614 |
| Financing services | 金融服務 | 19,626 | 19,626 |
| Trading services – cotton industry | 交易服務 – 棉花行業 | 21,544 | – |
| Construction equipment rental services | 建築設備租賃服務 | 14,933 | – |
| Electronic appliance e-business | 電器電子商務 | 15,957 | – |
| New technology retails solutions | 新技術零售解決方案 | 454,720 | – |
| | | 1,843,785 | 1,325,227 |

The recoverable amount of the CGUs are determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five – year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

現金產生單位之可收回金額按使用價值法計算釐定。該等計算採用根據管理層批准涵蓋五年期間之財政預算作出之稅前現金流量預測。五年期間後之現金流量採用下列估計增長率推算。管理層估計可反映有關該行業貨幣時間值及特定風險之市場評估之稅前貼現率。

Notes to the Consolidated Financial Statements

合併財務報表附註

19 INTANGIBLE ASSETS (Continued)

Impairment test for goodwill (Continued)

Key assumptions of the financial budgets covering the five to ten years and other key assumptions used in the calculations are as follows:

19 無形資產(續)

商譽減值測試(續)

涵蓋五至十年期間之財政預算主要假設及計算時所用之其他主要假設如下：

| | | As at 31 December 2018 於二零一八年 十二月三十一日 | As at 31 December 2017 於二零一七年 十二月三十一日 |
|--|------------------------|---|---|
| Anti-counterfeiting products and services | 防偽產品及服務 | | |
| Average growth rate | 平均增長率 | 11% | 11% |
| Pre-tax discount rate | 稅前貼現率 | 13% | 13% |
| Terminal growth rate | 最終增長率 | 3% | 3% |
| Online services – B2B2C business | 互聯網服務 – B2B2C業務 | | |
| Average growth rate | 平均增長率 | 10% | 10% |
| Pre-tax discount rate | 稅前貼現率 | 19% | 19% |
| Terminal growth rate | 最終增長率 | 3% | 3% |
| Online services – garment industry | 互聯網服務 – 製衣業 | | |
| Average growth rate | 平均增長率 | 14% | 14% |
| Pre-tax discount rate | 稅前貼現率 | 16% | 16% |
| Terminal growth rate | 最終增長率 | 3% | 3% |
| Integrated marketing and advertising services | 整合營銷及廣告服務 | | |
| Average growth rate | 平均增長率 | 12% | 12% |
| Pre-tax discount rate | 稅前貼現率 | 15% | 15% |
| Terminal growth rate | 最終增長率 | 3% | 3% |
| Financing services | 金融服務 | | |
| Average growth rate | 平均增長率 | 18% | 21% |
| Pre-tax discount rate | 稅前貼現率 | 12% | 12% |
| Terminal growth rate | 最終增長率 | 3% | 3% |
| Trading services-cotton industry | 交易服務 – 棉花行業 | | |
| Average growth rate | 平均增長率 | 15% | NA 不適用 |
| Pre-tax discount rate | 稅前貼現率 | 20% | NA 不適用 |
| Terminal growth rate | 最終增長率 | 3% | NA 不適用 |
| Construction equipment rental services | 建築設備租賃服務 | | |
| Average growth rate | 平均增長率 | 10% | NA 不適用 |
| Pre-tax discount rate | 稅前貼現率 | 14% | NA 不適用 |
| Terminal growth rate | 最終增長率 | 3% | NA 不適用 |
| Electronic appliance e-business | 電器電子商務 | | |
| Average growth rate | 平均增長率 | 40% | NA 不適用 |
| Pre-tax discount rate | 稅前貼現率 | 25% | NA 不適用 |
| Terminal growth rate | 最終增長率 | 3% | NA 不適用 |
| New technology retails solutions | 新技術零售解決方案 | | |
| Average growth rate | 平均增長率 | 59% | NA 不適用 |
| Pre-tax discount rate | 稅前貼現率 | 24% | NA 不適用 |
| Terminal growth rate | 最終增長率 | 3% | NA 不適用 |

Notes to the Consolidated Financial Statements

合併財務報表附註

19 INTANGIBLE ASSETS (Continued)

Impairment test for goodwill (Continued)

- (a) Average revenue growth rate used in the budget for the five-year period ending 31 December 2023.
- (b) The discount rate used is pre-tax and reflects specific risks relating to the relevant business.
- (c) Reasonably possible change in key assumptions would not cause the recoverable amount to fall below the carrying value of the respective cash-generating unit.

19 無形資產(續)

商譽減值測試(續)

- (a) 預算所用之平均銷售收入增長率為就截至二零二三年十二月三十一日止五年期間作出。
- (b) 所用之貼現率為除稅前，並反映相關業務特定風險。
- (c) 主要假設中合理可能之變動將不會致使可回收金額下跌低於各現金產生單位之賬面值。

20 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

20 應收賬款、按金、預付款項及其他應收款項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|
| Trade receivables | 應收賬款 | 544,521 | 308,762 |
| Less: provision for impairment of trade receivables | 減：應收賬款減值撥備 | (32,427) | (17,914) |
| Trade receivables – net | 應收賬款－淨值 | 512,094 | 290,848 |
| Deposits, prepayments and other receivables | 按金、預付款項及其他應收款項 | 286,683 | 175,192 |
| | | 798,777 | 466,040 |
| Less: Non-current deposit, prepayments and other receivables | 減：非流動按金、預付款項及其他應收款項 | (5,604) | (11,146) |
| Current portion | 流動部分 | 793,173 | 454,894 |

Notes to the Consolidated Financial Statements

合併財務報表附註

20 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

(a) Trade receivables

The Group generally grants a credit period ranging from 90 days to 270 days to customers depending on business segment. The aging analysis of the gross trade receivables based on invoice date is as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--------------------|----------|-----------------------------------|-----------------------------------|
| Current to 90 days | 即期至90天 | 349,430 | 176,883 |
| 91 to 180 days | 91至180天 | 117,500 | 59,654 |
| 181 to 270 days | 181至270天 | 29,819 | 32,837 |
| 271 to 365 days | 271至365天 | 5,214 | 16,045 |
| Over 1 year | 超過一年 | 42,558 | 23,343 |
| | | 544,521 | 308,762 |

Note:

As at December 31, 2017, receivables with amounts that are individually significant have been separately assessed for impairment. Allowance was set up against impaired receivables arising from credit default of several customers who are in financial difficulties.

Since January 1, 2018, the Group have applied the simplified approach permitted by HKFRS 9, which requires the expected lifetime losses to be recognised from initial recognition of the assets. This provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates.

Also, as mentioned in note 2.2(c), portion of the trade receivables had been reclassified as contract assets following the adoption of HKFRS 15.

The Group has recognised a loss of approximately 13,521,000 for the impairment of its trade receivables during the year ended 31 December 2018 (2017: RMB13,459,000).

As at 31 December 2018, trade receivables of approximately RMB32,427,000 (2017: RMB17,914,000) were impaired and have been provided for. The individually impaired receivables mainly represent sales made to customers which have remained long overdue.

20 應收賬款、按金、預付款項及其他應收款項(續)

(a) 應收賬款

本集團一般依據業務分部給予客戶介乎90天至270天之信貸期。應收賬款總額按發票日期之賬齡分析如下：

附註：

於二零一七年十二月三十一日，個別金額龐大之應收款項已進行獨立減值評估。本集團已就數名面臨財困之客戶出現信貸違約引起的減值應收款項計提撥備。

自二零一八年一月一日起，本集團已應用香港財務報告準則第9號許可之簡化方法，其規定預期全期虧損須於初步確認資產時確認。該撥備矩陣是根據信貸風險特性相若之合約資產及貿易應收款項於預計年期之過往觀察所得違約率而釐定，並就前瞻性估算作出調整。

此外，誠如附註2.2(c)所述，於採納香港財務報告準則第15號後，應收賬款部分已重新分類為合約資產。

截至二零一八年十二月三十一日止年度，本集團已確認其應收賬款減值虧損約13,521,000（二零一七年：人民幣13,459,000元）。

於二零一八年十二月三十一日，應收賬款約人民幣32,427,000元（二零一七年：人民幣17,914,000元）已減值並計提撥備。個別減值應收款項主要指向客戶銷售而長期逾期未付款項。

Notes to the Consolidated Financial Statements

合併財務報表附註

20 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

(a) Trade receivables (Continued)

Movements in the provision for impairment of trade receivables are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 17,914 | 7,643 |
| Effect on adoption of HKFRS 9 | 採納香港財務報告準則第9號之影響 | 7,650 | |
| Provision for impairment of trade receivables | 應收賬款減值撥備 | 13,521 | 13,459 |
| Write off for impaired trade receivables | 已減值應收賬款撇銷 | (6,658) | (3,188) |
| At 31 December | 於十二月三十一日 | 32,427 | 17,914 |

The carrying amounts of trade receivables approximate their fair values.

Balances are denominated in RMB and there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers nationally dispersed.

The creation and release of provision for impaired receivables have been included in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair values of trade receivables disclosed above. The Group did not hold any collateral as security.

20 應收賬款、按金、預付款項及其他應收款項(續)

(a) 應收賬款(續)

應收賬款之減值撥備變動如下：

應收賬款之賬面值與其公平值相若。

結餘以人民幣計值，由於本集團眾多客戶。分散於中國各地，故本集團之應收賬款概無集中信貸風險。

已減值應收款項撥備之增設及解除已計入合併綜合收益表內。計入撥備賬之款項一般於預期無法收回額外現金時撇銷。

於報告日期之最高信貸風險為上文所披露應收賬款之公平值。本集團並無持有任何抵押品作擔保。

Notes to the Consolidated Financial Statements

合併財務報表附註

20 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(Continued)

20 應收賬款、按金、預付款項及其他應收款項(續)

(b) Deposits, prepayments and other receivables

(b) 按金、預付款項及其他應收款項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---------------------------------|---------------|-----------------------------------|-----------------------------------|
| Non-current portion | 非流動部分 | | |
| – Deposits | – 按金 | 5,204 | 5,715 |
| – Other prepayments | – 其他預付款項 | 400 | 5,431 |
| | | 5,604 | 11,146 |
| Current portion | 流動部分 | | |
| – Deposits | – 按金 | 21,614 | 18,141 |
| – Prepayments (note (i)) | – 預付款項(附註(i)) | 240,637 | 128,138 |
| – Other receivables | – 其他應收款項 | 18,828 | 17,767 |
| | | 281,079 | 164,046 |
| | | 286,683 | 175,192 |
| The fair values are as follows: | 公平值如下： | | |
| – Deposits | – 按金 | 26,818 | 23,856 |
| – Prepayments | – 預付款項 | 241,037 | 133,569 |
| – Other receivables | – 其他應收款項 | 18,828 | 17,767 |
| | | 286,683 | 175,192 |
| Denominated in: | 以下列貨幣計值： | | |
| HK dollars | 港元 | 2,506 | 6,978 |
| Renminbi | 人民幣 | 284,177 | 168,214 |
| | | 286,683 | 175,192 |

note (i): At 31 December 2018 and 2017, the amount mainly represented prepayment to suppliers for B2B trading platform business.

附註(i)：於二零一八年及二零一七年十二月三十一日，該金額主要指預付B2B交易平台業務供應商之款項。

The other classes within trade and other receivables do not include a provision for impairment of other receivables.

應收賬款及其他應收款項之其他類別內並無包括其他應收款項之減值撥備。

Notes to the Consolidated Financial Statements

合併財務報表附註

21 LOANS AND INTEREST RECEIVABLES

Loans and interest receivables reflect the outstanding balance of loans granted to associates, employees and customers.

21 應收貸款及利息

應收貸款及利息反映授予聯營公司、僱員及客戶之貸款未償還結餘。

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|----------------------|-----------------------------------|-----------------------------------|
| Loans to customers of financing services business (note) | 貸款予融資服務業務之客戶 (附註) | 1,552,826 | 1,632,113 |
| Loans to employees | 貸款予僱員 | 3,885 | 10,350 |
| Loans to associates | 貸款予聯營公司 | 47,540 | 65,540 |
| Interest receivables | 應收利息 | 24,209 | 19,565 |
| Loans and interest receivables, gross | 應收貸款及利息總額 | 1,628,460 | 1,727,568 |
| Less: impairment allowance | 減：減值撥備 | | |
| – Collective assessed | – 共同評估 | | |
| Loans and interest receivables from customers of financing services business (note) | 應收融資服務業務客戶貸款及利息 (附註) | (31,681) | (16,176) |
| Loans and interest receivables from employees and associates | 應收僱員及聯營公司貸款及利息 | (964) | – |
| – Individually assessed | – 個別評估 | | |
| Loans and interest receivables from customers of financing services business (note) | 應收融資服務業務客戶貸款及利息 (附註) | (73,063) | (61,074) |
| Total impairment allowance | 減值撥備總額 | (105,708) | (77,250) |
| Loans and interest receivables, net | 應收貸款及利息淨額 | 1,522,752 | 1,650,318 |
| Less: Non-current portion | 減：非流動部分 | (103,160) | (304,400) |
| Current portion | 流動部分 | 1,419,592 | 1,345,918 |

Notes to the Consolidated Financial Statements

合併財務報表附註

21 LOANS AND INTEREST RECEIVABLES (Continued)

Note:

(a) Analysed by nature

The balance comprises loans granted in micro-credit financing business:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--------------|-----------------------------------|-----------------------------------|
| Loans to customers of financing services business | 貸款予融資服務業務之客戶 | 1,552,826 | 1,632,113 |
| Less: Impairment allowance | 減：減值撥備 | (104,563) | (77,250) |
| | | 1,448,263 | 1,554,863 |

For the year ended 31 December 2018, the weighted average annual interest rate for the loan receivables to customers of financing services business were approximately 11.2% (2017: 12.7%), and the outstanding loan receivables were RMB1,552,826,000 as at 31 December 2018 (2017: RMB1,632,113,000).

(b) Analysed by type of collateral

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------|---------|-----------------------------------|-----------------------------------|
| Unsecured loans | 無抵押貸款 | 443,084 | 762,174 |
| Guaranteed loan | 有擔保貸款 | 834,612 | 400,822 |
| Collateralised loans | 已質押貸款 | 275,130 | 469,117 |
| Loan to customers, gross | 貸款予客戶總額 | 1,552,826 | 1,632,113 |
| Less: impairment allowance | 減：減值撥備 | (104,563) | (77,250) |
| Loan receivables, net | 應收貸款淨額 | 1,448,263 | 1,554,863 |

21 應收貸款及利息(續)

附註：

(a) 按性質分析

有關結餘包括於小額貸款融資業務授出之貸款：

截至二零一八年十二月三十一日止年度，應收融資服務業務客戶貸款之加權平均年利率約為11.2%（二零一七年：12.7%），於二零一八年十二月三十一日，尚未償還應收貸款為人民幣1,552,826,000元（二零一七年：人民幣1,632,113,000元）。

(b) 按抵押品類型分析

Notes to the Consolidated Financial Statements

合併財務報表附註

21 LOANS AND INTEREST RECEIVABLES (Continued)

(b) Analysed by type of collateral (Continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system (Five-Tier Principle) and year-end stage classification.

| Internal rating grade 內部評級 | | 2018 二零一八年 | | | Total 總計 | 2017 二零一七年 Total 總計 |
|-------------------------------------|--------|-------------------------------------|-------------------------------------|-------------------------------------|-------------|------------------------------|
| | | Stage 1 第1階段 RMB'000 人民幣千元 | Stage 2 第2階段 RMB'000 人民幣千元 | Stage 3 第3階段 RMB'000 人民幣千元 | | |
| Normal | 正常類 | 1,249,211 | – | – | 1,249,211 | 1,513,132 |
| Special mentioned | 關注類 | – | 154,386 | – | 154,386 | 45,679 |
| Sub-standard | 次級類 | – | 54,945 | – | 54,945 | 784 |
| Doubtful | 可疑類 | – | 53,054 | – | 53,054 | 29,200 |
| Loss | 損失類 | – | – | 41,230 | 41,230 | 43,318 |
| | | 1,249,211 | 262,385 | 41,230 | 1,552,826 | 1,632,113 |
| Less: Impairment allowance | 減：減值撥備 | (27,981) | (35,352) | (41,230) | (104,563) | (77,250) |
| Loans and interest receivables, net | | 1,221,230 | 227,033 | – | 1,448,263 | 1,554,863 |

(c) Overdue loans analysed by type of collateral and overdue period

21 應收貸款及利息(續)

(b) 按抵押品類型分析(續)

下表列示根據本公司之內部評級系統(五級原則)及年末階段分類之信貸質素及面臨之最大信貸風險

(c) 按抵押品類型及逾期期限分析之逾期貸款

| | | As at 31 December 2018 於二零一八年十二月三十一日 | | | | Total 總計 |
|----------------------|-------|---|--|---|--|-------------|
| | | Not overdue 未逾期 RMB'000 人民幣千元 | Overdue within 3 months 逾期不足 3個月 RMB'000 人民幣千元 | Overdue more than 3 months to one year 逾期超過 3個月至一年 RMB'000 人民幣千元 | Overdue more than one year 逾期超過 一年 RMB'000 人民幣千元 | |
| Unsecured loans | 無抵押貸款 | 420,363 | 1,232 | 17,276 | 4,213 | 443,084 |
| Guaranteed loans | 有擔保貸款 | 671,739 | 10,413 | 90,843 | 61,617 | 834,612 |
| Collateralised loans | 已質押貸款 | 129,054 | 23,153 | 74,579 | 48,344 | 275,130 |
| | | 1,221,156 | 34,798 | 182,698 | 114,174 | 1,552,826 |

Notes to the Consolidated Financial Statements

合併財務報表附註

21 LOANS AND INTEREST RECEIVABLES (Continued)

(c) Overdue loans analysed by type of collateral and overdue period (Continued)

21 應收貸款及利息(續)

(c) 按抵押品類型及逾期期限分析之逾期貸款(續)

| | | As at 31 December 2017 於二零一七年十二月三十一日 | | | | |
|----------------------|----------------|---|---|----------------------------------|---------|-----------|
| | | Overdue | | | | |
| | Not overdue | Overdue within 3 months | Overdue more than 3 months to one year | Overdue more than one year | Total | |
| | 未逾期 | 逾期不足 3個月 | 逾期超過 3個月至一年 | 逾期超過 一年 | 總計 | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | |
| Unsecured loans | 無抵押貸款 | 718,911 | 82 | 40,450 | 2,731 | 762,174 |
| Guaranteed loans | 有擔保貸款 | 335,203 | 9,980 | 31,606 | 24,033 | 400,822 |
| Collateralised loans | 已質押貸款 | 463,017 | 6,100 | – | – | 469,117 |
| | | 1,517,131 | 16,162 | 72,056 | 26,764 | 1,632,113 |

Overdue loans represent loan receivables of which the whole or part of the principal or interest was overdue for one day or more. All amounts are shown as gross amount of overdue loans before any allowance for impairment losses.

逾期貸款指全部或部分本金或利息逾期超過一日或以上之應收貸款。於作出任何減值虧損撥備前，所有金額作為逾期貸款之總金額列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

21 LOANS AND INTEREST RECEIVABLES (Continued)

21 應收貸款及利息(續)

(d) Movement of allowances for impairment losses

(d) 減值虧損撥備之變動

| | | Collectively assessed 共同評估 RMB'000 人民幣千元 | Individually assessed 個別評估 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|--|--|--|---------------------------------|
| As at 1 January 2018 | 於二零一八年一月一日 | 16,176 | 61,074 | 77,250 |
| Effect on adoption of HKFRS 9 | 採納香港財務報告準則 第9號之影響 | 4,027 | 3,363 | 7,390 |
| Opening loss allowance as at 1 January 2018-calculated under HKFRS 9 | 於二零一八年一月一日之年初 虧損撥備—根據 香港財務報告準則 第9號計算 | 20,203 | 64,437 | 84,640 |
| Charge for the year | 年內扣除 | 15,351 | 8,626 | 23,977 |
| Write off for impairment loans and interest receivables | 已減值應收貸款及利息撇銷 | (2,909) | — | (2,909) |
| As at 31 December 2018 | 二零一八年 十二月三十一日 | 32,645 | 73,063 | 105,708 |
| As at 1 January 2017 | 於二零一七年一月一日 | — | — | — |
| Acquisition of a subsidiary | 收購一間附屬公司 | 15,705 | 74,951 | 90,656 |
| Charge/(reverse) for the period from 29 November 2017 to 31 December 2017 | 於二零一七年 十一月二十九日起至 二零一七年十 二月三十一日期內 扣除/(撥回) | 471 | (13,877) | (13,406) |
| As at 31 December 2017 | 於二零一七年 十二月三十一日 | 16,176 | 61,074 | 77,250 |

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2018:

22 附屬公司

以下為於二零一八年十二月三十一日主要附屬公司之清單：

| Name | Place of incorporation and kind of legal entity | Principal activities and place of operation | Particulars of registered share capital | Effective interest held | Proportion of ordinary shares held by non-controlling interests (%) 非控股權益所持普通股比例 (%) |
|--|--|---|--|-------------------------|---|
| 名稱 | 註冊成立地點及法定實體類別 | 主要業務及經營地點 | 已註冊股本詳情 | 所持有效權益 | |
| ¹ Hong Kong Huicong International Group 香港慧聰國際集團有限公司 | Hong Kong, limited liability company 香港，有限公司 | Investment holding in Hong Kong 投資控股—香港 | 21,000,000 ordinary shares of US\$0.01 21,000,000股每股面值0.01美元之普通股 | 100% | — |
| ¹ HC Group (Hong Kong) Limited 慧聰網(香港)有限公司 | Hong Kong, limited liability company 香港，有限公司 | Investment holding in Hong Kong 投資控股—香港 | 500,000 ordinary shares of HK\$1 each 500,000股每股面值1港元之普通股 | 100% | — |
| Orange Triangle Inc. | State of Delaware, USA 美國，德拉瓦州 | Investment holding in USA 投資控股—美國 | 200 shares of US\$0.01 200股每股面值0.01美元之股份 | 89.34% | 10.66% |
| Orange Triangle (HK) Limited | Hong Kong, limited liability company 香港，有限公司 | Investment holding in Hong Kong 投資控股—香港 | 10,000 ordinary shares of HK\$1 each 10,000每股面值1港元之普通股 | 89.34% | 10.66% |
| Zale Inc. | Cayman Islands, limited liability company 開曼群島，有限公司 | Investment holding in Cayman Islands 投資控股—開曼群島 | 500,000,000 ordinary shares of US\$0.0001 each 500,000,000股每股面值0.0001美元之普通股 | 89.34% | 10.66% |
| Zale (Hong Kong) Limited | Hong Kong, limited liability company 香港，有限公司 | Investment holding in Hong Kong 投資控股—香港 | 10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元之普通股 | 89.34% | 10.66% |
| Z. Tech Holdings Limited | Cayman Islands, limited liability company 開曼群島，有限公司 | Investment holding in Cayman Islands 投資控股—開曼群島 | 50,000 ordinary shares of US\$1 each 50,000股每股面值1美元之普通股 | 89.34% | 10.66% |
| ZhongFu Holdings Limited 中服控股有限公司 | British Virgin Islands, limited liability company 英屬處女群島，有限公司 | Investment holding in BVI 投資控股—英屬處女群島 | 50,000 ordinary shares of US\$1 each 50,000股每股面值1美元之普通股 | 100% | — |

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2018:
(Continued)

22 附屬公司(續)

以下為於二零一八年十二月三十一日主要附屬公司之清單：(續)

| Name | Place of incorporation and kind of legal entity | Principal activities and place of operation | Particulars of registered share capital | Effective interest held | Proportion of ordinary shares held by non-controlling interests (%) |
|---------------------------------|---|---|--|-------------------------|---|
| 名稱 | 註冊成立地點及法定實體類別 | 主要業務及經營地點 | 已註冊股本詳情 | 所持有效權益 | 非控股權益所持普通股比例 (%) |
| Saidan HK Limited | Hong Kong, limited liability company 香港，有限公司 | Investment holding in Hong Kong 投資控股－香港 | 10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元之普通股 | 100% | — |
| 北京慧聰國際資訊有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB500,000,000 人民幣500,000,000元 | 100% | — |
| 北京慧聰互聯信息技術有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB2,200,000,000 人民幣2,200,000,000元 | 100% | — |
| 北京慧聰建設信息諮詢有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB36,000,000 人民幣36,000,000元 | 100% | — |
| ² 廣東慧聰家電城投資有限公司 | The PRC, limited liability company 中國，有限公司 | Construction and sales of properties in the PRC 建設及銷售物業－中國 | RMB166,670,000 人民幣166,670,000元 | 37.49% | 62.51% |
| ² 佛山市慧從匯電子商務有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of properties management services in the PRC 提供物業管理服務－中國 | RMB555,500 人民幣555,500元 | 37.49% | 62.51% |
| ³ 慧聰(天津)電子商務產業投資有限公司 | The PRC, limited liability company 中國，有限公司 | Investment holding in the PRC 投資控股－中國 | RMB91,750,000 人民幣91,750,000元 | 60% | 40% |
| 廣州慧聰網絡科技有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB8,333,000 人民幣8,333,000元 | 90% | 10% |

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2018:
(Continued)

22 附屬公司(續)

以下為於二零一八年十二月三十一日主要附屬公司之清單：(續)

| Name | Place of incorporation and kind of legal entity | Principal activities and place of operation | Particulars of registered share capital | Effective interest held | Proportion of ordinary shares held by non-controlling interests (%) 非控股權益所持普通股比例 (%) |
|----------------|---|---|---|-------------------------|---|
| 名稱 | 註冊成立地點及法定實體類別 | 主要業務及經營地點 | 已註冊股本詳情 | 所持有效權益 | |
| 北京兆信信息技術股份有限公司 | The PRC, limited liability company 中國，有限公司 | Anti-counterfeiting Technology Development in the PRC 開發防偽技術－中國 | RMB56,002,000 人民幣56,002,000元 | 81.08% | 18.92% |
| 慧聰融資租賃有限公司 | The PRC, limited liability company 中國，有限公司 | Finance leasing services in the PRC 融資租賃服務－中國 | US\$30,000,000 30,000,000美元 | 100% | — |
| 北京橙三角科技有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | US\$150,000 150,000美元 | 89.34% | 10.66% |
| 北京知行銳景科技有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB10,000,000 人民幣10,000,000元 | 89.34% | 10.66% |
| 寧波慧聰供應鏈管理有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of trading and agency services in the PRC 提供買賣及代理服務－中國 | RMB20,000,000 人民幣20,000,000元 | 52.80% | 47.20% |
| 上海慧旌電子商務有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of trading and agency services in the PRC 提供買賣及代理服務－中國 | RMB200,000,000 人民幣200,000,000元 | 100% | — |
| 廣東慧鼎投資有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB220,000,000 人民幣220,000,000元 | 100% | — |
| 北京凱迅兆通防偽科技有限公司 | The PRC, limited liability company 中國，有限公司 | Anti-counterfeiting Technology Development in the PRC 開發防偽技術－中國 | RMB10,000,000 人民幣10,000,000元 | 81.08% | 18.92% |

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2018:
(Continued)

22 附屬公司(續)

以下為於二零一八年十二月三十一日主要附屬公司之清單：(續)

| Name | Place of incorporation and kind of legal entity | Principal activities and place of operation | Particulars of registered share capital | Effective interest held | Proportion of ordinary shares held by non-controlling interests (%) 非控股權益所持普通股比例 (%) |
|------------------|---|--|---|-------------------------|---|
| 名稱 | 註冊成立地點及法定實體類別 | 主要業務及經營地點 | 已註冊股本詳情 | 所持有效權益 | |
| 杭州賽典信息科技有限公司 | The PRC, limited liability company 中國，有限公司 | Investment holding in the PRC 投資控股－中國 | US\$1,000,000 1,000,000美元 | 100% | — |
| 杭州賽點科技有限公司 | The PRC, limited liability company 中國，有限公司 | Investment holding in the PRC 投資控股－中國 | RMB5,250,000 人民幣5,250,000元 | 100% | — |
| 浙江中服網絡科技有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB10,000,000 人民幣10,000,000元 | 80.38% | 19.62% |
| 浙江諾天網絡科技有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of business information in the PRC 提供商業資訊－中國 | RMB5,000,000 人民幣5,000,000元 | 80.38% | 19.62% |
| 重慶神州數碼慧聰小額貸款有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of loan service in the PRC 提供貸款服務－中國 | RMB1,000,000,000 人民幣1,000,000,000元 | 70% | 30% |
| 北京慧嘉元天文化傳媒有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of marketing services, project, exhibition in the PRC 提供市場營銷服務、項目、展覽－中國 | USD1,050,000 1,050,000美元 | 100% | — |
| 天津慧嘉元天廣告傳媒有限公司 | The PRC, limited liability company 中國，有限公司 | Provision of marketing services, project, exhibition in the PRC 提供市場營銷服務、項目、展覽－中國 | RMB20,000,000 人民幣20,000,000元 | 100% | — |

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2018:
(Continued)

22 附屬公司(續)

以下為於二零一八年十二月三十一日主要附屬公司之清單：(續)

| Name | Place of incorporation and kind of legal entity | Principal activities and place of operation | Particulars of registered share capital | Effective interest held | Proportion of ordinary shares held by non-controlling interests (%) 非控股權益所持普通股比例 (%) |
|------------------------------|---|--|---|-------------------------|---|
| 名稱 | 註冊成立地點及法定實體類別 | 主要業務及經營地點 | 已註冊股本詳情 | 所持有效權益 | |
| 北京億茂廣告有限公司 | The PRC, limited liability company 中國·有限公司 | Provision of marketing services, project, exhibition in the PRC 提供市場營銷服務、項目、展覽—中國 | RMB10,000,000 人民幣10,000,000元 | 100% | — |
| 廣州慧嘉元天廣告傳媒有限公司 | The PRC, limited liability company 中國·有限公司 | Provision of marketing services, project, exhibition in the PRC 提供市場營銷服務、項目、展覽—中國 | RMB4,000,000 人民幣4,000,000元 | 100% | — |
| 上海慧嘉嘉岑廣告傳播有限公司 | The PRC, limited liability company 中國·有限公司 | Provision of marketing services, project, exhibition in the PRC 提供市場營銷服務、項目、展覽—中國 | RMB1,000,000 人民幣1,000,000元 | 60% | 40% |
| ⁴ 上海棉聯電子商務有限公司 | The PRC, limited liability company 中國·有限公司 | Provision of B2B e-business services for spot cotton trading 就現貨棉花提供B2B電商服務 | RMB63,505,000 人民幣63,505,000元 | 51% | 49% |
| ⁴ 廣東家電世界電子商務有限公司 | The PRC, limited liability company 中國·有限公司 | Provision of B2B e-business service for household appliances 就家電提供B2B電商服務 | RMB40,000,000 人民幣40,000,000元 | 75% | 25% |
| ⁵ 中模雲(天津)建築科技有限公司 | The PRC, limited liability company 中國·有限公司 | Provision of construction equipment rental services 提供建築設備租賃服務 | RMB10,129,000 人民幣10,129,000元 | 51% | 49% |
| ⁴ 北京融商通聯科技有限公司 | The PRC, limited liability Company 中國·有限公司 | Provision of business information in the PRC 提供商業資訊—中國 | RMB36,821,000 人民幣36,821,000元 | 89.34% | 10.66% |

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

The following is a list of the principal subsidiaries at 31 December 2018:
(Continued)

- 1 Shares held directly by the Company.
- 2 Guangdong Huicong Household Appliances City Investment Co., Ltd and Foshan Huiconghui E-business CO., Ltd are indirectly held through the Company's 60% owned subsidiary, Huicong (Tianjin) E-business Company Limited* ("慧聰(天津)電子商務有限公司") ("Huicong Tianjin"). Huicong Tianjin directly holds 53.1% equity interest in these two companies and indirectly holds 9.38% (2017: 9.38%) of equity interest in these two companies through its 20% held associate, Hui De Holding Co., Ltd* ("慧德控股有限公司"). Hence, the Group effectively hold 37.49% (2017: 37.49%) of Guangdong Huicong Household Appliances City Investment Co., Ltd and Foshan Huiconghui E-business CO., Ltd.
- 3 The Group holds 60% equity interest of Huicong Tianjin, and the remaining 40% is held by a non-controlling interest company ("NCI Company"). Liu Jun, an executive director and the chief executive officer of the Company, holds 62.5% equity interest of the NCI Company, and in turn effectively holds 25% of equity interest in Huicong Tianjin.
- 4 The Company was step-acquired during the year ended 31 December 2018.
- 5 These companies are newly acquired during the year ended 31 December 2018.

22 附屬公司(續)

以下為於二零一八年十二月三十一日主要附屬公司之清單：(續)

- 1 股份由本公司直接持有。
- 2 廣東慧聰家電城投資有限公司及佛山市慧從匯電子商務有限公司由本公司透過其擁有60%權益之附屬公司慧聰(天津)電子商務有限公司(「慧聰天津」)間接持有。慧聰天津直接持有該兩間公司之53.1%股本權益並透過其持有20%權益之聯營公司慧德控股有限公司間接持有該兩間公司之9.38%(二零一七年：9.38%)股本權益。因此，本集團實際持有廣東慧聰家電城投資有限公司及佛山市慧從匯電子商務有限公司之37.49%(二零一七年：37.49%)股本權益。
- 3 本集團持有慧聰天津60%之股本權益，而餘下40%則由一間非控股權益公司(「非控股權益公司」)持有。本公司執行董事兼首席執行官劉軍持有非控股權益公司62.5%之股本權益，因而實際持有慧聰天津25%之股本權益。
- 4 該公司為於截至二零一八年十二月三十一日止年度分階段收購之公司。
- 5 該等公司為於截至二零一八年十二月三十一日止年度新收購之公司。

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

(a) Material non-controlling interests

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information Guangdong Huicong Household Appliances City Investment Co., Ltd and Chongqing Digital China Huicong Micro-credit Company Limited that has non-controlling interests that are material to the Group.

Summarised consolidated statement of financial position

| | | Guangdong Huicong Household Appliances City Investment Co., Ltd 廣東慧聰家電城投資有限公司 | | Chongqing Digital China Huicong Micro-credit Company Limited 重慶神州數碼慧聰小額貸款有限公司 | |
|--------------------------------------|--------------|--|-----------------------------------|--|--|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 (note) 二零一七年(附註) RMB'000 人民幣千元 |
| Current Assets | 流動資產 | 307,358 | 343,033 | 1,404,675 | 1,295,283 |
| Liabilities | 負債 | (361,639) | (121,575) | (287,712) | (51,463) |
| Net current assets/(liabilities) | 流動資產/(負債)淨額 | (54,281) | 221,458 | 1,116,963 | 1,243,820 |
| Non-current Assets | 非流動資產 | 788,236 | 811,993 | 100,936 | 282,647 |
| Liabilities | 負債 | (351,090) | (593,317) | – | (355,000) |
| Net non-current assets/(liabilities) | 非流動資產/(負債)淨額 | 437,146 | 218,676 | 100,936 | (72,353) |
| Net assets | 資產淨值 | 382,865 | 440,134 | 1,217,899 | 1,171,467 |
| Accumulated non-controlling interest | 累計非控股權益 | 191,311 | 216,303 | 490,588 | 477,867 |

As at 31 December 2018, the non-controlling interests balances of Guangdong Huicong Household Appliances City Investment Co., Ltd and Chongqing Digital China Huicong Micro-credit Company Limited amounted approximately RMB191,311,000 (2017: RMB216,303,000) and RMB490,588,000 (2017: RMB477,867,000) respectively.

(a) 重大非控股權益

具重大非控股權益附屬公司之財務資料概要

下文載列廣東慧聰家電城投資有限公司及重慶神州數碼慧聰小額貸款有限公司之財務資料概要，該兩間公司擁有對本集團而言屬重大之非控股權益。

合併財務狀況表概要

於二零一八年十二月三十一日，廣東慧聰家電城投資有限公司及重慶神州數碼慧聰小額貸款有限公司之非控股權益結餘分別約為人民幣191,311,000元（二零一七年：人民幣216,303,000元）及人民幣490,588,000元（二零一七年：人民幣477,867,000元）。

* English names are translated for identification purpose only.

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

22 附屬公司(續)

(a) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised statement of comprehensive income

(a) 重大非控股權益(續)

具重大非控股權益附屬公司之財務資料概要(續)

綜合收益表概要

| | | Guangdong Huicong Household Appliances City Investment Co., Ltd 廣東慧聰家電城投資有限公司 | | Chongqing Digital China Huicong Micro-credit Company Limited 重慶神州數碼慧聰小額貸款有限公司 | |
|---|-----------------|--|-----------------------------------|--|--|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 (note) 二零一七年(附註) RMB'000 人民幣千元 |
| Revenue/Interest income | 銷售收入／利息收入 | 59,238 | 428,023 | 128,060 | 188,861 |
| Profit before tax | 除所得稅前溢利 | (3,394) | 112,473 | 63,604 | 97,785 |
| Income tax expenses | 所得稅開支 | (33,284) | (40,771) | (21,200) | (27,905) |
| Profit after tax | 除稅後溢利 | (36,678) | 71,702 | 42,404 | 69,880 |
| Other comprehensive income | 其他全面收入 | - | - | - | - |
| Total comprehensive income | 全面收入總額 | (36,678) | 71,702 | 42,404 | 69,880 |
| Total comprehensive income allocated to non-controlling interests | 分配至非控股權益之全面收入總額 | (24,992) | 46,098 | 12,721 | 6,356 |
| Dividends paid to non-controlling interests | 已付非控股權益股息 | - | - | - | - |

Note: The Group completed the acquisition of Chongqing Digital China Huicong Micro-credit Company Limited on 27 November 2017. The figures shown above represented the financial position of Chongqing Digital China Huicong Micro-credit Company Limited as at 31 December 2017 and the 12 months statement of comprehensive income of Chongqing Digital China Huicong Micro-credit Company Limited for the year ended 31 December 2017.

附註：本集團於二零一七年十一月二十七日完成收購重慶神州數碼慧聰小額貸款有限公司。上述數字指重慶神州數碼慧聰小額貸款有限公司於二零一七年十二月三十一日之財務狀況及重慶神州數碼慧聰小額貸款有限公司於截至二零一七年十二月三十一日止年度之12個月全面收益表。

Notes to the Consolidated Financial Statements

合併財務報表附註

22 SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flow statement

| | | Guangdong Huicong Household Appliances City Investment Co., Ltd 廣東慧聰家電城投資有限公司 | | Chongqing Digital China Huicong Micro-credit Company Limited 重慶神州數碼慧聰小額貸款有限公司 | |
|---|-------------------|--|-----------------------------------|--|--|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 (note) 二零一七年(附註) RMB'000 人民幣千元 |
| Net cash (used in)/generated from operating activities | 經營業務(所用)/產生現金淨額 | (9,176) | (120,571) | 71,872 | 160,460 |
| Net cash used in investing activities | 投資活動所用現金淨額 | (472) | (190,500) | - | (6) |
| Net cash generated from/ (used in) financing activities | 融資活動產生/(所用)現金淨額 | (5,000) | 130,000 | (100,000) | (136,876) |
| Net (decrease)/increase in cash and cash equivalents | 現金及現金等值物淨值(減少)/增加 | (14,648) | (181,071) | (28,128) | 23,578 |

* English names are translated for identification purpose only.

22 附屬公司(續)

(a) 重大非控股權益(續)

具重大非控股權益附屬公司之財務資料概要(續)

現金流量表概要

23 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

23 採用權益法列賬之投資

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------|------|-----------------------------------|-----------------------------------|
| Associates | 聯營公司 | 677,808 | 124,418 |
| Joint ventures | 合營公司 | - | 165 |
| | | 677,808 | 124,583 |

Notes to the Consolidated Financial Statements

合併財務報表附註

23 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) 23 採用權益法列賬之投資(續)

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------------|-----------------------------------|-----------------------------------|
| Movements in the investment in associates are as follows: | 於聯營公司之投資變動如下： | | |
| At 1 January | 於一月一日 | 124,418 | 138,595 |
| Transfer from financial asset at fair value through profit or loss | 轉撥自按公平值計入損益之金融資產 | 541,000 | — |
| Addition | 添置 | 26,330 | 8,228 |
| Addition arise from acquisition of subsidiaries | 收購附屬公司所產生之添置 | 592 | — |
| Disposal | 出售 | (12,037) | — |
| Deemed disposal (note 24) | 視作出售(附註24) | (10,962) | — |
| Share of post-tax profits/(losses) | 分佔除稅後溢利/(虧損) | 28,014 | (22,405) |
| Impairment (note 7) | 減值(附註7) | (19,547) | — |
| At 31 December | 於十二月三十一日 | 677,808 | 124,418 |

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|---------------|-----------------------------------|-----------------------------------|
| Movements in the investment in joint ventures are as follows: | 於合營公司之投資變動如下： | | |
| At 1 January | 於一月一日 | 165 | 440,428 |
| Share of post-tax profits | 分佔除稅後溢利 | — | 19,774 |
| Carrying amount of deemed disposal of joint venture | 視作出售合營公司之賬面值 | — | (460,037) |
| Deregistration | 註銷 | (165) | — |
| At 31 December | 於十二月三十一日 | — | 165 |

Set out below are associates and joint ventures which, in opinion of directors, are material to the Group as at 31 December 2018 and 2017. The associates and joint ventures as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of establishment or registration is also their principal place of business.

以下載列董事認為於二零一八年及二零一七年十二月三十一日對本集團屬重大之聯營公司及合營公司。下列聯營公司及合營公司之股本中僅包括普通股，由本集團直接持有，而成立或註冊國家亦為其主要營業地點。

Notes to the Consolidated Financial Statements

合併財務報表附註

23 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued) 23 採用權益法列賬之投資(續)

| Name of entity 實體名稱 | Place of business/ country of establishment 營業地點／成立國家 | % of effective interest 實際權益 百分比 2018 二零一八年 | Nature of the relationship 關係性質 | Measurement method 計量方式 | Carrying amount 賬面值 | |
|---|--|---|--|-------------------------------|-----------------------------------|-----------------------------------|
| | | | | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| 慧德控股有限公司 (Hui De Holding Co., Ltd.*) | PRC 中國 | 12.0 | Associate (note 1) 聯營公司 (附註1) | Equity 權益 | 28,140 | 26,386 |
| 浙江慧聰投資有限公司 (Zhejiang Huicong Investment Co., Ltd*) | PRC 中國 | 29.6 | Associate (note 2) 聯營公司 (附註2) | Equity 權益 | 39,169 | 32,608 |
| 內蒙古呼和浩特金谷農村商業 銀行股份有限公司 (Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Ltd) | PRC 中國 | 9.8 | Associate (note 3) 聯營公司 (附註3) | Equity 權益 | 561,162 | NA 不適用 |

* English names are translated for identification purpose only

note 1: Hui De Holding Co., Ltd* (“慧德控股”) provides investment management and project investments in the PRC. The Group holds 60% interests of its subsidiary, 慧聰(天津)電子商務有限公司, which in turn holds 20% of interests in 慧德控股.

附註1：慧德控股有限公司(「慧德控股」)於中國提供投資管理及項目投資服務。本集團持有其附屬公司慧聰(天津)電子商務有限公司之60%股權，而慧聰(天津)電子商務有限公司持有慧德控股之20%股權。

note 2: Zhejiang Huicong Investment Co., Limited* (“浙江慧聰”) engages in investment in real estate construction and management. The Group directly holds 20% equity shares of 浙江慧聰 and indirectly holds 9.6% equity interests through 慧德控股. Hence, the Group effectively holds 29.6% equity interest in 浙江慧聰.

附註2：浙江慧聰投資有限公司(「浙江慧聰」)從事房地產建築投資及管理業務。本集團直接持有浙江慧聰之20%權益股，並透過慧德控股間接持有其9.6%股權。因此，本集團實際上持有浙江慧聰之29.6%股權。

note 3: The Group directly holds 9.79% of equity interest of Jingu, which provides products and services on bank deposits, loans and advances in PRC and other business approved by the China Banking Regulatory Commission (“CBRC”). On 27 June 2018, the Group obtained approval from the CBRC for the director appointment, which allow the Group to exercise significant influence to Jingu. The investment had been reclassified from “financial assets of fair value through profit or loss” to “investment in associate company” on the approval date.

附註3：本集團直接持有金谷之9.79%股權，其於中國提供有關銀行存款、貸款及墊款產品及服務以及中國銀行業監督管理委員會(「中國銀行業監督管理委員會」)批准之其他業務。於二零一八年六月二十七日，本集團已就委任董事獲得中國銀行業監督管理委員會批准，其使本集團可對金谷行使重大影響力。有關投資已於批准日期由「按公平值計入損益之金融資產」重新分類為「於聯營公司之投資」。

Notes to the Consolidated Financial Statements

合併財務報表附註

23 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

23 採用權益法列賬之投資(續)

(a) Investment in associates

Summarised consolidated financial information for associates

Set out below are the summarised financial information for the associates which, in the opinion of director, are material to the Group and are accounted for using the equity method.

(a) 於聯營公司之投資

聯營公司之合併財務資料概要

下文載列董事認為對本集團屬重大且按權益法列賬之聯營公司之合併財務資料概要。

| | | Hui De Holding Co. Ltd. | | Zhejiang Huicong Investment Co. Ltd. | | Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Ltd. | |
|--|--------------|-------------------------|-----------|--------------------------------------|-----------|--|---------|
| | | 慧德控股有限公司 | | 浙江慧聰投資有限公司 | | 內蒙古呼和浩特金谷農村商業銀行股份有限公司 | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Current | 流動 | | | | | | |
| Total current assets | 流動資產總值 | 744,006 | 770,066 | 728,543 | 733,392 | Note 附註 | NA 不適用 |
| Total current liabilities | 流動負債總額 | (718,743) | (366,122) | (577,537) | (337,068) | Note 附註 | NA 不適用 |
| Non-current | 非流動 | | | | | | |
| Total non-current assets/(liabilities) | 非流動資產/(負債)總值 | 161,922 | (231,378) | 46,730 | (231,395) | Note 附註 | NA 不適用 |
| Net assets | 資產淨值 | 187,185 | 172,566 | 197,736 | 164,929 | 5,099,248 | NA 不適用 |
| Opening net assets | 年初資產淨值 | 172,566 | 204,915 | 164,929 | 228,244 | 5,122,516 | NA 不適用 |
| Capital injection | 注資 | - | - | - | - | 1,109 | NA 不適用 |
| Profit/(loss) for the year | 年內溢利/(虧損) | 14,619 | (32,349) | 32,807 | (63,315) | 205,948 | NA 不適用 |
| Other reserve movement | 其他儲備變動 | - | - | - | - | (230,325) | NA 不適用 |
| Closing net assets | 年末資產淨值 | 187,185 | 172,566 | 197,736 | 164,929 | 5,099,248 | NA 不適用 |
| Direct equity interest held | 所持直接股本權益 | 12% | 12% | 20% | 20% | 9.8% | NA 不適用 |
| Share of interest held by Group | 本集團分佔權益 | 22,462 | 20,708 | 39,547 | 32,986 | 499,726 | NA 不適用 |

Note: As at the end of 2018, the total assets and total liabilities are amounting to RMB61,680,692,000 and RMB56,581,444,000, respectively.

附註：於二零一八年末，總資產及總負債分別為人民幣61,680,692,000元及人民幣56,581,444,000元。

Notes to the Consolidated Financial Statements

合併財務報表附註

23 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

23 採用權益法列賬之投資(續)

(a) Investment in associates (Continued)

Summarised consolidated statement of comprehensive income

(a) 於聯營公司之投資(續)

合併綜合收益表概要

| | | Hui De Holding Co. Ltd. | | Zhejiang Huicong Investment Co. Ltd. | | Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Ltd. | |
|-----------------------------------|-------------|-------------------------|----------|--------------------------------------|----------|--|---------|
| | | 慧德控股有限公司 | | 浙江慧聰投資有限公司 | | 內蒙古呼和浩特金谷農村商業銀行股份有限公司 | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 |
| | | | | | | (from 27 June 2018 to 31 December 2018) | |
| | | | | | | (由二零一八年六月二十七日至二零一八年十二月三十一日) | |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Revenue | 銷售收入 | 325,968 | 3,161 | 324,048 | — | — | NA 不適用 |
| Interest income | 利息收入 | — | — | — | — | 805,355 | NA 不適用 |
| Profit/(loss) after tax | 除稅後溢利／(虧損) | 14,619 | (32,349) | 32,807 | (63,315) | 205,948 | NA 不適用 |
| Other comprehensive income | 其他全面收入 | — | — | — | — | — | NA 不適用 |
| Total comprehensive income/(loss) | 全面收入／(虧損)總額 | 14,619 | (32,349) | 32,807 | (63,315) | 205,948 | NA 不適用 |

The information above reflects the amounts presented in the consolidated financial statements of the associates (and not HC Group Inc.'s share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

上述資料反映於聯營公司合併財務報表所呈列之金額(並非慧聰集團有限公司所佔該等金額)，因本集團與聯營公司之會計政策差異而作出調整。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS

(a) Step acquisition of Shanghai Mianlian E-business Co., Limited (“上海棉聯電子商務有限公司” or “Mianlian”)

On 6 May 2016, Beijing Huicong Zaichuang Technology Co., Limited (“北京慧聰再創科技有限公司” or “Beijing Zaichuang”), a wholly-owned subsidiary of the Company, had contributed RMB5,000,000 by way of cash to Mianlian for approximately 15% of its equity interest. The investment was classified as an associate under “Investments accounted for using the equity method” as the Group has significant influence in Mianlian.

On 23 April 2018, the Group completed a further investment in newly issued ordinary shares representing 43.84% equity interest in Mianlian for a total cash consideration of RMB50,000,000.

Upon closing of the said transaction, the Group’s effective equity interest in Mianlian increased to 51%, the Group acquired controls over Mianlian and it became a consolidated subsidiary of the Group.

The fair value of the Group’s then effective equity holding immediately before the completion of the Step Acquisition formed part of the total consideration of the Step Acquisition and was included in the calculation of goodwill on the Step Acquisition.

The fair value of the initial 15% interest in Mianlian held by Beijing Zaichuang prior to the completion of the Step Acquisition was estimated by Access Partner Consultancy & Appraisals Limited, an independent professional qualified valuer, to be RMB6,400,000, which comparing to the carrying amount of RMB4,096,000 as at the acquisition date will give rise to a fair value gain of RMB2,304,000. The gain was recognised as “Gain on step acquisition” under “Other gains, net” in the consolidated statement of comprehensive income.

24 業務合併

(a) 分階段收購上海棉聯電子商務有限公司(「上海棉聯電子商務有限公司」或「棉聯」)

於二零一六年五月六日，本公司全資附屬公司北京慧聰再創科技有限公司(「北京慧聰再創科技有限公司」或「北京再創」)向棉聯注資現金人民幣5,000,000元，相當於其約15%股權。由於本集團對棉聯具有重大影響力，故該項投資被分類為「使用權益法入賬之投資」項下之一間聯營公司。

於二零一八年四月二十三日，本集團完成對棉聯新發行普通股之進一步投資，相當於其43.84%股權，總現金代價為人民幣50,000,000元。

於上述交易完成後，本集團於棉聯之實益股權增至51%，故本集團取得棉聯之控制權而其成為本集團之合併附屬公司。

緊接分階段收購事項完成前，本集團當時之實際持股公平值構成分階段收購事項總代價之一部分，並用於計算分階段收購事項之商譽。

北京再創最初於分階段收購事項完成前持有之棉聯15%股權之公平值由獨立專業合資格估值師亞克碩顧問及評估有限公司估算為人民幣6,400,000元，而於收購日期之賬面值人民幣4,096,000元將導致公平值收益人民幣2,304,000元。有關收益於合併綜合收益表中確認為「其他收益淨額」項下之「分階段收購所得收益」。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(a) Step acquisition of Shanghai Mianlian E-business Co., Limited (“上海棉聯電子商務有限公司” or “Mianlian”)

(Continued)

The goodwill of RMB21,544,000 arising from the acquisition is attributable to the synergies from combining the operations of the Group and Mianlian. None of the goodwill recognised is expected to be deductible for income tax purpose.

The following table summarises the consideration paid for Mianlian, the fair value of assets acquired and liabilities assumed at the acquisition date.

24 業務合併(續)

(a) 分階段收購上海棉聯電子商務有限公司(「上海棉聯電子商務有限公司」或「棉聯」)(續)

分階段收購事項產生商譽人民幣21,544,000元乃歸因於本集團與棉聯業務合併之協同作用。預期並無已確認商譽可扣所得稅。

下表概述於收購日期就棉聯支付之代價、所收購資產及所承擔負債之公平值。

| | | At 23 April 2018 二零一八年 四月二十三日 RMB'000 人民幣千元 |
|---|-------------------|--|
| Cash consideration | 現金代價 | 50,000 |
| Fair value of existing shares of Mianlian held by the Group | 本集團現時持有棉聯股份之公平值 | 6,400 |
| Total consideration | 代價總額 | 56,400 |
| The assets and liabilities recognised as a result of the acquisition are as follows: | | |
| Cash and cash equivalents | 現金及現金等值物 | 40,156 |
| Property, plant and equipment (note 18) | 物業、廠房及設備(附註18) | 128 |
| Trade and other receivables | 應收賬款及其他應收款項 | 50,844 |
| Deferred tax assets (note 38) | 遞延稅項資產(附註38) | 450 |
| Intangible assets – trademark (note 19) | 無形資產 – 商標(附註19) | 12,200 |
| Intangible assets – database (note 19) | 無形資產 – 數據庫(附註19) | 2,100 |
| Intangible assets – customer relationship (note 19) | 無形資產 – 客戶關係(附註19) | 3,000 |
| Inventories | 存貨 | 28,743 |
| Trade and other payables | 應付賬款及其他應付款項 | (23,109) |
| Borrowings | 借貸 | (41,842) |
| Deferred tax liabilities (note 38) | 遞延稅項負債(附註38) | (4,325) |
| Net identifiable assets acquired | 所收購可識別資產淨值 | 68,345 |
| Non-controlling interests | 非控股權益 | (33,489) |
| Goodwill (note 19) | 商譽(附註19) | 21,544 |
| Net assets acquired | 所收購資產淨值 | 56,400 |

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(a) Step acquisition of Shanghai Mianlian E-business Co., Limited (“上海棉聯電子商務有限公司” or “Mianlian”) (Continued)

Revenue and profit contribution

The acquired business contributed revenue of RMB1,733,920,000 and net profit of RMB4,399,000 to the Group for the period from 23 April 2018 to 31 December 2018. If the acquisition had occurred on 1 January 2018, consolidated revenue and consolidated profit after tax for the year ended 31 December 2018 of the Group would have been RMB10,705,001,000 and RMB275,525,000 respectively.

Mianlian Performance Targets and adjustment mechanism

Part of the consideration is subject to certain performance targets and adjustment mechanisms for the twelve months ended 30 April 2019.

Acquisition-related costs are insignificant and included in administrative expenses in consolidated statement of comprehensive income for the year ended 31 December 2018.

(b) Acquisition of Zhongmoyun (Tianjin) Construction Science and Technology Co., Limited

(a) Summary of acquisition

On 18 July 2018, the Group completed the acquisition of 51% equity interest in Zhongmoyun (Tianjin) Construction Science and Technology Company Limited (中模雲(天津)建築科技有限公司) (“Zhongmoyun”), which consisted of newly issued ordinary shares and existing ordinary shares held by Kashen Tongyuan Information Technology Company Limited (喀什同源信息技術有限合夥企業) (“Kashi”) in total cash consideration of RMB38,590,000. Upon the completion, the Group has acquired the control over Zhongmoyun as the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect its variable returns.

24 業務合併(續)

(a) 分階段收購上海棉聯電子商務有限公司(「上海棉聯電子商務有限公司」或「棉聯」)(續)

銷售收入及溢利貢獻

於二零一八年四月二十三日至二零一八年十二月三十一日期間，已收購業務為本集團貢獻銷售收入人民幣1,733,920,000元及純利人民幣4,399,000元。倘收購事項已於二零一八年一月一日進行，則本集團截至二零一八年十二月三十一日止年度之合併銷售收入及綜合除稅後溢利將分別為人民幣10,705,001,000元及人民幣275,525,000元。

棉聯之履約目標及調整機制

部分代價須待截至二零一九年四月三十日止十二個月之若干履約目標達成後償付，並可根據調整機制予以調整。

相關收購成本並不重大，已計入截至二零一八年十二月三十一日止年度之合併綜合收益表之行政開支。

(b) 收購中模雲(天津)建築科技有限公司

(a) 收購概覽

於二零一八年七月十八日，本集團完成收購中模雲(天津)建築科技有限公司(「中模雲」)51%股權，其包括喀什同源信息技術有限合夥企業(「喀什」)持有之新發行普通股及現有普通股，總現金代價為人民幣38,590,000元。於完成後，由於本集團現有權利賦予其可即時控制中模雲相關活動(即對可變回報造成重大影響之活動)之權力，故本集團取得對中模雲之控制權。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

24 業務合併(續)

(b) Acquisition of Zhongmoyun (Tianjin) Construction Science and Technology Co., Limited (Continued)

(b) 收購中模雲(天津)建築科技有限公司(續)

(a) Summary of acquisition (Continued)

(a) 收購概覽(續)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

購買代價、所收購之資產淨值及商譽之詳情如下：

| | | RMB'000 人民幣千元 |
|--|--------------------|------------------|
| Consideration: | 代價： | |
| On 18 July 2018 | 於二零一八年七月十八日 | |
| Cash consideration | 現金代價 | 38,590 |
| The assets and liabilities recognised as a result of the acquisition are as follows: | 因收購而確認之資產及負債如下： | |
| Cash and cash equivalents | 現金及現金等值物 | 15,791 |
| Property, plant and equipment | 物業、廠房及設備 | 104,878 |
| Trade and other receivables | 應收賬款及其他應收款項 | 56,802 |
| Deferred tax assets (note 38) | 遞延稅項資產(附註38) | 479 |
| Intangible assets – patent (note 19) | 無形資產－專利(附註19) | 32,100 |
| Intangible assets – contract (note 19) | 無形資產－合約(附註19) | 600 |
| Intangible assets – software (note 19) | 無形資產－軟件(附註19) | 7,100 |
| Bank borrowing | 銀行借貸 | (119,365) |
| Trade and other payables | 應付賬款及其他應付款項 | (27,640) |
| Deferred tax liabilities | 遞延稅項負債 | (8,169) |
| Net identifiable assets acquired | 所收購可識別資產淨值 | 62,576 |
| Non-controlling interest | 非控股權益 | (38,919) |
| Goodwill | 商譽 | 14,933 |
| Net assets acquired | 所收購資產淨值 | 38,590 |

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(b) Acquisition of Zhongmoyun (Tianjin) Construction Science and Technology Co., Limited (Continued)

(a) Summary of acquisition (Continued)

The goodwill of RMB14,933,000 arising from the acquisition is attributable to the synergies from combining the operations of the Group and Zhongmoyun. None of the goodwill recognised is expected to be deductible for income tax purpose.

(b) Purchase consideration – cash outflow

Acquisition-related costs are insignificant and included in administrative expenses in consolidated statement of comprehensive income for the year ended 31 December 2018.

Revenue and profit contribution

The acquired business contributed revenue of RMB106,697,000 and net profit of RMB21,414,000 to the Group for the period from 18 July 2018 to 31 December 2018. If acquisition had occurred on the 1 January 2018, consolidated revenue and consolidated profit after tax of the Group for the year ended 31 December 2018 would have been RMB10,496,248,000 and RMB276,282,000 respectively.

24 業務合併(續)

(b) 收購中模雲(天津)建築科技有限公司(續)

(a) 收購概覽(續)

收購產生商譽人民幣14,933,000元乃歸因於本集團與中模雲業務合併之協同作用。預期並無已確認商譽可扣所得稅。

(b) 購買代價－現金流出

相關收購成本並不重大，已計入截至二零一八年十二月三十一日止年度之合併綜合收益表之行政開支。

銷售收入及溢利貢獻

於二零一八年七月十八日至二零一八年十二月三十一日期間，所收購業務為本集團貢獻收入人民幣106,697,000元及純利人民幣21,414,000元。倘收購事項於二零一八年一月一日發生，本集團截至二零一八年十二月三十一日止年度之綜合銷售收入及綜合除稅後溢利將分別為人民幣10,496,248,000元及人民幣276,282,000元。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(c) Step acquisition of Guangdong Jiadian Shijie E-business Company Limited

On July 2016, the Group acquired 15% equity interest in Guangdong Jiadian Shijie E-business Company Limited (廣東家電世界電子商務有限公司) (“Jiadian Shijie”) by subscribing its newly issued ordinary shares for a cash consideration of RMB5,000,000. The investment was classified as an associate under “Investments accounted for using the equity method” as the Group has significant influence in Jiadian Shijie.

On 21 September 2018, the Group completed a further investment in newly issued ordinary shares representing 60% equity interest in Jiadian Shijie for a total cash consideration of RMB43,200,000.

Upon closing of this transaction, the Group’s effective equity interest in Jiadian Shijie increased to 75%, the Group acquired controls over Jiadian Shijie which became a consolidated subsidiary of the Group.

On 21 September 2018, Jiadian Shijie holds 40% in Guangzhou Huicong Network Technology Company Limited (廣州慧聰網絡科技有限公司) (“Guangzhou Huicong”), which was a 60% owned subsidiary of the Group. Upon closing of this transaction, the Group’s equity interest in Guangzhou Huicong had increased from 60% to 90%. The carrying amount of the non-controlling interests in Guangzhou Huicong held by the Group as at the date of acquisition was RMB24,098,000. The Group recognised a decrease in non-controlling interests of RMB18,074,000, and decrease in other reserve of RMB23,203,000.

As at 21 September 2018, the fair value of the initial 15% interest in Jiadian Shijie held by Beijing Zaichuang prior to the completion of the Step Acquisition was estimated by an independent professional qualified valuer to be RMB9,180,000, which will give rise to a fair value gain of RMB2,314,000. The gain was recognised as “Gain on step acquisition” under “Other gains, net” in the consolidated statement of comprehensive income.

24 業務合併(續)

(c) 分階段收購廣東家電世界電子商務有限公司

於二零一六年七月，本集團通過認購廣東家電世界電子商務有限公司(「家電世界」)之新發行普通股，以認購其15%股權，現金代價為人民幣5,000,000元。由於本集團對家電世界具有重大影響力，故該項投資被分類為「使用權益法入賬之投資」項下之一間聯營公司。

於二零一八年九月二十一日，本集團完成對家電世界新發行普通股之進一步投資，相當於其60%股權，總現金代價為人民幣43,200,000元。

於該交易完成後，本集團於家電世界之實益股權增至75%，故本集團取得家電世界之控制權，而家電世界成為本集團之合併附屬公司。

於二零一八年九月二十一日，家電世界持有廣州慧聰網絡科技有限公司(「廣州慧聰」，其為本集團擁有60%股權之附屬公司)之40%股權。於該交易完成後，本集團於廣州慧聰之實益股權由60%增至90%。於收購日期，本集團於廣州慧聰持有之非控股權益賬面值為人民幣24,098,000元。本集團確認非控股權益減少人民幣18,074,000元及其他儲備減少人民幣23,203,000元。

於二零一八年九月二十一日，北京再創最初於分階段收購事項完成前持有之家電世界15%股權之公平值由獨立專業合資格估值師估算為人民幣9,180,000元，並將導致公平值收益人民幣2,314,000元。有關收益於合併綜合收益表中確認為「其他收益淨額」項下之「分階段收購所得收益」。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

24 業務合併(續)

(c) Step acquisition of Guangdong Jiadian Shijie E-business Company Limited (Continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

(c) 分階段收購廣東家電世界電子商務有限公司(續)

購買代價、所收購之資產淨值及商譽之詳情如下：

| | | RMB'000 人民幣千元 |
|--|-----------------------------|------------------|
| Consideration: On 21 September 2018 | 代價： 於二零一八年九月二十一日 | |
| Cash consideration | 現金代價 | 43,200 |
| Fair value of equity interests in Jiadian Shijie previously held by the Group | 本集團原先持有家電世界股權之公平值 | 9,180 |
| Adjustment to consideration based on the net assets value as at acquisition date | 根據收購日期之資產淨值對代價作出之調整 | 30,086 |
| Total consideration | 總代價 | 82,466 |
| Less: transaction with non-controlling interest | 減：與非控股權益交易 | (41,277) |
| | | 41,189 |
| The assets and liabilities recognised as a result of the acquisition are as follows: | 因收購而確認之資產及負債如下： | |
| Cash and cash equivalents | 現金及現金等值物 | 7,217 |
| Inventories | 存貨 | 5,349 |
| Property, plant and equipment | 物業、廠房及設備 | 134 |
| Trade and other receivables | 應收賬款及其他應收款項 | 24,077 |
| Intangible assets – platform (note 19) | 無形資產－平台(附註19) | 3,900 |
| Amount due to shareholder | 應付股東款項 | (2,767) |
| Trade and other payables | 應付賬款及其他應付款項 | (2,657) |
| Deferred tax liabilities | 遞延稅項負債 | (975) |
| Net identifiable assets acquired | 所收購可識別資產淨值 | 34,278 |
| Non-controlling interest | 非控股權益 | (9,046) |
| Goodwill | 商譽 | 15,957 |
| Net assets acquired | 所收購資產淨值 | 41,189 |

The goodwill of RMB15,957,000 arising from the acquisition is attributable to the synergies from combining the operations of the Group and Jiadian Shijie. None of the goodwill recognised is expected to be deductible for income tax purpose.

收購產生商譽人民幣15,957,000元乃歸因於本集團與家電世界業務合併之協同作用。預期並無已確認商譽可扣所得稅。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(c) Step acquisition of Guangdong Jiadian Shijie E-business Company Limited (Continued)

Acquisition-related costs are insignificant and had been included in administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2018.

Revenue and profit contribution

The acquired business contributed revenue of RMB36,868,000 and net loss of RMB11,632,000 to the Group for the period from 21 September 2018 to 31 December 2018. If acquisition had occurred on the 1 January 2018, consolidated revenue and consolidated profit after tax for the year ended 31 December 2018 would have been RMB10,572,377,000 and RMB303,945,000 respectively.

24 業務合併(續)

(c) 分階段收購廣東家電世界電子商務有限公司(續)

相關收購成本並不重大，已計入截至二零一八年十二月三十一日止年度之合併綜合收益表之行政開支。

銷售收入及溢利貢獻

於二零一八年九月二十一日至二零一八年十二月三十一日期間，已收購業務為本集團貢獻銷售收入人民幣36,868,000元及淨虧損人民幣11,632,000元。倘收購已於二零一八年一月一日進行，則本集團截至二零一八年十二月三十一日止年度之綜合銷售收入及綜合除稅後溢利將分別為人民幣10,572,377,000元及人民幣303,945,000元。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(d) Acquisition of Zale Inc.

(a) Summary of acquisition

On 22 May 2015, the Group acquired 51% equity interest in Beijing Rongshang Tonglian Technology Co., Ltd. (北京融商通聯科技有限公司) ("Rongshang Tonglian") by subscribing its newly issued ordinary shares for a cash consideration of RMB12,750,000. On 16 June 2016, 20 December 2017 and 14 May 2018, the new shareholders injected capital amounting to RMB11,821,000 into Rongshang Tonglian. After the transaction, the Group's entity interest in Rongshang Tonglian was diluted from 51% to 34.63%. The investment was classified as an associate under "Investments accounted for using the equity method" as the Group has significant influence in Rongshang Tonglian.

On 27 December 2018, Z.Tech Holdings Limited ("Z.Tech"), a wholly-owned subsidiary of the Group, completed the acquisition of 100% equity interest in Zale Inc. ("Zale") from Zale Limited, Ruthfly Limited and Fejack Limited (collectively, the "Vendors") for a total consideration of RMB366,500,000, among which RMB100,000,000 to be payable by cash and the remaining part by way of allotment and issuance of 10.66% Z.Tech consideration shares.

Pursuant to the sale and purchase agreement, the vendor guarantors undertake to the Group that Rongshang Tonglian shall achieve the performance target (i.e. a GMV of RMB1,800,000,000) for the financial year ending 31 December 2019. If the Performance Target cannot be achieved, the Group shall have the right, to repurchase and cancel all or part of the Z.Tech Consideration Shares held by each of the Vendors.

Zale indirectly holds the 65.37% equity interest in Rongshang Tonglian. Following the completion of transaction and issuance of 10.66% share consideration, the Group effectively holds 89.34% equity interest in Zale and Rongshang Tonglian. As a result, Zale and Rongshang Tonglian became consolidated subsidiaries of the Group.

The initial accounting has not been completed as the business combination occurred in late December 2018, being close to the Group's year end and when the fair value is not easily determinable. Therefore, management is in the view of accounting for the business combination using provisionally determined amounts for goodwill, other intangible assets and deferred tax liabilities arising from business combination.

24 業務合併(續)

(d) 收購Zale Inc.

(a) 收購概覽

於二零一五年五月二十二日，本集團通過認購北京融商通聯科技有限公司(「融商通聯」)之新發行普通股，以認購其51%股權，現金代價為人民幣12,750,000元。於二零一六年六月十六日、二零一七年十二月二十日及二零一八年五月十四日，新股東向融商通聯注資人民幣11,821,000元。於交易後，本集團於融商通聯之實體權益由51%攤薄為34.63%。由於本集團對融商通聯具有重大影響力，故該項投資被分類為「使用權益法入賬之投資」項下之一間聯營公司。

於二零一八年十二月二十七日，本集團之全資附屬公司Z.Tech Holdings Limited(「Z.Tech」)完成自Zale Limited、Ruthfly Limited及Fejack Limited(統稱「賣方」)收購Zale Inc.(「Zale」)之100%股權，總代價為人民幣366,500,000元，其中人民幣100,000,000元以現金支付，餘下部分則以配發及發行10.66%之Z.Tech代價股份之方式支付。

根據買賣協議，賣方擔保人向本集團承諾，於截至二零一九年十二月三十一日止財政年度，融商通聯將達致履約目標(即人民幣1,800,000,000元之GMV)。倘未能達致履約目標，本集團有權全權酌情購回及註銷全部或部分賣方各自持有之Z.Tech代價股份。

Zale間接持有融商通聯之65.37%股權。於交易完成以及發行10.66%之股份代價後，本集團實際持有Zale及融商通聯之89.34%股權。因此，Zale及融商通聯成為本集團之合併附屬公司。

由於業務合併於二零一八年十二月底進行，其接近本集團之年結日，當時之公平值不易確定，故初步會計處理尚未完成。因此，管理層認為就業務合併產生之商譽、其他無形資產及遞延稅項負債須以暫時釐定金額進行業務合併會計處理。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

24 業務合併(續)

(d) Acquisition of Zale Inc. (Continued)

(a) Summary of acquisition (Continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

(d) 收購Zale Inc.(續)

(a) 收購概覽(續)

購買代價、所收購之資產淨值及商譽之詳情如下：

| | | RMB'000 人民幣千元 |
|---|------------------------------|------------------|
| Consideration: On 27 December 2018 | 代價： 於二零一八年十二月二十七日 | |
| Cash Consideration | 現金代價 | 100,000 |
| Fair value of Z.Tech's consideration shares (note i) | Z.Tech代價股份之公平值(附註i) | 266,500 |
| Fair value of equity interests in Rongshang Tonglian previously held by the Group (note ii) | 本集團原先持有融商通聯股權之公平值(附註ii) | 164,878 |
| Adjustment to consideration based on the net assets value as at acquisition date | 根據收購日期之資產淨值對代價作出之調整 | 44,177 |
| Financial assets at fair value through profit and loss | 按公平值計入損益之金融資產 | (340) |
| Total consideration | 總代價 | 575,215 |
| The assets and liabilities recognised as a result of the acquisition are as follows: | 因收購而確認之資產及負債如下： | |
| Cash and cash equivalents | 現金及現金等值物 | 53,266 |
| Property, plant and equipment | 物業、廠房及設備 | 47 |
| Investment in associates | 於聯營公司之投資 | 452 |
| Inventories | 存貨 | 457 |
| Trade and other receivables | 應收賬款及其他應收款項 | 9,783 |
| Intangible asset – platform | 無形資產 – 平台 | 112,000 |
| Trade and other payables | 應付賬款及其他應付款項 | (27,455) |
| Deferred tax liabilities | 遞延稅項負債 | (28,000) |
| Net identifiable assets acquired | 所收購可識別資產淨值 | 120,550 |
| Non-controlling interest | 非控股權益 | (55) |
| Goodwill | 商譽 | 454,720 |
| Net assets acquired | 所收購資產淨值 | 575,215 |

note i: The fair value of the Z.Tech share consideration issued as part of the consideration paid for Zale (RMB266,500,000) was estimated by an independent professional qualified valuer on 27 December 2018. Upon the issuance of the share consideration, the Group recognized an increase in non-controlling interest and other reserve by RMB43,485,000 and RMB223,015,000, respectively.

附註 i：作為向Zale支付之部分代價(人民幣266,500,000元)所發行之Z.Tech代價股份之公平值乃由獨立專業合資格估值師於二零一八年十二月二十七日估計所得。於發行股份代價後，本集團分別確認非控股權益及其他儲備增加人民幣43,485,000元及人民幣223,015,000元。

note ii: Upon the acquisition of Zale, the Group would in turn step-acquire Rongshang Tonglian by effectively holding approximate 89.34% of the issued shares of the company. The fair value of the Group's then effective equity holding immediately before the completion of the step acquisition of Rongshang Tonglian form part of the total consideration of the acquisition and was included in the calculation of goodwill on the acquisition.

附註ii：於收購Zale後，本集團將通過實際持有融商通聯約89.34%已發行股份分階段收購該公司。緊接完成分階段收購融商通聯前本集團當時實際持有權益之公平值構成收購總代價之一部分並計入收購商譽之計算中。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(d) Acquisition of Zale Inc. (Continued)

(a) Summary of acquisition (Continued)

As at 27 December 2018, the fair value of the initial 34.63% equity interest in Rongshang Tonglian held by the Group prior to the completion of the step acquisition were estimated by an independent professional qualified valuer to be RMB164,878,000. As the carrying amount of the investment in Rongshang Tonglian as at the date of acquisition was nil, the step acquisition has given rise to a fair value gain of RMB164,878,000. The gain was recognised as "Fair value gain on step acquisition" under "Other gains, net" in the consolidated statement of comprehensive income.

The following values of the identifiable assets and liabilities have been determined on the following basis:

- (a) The fair value of prepayments and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the date of acquisition.
- (b) The fair value of non-derivative financial liabilities, which includes accruals and other payables, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the date of acquisition.

The following fair values have been determined on a provision basis:

- (a) The fair value of other intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use and eventual sales of the goods and services of the acquired subsidiary.

The goodwill of RMB454,720,000 arising from the acquisition is attributable the synergies from combining the operations of the Group and Zale Inc. None of the goodwill recognised is expected to be deductible for income tax purpose.

24 業務合併(續)

(d) 收購Zale Inc.(續)

(a) 收購概覽(續)

於二零一八年十二月二十七日，本集團最初於分階段收購事項完成前持有之融商通聯34.63%股權之公平值由獨立專業合資格估值師估算為人民幣164,878,000元。由於收購日融商通聯投資之賬面金額為零，分階段收購事項導致公平值收益人民幣164,878,000元。有關收益於合併綜合收益表中確認為「其他收益淨額」項下之「分階段收購所得公平值收益」。

以下可識別資產及負債之價值按下列基準釐定：

- (a) 預付款項及其他應收款項之公平值按經收購日期市場利率貼現之未來現金流量現值估計。
- (b) 非衍生金融負債(包括應計款項及其他應付款項)之公平值按經收購日期市場利率貼現之未來本金及利息現金流量現值計算。

以下公平值乃按暫定基準釐定：

- (a) 業務合併中收購之其他無形資產之公平值按預期使用及最終出售所收購附屬公司之貨品及服務所得之貼現現金流量計算。

收購產生商譽人民幣454,720,000元乃歸因於本集團與Zale Inc.業務合併之協同作用。預期並無已確認商譽可扣所得稅。

Notes to the Consolidated Financial Statements

合併財務報表附註

24 BUSINESS COMBINATIONS (Continued)

(d) Acquisition of Zale Inc. (Continued)

(b) Purchase consideration – cash outflow

Acquisition related cost RMB1,466,000 included in administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2018.

Revenue and profit contribution

The revenue and the results contributed by Zale Inc. to the Group for the period since the acquisition date were insignificant. If acquisition had occurred on the 1 January 2018, consolidated revenue and consolidated profit after tax for the year ended 31 December would have been RMB10,562,564,000 and RMB259,094,000 respectively.

24 業務合併(續)

(d) 收購Zale Inc.(續)

(b) 購買代價－現金流出

相關收購成本人民幣1,466,000元計入截至二零一八年十二月三十一日止年度之合併綜合收益表之行政開支。

銷售收入及溢利貢獻

自收購日期起Zale Inc.為本集團貢獻之銷售收入及業績並不重大。倘收購已於二零一八年一月一日進行，則本集團截至十二月三十一日止年度之綜合銷售收入及綜合除稅後溢利將分別為人民幣10,562,564,000元及人民幣259,094,000元。

Notes to the Consolidated Financial Statements

合併財務報表附註

25 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

25 金融資產及負債公平值

(a) Financial assets at fair value through profit or loss and other comprehensive income

(a) 按公平值計入損益及其他全面收入之金融資產

| | | Financial assets at fair value through profit or loss 按公平值計入損益之 金融資產 | | Financial assets at fair value through other comprehensive income 按公平值計入其他全面 收入之金融資產 | |
|---|--------------------------------|--|-----------------------------------|--|-----------------------------------|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| Contingent shares in relation to acquisition of Orange Triangle Inc. | 有關收購Orange Triangle Inc. 之或然股份 | — | 2,100 | — | — |
| Contingent shares in relation to acquisition of Huijia Yuantian Limited | 有關收購慧嘉元天有限公司之或然股份 | 400 | — | — | — |
| Contingent consideration in relation to acquisition of Zale Inc. | 有關收購Zale Inc.之或然代價 | 340 | — | — | — |
| Trading securities – listed securities (note i) | 交易證券－上市證券（附註i） | — | 169,921 | 62,647 | — |
| Equity investment – unlisted securities (note i) | 股本投資－非上市證券（附註i） | 16,758 | — | 32,600 | — |
| Financial assets at fair value through profit or loss | 按公平值計入損益之金融資產 | 17,498 | 172,021 | 95,247 | — |
| Less: Non-current portion | 減：非流動部分 | (16,758) | — | (95,247) | — |
| Current portion | 流動部分 | 740 | 172,021 | — | — |

Notes to the Consolidated Financial Statements

合併財務報表附註

25 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (Continued)

(a) Financial assets at fair value through profit or loss and other comprehensive income (Continued)

On 5 January 2018, the Company entered into subscriptions agreement with the bondholders of Zhongfu Holdings Limited and Huijia Yuantian Limited in relation to the contingent consideration for the acquisition completed in 2016 and 2017, respectively. Pursuant to the subscription agreement, the Company agreed to allot 36,028,500 new shares in aggregate to the bondholders in exchange for the surrender of the convertible bonds of the Company. The shares allotted will be put into custodian accounts and would be released to the bondholders or repurchased by the Company subjected to the achievement of the target for Zhongfu Holdings Limited and Huijia Yuantian Limited, as set out in the agreement, respectively. The subscription has been completed on 16 January 2018.

As at 31 December 2018, the fair value of contingent consideration was approximately RMB740,000 (31 December 2017: RMB2,100,000).

The fair value of the contingent consideration arrangement was estimated by applying income approach which considers the probabilities that the performance target could be completed and the market prices of the consideration share at the valuation date.

For the fair value of the financial assets at fair value, please refer to note 3.3.

note (i): Trading securities – listed securities

At the adoption of HKFRS 9, certain investments in listed securities held as long-term strategic investments that are not expected to be sold in the short to medium term were reclassified from financial assets at FVPL to FVOCI. All of the trading securities are listed in the Shanghai Stock Exchange and Hong Kong Stock Exchange and their fair value were based on their current bid prices in active market at the balance sheet date, which are within level 1 of the fair value hierarchy (note 3.3).

25 金融資產及負債公平值(續)

(a) 按公平值計入損益及其他全面收入之金融資產(續)

於二零一八年一月五日，本公司與中服控股有限公司及慧嘉元天有限公司之債券持有人訂立認購協議，內容有關分別於二零一六年及二零一七年完成之收購事項之或然代價。根據認購協議，本公司同意向債券持有人配發合計36,028,500股新股份，以換取交回本公司可換股債券。配發股份將於託管賬戶存置，並在確定協議分別所載中服控股有限公司及慧嘉元天有限公司之目標達成後，方會向債券持有人發放或由本公司購回。認購已於二零一八年一月十六日完成。

於二零一八年十二月三十一日，或然代價之公平值約為人民幣740,000元(二零一七年十二月三十一日：人民幣2,100,000元)。

或然代價安排之公平值應用收益法估算，當中考慮完成履約目標之概率及代價股份於估值日期之市價。

按公平值計入損益之金融資產之公平值，請參閱附註3.3。

附註(i)：交易證券—上市證券

採納香港財務報告準則第9號後，持作長期策略性投資且預期不會於短中期內出售之若干上市證券投資由按公平值計入損益之金融資產重新分類按公平值計入其他全面收入之金融資產。所有交易證券均於上海證券交易所及香港聯交所上市，其公平值按其於結算日在活躍市場之現行買入價計算，屬於公平值架構之第一級(附註3.3)。

Notes to the Consolidated Financial Statements

合併財務報表附註

25 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (Continued)

(a) Financial assets at fair value through profit or loss and other comprehensive income (Continued)

note (ii): Investments in private investment fund and unlisted companies

Investments in private investment fund and unlisted companies held for trading by the Group are classified as financial assets at fair value. At the adoption of HKFRS 9, certain investment in unlisted company held as long-term strategic investments that are not expected to be sold in the short to medium term were reclassified to FVOCI. As these instruments are not trade in an active market, they are within level 3 of the fair value hierarchy (note 3.3).

(b) Financial liabilities at fair value through profit or loss

25 金融資產及負債公平值(續)

(a) 按公平值計入損益及其他全面收入之金融資產(續)

附註(ii): 於私募投資基金及非上市公司之投資

本集團於私募投資基金及非上市公司持作交易之投資被分類為按公平值計量之金融資產。採納香港財務報告準則第9號後，持作長期策略性投資且預期不會於短中期內出售之若干非上市公司投資被重新分類為按公平值計入其他全面收入之金融資產。由於該等工具並無在活躍市場進行買賣，其屬於公平值架構之第三級(附註3.3)。

(b) 按公平值計入損益之金融負債

| | | Zhongfu Holdings Limited (Note) 中服控股有限公司(附註) | | Huijia Yuantian Limited (Note) 慧嘉元天有限公司(附註) | | Total 總計 | |
|-------------|-----|---|---|---|---|---|---|
| | | 31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元 | 31 December 2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元 | 31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元 | 31 December 2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元 | 31 December 2018 二零一八年 十二月 三十一日 RMB'000 人民幣千元 | 31 December 2017 二零一七年 十二月 三十一日 RMB'000 人民幣千元 |
| Current | 流動 | - | 14,393 | - | 38,935 | - | 53,328 |
| Non-current | 非流動 | - | 12,607 | - | 103,065 | - | 115,672 |
| | | - | 27,000 | - | 142,000 | - | 169,000 |

During the year ended 31 December 2018, the change in the fair value amounting to RMB3,374,000 was charged to "other gain, net" in the consolidated statement of comprehensive income.

截至二零一八年十二月三十一日止年度，公平值變動人民幣3,374,000元於合併綜合收益表「其他收益淨額」中扣除。

Note: On 5 January 2018, the Company entered into subscriptions agreement with the bondholders of Zhongfu Holdings Limited and Huijia Yuantian Limited in relation to the contingent consideration for the acquisition completed in 2016 and 2017, respectively. Pursuant to the subscription agreement, the Company agreed to allot 36,028,500 new shares in aggregate to the bondholders in exchange for the surrender of the convertible bonds of the Company. The shares allotted will be put into custodian accounts and would be released to the bondholders or repurchased by the Company subjected to the achievement of the target for Zhongfu Holdings Limited and Huijia Yuantian Limited, as set out in the agreement, respectively. The subscription has been completed on 16 January 2018.

附註：於二零一八年一月五日，本公司與中服控股有限公司及慧嘉元天有限公司之債券持有人訂立認購協議，內容有關分別於二零一六年及二零一七年完成之收購事項之或然代價。根據認購協議，本公司同意向債券持有人配發合計36,028,500股新股份，以換取交回本公司可換股債券。配發股份將於託管賬戶存置，並在確定協議分別所載中服控股有限公司及慧嘉元天有限公司之目標達成後，方會向債券持有人發放或由本公司購回。認購已於二零一八年一月十六日完成。

Notes to the Consolidated Financial Statements

合併財務報表附註

25 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (Continued) 25 金融資產及負債公平值(續)

(c) Available-for-sale financial assets

(c) 可供出售金融資產

| | | Listed securities (note i) 上市證券 (附註i) RMB'000 人民幣千元 | Unlisted securities (note ii) 非上市證券 (附註ii) RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|---------------------------------|--|---|--|
| At 1 January 2017 | 於二零一七年一月一日 | 182,146 | 514,571 | 696,717 |
| Additions | 添置 | – | 58,400 | 58,400 |
| Disposals | 出售 | (91,935) | (30,500) | (122,435) |
| Fair value (loss)/gain recognised in other comprehensive income | 於其他全面收入確認之公平值(虧損)/收益 | (84,989) | 25,989 | (59,000) |
| Currency translation differences | 貨幣匯兌差異 | (5,222) | – | (5,222) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | – | 568,460 | 568,460 |
| Less: Non-current portion | 減：非流動部分 | – | (528,960) | (528,960) |
| Current portion | 流動部分 | – | 39,500 | 39,500 |
| | | | | Unlisted securities 非上市證券 RMB'000 人民幣千元 |
| Closing balance 31 December 2017 – HKAS 39 | 於二零一七年十二月三十一日之年末結餘 – 香港會計準則第39號 | | | 568,460 |
| – Transferred to financial asset at fair value through profit or loss | – 轉移至按公平值計入損益之金融資產 | | | (533,925) |
| – Transferred to financial asset at fair value through other comprehensive income | – 轉移至按公平值計入其他全面收入之金融資產 | | | (34,535) |
| Opening balance 1 January 2018 – HKFRS 9 | 於二零一八年一月一日之年年初結餘 – 香港財務報告準則第9號 | | | – |

Notes to the Consolidated Financial Statements

合併財務報表附註

25 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (Continued) 25 金融資產及負債公平值(續)

(c) Available-for-sale financial assets (Continued)

Set out below are the movement of security which, in opinion of directors, are material to the Group during 2018:

(c) 可供出售金融資產(續)

以下載列於董事認為對本集團屬重大之證券之本年變動。

| Name of the security 證券名稱 | Date 日期 | Classification 分類 | Balance 結餘 RMB'000 人民幣千元 |
|---|---|--|-----------------------------------|
| 內蒙古呼和浩特金谷農村商業銀行股份有限公司("Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited"*) | 1 January 2018 二零一八年一月一日 | Available for sales financial assets 可供出售金融資產 | 447,000 |
| | the period from 1 January 2018 to 27 June 2018 二零一八年一月一日 至二零一八年 六月二十七日期間 | Fair value gain upon reclassification 重新分類後之公平值收益 | 94,000 |
| | 27 June 2018 二零一八年 六月二十七日 | Transferred to investments accounted for using equity method 轉移至採用權益法列賬之投資 | (541,000) |
| | 31 December 2018 二零一八年 十二月三十一日 | | — |

Notes to the Consolidated Financial Statements

合併財務報表附註

26 FINANCIAL INSTRUMENTS BY CATEGORY

26 按類別劃分之金融工具

| | | Financial assets at fair value through other comprehensive income | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Total |
|---|---|--|--|--|------------------------|
| | Financial assets at amortised cost 按攤銷 成本計量之 金融資產 RMB'000 人民幣千元 | Financial assets at fair value through profit or loss 按公平值 計入損益 之金融資產 RMB'000 人民幣千元 | Financial assets at fair value through profit or loss 按公平值 計入損益 之金融資產 RMB'000 人民幣千元 | Financial assets at fair value through other comprehensive income 按公平值計入 其他全面收入 之金融資產 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 31 December 2018 | 於二零一八年 十二月三十一日 | | | | |
| Financial assets at fair value through other comprehensive income | 按公平值計入 其他全面收入之 金融資產 | – | – | 95,247 | 95,247 |
| Financial assets at fair value through profit or loss | 按公平值計入損益之 金融資產 | – | 17,498 | – | 17,498 |
| Trade and other receivables (excluding non-financial assets) | 應收賬款及其他應收 款項(不包括非金融 資產) | 552,536 | – | – | 552,536 |
| Finance lease receivables | 融資租賃應收款項 | 88,855 | – | – | 88,855 |
| Loans and interest receivables | 應收貸款及利息 | 1,522,752 | – | – | 1,522,752 |
| Restricted bank deposit | 受限制銀行存款 | 276,003 | – | – | 276,003 |
| Cash and cash equivalents | 現金及現金等值物 | 471,672 | – | – | 471,672 |
| Total | 總計 | 2,911,818 | 17,498 | 95,247 | 3,024,563 |

Notes to the Consolidated Financial Statements

合併財務報表附註

26 FINANCIAL INSTRUMENTS BY CATEGORY 26 按類別劃分之金融工具(續)

(Continued)

| | | Financial assets at fair value through other comprehen- sive income | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehen- sive income | Total |
|--|--|---|---|---|------------------------|
| | 按攤銷 成本計量之 金融資產 RMB'000 人民幣千元 | 按公平值 計入損益 之金融資產 RMB'000 人民幣千元 | 按公平值 計入損益 之金融資產 RMB'000 人民幣千元 | 按公平值計入 其他全面收入 之金融資產 RMB'000 人民幣千元 | 總計 RMB'000 人民幣千元 |
| At 31 December 2017 | 於二零一七年 十二月三十一日 | | | | |
| Available-for-sale financial asset 可供出售金融資產 | — | — | 568,460 | 568,460 | |
| Financial assets at fair value 按公平值計入損益之 through profit or loss 金融資產 | — | 172,021 | — | 172,021 | |
| Trade and other receivables 應收賬款及其他應收 (excluding non-financial 款項(不包括非金融 assets) 資產) | 338,172 | — | — | 338,172 | |
| Finance lease receivables 融資租賃應收款項 | 155,587 | — | — | 155,587 | |
| Loans and interest receivables 應收貸款及利息 | 1,650,318 | — | — | 1,650,318 | |
| Cash and cash equivalents 現金及現金等值物 | 401,918 | — | — | 401,918 | |
| Total | 總計 | 2,545,995 | 172,021 | 568,460 | 3,286,476 |

Notes to the Consolidated Financial Statements

合併財務報表附註

26 FINANCIAL INSTRUMENTS BY CATEGORY 26 按類別劃分之金融工具(續)

(Continued)

| | | Liabilities at amortised cost 按攤銷成本計量 之負債 RMB'000 人民幣千元 |
|--|----------------------|--|
| At 31 December 2018 | 於二零一八年十二月三十一日 | |
| Bank borrowings | 銀行借貸 | 1,228,244 |
| Other borrowings | 其他借貸 | 899,094 |
| Trade payables | 應付賬款 | 94,922 |
| Other payables (excluding non-financial liabilities) | 其他應付款項(不包括非金融負債) | 247,075 |
| Convertible bonds – liabilities portion | 可換股債券－負債部分 | 127,562 |
| Total | 總計 | 2,596,897 |

| | | Liabilities at amortised cost 按攤銷成本計量 之負債 RMB'000 人民幣千元 | Liabilities at fair value through profit or loss 按公平值計入 損益之負債 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|----------------------|--|--|---------------------------------|
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | |
| Bank borrowings | 銀行借貸 | 1,106,213 | – | 1,106,213 |
| Other borrowings | 其他借貸 | 390,917 | – | 390,917 |
| Financial liabilities at fair value through profit or loss | 按公平值計入損益之 金融負債 | – | 169,000 | 169,000 |
| Trade payables | 應付賬款 | 19,482 | – | 19,482 |
| Other payables (excluding non-financial liabilities) | 其他應付款項 (不包括非金融負債) | 219,864 | – | 219,864 |
| Convertible bonds – liabilities portion | 可換股債券 －負債部分 | 41,387 | – | 41,387 |
| Total | 總計 | 1,777,863 | 169,000 | 1,946,863 |

Notes to the Consolidated Financial Statements

合併財務報表附註

27 FINANCE LEASE RECEIVABLES

Certain equipments have been leased out through finance leases entered into by the Group. These leases have remaining terms within one year. Finance lease receivables, net of provision, comprised of the following:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------|-----|-----------------------------------|-----------------------------------|
| Non-current | 非即期 | 25,000 | — |
| Current | 即期 | 63,855 | 155,587 |
| Total | 總計 | 88,855 | 155,587 |

27 融資租賃應收款項

若干設備已通過由本集團訂立之融資租賃出租。該等租賃之餘下租期為一年內。融資租賃應收款項(扣除撥備)包括以下部分：

28 INVENTORIES

28 存貨

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|------------------------------|--------|-----------------------------------|-----------------------------------|
| Merchandise held for trading | 持作貿易貨品 | 348,676 | 141,059 |
| Others | 其他 | 6,308 | 1,851 |
| | | 354,984 | 142,910 |

The cost of inventories recognised as expense and included in "cost of revenue" amounted to approximately RMB9,131,487,000 (31 December 2017: RMB2,081,764,000).

確認為開支並計入「銷售成本」之存貨成本金額約為人民幣9,131,487,000元(二零一七年十二月三十一日：人民幣2,081,764,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

29 CASH AND CASH EQUIVALENTS

29 現金及現金等值物

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--------------------------|-----------|-----------------------------------|-----------------------------------|
| Cash at bank and on hand | 銀行現金及手頭現金 | 469,492 | 401,918 |
| Fixed deposits | 定期存款 | 2,180 | — |
| Restricted bank deposit | 受限制銀行存款 | 276,003 | — |
| | | 747,675 | 401,918 |
| Denominated in: | 以下列貨幣計值： | | |
| – Hong Kong Dollars | – 港元 | 287,965 | 592 |
| – Renminbi | – 人民幣 | 402,893 | 374,028 |
| – US Dollars | – 美元 | 56,817 | 27,298 |
| | | 747,675 | 401,918 |

The fixed deposits were highly liquid with original maturities of three months or less. As at 31 December 2018, cash and cash equivalents of approximately RMB402,636,000 (2017: RMB373,852,000) of the Group were denominated in Renminbi and deposited with banks in the PRC. The conversion of the Renminbi denominated balance into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Restricted bank deposit mainly included bank balances pledged as security for borrowing amounting to RMB251,500,000 and they are denominated in Hong Kong Dollars.

定期存款具高流動性，原到期日為三個月或以下。於二零一八年十二月三十一日，本集團之現金及現金等值物約人民幣402,636,000元（二零一七年：人民幣373,852,000元）以人民幣計值，並已存入中國之銀行。將以人民幣計值之結餘款項兌換為外幣須受中國政府頒佈之外匯管制規則及規例所規限。

受限制銀行存款主要包括就借貸人民幣251,500,000元抵押作擔保之銀行結餘，其以港元計值。

Notes to the Consolidated Financial Statements

合併財務報表附註

30 SHARE CAPITAL

30 股本

| | | Number of ordinary shares 普通股數目 | Par value 面值 RMB'000 人民幣千元 |
|---|-----------------------------|---------------------------------------|-------------------------------------|
| 1 January 2017 | 於二零一七年一月一日 | 1,004,308,103 | 93,885 |
| Issuance of shares upon conversion of convertible bonds | 兌換可換股債券後發行股份 | 4,042,750 | 358 |
| Issuance of new shares | 發行新股份 | 87,642,857 | 7,438 |
| Buy-back shares | 股份回購 | (11,144,000) | (982) |
| Exercise of share options | 行使購股權 | 474,000 | 41 |
| At 31 December 2017 and 1 January 2018 | 於二零一七年十二月三十一日及 二零一八年一月一日 | 1,085,323,710 | 100,740 |
| Issuance of shares in relation to contingent consideration arrangement (note a) | 就或然代價安排發行股份 (附註a) | 36,028,500 | 2,964 |
| Buy-back shares (note b) | 股份購回(附註b) | (1,350,000) | (114) |
| Exercise of share options (note c) | 行使購股權(附註c) | 400,000 | 35 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 1,120,402,210 | 103,625 |

The total authorised number of ordinary shares is 2,000,000,000 shares (2017: 2,000,000,000 shares) with a par value of HK\$0.1 per share (2017: HK\$0.1 per share). All issued shares are fully paid.

普通股法定總數為每股面值0.1港元(二零一七年：每股0.1港元)之2,000,000,000股股份(二零一七年：2,000,000,000股)。所有已發行股份均已繳足。

During the year ended 31 December 2018, 400,000 shares of the Company were issued upon the exercise of share options under the share option scheme of the Company at exercise price of HK\$0.604 and resulted in approximately RMB35,000 increase in share capital and RMB177,000 increase in share premium.

於截至二零一八年十二月三十一日止年度，於本公司根據購股權計劃按行使價0.604港元行使購股權後，400,000股本公司股份已予發行，並致使股本及股份溢價分別增加約人民幣35,000元及人民幣177,000元。

The total number of issued shares of the Company was 1,120,402,210 as at 31 December 2018 (2017: 1,085,323,710).

於二零一八年十二月三十一日，本公司已發行股份總數為1,120,402,210股(二零一七年：1,085,323,710股)。

Notes to the Consolidated Financial Statements

合併財務報表附註

30 SHARE CAPITAL (Continued)

(a) Issuance of share in relation to contingent consideration arrangement

The company issued 36,028,500 shares on 16 January 2018 to the bondholders of the convertible bonds in relations to the acquisition of Zhongfu Holdings Limited and Huijia Yuantian Limited completed in 2016 and 2017, respectively, in exchange for their surrender of the convertible bonds of the Company. The fair value of the shares issued amounted to RMB166,584,000 (HK\$5.6 per share) on the issuance date.

(b) Buy-back of shares

During the year, the Company had repurchased and cancelled 1,350,000 of its own shares. RMB114,000 and RMB4,991,000 had been deducted from share capital and share premium respectively.

(c) Share options

On 19 July 2018, a total of 36,000,000 share options were granted to certain employees and directors pursuant to share option scheme. The grantees can exercise these options at an exercise price of HK\$4.6 per share in ten years period starting from the expiry of the twelve months from the date of granting of option, being 19 July 2018, Commencing from the first anniversary of the date of grant, the relevant grantees may exercise options up to 33.3% and gradually up to 100% at the third anniversary of the date of grant.

During the year ended 31 December 2018, 400,000 share option were exercised (2017: 474,000 share option were exercised).

30 股本(續)

(a) 就或然代價安排發行股份

於二零一八年一月十六日，本公司就分別於二零一六年及二零一七年完成收購中服控股有限公司及慧嘉元天有限公司之收購事項，向可換股債券之債券持有人發行36,028,500股股份，以換取彼等交回本公司可換股債券。於發行日期，已發行股份之公平值為人民幣166,584,000元（每股5.6港元）。

(b) 購回股份

年內，本公司已購回及註銷1,350,000股自有股份。已自股本及股份溢價分別扣除人民幣114,000元及人民幣4,991,000元。

(c) 購股權

於二零一八年七月十九日，根據購股權計劃，合共36,000,000份購股權已授予部分僱員及董事。承授人可於購股權授出日期（即二零一八年七月十九日）起計十二個月屆滿開始之十年內，按行使價每股4.6港元行使該等購股權。自授出日期一週年起，有關承授人可行使最多33.3%購股權，並可逐步行使至授出日期三週年之最多100%購股權。

於截至二零一八年十二月三十一日止年度，400,000購股權已獲行使（二零一七年：474,000份購股權已獲行使）。

Notes to the Consolidated Financial Statements

合併財務報表附註

30 SHARE CAPITAL (Continued)

(c) Share options (Continued)

The assumptions for valuation of fair value of share options are as follows:

30 股本(續)

(c) 購股權(續)

評估購股權公平值所用之假設如下：

| | 7 April 2010 二零一零年 四月七日 | 28 March 2011 二零一一年 三月二十八日 | 3 April 2013 二零一三年 四月三日 | 18 November 2013 二零一三年 十一月十八日 | 13 October 2017 二零一七年 十月十三日 | 19 July 2018 二零一八年 七月十九日 |
|--|----------------------------------|-------------------------------------|----------------------------------|--|--------------------------------------|-----------------------------------|
| Exercise price (in HK dollar) | 0.82 | 1.108 | 4.402 | 9.84 | 6.476 | 4.6 |
| Fair value of the options (in RMB) | 12,527,000 | 1,377,000 | 3,754,000 | 50,125,000 | 100,356,000 | 70,258,000 |
| Risk free interest rate (in %) | 2.865 | 2.820 | 1.111 | 1.915 | 1.745 | 2.13 |
| Expected life (in years) | 3.4-5.9 | 3.8-4.9 | 9.1-9.6 | 4.7-7.9 | 4.9 | 10 |
| Volatility (in %) | 79.8 | 77.4 | 75 | 71.5 | 62 | 70 |
| Expected dividend per share (HK cents) | — | — | — | — | 5.67 | — |

At the working date before options were granted, 6 April 2010, 25 March 2011, 2 April 2013, 15 November 2013, 12 October 2017, and 18 July 2018 the market value per share was HK\$0.82, HK\$1.1, HK\$4.3, HK\$9.23, HK\$6.40, and HK\$4.58 respectively.

於購股權獲授出前之工作日(二零一零年四月六日、二零一一年三月二十五日、二零一三年四月二日、二零一三年十一月十五日、二零一七年十月十二日及二零一八年七月十八日)，每股市值分別為0.82港元、1.1港元、4.3港元、9.23港元、6.40港元及4.58港元。

Notes to the Consolidated Financial Statements

合併財務報表附註

30 SHARE CAPITAL (Continued)

(c) Share options (Continued)

Movements in the number of share options outstanding and their exercise prices are as follows:

(i) Share Option Scheme

30 股本(續)

(c) 購股權(續)

未行使購股權數目及其行使價之變動如下：

(i) 購股權計劃

| | | 2018 二零一八年 | | 2017 二零一七年 | |
|----------------------|--------|--|-------------------------|--|-------------------------|
| Expiry date | | Exercise price in HK\$ 每股港元 行使價 | Share options 購股權 | Exercise price in HK\$ 每股港元 行使價 | Share Options 購股權 |
| 到期日 | | | | | |
| At 1 January | 於一月一日 | 1.24 | – | 1.24 | 1,454,000 |
| | | 0.604 | 400,000 | 0.604 | 400,000 |
| | | 0.82 | 1,438,000 | 0.82 | 1,438,000 |
| | | 1.108 | 200,000 | 1.108 | 200,000 |
| | | 4.402 | 1,500,000 | 4.402 | 1,500,000 |
| | | 9.84 | 9,972,000 | 9.84 | 9,972,000 |
| | | 6.476 | 29,930,000 | 6.476 | – |
| Granted | 已授出 | 1.24 | – | 1.24 | – |
| | | 0.604 | – | 0.604 | – |
| | | 0.82 | – | 0.82 | – |
| | | 1.108 | – | 1.108 | – |
| | | 4.402 | – | 4.402 | – |
| | | 9.84 | – | 9.84 | – |
| | | 6.476 | – | 6.476 | 29,930,000 |
| | | 4.6 | 36,000,000 | – | – |
| Lapsed and exercised | 已失效及行使 | 1.24 | – | 1.24 | (1,454,000) |
| | | 0.604 | (400,000) | 0.604 | – |
| | | 0.82 | – | 0.82 | – |
| | | 1.108 | – | 1.108 | – |
| | | 4.402 | – | 4.402 | – |
| | | 9.84 | – | 9.84 | – |
| | | 6.476 | – | 6.476 | – |
| | | 4.6 | – | – | – |

Notes to the Consolidated Financial Statements

合併財務報表附註

30 SHARE CAPITAL (Continued)

(c) Share options (Continued)

(i) Share Option Scheme (Continued)

| | | 2018 二零一八年 | | 2017 二零一七年 | |
|----------------------------|----------------------------------|---|-------------------------|---|-------------------------|
| Expiry date | | Exercise price in HK\$ per share 每股港元 行使價 | Share options 購股權 | Exercise price in HK\$ per share 每股港元 行使價 | Share Options 購股權 |
| At 31 December 於十二月三十一日 | 11th July 2017 二零一七年七月十一日 | 1.24 | – | 1.24 | – |
| | 29 September 2018 二零一八年九月二十九日 | 0.604 | – | 0.604 | 400,000 |
| | 7 April 2020 二零二零年四月七日 | 0.82 | 1,438,000 | 0.82 | 1,438,000 |
| | 27 March 2021 二零二一年三月二十七日 | 1.108 | 200,000 | 1.108 | 200,000 |
| | 3 April 2023 二零二三年四月三日 | 4.402 | 1,500,000 | 4.402 | 1,500,000 |
| | 18 November 2023 二零二三年十一月十八日 | 9.84 | 9,972,000 | 9.84 | 9,972,000 |
| | 13 October 2027 二零二七年十月十三日 | 6.476 | 29,930,000 | 6.476 | 29,930,000 |
| | 19 July 2028 二零二八年七月十九日 | 4.6 | 36,000,000 | – | – |

(d) Share Award Scheme

On 23 November 2011 and pursuant to the Share Award Scheme, the Board resolved to grant an aggregate of 24,181,000 shares to 72 selected employees (including an executive director of the Company).

On 14 June 2012, the Board resolved to grant Lee Wee Ong, an executive director of the Company, 3,000,000 shares, subjected to a vesting period of 36 months.

On 20 August 2012, the shareholders resolved to grant Guo Jiang, an executive director of the Company, 16,700,000 shares, subjected to a vesting period of 72 months.

30 股本(續)

(c) 購股權(續)

(i) 購股權計劃(續)

(d) 股份獎勵計劃

於二零一一年十一月二十三日，根據股份獎勵計劃，董事會決議向72位經甄選僱員（包括本公司一名執行董事）授予合共24,181,000股股份。

於二零一二年六月十四日，董事會決議向本公司執行董事Lee Wee Ong授予3,000,000股股份，歸屬期為36個月。

於二零一二年八月二十日，股東決議向本公司執行董事郭江授予16,700,000股股份，歸屬期為72個月。

Notes to the Consolidated Financial Statements

合併財務報表附註

30 SHARE CAPITAL (Continued)

(d) Share Award Scheme (Continued)

The following table represents the movements for number of shares under the Share Award Scheme for the year ended 31 December 2018.

| | | Number of shares (in thousand unit) 股份數目(千股) |
|--|-----------------------------|---|
| 1 January 2017 | 於二零一七年一月一日 | 21,735 |
| Shares vested during the year | 本年度已歸屬股份 | (6,375) |
| At 31 December 2017 and 1 January 2018 | 於二零一七年十二月三十一日及 二零一八年一月一日 | 15,360 |
| Shares vested during the year | 本年度已歸屬股份 | (2,360) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 13,000 |

The following is a summary of the shares granted, vested and lapsed during the year since the set up of the Share Award Scheme:

(d) 股份獎勵計劃(續)

下表列示截至二零一八年十二月三十一日止年度股份獎勵計劃項下股份數目之變動。

以下為自股份獎勵計劃成立起本年度已授出、歸屬及失效之股份概要：

| | | Number of shares (in thousand unit) 股份數目(千股) | |
|--------------------------|---------|---|---------------|
| | | 2018 二零一八年 | 2017 二零一七年 |
| At 1 January | 於一月一日 | 15,360 | 21,735 |
| Shares vested | 歸屬股份 | (2,360) | (6,375) |
| Allocated but not vested | 已分配但未歸屬 | 13,000 | 15,360 |

The Group has adopted the requirements under HKFRS 2 to account for the equity compensation expenses of the shares granted at the date of grant at fair value.

本集團已採納香港財務報告準則第2號之規定，於授出日期按公平值將已授出股份之權益補償費用入賬。

Notes to the Consolidated Financial Statements

合併財務報表附註

31 OTHER RESERVES

31 其他儲備

| | | Share premium | Convertible bond reserve | Other reserve | Merger reserve | Share-based compensation reserves | Share and capital redemption reserve | Exchange Reserve | Available-for-sale financial assets reserve | Shares held for share reward scheme | Total |
|--|-------------------------|---------------|--------------------------|---------------|----------------|-----------------------------------|--------------------------------------|------------------|---|-------------------------------------|-----------|
| | | 股份溢價 | 可換股價券儲備 | 其他儲備 | 合併儲備 | 以股份為基礎之補償儲備 | 股份及資本贖回儲備 | 匯兌儲備 | 可供出售金融資產儲備 | 股份獎勵計劃所持股份 | 合計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2017 | 於二零一七年一月一日 | 2,019,519 | 50,858 | 33,630 | 109,817 | 117,087 | (30,053) | (14,410) | 140,995 | (119,682) | 2,307,761 |
| Fair value loss on available-for-sale financial assets, net of deferred tax | 可供出售金融資產之公平值虧損，扣除遞延稅項 | - | - | - | - | - | - | - | (48,875) | - | (48,875) |
| Fair value release on disposal of available-for-sale financial assets, net of deferred tax | 出售可供出售金融資產撥回之公平值，扣除遞延稅項 | - | - | - | - | - | - | - | (28,605) | - | (28,605) |
| Currency translation difference | 貨幣匯兌差異 | - | - | - | - | - | - | 13,724 | - | - | 13,724 |
| Issuance of shares in relation to contingent consideration arrangement | 就或然代價安排發行股份 | 24,352 | - | - | - | - | - | - | - | - | 24,352 |
| Issuance of new shares | 發行新股份 | 513,227 | - | - | - | - | - | - | - | - | 513,227 |
| Buy-back of shares | 購回股份 | (55,848) | - | - | - | - | 31,531 | - | - | - | (24,317) |
| Share based compensation – value of employee services | 以股份支付之補償 – 僱員服務價值 | - | - | - | - | 33,815 | - | - | - | - | 33,815 |
| Exercise of share options | 行使購股權 | 476 | - | - | - | - | - | - | - | - | 476 |
| Vesting of awarded shares | 歸屬獎勵股份 | 8,049 | - | - | - | (28,313) | - | - | - | 20,264 | - |
| Partial redemption of convertible bonds – equity portion | 部分贖回可換股價券 – 股權部分 | - | (47,494) | - | - | - | - | - | - | - | (47,494) |
| Transactions with non-controlling interests | 與非控股權益進行之交易 | - | - | (6,123) | - | - | - | - | - | - | (6,123) |
| At 31 December 2017 | 於二零一七年十二月三十一日 | 2,509,775 | 3,364 | 27,507 | 109,817 | 122,589 | 1,478 | (686) | 63,515 | (99,418) | 2,737,941 |

Notes to the Consolidated Financial Statements

合併財務報表附註

31 OTHER RESERVES (Continued)

31 其他儲備(續)

| | | Share premium | Convertible bond reserve | Other reserve | Merger reserve | Share-based compensation reserves | Share and capital redemption reserve | Exchange Reserve | Available-for-sale financial assets reserve | Shares held for share reward scheme | Financial assets at fair value through other comprehensive income reserve | Total |
|---|--------------------------------|---------------|--------------------------|---------------|----------------|-----------------------------------|--------------------------------------|------------------|---|-------------------------------------|---|-----------|
| | | 股份溢價 | 可換股債券儲備 | 其他儲備 | 合併儲備 | 以股份為基礎之補償儲備 | 股份及資本贖回儲備 | 匯兌儲備 | 可供出售金融資產儲備 | 股份獎勵計劃所持股份 | 按公平值計入其他全面收入之金融資產之儲備 | 合計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2018 | 於二零一八年一月一日 | 2,509,775 | 3,364 | 27,507 | 109,817 | 122,589 | 1,478 | (686) | 63,515 | (99,418) | - | 2,737,941 |
| Effect on adoption of HKFRS 9 | 採納香港財務報告準則第9號之影響 | - | - | - | - | - | - | - | (63,515) | - | - | (63,515) |
| Fair value loss on financial assets at fair value through other comprehensive income, net of deferred tax | 按公平值計入其他全面收入之金融資產之公平值虧損，扣除遞延稅項 | - | - | - | - | - | - | - | - | - | (16,856) | (16,856) |
| Currency translation difference | 貨幣匯兌差異 | - | - | - | - | - | - | 18,845 | - | - | - | 18,845 |
| Issuance of shares in relation to contingent consideration arrangement | 就或然代價安排發行股份 | 163,620 | - | - | - | - | - | - | - | - | - | 163,620 |
| Buy-back of shares | 購回股份 | (4,991) | - | - | - | - | 114 | - | - | - | - | (4,877) |
| Share based compensation – value of employee services | 以股份支付之補償 – 僱員服務價值 | - | - | - | - | 74,580 | - | - | - | - | - | 74,580 |
| Exercise of share options | 行使購股權 | 177 | - | - | - | - | - | - | - | - | - | 177 |
| Vesting of awarded shares | 歸屬獎勵股份 | 9 | - | - | - | (8,839) | - | - | - | 8,830 | - | - |
| Issuance of convertible bonds – equity portion | 發行可換股債券 – 股權部分 | - | 12,359 | - | - | - | - | - | - | - | - | 12,359 |
| Transactions with non-controlling interests | 與非控股權益進行之交易 | - | - | 169,875 | - | - | - | - | - | - | - | 169,875 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 2,668,590 | 15,723 | 197,382 | 109,817 | 188,330 | 1,592 | 18,159 | - | (90,588) | (16,856) | 3,092,149 |

In accordance with the relevant PRC regulations applicable to wholly foreign owned enterprises, the PRC subsidiaries are required to appropriate to reserve fund an amount of not less than 10% of the profit after income tax, calculated based on the PRC accounting standards. Should the accumulated total of this reserve fund reach 50% of the registered capital of the PRC subsidiaries, the subsidiaries will not be required to make any further appropriation. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

During the year ended 31 December 2018, retained earnings amounted approximately RMB3,729,000 (2017: RMB20,325,000) had been transferred to the statutory reserve. As at 31 December 2018, retained earnings comprise statutory reserve fund amounting to RMB111,810,000 (2017: RMB108,081,000).

根據適用於外商獨資企業之相關中國法規，中國附屬公司須按照中國會計準則計算撥出不少於除所得稅後溢利10%至儲備金。倘此儲備金累計總額達致中國附屬公司之註冊資本50%，則附屬公司將毋須作出任何進一步撥資。於獲得股東大會或同類權力機關之批准後，該儲備金僅可用作抵銷累計虧損或增資。

截至二零一八年十二月三十一日止年度，留存收益約人民幣3,729,000元(二零一七年：人民幣20,325,000元)已轉撥至法定儲備。於二零一八年十二月三十一日，留存收益包括法定儲備金人民幣111,810,000元(二零一七年：人民幣108,081,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

32 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Other than those disclosed in note 24(c) and 24(d) in the consolidated financial statements, the Group has carried out the transactions as follows.

Acquisition of additional interest in subsidiaries

During the year ended 31 December 2018, Beijing Huicong Zaichuang Technology Co., Limited* (“北京慧聰再創科技有限公司”, or “Beijing Zaichuang”), a wholly-owned subsidiary of the Company, has entered into share purchase agreements with Mr. Ma Wei (馬偉), Mr. Liu Hong Chun (劉洪春), Ms. Bao Lili (包莉莉) and Beijing Jinnang Innovative Investment Management Company or “Beijing Jinnang”* (“北京錦囊創業投資管理中心”) (collectively the “Sellers”), respectively. Pursuant to the agreement, the Sellers agreed to transfer in aggregate 26.6% of the issued shares of Panpass for a consideration of RMB55,030,000. The carrying amount of the non-controlling interests in Panpass held by the Sellers at the transaction date was RMB26,326,000. The Group recognised a decrease in non-controlling interests of RMB26,326,000 and a decrease in other reserve of RMB28,704,000. After the transaction, the Group holds 81.08% of the issued shares of Panpass.

Beijing Orange Triangle Technology Co., Ltd.* (“北京橙三角科技有限公司”, or “Orange Beijing”), a subsidiary of the Company, has entered into share purchase agreements with Ms. Gong Ruili (龔瑞麗) and Mr. Wong Xinhua (王鑫華) (collectively the “Sellers”). Pursuant to the agreement, the Sellers agreed to transfer in aggregate 10.6% of the issued shares of Huicong Yunshang (Foshan) Internet Technology Co., Ltd.* (“慧聰雲商(佛山)網絡科技有限公司”, or “Huicong Yunshang”) for a consideration of RMB2,120,000. The carrying amount of the non-controlling interests in Huicong Yunshang held by the Sellers at the acquisition was RMB887,000. The Group recognised a decrease in non-controlling interests of RMB887,000 and a decrease in other reserve of RMB1,233,000. After the transaction, the Group holds 65.6% of the issued shares of Huicong Yunshang.

* English names are translated for identification purpose only

32 與非控股權益之交易

除合併財務報表附註24(c)及24(d)所披露者外，本集團已進行以下交易。

收購附屬公司之額外權益

於截至二零一八年十二月三十一日止年度，本公司全資附屬公司北京慧聰再創科技有限公司（「北京慧聰再創科技有限公司」或「北京再創」）分別與馬偉先生、劉洪春先生、包莉莉女士及北京錦囊創業投資管理中心（「北京錦囊創業投資管理中心」）（統稱「賣方」）訂立購股協議。根據協議，賣方同意按代價人民幣55,030,000元合計轉讓兆信已發行股份之26.6%。賣方於交易日期持有兆信之非控股權益賬面值為人民幣26,326,000元。本集團確認非控股權益減少人民幣26,326,000元及其他儲備減少人民幣28,704,000元。於交易後，本集團持有兆信已發行股份之81.08%。

本公司之附屬公司北京橙三角科技有限公司（「北京橙三角科技有限公司」或「北京橙」）與龔瑞麗女士及王鑫華先生（統稱「賣方」）訂立股份購買協議。根據該協議，賣方同意按代價人民幣2,120,000元轉讓慧聰雲商(佛山)網絡科技有限公司（「慧聰雲商(佛山)網絡科技有限公司」或「慧聰雲商」）已發行股份之合共10.6%。賣方於收購日期於慧聰雲商所持有之非控股權益賬面值為人民幣887,000元。本集團確認非控股權益減少人民幣887,000元及其他儲備減少人民幣1,233,000元。於交易後，本集團持有慧聰雲商之65.6%已發行股份。

Notes to the Consolidated Financial Statements

合併財務報表附註

33 RECEIPT IN ADVANCE

33 預收款項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------------|-----------------------------------|-----------------------------------|
| Receipt in advance for O2O business exhibition centre business | 就O2O商業展覽中心業務預收款項 | — | 40,282 |
| Receipt in advance for B2B trading platform business | 就B2B交易平台業務預收款項 | — | 150,506 |
| Other receipt in advance | 其他預收款項 | — | 13,075 |
| | | — | 203,863 |
| Less: Non-current | 減：非流動 | — | (40,282) |
| Current | 流動 | — | 163,581 |

As mentioned in note 2.2(c), receipt in advance had been reclassified as contract liabilities following the adoption of HKFRS 15.

如附註2.2(c)所述，於採納香港財務報告準則第15號後，預收款項已重新分類為合約負債。

34 DEFERRED GOVERNMENT GRANTS

34 遞延政府補助

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------|-----|-----------------------------------|-----------------------------------|
| Non-current | 非流動 | 165,808 | 175,658 |
| Current | 流動 | 10,650 | 20,627 |
| | | 176,458 | 196,285 |

As at 31 December 2018, deferred government grants mainly represented a government grant amounted RMB175,658,000 (2017: RMB185,508,000) which was to subsidise the Group to provide rental discount to the prospective tenants of the O2O business exhibition centre in Shunde of Guangzhou.

於二零一八年十二月三十一日，遞延政府補助主要指約人民幣175,658,000元(二零一七年：人民幣185,508,000元)之政府補助，用以資助本集團向廣州順德O2O商業展覽中心之準租戶所提供之租金折扣。

Notes to the Consolidated Financial Statements

合併財務報表附註

35 TRADE PAYABLES, DEFERRED REVENUE AND ACCRUED EXPENSES AND OTHER PAYABLES

35 應付賬款、遞延收入以及應計費用及其他應付款項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------|-----------------------------------|-----------------------------------|
| Trade payables (note a) | 應付賬款(附註a) | 94,922 | 19,482 |
| Deferred revenue | 遞延收入 | – | 158,983 |
| Accrued salaries and staff benefits | 應計薪酬及員工福利 | 35,577 | 28,190 |
| Accrued agency commissions | 應計代理佣金 | 14,459 | 17,564 |
| Accrued expenses | 應計費用 | 100,502 | 72,903 |
| Deposit from customers | 客戶存款 | 66,908 | 73,507 |
| Accrued consideration for acquisitions | 應計收購代價 | 35,742 | – |
| Other payables | 其他應付款項 | 29,464 | 27,700 |
| | | 377,574 | 398,329 |

As mentioned in note 2.2(c), deferred revenue had been reclassified as contract liabilities following the adoption of HKFRS 15.

如附註2.2(c)所述，於採納香港財務報告準則第15號後，遞延收入已重新分類為合約負債。

(a) The aging analysis of trade payables is as follows:

(a) 應付賬款之賬齡分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--------------------|----------|-----------------------------------|-----------------------------------|
| Current to 90 days | 即期至90天 | 83,415 | 9,843 |
| 91 to 180 days | 91至180天 | 8,756 | 6,426 |
| 181 to 365 days | 181至365天 | 2,345 | 2,142 |
| Over 1 year | 超過一年 | 406 | 1,071 |
| | | 94,922 | 19,482 |

Notes to the Consolidated Financial Statements

合併財務報表附註

36 BORROWINGS

36 借貸

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------|--------|-----------------------------------|-----------------------------------|
| Non-current portion: | 非流動部分： | | |
| Bank borrowings | 銀行借貸 | 368,000 | 712,376 |
| Other borrowings | 其他借貸 | 351,162 | 267,412 |
| | | 719,162 | 979,788 |
| Current portion: | 流動部分： | | |
| Bank borrowings | 銀行借貸 | 860,244 | 393,837 |
| Other borrowings | 其他借貸 | 547,932 | 123,505 |
| | | 1,408,176 | 517,342 |
| Total borrowings | 借貸總額 | 2,127,338 | 1,497,130 |

Bank borrowings bear average interest rate of 6.17% per annum (2017: 5.98% per annum), mature ranging from 2019 to 2022 part of which amounting to RMB372,376,000 (31 December 2017: RMB507,376,000) are secured by investment properties and land use right with carrying value amounting to RMB771,035,000 (31 December 2017: RMB1,054,040,000). Borrowings amounting to RMB251,500,000 are secured by restricted bank deposits with carrying amount of RMB276,003,000. Borrowing amounting to RMB980,000 is secured by bank acceptance bills with carrying amount of RMB1,000,000.

Other borrowings of RMB27,816,000 were provided by a non-controlling shareholder of a subsidiary, in which 25% of its equity interest is effectively held by Liu Jun, an executive director of the Company as disclosed in note 10. The borrowings are unsecured, mature ranging from 2019 to 2020 and bear average interest rate of 6.34% per annum (2017: 6.2% per annum). During the year ended 31 December 2018, the corresponding interest expenses was approximately RMB1,763,000 (2017: RMB1,639,000).

銀行借貸按平均年利率6.17%(二零一七年：年利率5.98%)計息，於二零一九年至二零二二年到期，部分借貸共人民幣372,376,000元(二零一七年十二月三十一日：人民幣507,376,000元)以價值人民幣771,035,000元(二零一七年十二月三十一日：人民幣1,054,040,000元)之投資物業及土地使用權作抵押。為數人民幣251,500,000元之借貸由賬面值為人民幣276,003,000元之受限制銀行存款作擔保。為數人民幣980,000元之借貸則由賬面值為人民幣1,000,000元之銀行接納票據作擔保。

其他借貸人民幣27,816,000元由一間附屬公司之非控股股東提供，其25%之股本權益由本公司執行董事劉軍實際擁有(於附註10披露)。該借貸為無抵押，並於二零一九年至二零二零年到期，且按平均年利率6.34%(二零一七年：年利率6.2%)計息。截至二零一八年十二月三十一日止年度，有關利息開支約為人民幣1,763,000元(二零一七年：人民幣1,639,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

36 BORROWINGS (Continued)

The remaining other borrowings are provided by independent third parties and bear interest rate ranging from 4.5% to 13.7% per annum (31 December 2017: 5.5%-7.1% per annum). Borrowings amounting to RMB519,917,000 (31 December 2017: RMB255,000,000) are either secured by certain loan receivables, inventories, and listed equity shares held by the Group with total carrying amount of RMB783,401,000 (31 December 2017: RMB381,730,000) or are guaranteed by the Company.

The table below summarises the maturity analysis of bank and other borrowings based on agreed scheduled repayments set out in the loan agreements.

| | | Bank borrowings 銀行借貸 | | Other borrowings 其他借貸 | |
|-----------------------|--------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| Within 1 year | 一年內 | 860,244 | 393,837 | 547,932 | 123,505 |
| Between 1 and 2 years | 一年至兩年內 | 233,000 | 572,376 | 351,162 | 257,555 |
| Between 2 and 5 years | 兩年至五年內 | 135,000 | 140,000 | — | 9,857 |
| | | 1,228,244 | 1,106,213 | 899,094 | 390,917 |

As at 31 December 2018, the Group has no undrawn banking facilities (2017: Nil).

36 借貸(續)

餘下其他借貸由獨立第三方提供，並按介乎4.5%至13.7%年利率計息(二零一七年十二月三十一日：年利率5.5%至7.1%)。為數人民幣519,917,000元(二零一七年十二月三十一日：人民幣255,000,000元)之借貸由總賬面值人民幣783,401,000元(二零一七年十二月三十一日：人民幣381,730,000元)之若干應收貸款、存貨及本集團持有之上市權益作抵押，或由本公司作擔保。

下表概述按貸款協議所載經協定預設還款日期編製之銀行借貸及其他借貸到期日分析。

於二零一八年十二月三十一日，本集團概無未使用之銀行融資額度(二零一七年：無)。

Notes to the Consolidated Financial Statements

合併財務報表附註

37 CONVERTIBLE BONDS

The Company issued convertible bonds with a coupon rate of 5% per annum at a total principal value of HK\$780,000,000 (Equivalent to approximately RMB615,342,000) on 27 November 2014 (the "2014 Convertible Bonds"). On 27 November 2017, at the request of the 2014 Convertible Bonds holders, the Company redeemed HK\$728,400,000 (equivalent to RMB616,059,000) of the outstanding principle of the bonds, which represent approximately 93.38% of the initial principal amount of the bond. The remaining portion will mature on 27 November 2019 at its principal amount or can be converted into the Group's shares at the bondholder's option at rate of HK\$11.28 per share or at the option of the bondholder to redeem all or some only of the convertible bonds, with unconditional right, at their principal amount together with interest accrued but unpaid to such date. This convertible bonds is classified as current liabilities.

On 3 December 2018, the Company issued another convertible bond to Chance Talent Management Limited, a wholly owned subsidiary indirectly held by China Construction Bank Corporation. The principal amount of the convertible bond is HK\$100,000,000, and is issued at a coupon rate of 2.85% addition to HIBOR (the "2018 Convertible Bonds"). The convertible bonds will mature on 3 December 2020 and redeemable at 10% premium on the face value or can be converted into the Group's shares at the bondholder's option at rate of HK\$6 per share. This convertible bonds is classified as non-current liabilities.

The fair value of the convertible bonds were valued by an independent valuer as at 3 December 2018. The convertible bonds comprise a liability component and an equity conversion components. The fair value of the listed bond component were calculated by using a market rate of similar non-convertible bonds, The fair values of the convertible bonds were valued by using the Binomial Option Pricing Model. The residual amount, representing the value of the equity conversion component, is included in the convertible bond-equity conversion reserve under equity attributable to equity holders of the Company.

The liabilities component of convertible bonds recognised in the consolidated statement of financial position were as follows:

37 可換股債券

本公司於二零一四年十一月二十七日發行本金總額為780,000,000港元(相當於約人民幣615,342,000元)、票面息率每年5%之可換股債券(「二零一四年可換股債券」)。於二零一七年十一月二十七日,按二零一四年可換股債券持有人之要求,本公司贖回債券之尚未償還本金728,400,000港元(相當於人民幣616,059,000元),相當於債券初始本金額約93.38%。餘下部分將於二零一九年十一月二十七日按其本金額到期,或可根據債券持有人之選擇以每股11.28港元兌換為本集團股份或按債券持有人之選擇於二零一七年十一月二十七日以本金額連同直至該日期累計但未付利息以無條件權利贖回全部或部分可換股債券。該可換股債券分類為流動負債。

於二零一八年十二月三日,本公司向中國建設銀行股份有限公司間接持有之全資附屬公司Chance Talent Management Limited發行另一項可換股債券。可換股債券本金額為100,000,000港元,按票面息率2.85%加HIBOR發行(「二零一八年可換股債券」)。可換股債券將於二零二零年十二月三日期滿並可按面值溢價10%贖回,或可根據債券持有人之選擇以每股6港元兌換為本集團股份。該可換股債券分類為非流動負債。

可換股債券之公平值由一名獨立估值師於二零一八年十二月三日進行估值。可換股債券包括負債部分及權益轉換部分。上市債券部分之公平值使用相似不可換股債券之市值計算。可換股債券之公平值則使用二項式估值模式進行估值。代表權益轉換部分之餘額列入本公司權益持有人應佔權益項下之可換股債券權益轉換儲備。

於合併財務狀況表確認之可換股債券負債部分如下:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------------------|------------|-----------------------------------|-----------------------------------|
| 2014 Convertible bond | 二零一四年可換股債券 | 44,417 | 41,387 |
| 2018 Convertible bond | 二零一八年可換股債券 | 83,145 | — |
| At 31 December | 於十二月三十一日 | 127,562 | 41,387 |

Notes to the Consolidated Financial Statements

合併財務報表附註

37 CONVERTIBLE BONDS (Continued)

37 可換股債券(續)

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------------|-----------------------------------|-----------------------------------|
| 2014 Convertible bond | 二零一四年可換股債券 | | |
| At 1 January | 於一月一日 | 41,387 | 654,743 |
| Effective interest expense (note 11) | 實際利息開支(附註11) | 3,173 | 43,893 |
| Fair value loss on early redemption (note 11) | 提早贖回之公平值虧損(附註11) | — | 2,702 |
| Principal redeemed | 已贖本金 | — | (587,030) |
| Interest paid | 已付利息 | (2,176) | (33,686) |
| Currency translation differences | 貨幣匯兌差異 | 2,033 | (39,235) |
| At 31 December | 於十二月三十一日 | 44,417 | 41,387 |
| | | | |
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| 2018 convertible bond | 二零一八年可換股債券 | | |
| Cash received | 已收現金 | 88,764 | — |
| Fair value of convertible bonds issued on 3 December 2018 | 於二零一八年十二月三日已發行可換股債券之公平值 | 98,531 | — |
| Less: Legal and professional fee paid | 減：已支付法律及專業費用 | (2,805) | — |
| Less: Equity conversion component | 減：權益轉換部分 | (12,359) | — |
| Liability component on initial recognitions at 3 December 2018 | 於二零一八年十二月三日首次採納之負債部分 | 83,367 | — |
| Effective interest expense (note 11) | 實際利息開支(附註11) | 699 | — |
| Currency translation difference | 貨幣匯兌差異 | (921) | — |
| At 31 December | 於十二月三十一日 | 83,145 | — |

The carrying amounts of convertible bonds – liabilities component are denominated in HK\$.

可換股債券－負債部分之賬面值以港元計值。

Notes to the Consolidated Financial Statements

合併財務報表附註

38 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same tax jurisdiction. The offset amounts are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--------------------------|-----------------------------------|-----------------------------------|
| Deferred income tax assets (to be recovered after more than 12 months) | 遞延所得稅資產 (將於超過十二個月後收回) | 31,292 | 21,115 |
| Deferred income tax liabilities (to be settled after more than 12 months) | 遞延所得稅負債 (將於超過十二個月後清繳) | (274,100) | (271,710) |
| | | (242,808) | (250,595) |

The net movement on the deferred income tax account is as follows:

遞延所得稅賬目變動淨額如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | (250,595) | (133,268) |
| Effect on adoption of HKFRS 9 | 採納香港財務報告準則第9號之影響 | 1,716 | — |
| Acquisition of subsidiaries (note 24) | 收購附屬公司(附註24) | (40,540) | (140,309) |
| Charged to the other comprehensive income | 計入其他全面收入 | 3,875 | 15,779 |
| Charged to the consolidated statement of comprehensive income | 計入合併綜合收益表 | 43,316 | 6,423 |
| Currency translation differences | 貨幣匯兌差異 | (580) | 780 |
| At 31 December | 於十二月三十一日 | (242,808) | (250,595) |

As at 31 December 2018, deferred income tax liabilities of RMB147,482,000 (2017: RMB131,325,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in the PRC. The unremitted earnings are to be used for reinvestment. The income tax liability is not recognised where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

於二零一八年十二月三十一日，尚未就中國附屬公司之未匯出盈利而應付之預扣稅確認遞延所得稅負債人民幣147,482,000元(二零一七年：人民幣131,325,000元)。未匯出盈利將用作再投資。倘暫時差額撥回之時間由本集團控制及暫時差額在可預見未來可能不會撥回，則不予確認所得稅負債。

Notes to the Consolidated Financial Statements

合併財務報表附註

38 DEFERRED INCOME TAX (Continued)

The movements in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same taxation jurisdiction, are as follows:

Deferred tax assets

| | | Tax losses 稅項虧損 | | Bad debt provision 壞賬撥備 | | Total 總計 | |
|--|------------------|--------------------|---------|----------------------------|---------|-------------|---------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January | 於一月一日 | 8,128 | 11,171 | 12,987 | 215 | 21,115 | 11,386 |
| Impact on adoption of HKFRS 9 | 採納香港財務報告準則第9號之影響 | — | — | 1,716 | — | 1,716 | — |
| Acquisition of subsidiaries (note 24) | 收購附屬公司（附註24） | 929 | — | — | 15,991 | 929 | 15,991 |
| Credited/(charged) to the consolidated statement of comprehensive income | 於合併綜合收益表計入／（扣除） | 1,462 | (3,043) | 6,070 | (3,219) | 7,532 | (6,262) |
| At 31 December | 於十二月三十一日 | 10,519 | 8,128 | 20,773 | 12,987 | 31,292 | 21,115 |

38 遞延所得稅(續)

年內遞延稅項資產與負債變動(未計及抵銷同一稅務司法權區結餘)如下：

遞延稅項資產

Deferred tax liabilities

遞延稅項負債

| | | Fair value gains | | Dividends | | Deferred expenses | | Total | |
|--|---------------------|------------------|----------|-----------|---------|-------------------|---------|----------|----------|
| | | 公平值收益 | | 股息 | | 遞延開支 | | 總計 | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 | 二零一八年 | 二零一七年 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January | 於一月一日 | 251,819 | 124,506 | 4,579 | – | 15,312 | 20,148 | 271,710 | 144,654 |
| Acquisition of subsidiaries (note 24) | 收購附屬公司 (附註24) | 41,469 | 156,300 | – | – | – | – | 41,469 | 156,300 |
| Credited to the other comprehensive income | 計入其他全面收入 | (3,856) | (15,779) | – | – | – | – | (3,875) | (15,779) |
| Charged/(credited) to the consolidated statement of comprehensive income | 於合併綜合收益表 計入／(扣除) | (26,385) | (12,428) | (4,579) | 4,579 | (4,820) | (4,836) | (35,784) | (12,685) |
| Currency translation difference | 貨幣匯兌差異 | 561 | (780) | – | – | – | – | 580 | (780) |
| At 31 December | 於十二月三十一日 | 263,608 | 251,819 | – | 4,579 | 10,492 | 15,312 | 274,100 | 271,710 |

Deferred income tax assets are recognised for tax loss carried forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group have unrecognised tax losses amounting to RMB2,900,000 as at 31 December 2018 (2017: Nil).

相關稅務利益很大可能透過未來應課稅溢利變現時，則就遞延所得稅資產確認結轉稅項虧損。於二零一八年十二月三十一日，本集團之未確認稅項虧損為人民幣2,900,000元(二零一七年：無)。

Notes to the Consolidated Financial Statements

合併財務報表附註

39 INCOME TAX PAYABLES AND OTHER TAXES PAYABLES 39 應繳所得稅及其他應繳稅項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------------------------------|---------------|-----------------------------------|-----------------------------------|
| Income tax payables: | 應繳所得稅： | | |
| Corporate income tax | 企業所得稅 | 51,929 | 65,298 |
| Other taxes payables/(recoverable): | 其他應繳稅項／(可收回)： | | |
| Value added tax | 增值稅 | (32,469) | 3,427 |
| Cultural and development tax | 文化及發展稅 | 4,640 | 5,681 |
| Land appreciation tax | 土地增值稅 | 48,325 | 20,373 |
| Other taxes | 其他稅項 | 5,386 | 4,941 |
| | | 25,882 | 34,422 |

Notes to the Consolidated Financial Statements

合併財務報表附註

40 CASH GENERATED FROM OPERATIONS

40 經營業務產生之現金

(a) Reconciliation of profit before taxation to net cash generated from operating activities

(a) 除稅前溢利與經營業務產生之現金淨額對賬

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-----------------------------|-----------------------------------|-----------------------------------|
| Profit before income tax | 除所得稅前溢利 | 332,435 | 416,068 |
| Adjustments for: | 調整： | | |
| Provision for impairment of trade receivables | 應收賬款之減值撥備 | 13,521 | 13,459 |
| Provision for/(reversal of) impairment of loans and interest receivable | 應收貸款及利息減值撥備／(撥回) | 23,977 | (13,406) |
| Reversal of impairment of contract assets and finance lease receivables | 合約資產及融資租賃應收款項之減值撥回 | (354) | — |
| Amortisation of intangible assets | 無形資產攤銷 | 79,532 | 63,811 |
| Amortisation of land use rights | 土地使用權攤銷 | 4,737 | 4,737 |
| Amortisation of investment properties | 投資物業攤銷 | 18,258 | 18,258 |
| Depreciation of property, plant and equipment | 物業、廠房及設備之折舊 | 49,290 | 30,424 |
| Impairment loss of investment in associates | 於聯營公司之投資之減值虧損 | 19,547 | — |
| Government grants income | 政府補助收入 | (34,750) | (38,349) |
| Share based compensation – value of employee services | 以股份支付之補償 — 僱員服務價值 | 74,580 | 33,815 |
| Gain on disposal of property, plant and equipment (note b) | 出售物業、廠房及設備之收益 (附註b) | (298) | (108) |
| Gain on disposal of available-for-sale financial assets | 出售可供出售金融資產之收益 | — | (34,217) |
| Gain on disposal of an associate | 出售一間聯營公司之收益 | — | (5,000) |
| Loss on disposal of intangible assets | 出售無形資產虧損 | 31 | — |
| Dividend income | 股息收入 | (714) | (6,010) |
| Finance income | 財務收入 | (12,044) | (21,105) |
| Finance expense | 財務開支 | 94,424 | 104,365 |
| Share of (profit)/loss from investments accounted for using equity method | 分佔按權益法入賬之投資 (溢利)／虧損 | (28,014) | 2,631 |
| Fair value (gain)/loss on financial assets at fair value through profit or loss | 按公平值計入損益之金融資產 公平值(收益)／虧損 | (104,192) | 6,913 |
| Fair value gain on financial liabilities at fair value through profit or loss | 按公平值計入損益之金融負債 公平值收益 | (3,374) | (18,472) |
| Fair value gain on step acquisition | 分階段收購事項所得公平值收益 | (169,496) | (117,963) |
| Fair value loss on early redemption of convertible bonds | 提前贖回可換股債券之 公平值虧損 | — | 2,702 |
| Operating profit before working capital changes | 營運資金變動前經營溢利 | 357,096 | 442,553 |

Notes to the Consolidated Financial Statements

合併財務報表附註

40 CASH GENERATED FROM OPERATIONS (Continued) 40 經營業務產生之現金(續)

(a) Reconciliation of profit before taxation to net cash generated from operating activities (Continued)

(a) 除稅前溢利與經營業務產生之現金淨額對賬(續)

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------------|-----------------------------------|-----------------------------------|
| Operating profit before working capital changes | 營運資金變動前經營溢利 | 357,096 | 442,553 |
| Changes in working capital: | 營運資金變動： | | |
| Changes of completed properties held of sales | 持作出售竣工物業變動 | 28,250 | 253,867 |
| Changes in trade receivables, deferred expense and contract assets | 應收賬款、遞延開支及合約資產變動 | (217,109) | (115,021) |
| Changes in deposits, prepayments and other receivables | 按金、預付款項及其他應收款項變動 | (109,471) | (42,469) |
| Changes in finance lease receivables | 應收融資租賃款項變動 | 66,285 | 196,740 |
| Changes in loans and interest receivables | 應收貸款及利息變動 | 74,267 | (69,870) |
| Changes in inventories | 存貨變動 | (177,525) | (139,320) |
| Changes in trade payables | 應付賬款變動 | 61,380 | 9,737 |
| Changes in accrued expenses and other payables | 應計費用及其他應付款項變動 | (29,837) | (32,428) |
| Changes in deferred government grants | 遞延政府補助變動 | 14,923 | 36,526 |
| Changes in deferred revenue, receipt in advance and contracted liabilities | 遞延收入、預收款項及合約負債變動 | 22,642 | (375,343) |
| Changes in other tax payable | 其他應繳稅項變動 | (38,049) | (20,601) |
| Net cash generated from operations | 經營業務產生之現金淨額 | 52,852 | 144,371 |

Notes to the Consolidated Financial Statements

合併財務報表附註

40 CASH GENERATED FROM OPERATIONS (Continued)

40 經營業務產生之現金(續)

(b) Proceeds from disposal of property, plant and equipment

In the consolidated cash flow statements, proceeds from disposal of property, plant and equipment comprise:

(b) 出售物業、廠房及設備之所得款項

在合併現金流量表內，出售物業、廠房及設備之所得款項包括：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| Net book amount: | 賬面淨值： | | |
| Property, plant and equipment (note 18) | 物業、廠房及設備(附註18) | 510 | 817 |
| Gain on disposal of property, plant and equipment (note 8) | 出售物業、廠房及設備之收益(附註8) | 298 | 108 |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備之所得款項 | 808 | 925 |

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movement in net debt for each of the year presented.

(c) 債務淨額對賬

本節載列所示各年度之債務淨額及債務淨額變動之分析。

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--------------|-----------------------------------|-----------------------------------|
| Cash and cash equivalents | 現金及現金等值物 | 471,672 | 401,918 |
| Restricted bank deposits | 受限制銀行存款 | 276,003 | — |
| Liquid investment (i) | 流動投資(i) | 112,005 | 169,921 |
| Bank and other borrowings | 銀行及其他借貸 | (2,127,338) | (1,497,130) |
| Convertible bonds – liabilities portions | 可換股債券－負債部分 | (127,562) | (41,387) |
| Net debts | 債務淨額 | (1,395,220) | (966,678) |
| Cash and liquid investments | 現金及流動投資 | 859,680 | 571,839 |
| Gross debt at fixed interest rate | 按固定利率計算之債務總額 | (1,382,348) | (1,201,141) |
| Gross debt at floating interest rate | 按浮動利率計算之債務總額 | (872,552) | (337,376) |
| Net debts | 債務淨額 | (1,395,220) | (966,678) |

(i) Liquid investment comprise current investments that are traded in an active market, being the Group's financial assets held at fair value through other comprehensive income, financial assets held at fair value through profit or loss, excluding contingent shares in relation to acquisition of Huijia Yuantian Limited and Zale Inc..

(i) 流動投資包括於活躍市場買賣之流動投資，即本集團按公平值計入其他全面收入持有之金融資產、按公平值計入損益持有之金融資產，不包括有關收購慧嘉元天有限公司及Zale Inc.之或然股份。

Notes to the Consolidated Financial Statements

合併財務報表附註

40 CASH GENERATED FROM OPERATIONS (Continued) 40 經營業務產生之現金(續)

(c) Net debt reconciliation (Continued)

| | | Cash and cash equivalents 現金及現金等值物 RMB'000 人民幣千元 | Restricted bank deposits 受限制銀行存款 RMB'000 人民幣千元 | Liquid Investment 流動投資 RMB'000 人民幣千元 | Bank and other borrowing 銀行及其他借貸 RMB'000 人民幣千元 | Convertible bonds – liabilities portions 可換股債券 – 負債部分 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|------------------------------------|------------------------|---|---|---|---|--|---------------------------------|
| Net debt as at 31 December 2017 | 於二零一七年十二月三十一日 之債務淨額 | 401,918 | – | 169,921 | (1,497,130) | (41,387) | (966,678) |
| Net cash flows | 淨現金流量 | 72,772 | 279,405 | (177,748) | (394,087) | (83,783) | (303,441) |
| Exchange adjustment | 匯兌調整 | (3,018) | (3,402) | 3,931 | 2,500 | (1,112) | (1,101) |
| Other non-cash movements | 其他非現金變動 | – | – | 115,901 | (238,621) | (1,280) | (124,000) |
| Net debt as at 31 December 2018 | 於二零一八年十二月三十一日 之債務淨額 | 471,672 | 276,003 | 112,005 | (2,127,338) | (127,562) | (1,395,220) |

41 COMMITMENTS

(a) Financial commitments

Financial commitments at the end of the year are analysed as follows:

41 承擔

(a) 財務承擔

於本年度末之財務承擔分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------------|-----------------------------------|-----------------------------------|
| Injection of investment in financial assets at fair value through other comprehensive income | 於按公平值計入其他全面收入之金融資產注資 | – | 33,000 |

Notes to the Consolidated Financial Statements

合併財務報表附註

41 COMMITMENTS (Continued)

(b) Commitments under operating leases

(i) As a lessee

At 31 December 2018, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of buildings which expire as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---------------------------------------|--------------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 53,012 | 27,952 |
| In the second to fifth year inclusive | 二至五年(包括首尾兩年) | 132,051 | 177,358 |
| Over the fifth year | 五年以上 | — | — |
| | | 185,063 | 205,310 |

(ii) As a lessor

At 31 December 2018, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of buildings which expire as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---------------------------------------|--------------|-----------------------------------|-----------------------------------|
| Within one year | 一年內 | 252,198 | 3,904 |
| In the second to fifth year inclusive | 二至五年(包括首尾兩年) | 10,639 | 15,877 |
| Over the fifth year | 五年以上 | 24,127 | 42,194 |
| | | 286,964 | 61,975 |

41 承擔(續)

(b) 經營租賃承擔

(i) 作為承租人

於二零一八年十二月三十一日，本集團就樓宇之已到期不可撤銷經營租賃日後應付之最低租賃款項總額如下：

(ii) 作為出租人

於二零一八年十二月三十一日，本集團就樓宇之已到期不可撤銷經營租賃日後應收之最低租賃款項總額如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

42 CONTINGENT LIABILITIES

As at 31 December 2018, there were no material contingent liabilities to the Group (2017: Nil).

43 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2018, the amount of outstanding guarantees for mortgages were approximately RMB51,041,000 (2017: RMB287,763,000).

The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

42 或然負債

於二零一八年十二月三十一日，本集團概無重大或然負債(二零一七年：無)。

43 財務擔保

本集團為其物業單位之若干買家安排銀行融資，並提供擔保以作為該等買家還款責任之抵押。該等擔保於以下較早者發生時終止：(i)於完成擔保登記時發出一般將於平均兩至三年期間取得之房產證；或(ii)物業買家償付按揭貸款。

根據擔保條款，倘該等買家拖欠按揭還款，本集團須負責償還拖欠之按揭貸款本金連同應計利息及違約買家結欠銀行之罰款，而本集團有權接管及擁有相關物業之合法業權。本集團之擔保期由授出按揭貸款當日起計。於二零一八年十二月三十一日，按揭貸款之未償還擔保金額約為人民幣51,041,000元(二零一七年：人民幣287,763,000元)。

董事認為買家拖欠付款之可能性很低，故按公平值計量之財務擔保並不重大。

Notes to the Consolidated Financial Statements

合併財務報表附註

44 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

44 本公司合併財務狀況表及儲備變動

Consolidated statement of financial position of the Company

本公司合併財務狀況表

| | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investments in subsidiaries | | 1,742,422 | 1,555,244 |
| | | 1,742,422 | 1,555,244 |
| Current assets | | | |
| Loan to a subsidiary | | 1,250,228 | 1,010,316 |
| Other receivables | | 16,401 | — |
| Restricted bank deposit | | 144,573 | — |
| Total assets | | 3,153,624 | 2,565,560 |
| Equity | | | |
| Capital and reserves | | | |
| Share capital | | 103,625 | 100,740 |
| Other reserves | | 2,717,986 | 2,462,198 |
| Accumulated losses | | (113,366) | (39,462) |
| Total equity | | 2,708,245 | 2,523,476 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Convertible bond – liabilities component | | 83,145 | — |
| Other borrowings | | 306,670 | — |
| | | 389,815 | — |
| Current liabilities | | | |
| Convertible bond – liabilities component | | 44,417 | 41,387 |
| Accrued expenses and other payables | | 11,147 | 697 |
| Total liabilities | | 445,379 | 42,084 |
| Total equity and liabilities | | 3,153,624 | 2,565,560 |

Notes to the Consolidated Financial Statements

合併財務報表附註

44 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

44 本公司合併財務狀況表及儲備變動(續)

(a) Reserve movement of the Company

(a) 本公司之儲備變動

| | | Accumulated losses 累計虧損 RMB'000 人民幣千元 | Other reserves 其他儲備 RMB'000 人民幣千元 |
|---|-----------------------------|--|--|
| At 1 January 2017 | 於二零一七年一月一日 | (279,504) | 1,950,238 |
| Comprehensive loss | 全面虧損 | | |
| Loss for the year | 本年度虧損 | (81,440) | — |
| Other comprehensive income | 其他全面收入 | | |
| Currency translation differences | 貨幣匯兌差異 | — | 11,901 |
| Transactions with owners | 與擁有人進行之交易 | | |
| Issuance of shares upon conversion of convertible bonds | 兌換可換股債券後發行股份 | — | 24,352 |
| Issuance of shares in related to business combination | 就業務合併發行股份 | — | 513,227 |
| Buy-back shares | 購回股份 | (982) | (24,317) |
| Share based compensation – value of employee services | 以股份支付之補償 — 僱員服務價值 | — | 33,815 |
| Redemption of convertible bond | 贖回可換股債券 | — | (47,494) |
| Exercise of share options | 行使購股權 | — | 476 |
| Dividend income from subsidiaries | 來自附屬公司之股息收入 | 383,802 | — |
| Dividend paid | 已付股息 | (61,338) | — |
| At 31 December 2017 and 1 January 2018 | 於二零一七年十二月三十一日及 二零一八年一月一日 | (39,462) | 2,462,198 |
| Comprehensive loss | 全面虧損 | | |
| Loss for the year | 本年度虧損 | (73,790) | — |
| Other comprehensive income | 其他全面收入 | | |
| Currency translation differences | 貨幣匯兌差異 | — | 9,929 |
| Transactions with owners | 與擁有人進行之交易 | | |
| Issuance of shares upon conversion of convertible bonds | 兌換可換股債券後發行股份 | — | 12,359 |
| Issuance of shares in related to business combination | 就業務合併發行股份 | — | 163,620 |
| Buy-back shares | 購回股份 | (114) | (4,877) |
| Share based compensation – value of employee services | 以股份支付之補償 — 僱員服務價值 | — | 74,580 |
| Exercise of share options | 行使購股權 | — | 177 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | (113,366) | 2,717,986 |

Notes to the Consolidated Financial Statements

合併財務報表附註

45 RELATED PARTY TRANSACTIONS

45 關聯人士交易

(a) Key management compensation

The remuneration of directors and other members of key management during the year were as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-------------|-----------------------------------|-----------------------------------|
| Salaries and other short-term employee benefits | 薪金及其他短期僱員福利 | 5,164 | 4,944 |
| Share-based payments | 以股份為基礎之付款 | 49,948 | 19,863 |
| | | 55,112 | 24,807 |

(a) 關鍵管理人員薪酬

年內董事及其他主要管理層成員之薪酬如下：

(b) Related party transaction

Other than those disclosed elsewhere in the consolidated financial statements, transactions were carried out with related parties in normal course of Group's business.

(b) 關聯人士交易

除合併財務報表其他部分所披露者外，本集團與關連人士進行之交易於日常業務過程中展開。

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------------|-----------------------------------|-----------------------------------|
| Nature of transactions 交易性質 | | | |
| Associates (note i) 聯營公司(附註i) | Interest income 利息收入 | 1,802 | 4,014 |
| Key management personnel (note i) 關鍵管理人員(附註i) | Interest income 利息收入 | 1,563 | 1,596 |

note (i): The Group has granted loan receivables to certain associates, a joint venture and certain key management personnel of the Group and subsidiaries. The loans are charged at terms mutually agreed by the parties concerned or in accordance with the terms of the underlying agreements, where appropriate.

附註(i)：本集團已向若干聯營公司、合營企業以及本集團及附屬公司之若干關鍵管理人員授出應收貸款。該等貸款按有關各方共同協定之條款或根據有關協議之條款(倘適用)收取費用。

Notes to the Consolidated Financial Statements

合併財務報表附註

45 RELATED PARTY TRANSACTIONS (Continued)

45 關聯人士交易(續)

(c) Related party balance

Saved as disclosed in note 10 to the consolidated financial statements, the Group has following balances with related parties as at 31 December 2018 and 2017, respectively.

(c) 關聯人士結餘

除合併財務報表附註10所披露者外，於二零一八年及二零一七年十二月三十一日，本集團與關連人士之結餘分別如下。

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------------------|-----------------------------------|-----------------------------------|
| Borrowing from: Associate (note i) | 向以下人士借貸： 聯營公司(附註i) | 581,050 | — |
| Loans and interest receivables from: Associates (note ii) | 應收以下人士貸款及利息： 聯營公司(附註ii) | 59,708 | 83,441 |
| Key management personnel (note iii) | 關鍵管理人員(附註iii) | 8,403 | 86,496 |
| Deposit received from: Associates (note iv) | 已收以下人士按金： 聯營公司(附註iv) | — | 3,992 |
| Key management personnel (note iv) | 關鍵管理人員(附註iv) | — | 2,440 |

note (i): The balance represents bank borrowings from Inner Mongolia Hohhot Jingu Rural Commercial Bank Company Limited, which become an associate of the Group since 27 June 2018. Part of the borrowings amounting to RMB340,000,000 will mature on 25 October 2019, and is interest bearing at a rate of 6.2% per annum. Part of the borrowings amounting to RMB240,000,000 will mature on 20 October 2020, and is interest bearing at a rate of 7.1% per annum. These borrowings is guaranteed by an associate of the Group.

附註(i)：該結餘指來自內蒙古呼和浩特金谷農村商業銀行股份有限公司(自二零一八年六月二十七日起成為本集團聯營公司)之銀行借貸。部分借貸人民幣340,000,000元將於二零一九年十月二十五日到期，並按年利率6.2%計息。部分借貸人民幣240,000,000元將於二零二零年十月二十日到期，並按年利率7.1%計息。該等借貸由本集團之一間聯營公司擔保。

Notes to the Consolidated Financial Statements

合併財務報表附註

45 RELATED PARTY TRANSACTIONS (Continued)

(c) Related party balance (Continued)

note (ii): The Group granted loans amounting to RMB20,800,000, RMB20,800,000 and RMB5,940,000 to 慧德控股有限公司 ("Hui De") during the years ended 31 December 2014, 2015 and 2016 respectively. The loans will mature during the years ending 31 December 2020, 2020 and 2019 respectively, and are interest bearing at a rate of 7%, 7% and 6% per annum.

note (iii): The Group granted loans amounting to RMB3,935,000 (2017: RMB7,770,000) to one (2017: several) management personnel of Beijing Panpass Information Technology Co., Ltd ("Panpass"), a subsidiary acquired by the Group on 8 October 2014, for their sole purpose of purchase of shares of Panpass at market price and the shares purchased are pledged to secure the loans. The loans will mature on 28 September 2021, and is interest bearing at a rate of 5% per annum. These management personnel hold 3% (2017: 6%) issued share capital of Panpass as of 31 December 2018.

note (iv): The balance includes deposits received by a financing services company of the Group from certain associates and a key management personnel of the Company as guarantee for the loan granted to their customers and himself. The deposit would be refunded upon the repayment of the loans which will mature during the year ended 31 December 2018.

45 關聯人士交易(續)

(c) 關聯人士結餘(續)

附註(ii): 於截至二零一四年、二零一五年及二零一六年十二月三十一日止年度，本集團向慧德控股有限公司(「慧德」)分別授出貸款人民幣20,800,000元、人民幣20,800,000元及人民幣5,940,000元。該等貸款將分別於截至二零二零年十二月三十一日止年度、二零二零年及二零一九年到期，分別按年利率7%、7%及6%計息。

附註(iii): 本集團向北京兆信信息技術股份有限公司(「兆信」，本集團於二零一四年十月八日收購之附屬公司)一名(二零一七年：若干)管理人員授出貸款人民幣3,935,000元(二零一七年：人民幣7,770,000元)，僅供彼等用作以市價購買兆信之股份，而所購股份質押作為貸款抵押。貸款將於二零二一年九月二十八日到期，並按年利率5%計息。截至二零一八年十二月三十一日，該等管理層成員持有兆信3%(二零一七年：6%)股權。

附註(iv): 該結餘包括本集團一間金融服務公司向本集團若干聯營公司及一名關鍵管理人員收取之按金，作為授予其客戶及彼本身之貸款擔保。於償還貸款(將於截至二零一八年十二月三十一日止年度到期)後，該按金可予退還。

