



2017 年度報告

2017 ANNUAL REPORT



National Arts Entertainment and Culture Group Limited
國藝娛樂文化集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(於開曼群島註冊成立並於百慕達存續之有限公司)

Stock code 股份代號 : 8228

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CORPORATE INFORMATION 公司資料

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. Sin Kwok Lam

Vice Chairperson, Executive Director and Chief Executive Officer

Ms. Law Po Yee

Vice Chairperson and Executive Director

Mr. Chow Kai Weng

Executive Director

Ms. Sin Ho Yee

Non-executive Directors

Dr. Lam Lee G. (Appointed on 30 June 2017)
Mr. Li Sin Hung Maxim (Resigned on 5 January 2018)

Independent Non-executive Directors

Mr. Chan Tin Lup Trevor
Mr. Chui Chi Yun Robert
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

COMPANY SECRETARY

Ms. Sun Shui (Appointed on 27 December 2017)
Mr. Luk Ho Lun (Resigned on 27 December 2017)

COMPLIANCE OFFICER

Ms. Law Po Yee

董事會

主席兼非執行董事

冼國林先生

副主席、執行董事兼行政總裁

羅寶兒女士

副主席兼執行董事

周啟榮先生

執行董事

冼灝怡女士

非執行董事

林家禮博士(於二零一七年六月三十日獲委任)
李錦洪先生(於二零一八年一月五日辭任)

獨立非執行董事

陳天立先生
崔志仁先生
黃龍德教授
李傑之先生

公司秘書

孫瑞女士(於二零一七年十二月二十七日獲委任)
陸浩麟先生(於二零一七年十二月二十七日辭任)

監察主任

羅寶兒女士



Corporate Information 公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

(Before 27 April 2017)
Units 3011B-3012, 30/F
West Tower Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

(With effect from 27 April 2017)
Rm. L&M, 21/F, King Wing Plaza,
Phase 1, 3 On Kwan Street,
Shek Mun, Shatin, N.T.
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICES

Principal share registrar and transfer office

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong branch share registrar and transfer office

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

AUTHORISED REPRESENTATIVES

Ms. Law Po Yee
Mr. Chow Kai Weng

COMMITTEES

Audit Committee

Mr. Chui Chi Yun Robert (*Chairman*)
Mr. Chan Tin Lup Trevor
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

Remuneration Committee

Mr. Chui Chi Yun Robert (*Chairman*)
Mr. Chan Tin Lup Trevor
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

Nomination Committee

Mr. Sin Kwok Lam (*Chairman*)
Mr. Chan Tin Lup Trevor
Prof. Wong Lung Tak Patrick
Mr. Li Kit Chee

總辦事處及主要營業地點

(二零一七年四月二十七日前)
香港
干諾道中168-200號
信德中心西翼
30樓3011B-3012室

(自二零一七年四月二十七日起生效)
香港
新界沙田石門
安群街3號京瑞廣場1期
21樓L&M室

股份過戶及登記處

主要股份過戶及登記處

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

香港股份過戶及登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

授權代表

羅寶兒女士
周啟榮先生

轄下委員會

審核委員會

崔志仁先生 (*主席*)
陳天立先生
黃龍德教授
李傑之先生

薪酬委員會

崔志仁先生 (*主席*)
陳天立先生
黃龍德教授
李傑之先生

提名委員會

冼國林先生 (*主席*)
陳天立先生
黃龍德教授
李傑之先生

Corporate Information 公司資料

LEGAL ADVISORS

Conyers Dill & Pearman

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

GROUP'S WEBSITE

<http://www.nationalarts.hk>

STOCK CODE

8228

法律顧問

Conyers Dill & Pearman

核數師

國衛會計師事務所有限公司
執業會計師
香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

主要往來銀行

恒生銀行

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

本集團網址

<http://www.nationalarts.hk>

股份代號

8228



CHAIRMAN'S STATEMENT 主席報告書



Dear Shareholders,

On behalf of the board (the “Board”) of Directors (the “Directors”) of National Arts Entertainment and Culture Group Limited (the “Company”), I am pleased to present to you the 2017 annual report of the Company and its subsidiaries (collectively the “Group”).

Entertainment culture has always been the core values of the Group’s business. To promote the Greater China entertainment culture, the Group has actively developed the Xiqiao National Arts Film Studio (the “Studio”) and National Arts Resort Hotel (the “Hotel”) (collectively the “Xiqiao National Arts Film Studio Project”).

With the aim of developing the Xiqiao National Arts Film Studio Project as an integrated industry hub featuring film creation and production, technical research and development, copyright trading, product demonstration, talent nurturing, film tourism, etc., in 2017, the Group and Guangdong Hongtu Guangdian Investment Co., Ltd. (廣東弘圖廣電投資有限公司) entered into a subscription agreement in relation to a capital injection into Foshan Guohao Theme Park Management Company Limited (佛山市國昊景區管理有限公司) (the “Guohao Theme Park”), a wholly-owned subsidiary of the Company. As the second phase of development of the Studio, the Guohao Theme Park is planned to have a total of 6 indoor studios and 2 boutique hotels to be constructed, which, in combination with existing outdoor shooting sites, shall fully satisfy shooting crews with different requirements and become the grandest film studio in South China.

致各股東：

本人謹代表國藝娛樂文化集團有限公司(「本公司」)董事(「董事」)會(「董事會」)，欣然提呈本公司及其附屬公司(統稱「本集團」)之二零一七年年報。

娛樂文化一直是本集團的核心業務價值。為傳揚大中華娛樂文化，本集團積極發展西樵山國藝影視城(「該影視城」)及國藝度假酒店(「該酒店」)(統稱「西樵山國藝影視城項目」)。

為了將西樵山國藝影視城項目打造成為集影視創作製作、技術研發、版權交易、成果展映、人才培養、影視旅遊等於一體的產業集中地。於二零一七年，本集團已與廣東弘圖廣電投資有限公司簽訂了增資入股協議，將向本公司之全資附屬子公司佛山市國昊景區管理有限公司(「國昊景區」)注資，是該影視城開發的二期項目，預算規劃興建共六個室內攝影棚及兩間精品酒店，連同現時的戶外實境拍攝園區，可望全面滿足到不同需求的劇組，成為南方最具規模的影視基地。

Chairman's Statement 主席報告書

In addition, as an extension of the Xiqiao National Arts Film Studio Project, the Group seeks to add international cooperation to its investments in China and steer the Group toward the global stage.

In addition to the development of Xiqiao National Arts Studio Project, the Group also continued its development of the film studio business in Hong Kong. During 2016, the Group invested in the production of a charity film named "Our Days in 6E" ("我們的6E班"), which was released in the cinema in 2017. While promoting a harmonious sentiment in our society through the film, the Group will donate all box office proceeds from the film, after deducting relevant costs, to charity organizations to help the ethnic minorities and the underprivileged in Hong Kong, making a contribution to our society.

Finally, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to the Company's shareholders for their continuing support and the Board members and staff for their dedication and contributions. The Group will further strengthen its core businesses and explore potential business opportunities relating to its entertainment and culture business to create long-term value for shareholders.

Thank you for your support.

Sin Kwok Lam

Chairman and Non-executive Director

Hong Kong, 27 March 2018

此外，作為西樵山國藝影視城項目的延伸發展，除了在中國投資外，本集團亦尋求國際性的合作，帶領本集團邁向國際化。

除了針對發展西樵山國藝影視城項目外，本集團亦持續發展香港的影視業務。於二零一六年，本集團投資和製作了一套慈善電影「我們的6E班」，並已於二零一七年在香港上映，除了透過電影向社會散播社會共融意識外，本集團會將該電影所產生的票房收益(扣除成本後)全數捐贈予慈善機構，以幫助香港的少數族群及弱勢群體，為社會出一分力量。

最後，本人謹藉此機會代表董事會衷心感謝本公司股東一直以來的支持，亦感激董事會成員及員工所付出的努力及貢獻。本集團將進一步加強其核心業務，並發掘與其娛樂及文化業務有關的潛在商機，藉此為股東締造長期價值。

謝謝各位的支持！

主席兼非執行董事

冼國林

香港，二零一八年三月二十七日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



BUSINESS REVIEW

Xiqiao National Arts Studio Project

Located in Foshan city, Guangdong province, the Group's Xiqiao National Arts Film Studio Project has a total developed land area of 444,000 square meters and is a unique studio which incorporates tourism and recreational facilities such as film shooting areas, theme parks, hotel and performing arts complexes.

During the year under review, Xiqiao National Arts Film Studio successfully organised a number of events, including "Lunar New Year Celebration and Snow Paradise Event", "Dreamy Windmill Festival 2017", "Students Study Tour", "Candy Kingdom" and "Christmas Carnival". The number of visitors for "Candy Kingdom" and "Lunar New Year Celebration and Snow Paradise Event" were approximately 340,000 and approximately 220,000 respectively.

During the summer holiday of 2017, the Studio cooperated with a company to organize the "Candy Kingdom" (糖果王國), an event featuring the world-renowned game "Candy Crush Saga". The event integrated entertainment and educational activities including music concert, booth games, girls class, exhibition and family candy fun workshop, successfully attracted a lot of parents and children.

業務回顧

西樵山國藝影視城項目

本集團位於廣東省佛山市的西樵山國藝影視城項目，已開發土地總面積達444,000平方米，是匯集電影拍攝場地、主題樂園、酒店、表演場館等觀光和遊玩設施於一身。

於回顧年度，西樵山國藝影視城已成功舉辦的活動包括「農曆新年節慶及下雪樂活動」、「夢幻風車節2017」、「學生遊學團」、「糖果王國」及「聖誕嘉年華」等盛事。「糖果王國」及「農曆新年節慶及下雪樂活動」的訪客人數分別錄得約340,000及約220,000的入場人次。

二零一七年暑假，該影視城與一間公司合作舉辦以世界知名遊戲「糖果傳奇」為藍本的活動－「糖果王國」，該活動包括音樂會、攤位遊戲、女子學堂、展覽會及親子糖果樂等富娛樂及教育意義於一身的活動，並成功吸引不少家長及小朋友到來。

Management Discussion And Analysis 管理層討論及分析

In November 2017, the Group renewed a sales partnership agreement with a PRC company in relation to the sales of tickets of the Studio. Pursuant to the sales partnership agreement, the PRC company is appointed as an exclusive agent to sell the Studio's tickets in the PRC, and undertakes that the sales and distribution of the Studio's tickets will be at least 1 million per year. It will effectively stabilize the Group's revenue. Other than the sales partnership agreement, the Group's wholly-owned travel agency company namely "National Arts Travel Limited" has been established and commenced its business in the year 2016.

The Group believes that the events held and the agreements entered into by the Group will effectively improve the brand awareness of the Studio and will push the Xiqiao National Arts Film Studio Project to the peak.

Film Shooting Base

The film shooting base is the core project of the Xiqiao National Arts Film Studio Project. It covers 374,000 square meters of land, including a lake of 120,000 square meters and numbers of indoor and outdoor studios which are equipped with the most excellent and comprehensive ancillary facilities in order to provide the Southern China and foreign shooting crews the most realistic and delicate scenes.

By virtue of the extensive choices, supreme geographical location and multifunctional ancillary services, the shooting base has been heavily used by the production crews. During the year of 2017, over 90 production crews filmed in the shooting base.

於二零一七年十一月，本集團就銷售該影視城的門票與一間中國公司重續銷售合夥協議，根據銷售合夥協議，中國公司獲委任為在中國銷售該影視城門票之獨家代理及承諾每年銷售及分銷至少1,000,000張影視城門票，這將有效穩定本集團的收益。除銷售合夥協議外，本集團的全資旅行社公司「國藝旅遊有限公司」亦已成立，並於二零一六年展開業務。

本集團深信所舉辦的盛事及本集團所訂立的協議將有效地增強該影視城的品牌知名度，並將西樵山國藝影視城項目推向高峰。

電影拍攝基地

電影拍攝基地是西樵山國藝影視城項目的核心項目，佔地374,000平方米，包括面積120,000平方米的湖泊水景及多間室內外攝影棚，配備最頂尖及全面的配套設施，以為華南及海外拍攝團隊提供最真實細緻的場景。

拍攝基地憑藉豐富的場景選擇、優越的地理位置及多功能配套服務，拍攝基地一直深受製作團隊重用。於二零一七年有逾90組製作團隊曾在拍攝基地拍攝。



Management Discussion And Analysis 管理層討論及分析

During 2017, the Group has entered into several rental agreement, taking the role of rental agent, with a number of companies renting film shooting equipment. The partners provided the plentiful props, attires and high-tech shooting equipment including lots of ancient costumes of Ming and Qing dynasties, antique furniture, simulated ordnance and other performing props. It is believed that it will bring substantial gain to the Group. Besides creating enormous synergistic effect for the Group, it will enhance the Group's capability of provision of ancillary services in respect of film shooting, and also facilitate centralization of the industry as well as strengthen our competitiveness among the peers.

On 4 January 2018, Foshan Bureau of Culture, Publication, Radio, Film and Television (the "Bureau") approved a wholly-owned subsidiary of the Company to assist the Bureau in the operation and expansion that would facilitate film enterprises from various regions moving into Foshan, policy presentation, solicitation of investment and funding as well as shooting, etc.; expansion of digital studios; expansion in respect of diversification of props and equipment portfolio, leasing and consolidation of props leasing business.

The Group is the first enterprise designated by the Foshan Government to help building Foshan as the largest hub for props and equipment in Foshan, with focus on film and television industry, which boosted the reputation of the Group in the industry, thereby further consolidating the presence of the Xiqiao National Arts Film Studio in the film and television industry in Southern China.

於二零一七年度，本集團（擔任租賃代理的角色）已與多間出租電影拍攝設備的公司訂立數份租賃協議。合作夥伴應提供的大量道具、戲服及高科技拍攝設備，包括大量明朝代的古裝戲服、古董家具、模擬軍械及其他表演道具等。相信將可為本集團帶來可觀收益，除了能為本集團帶來巨大的協同效益外，更能提升本集團在提供影視拍攝配套服務方面的能力，也能夠造成產業集中化，提升本集團在同業之間的競爭力。

於二零一八年一月四日，佛山市文化廣電新聞出版局（「新聞局」）授權批准本公司之全資附屬子公司協助新聞局經營及拓展不同地區的影視企業到佛山市落戶、政策宣講、招商引資、協助拍攝、拓展數碼攝影棚、影視道具器材品種擴張、租賃、集聚道具租賃業務。

本集團亦是首間受到佛山市政府指名協助打造成佛山最大的道具器材及集中影視產業的經營中心，為本集團提高在行業中的知名度，亦更加鞏固西樵山國藝影視城在南方影視產業中的地位。



Management Discussion And Analysis 管理層討論及分析



Wedding Photography

The Group reached an agreement with a renowned domestic wedding photography chain group in the fourth quarter of 2013 to develop its new wedding photography business. Through which, the Group leased the Studio with an area of approximately 20 mu (13,333.33 square meters) for a term of 12 years and the wedding photography company invested RMB10 million for the construction of scenic spots in different styles such as European, Korean and Japanese styles and guarantee there will be at least 28,800 couples taking wedding photos in the scenic spots per year. The annual income of this arrangement will be no less than approximately RMB1.2 million starting from 2016.

In addition, the Group is negotiating with several jeweler, Chinese and western bakery, Chinese style wedding gown and wedding planning company in order to provide one-stop service for wedding couples. The Studio is expected to become a comprehensive wedding hot spot.

Hotel

The 5-star Hotel located next to the Studio has been officially commenced its operation in November 2015. The Hotel provides 350 suites facilitated from deluxe suites to economic standard rooms. In addition, the Hotel is equipped with a variety of recreational facilities such as SPA, modern swimming pool and chess room. Apart from the recreation, the Hotel also provides commercial services such as business centre, meeting rooms and lecture halls.

With the development of the Hotel and the Studio becoming mature and its popularity having increased, the number of tourists continuously grows, the Group will introduce additional facilities such as beauty service, barbecue facilities and other recreational facilities. And for the catering, it will provide more dining options and maintain high quality of food and services.

婚紗攝影

本集團於二零一三年第四季與國內一個著名的婚紗攝影連鎖集團達成協議，發展其全新的婚紗攝影業務。據此，本集團出租該影視城佔地約20畝（13,333.33平方米）的範圍，租期12年，及婚紗攝影公司已投資人民幣10,000,000元興建多個不同風格的景區，如歐式、韓式、日式等，確保每年至少有28,800對新人進入景區拍攝婚紗照。預料此項安排自二零一六年起每年產生的收入將不少於約人民幣1,200,000元。

此外，本集團正與若干珠寶、中西式禮餅、中式結婚禮服及婚禮籌辦公司磋商，為新人提供一站式婚禮服務。該影視城預期將成為全面的結婚熱門勝地。

酒店

毗鄰該影視城的五星級酒店，已於二零一五年十一月正式開業。該酒店提供350間客房，包括豪華套房及經濟實惠的標準房。此外，該酒店配備各類康樂設施，如水療中心、現代游泳池及棋藝室。除康樂設施外，該酒店亦提供商務中心、會議室及演講廳。

隨著該酒店及該影視城的發展漸趨成熟，其知名度日增，旅客人數不斷上漲，本集團將引入美容服務、燒烤設備等額外設施和其他康樂設施。至於飲食方面，本集團將提供更多餐飲選擇及維持優質食品及服務。

Management Discussion And Analysis 管理層討論及分析



At the 17th Golden Horse Awards of China Hotel, the Hotel was awarded “The Most Distinctive Resort Hotel of China in 2016-2017”. Widely accepted as the “Oscar” for the hotel industry in China, the prestigious and authoritative industry award rationalized and concluded the overall development situation of the hotel industry in China and recognized the corporate management quality and service quality of the Group.

Film Production

Entertainment culture is the core value of the Group’s business. The Group is committed to produce and investing in movie and online TV programme to promote the culture and the spirit of entertaining.

The movies invested by the Group, “Ip Man — The Final Fight” (葉問 — 終極一戰) was selected as the opening film of the “Hong Kong International Film Festival” in 2013, and was selected as the recommended film in the “20th Hong Kong Film Critics Society Award”. And “Golden Brother” (男人唔可以窮) also won the best small and medium cost film award in China Image Film Festival. These achievements are really encouraging.

During 2016, the Group invested in the production of a charity film named “Our Days in 6E” (我們的6E班), which was released in various major cinemas on 21 September 2017. The theme of “Our Days in 6E” is in line with the current social status, laden with educational significance. It was well-received in schools and relevant institutions, raising concern and resonance in different levels of our society.

In the 2017 Profima International Film Fest & Awards, “Our Days in 6E” was shortlisted in “Best New Director Award” and Shirley Chan (陳欣妍) was a finalist in “Most Promising Actor Award”. The film was nominated in “Best Debut Work of Director” in the “Marianas International Film Festival” as well. While it failed to scoop any award, the nomination was a recognition for a Hong Kong film.

於第十七屆中國飯店金馬獎中，該酒店更榮獲「2016-2017年度中國最佳特色旅遊度假酒店」。該獎項是業界公認的中國飯店業「奧斯卡」，是對全國飯店行業發展態勢的整體梳理與盤點，擁有廣泛的行業基礎和權威性，嘉許本集團的企業管理質量及服務品質。

電影製作

娛樂文化是本集團的核心業務價值。本集團矢志製作及投資電影及網上電視節目，以傳揚文化及娛樂精神。

由本集團投資的電影《葉問 — 終極一戰》獲選為二零一三年「香港國際電影節」的開幕電影，並獲選為「第二十屆香港電影評論學會大獎」的推薦電影，而《男人唔可以窮》亦於萬像國際華語電影節勇奪最佳中低成本製作電影大獎，實在成就非凡，令人鼓舞。

於二零一六年，本集團投資和製作了一套慈善電影《我們的6E班》，該電影已於二零一七年九月二十一日在各大電影院上映。《我們的6E班》的題材與目前社會現況息息相關，極具教育意義。而該電影已在各學校及相關團體中取得一致的好評，獲得社會不同的關注及引起迴響。

於第一屆馬來西亞國際電影人年展中，《我們的6E班》分別入圍了「新晉導演獎」及陳欣妍 — 「最具潛質演員獎」，亦於第一屆塞班國際電影節入圍了「最佳導演處女作」獎。雖然最終沒有獲獎，但對於一部港產電影來說，入圍已是一種肯定。

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Cinema

National Arts Films Production Limited (“NA Films”), an indirectly wholly-owned subsidiary of the Company, collaborated with its joint venture for the development of cinema business in a large shopping mall in a transportation hub area of Zhuhai, Guangdong, the PRC.

NA Films held 60% equity interest in the joint venture. The cinema boasts eight screens and a total of more than 730 seats, and have commenced its operation since May 2014 which supports further comprehensive development of the Group’s entertainment and culture business.

Artiste Management

To enhance the popularity of the Group’s artists such as Rose Chan, Brian Yuen, Rachel Chau and Lemon Yip, the Group has arranged a variety of performance opportunities including the participation in the charity movie, “Our Days in 6E” (我們的6E班), the online TV series “OCTB” (反黑), brand representative, dramas and being the show host of the Lunar New Year Celebration and guest performers for the “Dazzling Night in Shanghai” gala (情迷夜上海).

Besides, the Group also explores the PRC market for its artists and makes arrangement for them to participate in live reality show and online drama to enhance their popularity.

With the huge market of domestic movies, the Group will continue to recruit artists with potential in the future to cope with the demands in the vast market and expand the artiste management segment, hoping that it will become one of the major income sources of the Group.

電影院

本公司間接全資附屬公司國藝影視製作有限公司(「國藝影視」)與其合營企業在中國廣東珠海市中心的大型商場合作發展電影院業務。

國藝影視持有合營企業60%股本權益。該電影院設有八個銀幕，提供合共逾730個座位，並已自二零一四年五月起投入營運，令本集團的娛樂文化業務得以更全面發展。

藝人管理

為增加本集團旗下藝人陳嘉桓、阮頌揚、周嘉莉及葉芷如等的曝光率，本集團已安排多項演出機會，包括參演慈善電影《我們的6E班》、網上電視劇《反黑》、品牌代言人、舞台劇，以及擔當農曆新年節慶活動主持人及《情迷夜上海》的表演嘉賓。

除此之外，本集團亦為我們的藝人開拓中國市場，安排藝人參演直播真人秀及網絡劇以吸納更多的知名度。

國內電影市場龐大，本集團未來會繼續羅致有潛質的藝人，以應對龐大的市場需求，並會擴大藝人管理分部，以冀成為本集團的主要收入來源之一。



Management Discussion And Analysis 管理層討論及分析

FUTURE PROSPECT

Market Trends

According to the statistics published by The People's Government of Sichuan Province, during the 2018 Lunar New Year holidays, the gross tourism revenue in Guangdong province was approximately RMB42,290 million and representing an increase of 15.4% compared with that in 2017.

Revenue from tourism during the 2018 Lunar New Year holidays by provinces, regions and cities – top ten (on-going statistics):

未來展望

市場趨勢

根據四川省人民政府公佈的統計數字，於二零一八年農曆年假期間，廣東省的旅遊總收入約為人民幣422.9億元，較二零一七年同期增加15.4%。

2018春節全國各省區市旅遊收入排行榜 — 前十名(統計中):

Rank	Province, region & city	Total revenue from tourism	Year-on-year growth	Total number of tourists received	Year-on-year growth
名次	省區市	旅遊總收入 (RMB billion) (人民幣十億元)	同比增長	接待遊客 總數 (million) (百萬人次)	同比增長
1	Sichuan 四川	44.66	25.60%	70.7301	10.80%
2	Guangdong 廣東	42.29	15.40%	55.646	15.30%
3	Hubei 湖北	29.03	28.60%	26.658	20.50%
4	Shaanxi 陝西	20.72	40.50%	40.969	35.30%
5	Anhui 安徽	19.62	37.51%	31.5347	17.60%
6	Hunan 湖南	17.65	27.59%	27.2099	20.06%
7	Fujian 福建	17.22	32.80%	22.6686	21.60%
8	Henan 河南	15.60	94.22%	28.4	51.96%
9	Hainan 海南	13.72	10.30%	5.6755	10%
10	Chongqing 重慶	13.37	29.60%	42.8621	12.70%

Chart by: Liu Jia of <http://travel.people.com.cn>

製表： 人民網旅遊頻道劉佳

Descriptions: This table was compiled based on the publicly available statistics and data provided by the tourism commissions of different provinces, regions and cities, and their statistical scope are different from each other.

說明： 本表採用的是各省區市旅遊委公開統計數據，各省市區統計涵蓋範圍或有不一。

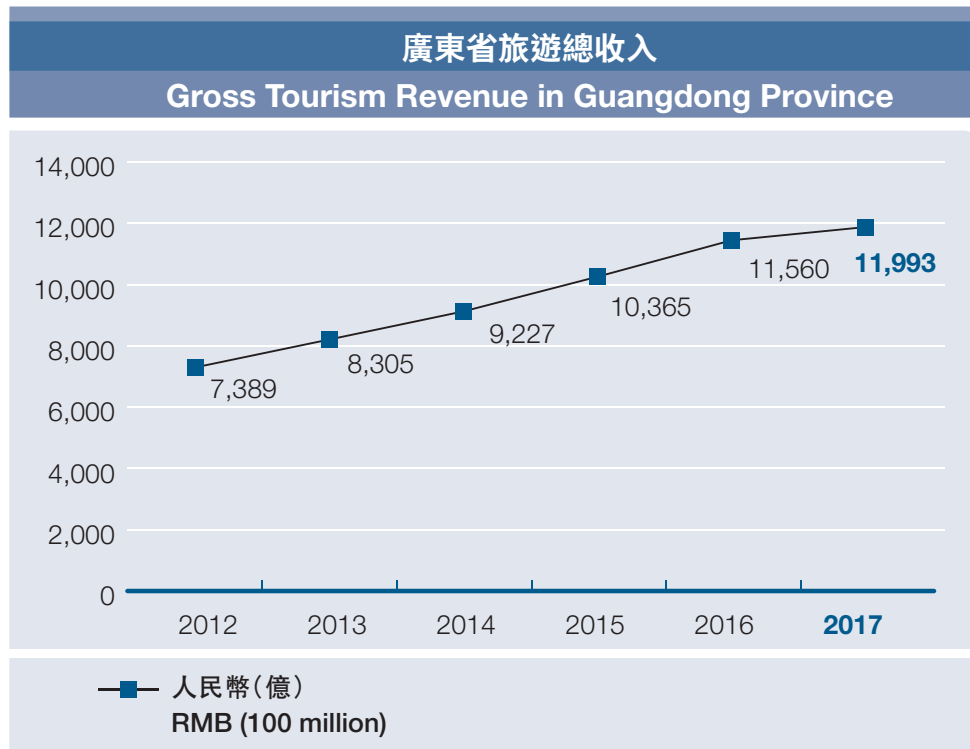
(Reference: The People's Government of Sichuan Province web-site: <http://www.sc.gov.cn/10462/12771/2018/2/23/10445348.shtml>)

(參考自四川省人民政府網址：<http://www.sc.gov.cn/10462/12771/2018/2/23/10445348.shtml>)

Management Discussion And Analysis 管理層討論及分析

The gross tourism revenue in Guangdong Province in the PRC continuously increased during the six years period from 2012 (approximately RMB738,900 million) to 2017 (approximately RMB1,199,300 million). Guangdong Province ranked among the leaders in China in terms of gross tourism revenue.

二零一二年至二零一七年六年間，中國廣東省的旅遊總收入不斷增長，由約人民幣7,389億元增加至約人民幣11,993億元。按旅遊總收入計算，中國廣東省在全國的排名中亦名列前茅。



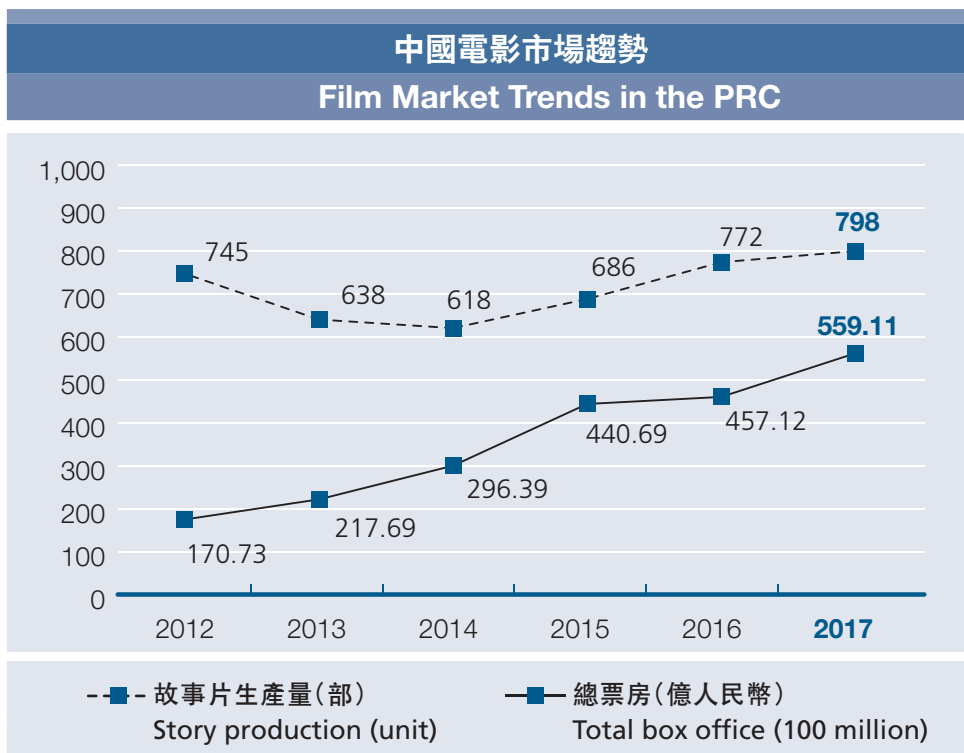
Management Discussion And Analysis 管理層討論及分析

On 21 March 2013, Motion Picture Association of America published an annual report that China has replaced Japan as the world's second largest film market after the United States, and this ranking has so far been maintained.

Following the cooling-off period for domestic films box office in 2016, China's film market, though under huge pressure, eventually reversed the downward trend in 2017. The total box office revenue reached a new record high of over RMB 55.9 billion, representing an increase of 22.31% as compared to last year. With the unprecedented breakthrough in box office and attendance rate, China's film market has also entered into a reasonably steady period, with a view to becoming a major growth engine in global film market.

於二零一三年三月二十一日，美國電影協會刊發年報，指中國已取代日本成為世界第二大電影市場，緊次於美國，該排行迄今一直維持不變。

中國電影市場經歷了二零一六年的國內電影票房冷靜期後，備受壓力的中國電影市場，終於在二零一七年扭轉頹勢，在電影票房總收益的紀錄上再次被刷新高位，突破559億元人民幣收益，較去年增長約22.31%。在票房、觀影人次再創新高的同時，中國電影市場亦進入理性穩健期，有望成為全球電影市場增長的主引擎。



Management Discussion And Analysis 管理層討論及分析

Further Development

Currently, China's film-induced tourism is at the development stage, faced with various problems such as insufficient follow-up abilities in product development and innovation, scattered layout, and limited scale, etc. These problems largely attribute to the effects of inadequate management, absence of policies and consumer environment. The Group will take measures correspondingly in respect of its products, marketing, policies and operation patterns, so as to facilitate a healthy and sustainable development of the Group's film-induced tourism.

In addition, relying on the themes of films, various film-induced tourism bases have been established throughout the country, and unique and specialized tourism products are proactively developed, in an attempt to meet the cultural needs of the people. Therefore, with respect to the current situation of China's film-induced tourism and based on the market demand, the Group has formulated a series of development plans, including (i) diversifying film-induced tourism products; (ii) widening the cultural connotations of film-induced tourism; (iii) devising reasonable plans for and focusing on the environment of the Studio; (iv) improving reception service ability; and (v) extending the lifecycle of film-induced tourism products. By doing so, film-induced tourism will be developed into specialized cultural tourism, and its close relationship with films allows it to demonstrate the maximized difference between time and space, the immediacy of dynamic changes and the condensation of activity contents.

With the advent of the leisure era and the further development of the tourism industry, the Group believes that film-induced tourism will present a more promising prospect, advancing in a direction characterized by diversified tourist attractions, individualized tourists, updated tourism contents and integrated planning and construction.

其他發展

目前中國的影視旅遊發展正處於發展階段，存在著產品開發創新的後續能力不足、佈局分散、單體規模小等問題。造成這些問題的主要原因是管理不足、政策缺失以及消費環境的影響等。本集團會從產品方面、行銷方面、政策方面和運作方式等不同的角度採取相應的措施，促使本集團的影視旅遊得以健康持續發展。

另外，由於全國各地都以電影主題為依託，建立了形式各異的影視旅遊基地，積極開發特種旅遊和專項旅遊產品，滿足人們文化需求。因此，就著針對中國影視旅遊發展的現狀；結合市場需求，本集團制定出一系列的發展規劃：(i)豐富影視旅遊產品；(ii)提高影視旅遊的文化內涵；(iii)合理規劃和注重影視城環境；(iv)提高接待服務能力；及(v)延展影視旅遊的產品生命週期。從而將影視旅遊發展成為一種專項文化旅遊，其與影視的緊密結合，使其表現出時空異化最大化、變動發展即時化及活動內容濃縮化等。

隨著休閒時代的來臨，旅遊業的進一步發展，本集團相信影視旅遊將具有更廣闊的發展前景，將向著旅遊客體多元化、旅遊主體個性化、旅遊內容更新化、規劃建設綜合化的方向發展。

Management Discussion And Analysis 管理層討論及分析

FINANCIAL REVIEW

Results

During the year under review, the Group reported a revenue of increasing of approximately 282.8% as compared to the revenue in previous year for the continuing operations, primarily attributable to substantial growth of operations of the Studio and the Hotel in the PRC. The Company entered into a sales partnership agreement with a PRC company in 2016 with a guaranteed annual sales and distribution of at least 1,000,000 tickets of the Studio. Accordingly, ticket sales revenue arising from such agreement increased by approximately 527.8% when compared to last year. Rental income increased as there were approximately 30 additional production teams which had arranged for filmmaking in the Studio by approximately 50% (2016: approximately 60 teams). Meanwhile, part of the revenue was generated from the film production and distribution, sales of travel related products, and artiste management.

Film production cost for the year under review decreased by approximately HK\$9.54 million as the cost for the current year's film production decreases.

Staff costs for the year under review increased to approximately HK\$69.19 million from approximately HK\$39.83 million in 2016. An increase of approximately HK\$29.36 million in staff costs was mainly due to the increased employee benefit expenses. The loss of the Group for the year under review is mainly due to staff costs of approximately HK\$69.19 million, which include equity-settled share-based payment expenses of approximately HK\$21.84 million.

Finance costs for the year under review increased by approximately HK\$46.21 million by reason of the interest charged on additional shareholders' loan and interest payment of bonds issued from 2015 to 2017.

For the year ended 31 December 2017, the Group recorded a net loss of approximately HK\$193.53 million as compared to net loss for the year ended 31 December 2016 of approximately HK\$327.09 million. Such, the loss was mainly due to the share option expenses, finance costs, staff costs and depreciation of property, plant and equipment. The decrease of net loss mainly is due to the increase in the number of visitors and the Hotel's occupancy rate, rental income of the Studio and effective cost control.

財務回顧

業績

於回顧年度，本集團錄得收入較去年持續經營業務的收入上升約282.8%，主要來自於中國的影視城及酒店業務的大幅度增長；由於二零一六年與一間中國公司訂立銷售合夥協議，承諾每年銷售及分銷至少1,000,000張影視城門票，所以該協議所產生的門票銷售收益較去年上升約527.8%；在租金收益方面，由於製作團隊較去年多出約30組在影視城進行拍攝，其增長約50%（二零一六年：約60組）。另外，有部分收入來自電影製作及發行、銷售旅遊相關產品和藝人管理。

回顧年度的電影製作成本下降約9,540,000港元，原因為本年度用於電影製作的成本減少。

回顧年度的員工成本由二零一六年約39,830,000港元增加至約69,190,000港元。員工成本增加約29,360,000港元，主要因僱員福利開支上升所致。回顧年度本集團的虧損主要由於員工成本約69,190,000港元，包括以權益結算之股份支付開支約21,840,000港元。

回顧年度的融資成本增加約46,210,000港元，乃來自新增股東貸款的利息支出；於二零一五至二零一七年發行的債券的利息付款。

截至二零一七年十二月三十一日止年度，本集團錄得虧損淨額約193,530,000港元，而截至二零一六年十二月三十一日止年度錄得虧損淨額約327,090,000港元。該虧損主要源自購股權開支、融資成本、員工成本以及物業、廠房及設備折舊。虧損淨額減少乃主要由於遊客數目上升、酒店入住率上升、影視城的租金收入上升以及成本控制行之有效。

Management Discussion And Analysis 管理層討論及分析

Liquidity and Financial Resources

流動資金及財務資源

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current assets	流動資產	270,592	81,689
Current liabilities	流動負債	1,310,455	378,832
Current ratio	流動比率	20.6%	21.6%

Current ratio as at 31 December 2017 was 20.6% (2016: 21.6%). As at 31 December 2017, the Group's total positive cash and cash equivalents amounted to approximately HK\$11.53 million (2016: negative cash and cash equivalent approximately HK\$4.22 million).

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately HK\$1,039,863,000 and the Group continued to incur a loss for the year of approximately HK\$193,533,000. These conditions indicate that there may exist a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the existence of these indicators, the directors of the Company are of the opinion that it is appropriate for the consolidated financial statements to be prepared on the assumption that the Group will continue to operate as a going concern. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures, including the following:

- (i) In relation to those bank and other borrowings which will mature before 31 December 2018, the Group is actively negotiating with the banks and other third party lenders for arrangements to renew or roll over the borrowings upon maturity. The Group has not experienced any significant difficulties in renewing most of its short-term and long-term borrowings upon their maturities and there is no indication that the banks and other lenders will not renew the existing short-term and long-term borrowings upon the Group's request. The on-going negotiations with the holders of the bonds falling due in 2018, with carrying amount of approximately HK\$306,369,000 as at 31 December 2017, are proceeding well and expected to result, in the near term, in extension of the maturity dates of the bonds. The directors of the Company, having evaluated all the relevant facts available to them, are of the opinion that the Group would be able to renew such borrowings, including the bonds falling due in 2018, upon maturity;

於二零一七年十二月三十一日的流動比率為20.6% (二零一六年：21.6%)。於二零一七年十二月三十一日，本集團錄得正數總現金及現金等值項目約11,530,000港元(二零一六年：負數現金及現金等值項目約4,220,000港元)。

於二零一七年十二月三十一日，本集團的流動負債超過其流動資產，差額約1,039,863,000港元，而本集團於本年度繼續錄得虧損約193,533,000港元。該等情況反映可能有重大不穩定因素，可能對本集團的持續經營能力構成重大疑問。儘管有該等跡象，本公司董事認為綜合財務報表按本公司將繼續持續經營的假設編製，實屬合適。為改善本集團的財務狀況、直接流動資金及現金流量，以及在其他方面維持本集團的持續經營，本公司董事已採納數項措施，包括以下各項：

- (i) 就於二零一八年十二月三十一日或之前到期的該等銀行及其他借款，本集團將積極與銀行及其他第三方貸方磋商，安排借款於到期時重續或延展。本集團於其短期及長期借款到期時重續，過往並無經歷任何重大困難，亦無跡象表示銀行及其他貸方將不會應本集團要求，重續短期及長期貸款。與二零一八年到期債券(於二零一七年十二月三十一日的賬面值約306,369,000港元)的持有人的磋商進展良好，預期於短期內延展債券的到期日。本公司董事於評估彼等所知的所有相關事實後，認為本集團將可於該等借款到期時予以重續，包括二零一八年到期的債券；

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- (ii) the Group has obtained an undertaking from Mr. Sin, the ultimate controlling shareholder of the Group, that he will provide funds to the Group to meet in full all its financial obligations as they fall due for the period of twelve months from 31 December 2017; and
- (iii) in March 2018, the shareholders who had granted debts to the Group agreed with the Group that the maturity dates of the debts falling due in 2018 shall be extended by another one year. As at 31 December 2017, the carrying amounts of such loans amounted to approximately HK\$688,869,000 in aggregate and were classified as current liabilities in the consolidated statement of financial position as at 31 December 2017.

On the basis of the foregoing, and after assessing the Group's current and forecasted cash positions, the directors of the Company are satisfied that the Group will be able to meet in full the Group's financial obligations as they fall due for the period of twelve months from 31 December 2017. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

Dividend

The Directors of the Company do not recommend payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

- (ii) 本集團已向本集團最終控股股東冼先生取得一項承諾，彼將向本集團提供資金，以使其財務責任於二零一七年十二月三十一日起計十二個月期間內到期時，可悉數履行其責任；及
- (iii) 於二零一八年三月，授出債務予本集團的股東與本集團協定，於二零一八年到期的債務，可再延展一年。於二零一七年十二月三十一日，該等貸款的賬面值合共約688,869,000港元，已於二零一七年十二月三十一日的綜合財務狀況表中分類為流動負債。

基於上文所述及經評估本集團的目前及預計現金狀況後，本公司董事信納本集團將可繼續於其財務責任於二零一七年十二月三十一日起十二個月期間到期時，予以履行。據此，本集團的綜合財務報表已按持續基準編製。

股息

本公司董事不建議派付截至二零一七年十二月三十一日止年度的末期股息(二零一六年：無)。

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Capital Structure and Gearing Ratio

The shares of the Company were listed on GEM of the Stock Exchange on 17 October 2002. The capital of the Company comprises only ordinary shares. As at 31 December 2017, 4,514,161,222 ordinary shares were issued and fully paid. The details of the capital structure of the Group in terms of maturity profile of debt, type of capital instrument used, currency and interest rate structure are set out in the note 6 to the consolidated financial statement from page 172 to 178 of this annual report.

資本架構及負債比率

本公司股份於二零零二年十月十七日在聯交所GEM上市。本公司股本僅包含普通股。於二零一七年十二月三十一日，有4,514,161,222股已發行及繳足股款普通股。本集團就債務組合到期日、所用資本工具類型、貨幣及利率架構之資本架構詳情，載於本年報第172至178頁之綜合財務報表附註6。

		2017 二零一七年		2016 二零一六年	
		Amount 金額 HK\$'000 千港元	Relative 相對 %	Amount 金額 HK\$'000 千港元	Relative 相對 %
Bank overdrafts	銀行透支	8,416	0.4%	8,501	0.4%
Loans from shareholders	股東的貸款	504,060	21.8%	462,344	23%
Borrowings	借貸	221,202	9.6%	179,538	8.9%
Bonds	債券	719,920	31.2%	506,803	25.1%
Convertible bonds	可換股債券	106,697	4.6%	110,813	5.5%
Promissory note	承兌票據	83,991	3.6%	81,655	4.1%
Finance lease obligation	財務租賃承擔	22,631	1.0%	23,406	1.2%
Total borrowings	借款總額	1,666,917	72.2%	1,373,060	68.2%
Equity	權益	640,431	27.8%	639,978	31.8%
Total capital employed	所運用的資本總額	2,307,348	100%	2,013,038	100%

The Group's gearing ratio (i.e. the total borrowings to the total capital employed) was approximately 72.2% as at 31 December 2017 (2016: 68.2%). If the bonds, convertible bonds (liability component), promissory note and finance lease obligation as stated above were to be excluded, the underlying gearing ratio was 31.8% (2016: 32.3%) of the decreasing in the gearing ratio during the year under review.

於二零一七年十二月三十一日，本集團的負債比率（即借款總額除以所運用的資本總額）約為72.2%（二零一六年：68.2%）。若撇除上述的債券、可換股債券（負債部分）、承兌票據及財務租賃承擔，相關負債比率為31.8%（二零一六年：32.3%），回顧年度負債比率有所下降。

Foreign Exchange Exposure

The Group's reporting currency is expressed in Hong Kong dollars. For the year ended 31 December 2017, most of the transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi. During the year under review, since the Group had both Hong Kong dollars and Renminbi receipts and payments, the net Renminbi exposure was not significant. The Board considers that the Group's exposure to foreign exchange risk was not significant; therefore, no hedging transaction was made during the year.

外匯風險

本集團以港元作為呈報貨幣。於截至二零一七年十二月三十一日止年度報告期間，本集團大部分交易、資產及負債均以港元及人民幣結算。回顧年度內，因本集團分別以港元及人民幣收款和付款，故人民幣風險淨額並不重大。董事會認為，本集團面臨的匯兌風險並不重大，故於年內並無進行對沖交易。

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Capital Commitments

As at 31 December 2017, the Group had the following capital commitments:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Contracted but not provided for: Construction of properties	已訂約但未撥備： 物業建設	91,807	128,734
Authorised but not contracted for: Construction of properties (Note)	已批准但未訂約： 物業建設(註)	360,187	334,896

Note: Capital commitment for construction in properties related to capital commitment for construction of film studio and hotel in Foshan, the PRC. The authorised amount was approved by the Directors according to the land lease agreements signed between Lux Unicorn Limited, the wholly-owned subsidiary of the Company and the local authority in Foshan, the PRC, in relation to the leasing of lands for development of tourism and related entertainment business and hotel operations. The completion of constructions and commencement of operations of the projects shall be within three and four years respectively from the signing of the lease agreements.

資本承擔

於二零一七年十二月三十一日，本集團有以下資本承擔：

註：物業建設的資本承擔與於中國佛山興建影視城及酒店的資本承擔有關。根據盛麟有限公司(本公司之全資附屬公司)與中國佛山市地方機關就租賃土地發展旅遊業務以及相關娛樂業務及酒店業務而簽訂的土地租賃協議，董事已批准法定金額。有關項目須分別於簽訂租賃協議日期起計三年及四年內竣工及投入營運。

Future Plans for Substantial Investments or Capital Assets

With reference to the announcement of the Company dated 13 December 2017, Foshan Guohao Theme Park Management Company Limited (佛山市國昊景區管理有限公司), a wholly-owned subsidiary of the Company, ("Guohao Theme Park") has entered into a subscription agreement with Guangdong Hongtu Guangdian Investment Co., Ltd. ("GD Hongtu") (廣東弘圖廣電投資有限公司), pursuant to which GD Hongtu will make a capital injection of RMB20 million into the Guohao Theme Park, in respect of joint cooperation of the second phase development of the Studio (the "Second Phase Project"). The Second Phase Project is planned to have a total of 6 indoor studios and 2 boutique hotels to be constructed next to the first phase of the Studio and the Hotel.

Save as disclosed above, the Group did not have any plan for substantial investments or capital assets.

未來重大投資或資本性資產計劃

茲提述本公司日期為二零一七年十二月十三日的公告，本公司全資附屬子公司佛山市國昊景區管理有限公司(「國昊景區」)已與廣東弘圖廣電投資有限公司(「廣東弘圖」)簽訂了增資入股協議，廣東弘圖將向國昊景區注資人民幣2,000萬元，內容有關共同合作開發該影視城的二期項目(「二期項目」)。二期項目預算規劃興建共6個室內攝影棚及2間精品酒店，建設在該影視城一期和該酒店的旁邊。

除上文已披露者外，本集團並無任何重大投資或資本性資產計劃。

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Pledge of Assets

The investment properties which had a fair value at 31 December 2017 of approximately HK\$34,780,000 (2016: approximately HK\$33,700,000) were pledged to obtain banking facilities for overdrafts.

Event After the Reporting Date

On 12 January 2018, the Company allotted and issued 3,000,000 ordinary shares of the Company pursuant to exercise of share options of the Company granted on 16 May 2017. As at the date of this annual report, the total number of issued shares of the Company is 4,517,161,222.

Contingent Liabilities

Other than the disclosure under “Capital Commitments” on page 22 of this annual report, the Group did not have any other material contingent liabilities as at 31 December 2017.

Share Issues and Connected Transaction

On 20 January 2017, the Company entered into (i) a share subscription agreement (“Share Subscription Agreement”) with Mr. Sin, the Chairman of the Company and a Non-executive Director, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Sin has conditionally agreed to subscribe for, an aggregate of 112,107,623 shares of the Company (“Share Subscription Shares”) at the subscription price of HK\$0.223 per share; and (ii) the share subscription agreements (“PRC Subscription Agreements”) with Liang Yehong and Chen Zhimin (“PRC Subscribers”), being independent third parties of the Group, pursuant to which the Company has conditionally agreed to allot and issue, and the PRC Subscribers have conditionally agreed to subscribe for, an aggregate of 387,984,117 shares (“PRC Subscription Shares”, together with Share Subscription Shares as the “Subscription Shares”) at the subscription price of HK\$0.223 per share.

資產抵押

於二零一七年十二月三十一日之公允值為約34,780,000港元(二零一六年：約33,700,000港元)的投資物業已作為就透支獲取銀行融資的抵押。

報告日後事項

於二零一八年一月十二日，本公司根據行使本公司於二零一七年五月十六日授出的購股權配發及發行3,000,000股本公司普通股。於本年報日期，本公司已發行股份總數為4,517,161,222股。

或然負債

除本年報第22頁「資本承擔」所披露者外，本集團於二零一七年十二月三十一日概無任何其他重大或然負債。

股份發行及關連交易

於二零一七年一月二十日，本公司分別(i)與本公司主席及非執行董事冼國林先生訂立股份認購協議(「股份認購協議」)，據此本公司已有條件同意配發及發行，而冼先生已有條件同意認購合共112,107,623股本公司股份(「股份認購股份」)，認購價為每股0.223港元；及(ii)與本集團的獨立第三方梁葉紅及陳志敏(「中國認購人」)訂立股份認購協議(「中國認購協議」)，據此本公司已有條件同意配發及發行，而中國認購人已有條件同意認購合共387,984,117股股份(「中國認購股份」)，連同股份認購股份統稱「認購股份」，認購價為每股0.223港元。

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The nominal value of the Share Subscription Shares was HK\$11,210,762 and the nominal value of the PRC Subscription Shares was HK\$ 38,798,411. The net price of the Subscription Shares was HK\$0.223. The closing price of the Company's shares as at 20 January 2017 on the Stock Exchange was HK\$0.233.

Completion of the Share Subscription Agreement and the PRC Subscription Agreements was conditional upon the passing of an ordinary resolution by the shareholders of the Company and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares. The Subscription Shares were allotted and issued on 21 April 2017.

As Mr. Sin was a Non-executive Director, the Chairman and a substantial shareholder of the Company as at the date of the Share Subscription Agreement, Mr. Sin was a connected person of the Company.

As stated in the announcement of the Company dated 13 December 2016, the Company was in negotiation with Mr. Sin regarding the repayment of the interests of the convertible bonds to subscribe for an aggregate of 556,666,667 Shares issued by the Company to Mr. Sin ("Convertible Bonds"), the promissory note in the principal amount of HK\$80,000,000 dated 15 April 2015 issued by the Company in favour of Mr. Sin ("Promissory Note") and the loans due to Mr. Sin in the principal amount of HK\$393,510,000 during 2015 and 2016 ("Loan"). The Company entered into the Shareholder Subscription Agreement with Mr. Sin to settle the total interests of the Convertible Bonds in the sum of HK\$9,018,000; the interest of the Promissory Note in the sum of HK\$7,200,000 and the interest of the Loan in the sum of HK\$8,782,000.

During 2013 and 2014, the Group entered into the construction agreements with two PRC construction companies, pursuant to which the PRC construction companies provided construction services to the Group. The Group were indebted to the PRC construction companies in the aggregate amount of RMB76,674,430 under the construction agreements ("Construction Loans"). In January 2017, the Group, the PRC construction companies and the PRC Subscribers entered into loan transfer agreements, pursuant to which the PRC construction companies have transferred to the PRC Subscribers all rights, interest and benefits of the Construction Loans of RMB76,674,430 (equivalent to approximately HK\$86,520,458) (the "Loan Transfer Agreements"). The Company entered into the PRC Subscription Agreements with the PRC Subscribers to settle the debt of approximately RMB76,674,430 (equivalent to approximately HK\$86,520,458) due to the PRC Subscribers pursuant to the Loan Transfer Agreements.

股份認購股份之面值為11,210,762港元，而中國認購股份之面值為38,798,411港元。認購股份之淨價格為0.223港元。本公司股份於二零一七年一月二十日在聯交所之收市價為0.233港元。

股份認購協議及中國認購協議之完成取決於本公司股東通過普通決議案及聯交所上市委員會批准認購股份上市及買賣。認購股份乃於二零一七年四月二十一日配發及發行。

由於冼先生於股份認購協議日期為本公司非執行董事、主席兼主要股東，故冼先生為本公司之關連人士。

如本公司日期為二零一六年十二月十三日之公告所述，本公司正與冼先生就償還供認購本公司向冼先生發行的合共556,666,667股股份之可換股債券（「可換股債券」）、本公司於二零一五年四月十五日由冼先生為受益人發行的本金額為80,000,000港元之承兌票據（「承兌票據」）及二零一五年至二零一六年結欠冼先生本金額為393,510,000港元之貸款（「貸款」）利息磋商。本公司與冼先生訂立股東認購協議，以結付可換股債券之利息總額9,018,000港元及承兌票據的利息7,200,000港元，以及貸款利息8,782,000港元。

二零一三年至二零一四年，本集團與兩間中國建築公司訂立建築協議，據此中國建築公司向附屬公司提供建築服務。根據建築協議，本集團結欠中國建築公司合共人民幣76,674,430元款項（「建築貸款」）。於二零一七年一月，本集團、中國建築公司及中國認購人訂立貸款轉讓協議，據此中國建築公司已轉讓建築貸款人民幣76,674,430元（相當於約86,520,458港元）的所有權利、權益及利益予中國認購人（「貸款轉讓協議」）。本公司與中國認購人訂立中國認購協議，向中國認購人結付貸款轉讓協議項下的債務約人民幣76,674,430元（相當於約86,520,458港元）。

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The Directors consider that issue of the Subscription Shares will reduce the outstanding liabilities, improve the gearing ratio of Group and reduce the interest burden of the Group. As a result, it shall improve the financial position and enlarge the shareholder base of the Group.

Further details of the Share Subscription Agreement and the PRC Subscription Agreements are disclosed in the Company's announcement dated 20 January 2017 and the Company's circular dated 17 March 2017.

Employee and Remuneration Policy

As at 31 December 2017, the Group had a total of 487 (2016: 460) staff based in the PRC and Hong Kong. The Group remunerates its employees based on their performances, experiences and the prevailing industry practices. In addition to basic salaries and mandatory provident fund, staff benefits including medical coverage scheme and share options are offered.

The Group's remuneration policy was reviewed periodically by the remuneration committee of the Board and the Board's remuneration is determined by reference to market terms, company performance, and individual qualifications and performance. The Group aimed to recruit, retain and develop competent individuals who were committed to the Group's long-term success and growth. Remunerations and other benefits of employees were reviewed annually in response to both market conditions and trends, and were based on qualifications, experience, responsibilities and performance.

The current remuneration of directors and key management is determined by the individuals performance and market trends.

During the year under review, the Group has not experienced any significant problems with its employees or disruption to its operation due to labour disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff. The Directors believe that the Group has a good working relationship with its employees.

董事認為發行認購股份將減少尚未償還之負債、改善本集團之資產負債比率及減輕本集團之利息負擔。因此，此舉必然改善本集團之財務狀況，並擴大本集團股東基礎。

股份認購協議及中國認購協議的更多詳情披露於本公司日期為二零一七年一月二十日之公告及本公司日期為二零一七年三月十七日之通函內。

僱員及薪酬政策

截至二零一七年十二月三十一日，本集團於中國及香港聘有合共487名(二零一六年：460名)員工。本集團的僱員薪酬乃按工作表現、資歷及當時行業慣例釐定。除基本薪金及強制性公積金外，本集團亦提供醫療保障計劃及購股權等員工福利。

董事會薪酬委員會定期檢討本集團之薪酬政策，而董事會之薪酬乃參考市場條款、公司表現及個人資歷及表現釐定。本集團旨在招聘、挽留及培養能幹而對本集團長遠成功及增長有承擔的人士。僱員的薪酬及其他福利均每年檢討，以回應市況及趨勢，亦以資歷、經驗、責任及表現為基準。

董事及主要管理層的現時薪酬乃按個別人士的表現及市場趨勢釐定。

於回顧年度內，本集團與其僱員之間並無發生任何重大問題，亦無因勞資糾紛而引致營運受到幹擾，且在招聘及挽留有經驗員工方面亦無遭遇任何困難。董事相信，本集團與其僱員維持良好工作關係。

BIOGRAPHICAL DETAILS OF DIRECTORS

董事履歷

EXECUTIVE DIRECTORS

Ms. Law Po Yee, aged 38, was appointed as the Vice Chairperson of the Board on 26 October 2010, as an Executive Director of the Company on 5 August 2010 and as the Chief Executive Officer and the Compliance Officer of the Company on 9 May 2011. Ms. Law is also a director of a number of subsidiaries of the Company. Ms. Law obtained a Master Degree of business in the University of Newcastle and has extensive experience in the entertainment, artiste management and film production industries. Ms. Law also has years of banking experience, specializing in risk management. Ms. Law is the spouse of Mr. Sin Kwok Lam, the Chairman, Non-executive Director and a substantial shareholder (within the meaning under the GEM Listing Rules) of the Company.

Mr. Chow Kai Weng, aged 33, joined the Group in January 2010. Mr. Chow holds a Bachelor Degree of Business Administration with previous experiences in media and financial industries. Mr. Chow was appointed as an Executive Director of the Company on 25 March 2011 and as the Vice Chairperson of the Board on 5 August 2016. Mr. Chow is also a director of a number of subsidiaries of the Company.

Ms. Sin Ho Yee, aged 33, joined the Group in March 2011. Ms. Sin obtained a diploma of Communication from the Melbourne Institute of Business and Technology. Ms. Sin was appointed as an Executive Director of the Company on 25 March 2011. Ms. Sin is the daughter of Mr. Sin Kwok Lam, the Chairman, Non-executive Director and a substantial shareholder (within the meaning under the GEM Listing Rules) of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Sin Kwok Lam, aged 60, was appointed as the Chairman of the Board and an Executive Director of the Company on 31 May 2010. Mr. Sin was re-designated from an Executive Director to a Non-executive Director of the Company in October 2010. Mr. Sin is also the chairman of the Nomination Committee of the Board and a director of a number of subsidiaries of the Company. Mr. Sin has over 20 years' banking experience in various departments including Internal Audit, Finance, Risk Management and Business. Mr. Sin is an associate member of the Chartered Institute of Banker, and he holds a Master Degree in Business Administration from Oklahoma City University, USA, a certified diploma in Accounting and Finance from the Association of Chartered Certified Accountants, a graduate Diploma in Law Course from City University, London, UK and a Bachelor Degree of Laws (LL.B.) from Manchester Metropolitan University. Mr. Sin was the chairman (since November 2011) and an executive director (since March 2009) of First Credit Finance Group Limited (Stock Code: 8215), a company which shares are listed on GEM of the Stock Exchange, until he resigned on 7 February 2018. Mr. Sin is the spouse of Ms. Law Po Yee, an Executive Director.

執行董事

羅寶兒女士，38歲，於二零一零年十月二十六日獲委任為董事會副主席，於二零一零年八月五日獲委任為本公司執行董事，於二零一一年五月九日獲委任為本公司行政總裁及監察主任。羅女士亦為本公司多間附屬公司的董事。羅女士持有紐卡索大學頒授的工商管理學碩士學位及於娛樂、藝人管理及電影製作行業擁有豐富的經驗。羅女士亦於銀行業擁有多年經驗，專門從事風險管理。羅女士為主席、非執行董事及本公司主要股東（定義見GEM上市規則）冼國林先生的配偶。

周啟榮先生，33歲，於二零一零年一月加盟本集團。周先生持有工商管理學士學位，具備媒體及金融業的經驗。周先生於二零一一年三月二十五日獲委任為本公司執行董事及於二零一六年八月五日獲委任為董事會副主席。周先生亦為本公司多間附屬公司的董事。

洗灝怡女士，33歲，於二零一一年三月加盟本集團。洗女士持有墨爾本商業與技術學院頒授的傳訊文憑。洗女士於二零一一年三月二十五日獲委任為本公司執行董事。洗女士為主席、非執行董事及本公司主要股東（定義見GEM上市規則）冼國林先生的女兒。

非執行董事

冼國林先生，60歲，於二零一零年五月三十一日獲委任為董事會主席及本公司執行董事。冼先生於二零一零年十月由本公司執行董事調任為非執行董事。冼先生亦為董事會提名委員會的主席及本公司多間附屬公司的董事。冼先生於銀行內部工作積累逾20年經驗，包括內部審計、財務、風險管理及業務等各領域。冼先生為英國特許銀行學會會士，持有美國奧克拉荷馬市大學的工商管理碩士學位、英國特許公認會計師公會會計及財務研究文憑、英國倫敦城市大學法律研究文憑及曼徹斯特都會大學法律學士學位。冼先生分別自二零一一年十一月及二零零九年三月起擔任第一信用金融集團有限公司（股份代號：8215，其股份於聯交所GEM上市）的主席及執行董事，直至二零一八年二月七日辭任。冼先生為執行董事羅寶兒女士之配偶。

Biographical Details of Directors 董事履歷

Dr. Lam Lee G. (林家禮博士), aged 58, is a Non-Executive Director of the Company. Dr. Lam joined the Company in June 2017. He is the Chairman of Hong Kong Cyberport Management Company Limited, Non-Executive Chairman — Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia, a member of the Hong Kong Special Administrative Region Government's Committee on Innovation, Technology and Re-Industrialization, the Hong Kong Council on Smoking and Health, the Council on Professional Conduct in Education (CPC), and the Court of the City University of Hong Kong, Vice Chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council and Chairman of its Task Force on Banking and Finance, Chairman of the Permanent Commission on Economic and Financial Issues of World Union of Small and Medium Enterprises (WUSME), a board member of Pacific Basin Economic Council (PBEC), a member of Belt and Road Committee of the Hong Kong Trade Development Council, a member of Sir Murray MacLehose Trust Fund Investment Advisory Committee, Honorary Advisor to the Hong Kong Business Angel Network (HKBAN), Honorary Chairman — Asia Pacific of CMA Australia, Chairman of Monte Jade Science and Technology Association of Hong Kong, President of Hong Kong-ASEAN Economic Cooperation Foundation, a Vice President of the Hong Kong Real Property Federation, Special Adviser to the Asia Pacific Real Estates Association, a board member of the Chinese General Chamber of Commerce of Hong Kong and the Australian Chamber of Commerce in Hong Kong and Macau, a founding board member and the Honorary Treasurer of the Hong Kong Vietnam Chamber of Commerce, Vice Chairman of the Hong Kong Myanmar Chamber of Commerce, a founding member of the Hong Kong-Korea Business Council, and a member of the Hong Kong-Thailand Business Council.

林家禮博士，58歲，為本公司非執行董事。林博士於二零一七年六月加入本公司。彼為香港數碼港管理有限公司主席、麥格理基礎設施及有形資產亞洲之香港及東盟區非執行主席兼首席顧問、香港特別行政區政府創新、科技及再工業化委員會委員、香港吸煙與健康委員會委員、教育人員專業操守議會委員(CPC)及香港城市大學顧問委員會成員、聯合國亞洲及太平洋經濟社會委員會(UNESCAP)工商諮詢理事會副主席及其銀行及金融業專案組主席、世界中小企業聯合會(WUSME)經濟金融事務常任委員會主席、太平洋地區經濟理事會(PBEC)之理事、香港貿易發展局一帶一路委員會委員、麥理浩爵士信託基金投資顧問委員會成員、香港天使投資脈絡(HKBAN)榮譽顧問、澳洲管理會計師公會亞太區榮譽主席、香港玉山科技協會理事長、香港 — 東盟經濟合作基金會會長、香港房地產協會副會長、亞太區房地產協會特別顧問、香港中華總商會會董、香港及澳門澳洲商會會董、香港 — 越南商會創會會董兼名譽司庫、香港 — 緬甸商會副主席、香港 — 韓國商會創會會員及香港泰國商會會員。

Biographical Details of Directors 董事履歷

Dr. Lam earlier also served as a part-time member of the Hong Kong Special Administrative Region Government's Central Policy Unit, and a member of the Task Force on Industry Facilitation under the Digital 21 Strategy Advisory Committee, the Assessment Panel of the Small Entrepreneur Research Assistance Programme under the Innovation and Technology Fund, the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited, the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, the New Business Committee of the Hong Kong Financial Services Development Council, the Education Bureau School Allocation Committee and the Legal Aid Services Council.

Dr. Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. Dr. Lam earlier served as a General Manager of Hongkong Telecom, Vice President and Managing Partner — Greater China of the international management consulting firm A.T. Kearney, President & Chief Executive Officer and Vice Chairman of the board of directors of Chia Tai Enterprises International Limited (now renamed as C.P. Lotus Corporation) of multinational conglomerate CP Group, Vice Chairman and Chief Operating Officer of Investment Banking Division of BOC International Holdings (the international investment banking arm of the Bank of China group), Executive Director of Singapore Technologies Telemedia (a member of Temasek Holdings), and Chairman — Hong Kong, Vietnam, Cambodia, Laos, Myanmar and Thailand and Senior Adviser — Asia of Macquarie Capital.

林博士曾擔任香港特別行政區政府中央政策組非全職顧問，並曾為數碼21資訊科技策略諮詢委員會行業促進專責小組、創新及科技基金小型企業研究資助計劃評審委員會、香港交易及結算有限公司衍生產品市場諮詢小組、香港上市公司商會常務委員會及公司管治委員會、香港金融發展局拓展業務小組、教育局校舍分配委員會及法律援助局之成員。

林博士於電訊／媒體／高科技(TMT)、消費市場／醫療保健、基礎建設／房地產、能源／資源及金融服務等行業之跨國企業管理、策略顧問、公司管治、直接投資、投資銀行及基金管理範疇累積逾30年經驗。林博士曾出任香港電訊總經理、國際管理諮詢公司A.T. Kearney大中華區副總裁兼管理合夥人、正大企業國際有限公司(現為跨國集團卜蜂集團之卜蜂蓮花有限公司)總裁兼行政總裁及董事會副主席、中銀國際控股(中國銀行集團之國際投資銀行部門)投資銀行部副主席及首席營運官、新加坡科技電信媒體(淡馬錫控股成員公司)執行董事，以及麥格理資本之香港、越南、柬埔寨、老撾、緬甸及泰國區主席兼亞洲區深顧問。

Biographical Details of Directors 董事履歷

Dr. Lam holds a Bachelor of Science Degree in sciences and mathematics, a Master of Science in systems science and a Master of Business Administration from the University of Ottawa in Canada, a post-graduate diploma in public administration from Carleton University in Canada, a post-graduate diploma in English and Hong Kong Law and a Bachelor of Laws (Hons) from Manchester Metropolitan University in the United Kingdom, a Master of Laws from the University of Wolverhampton in the United Kingdom, a Postgraduate Certificate in Laws from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong School of Continuing and Professional Studies (CUSCS), a Master of Public Administration and a Doctor of Philosophy from The University of Hong Kong. A former member of the Hong Kong Bar Association, Dr. Lam is a Solicitor of the High Court of Hong Kong, an Honorary Fellow of Certified Practising Accountants (CPA) Australia, a Fellow of Certified Management Accountants (CMA) Australia, a Fellow of the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Fellow of the Hong Kong Institute of Directors and an Honorary Fellow of the University of Hong Kong School of Professional and Continuing Education (HKU SPACE).

林博士持有加拿大渥太華大學之科學及數學學士、系統科學碩士及工商管理碩士學位、加拿大加爾頓大學之公共行政研究院文憑、英國曼徹斯特城市大學之香港及英國法律深造文憑及法律榮譽學士學位、英國胡佛漢頓大學之法律碩士學位、香港城市大學之法學專業證書、香港中文大學專業進修學院(CUSCS)專業會計證書、香港大學之公共行政碩士及哲學博士學位。林博士現為香港高等法院律師(前大律師)、澳洲會計師公會(CPA Australia)榮譽資深會員、澳洲管理會計師公會(CMA Australia)資深會員、香港仲裁司學會資深會員、CEDR認可調解員、香港董事學會資深會員及香港大學專業教育學院榮譽院士。

Biographical Details of Directors 董事履歷

Dr. Lam is an independent non-executive director of each of CSI Properties Limited (Stock Code: 497), Glorious Sun Enterprises Limited (Stock Code: 393), Vongroup Limited (Stock Code: 318), Mei Ah Entertainment Group Limited (Stock Code: 391), Elife Holdings Limited (Stock Code: 223), Haitong Securities Company Limited (Stock Code: 6837 which is also listed on the Shanghai Stock Exchange with Stock Code: 600837), Huarong Investment Stock Corporation Limited (Stock Code: 2277), Xi'an Haitiantian Holdings Co., Ltd. (Stock Code: 8227, previously known as Xi'an Haitian Antenna Holdings Co., Ltd), Hua Long Jin Kong Company Limited (Stock code : 1682, formerly known as Highlight China IoT International Limited), and Kidsland International Holdings Limited (Stock Code: 2122); and a non-executive director of each of China LNG Group Limited (Stock Code: 931), China Shandong Hi-Speed Financial Group Limited (Stock Code: 412), Sunwah Kingsway Capital Holdings Limited (Stock Code: 188) and Tianda Pharmaceuticals Limited (Stock Code: 455), the shares of all of which are listed on the Stock Exchange. He is an independent non-executive director of each of Asia-Pacific Strategic Investments Limited (Stock Code: 5RA), Rowsley Limited (Stock Code: A50), Top Global Limited (Stock Code: 519), and Singapore e-Development Limited (Stock Code: 40V), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent director of Sunwah International Limited (Stock Code: SWH), the shares of which are listed on the Toronto Stock Exchange; an independent non-executive director of AustChina Holdings Limited (Stock Code: AUH), the shares of which are listed on the Australian Securities Exchange; and a non-executive director of Adamas Finance Asia Limited (Stock Code: ADAM), the shares of which are listed on the London Stock Exchange.

Dr. Lam was a non-executive director of Dr. Lam was also a non-executive director of ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) (Stock Code: 185), DTXS Silk Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited) (Stock Code: 620) and Roma Group Limited (Stock code: 8072), the shares of all of which are listed on the Stock Exchange until he resigned on 27 July 2015, 8 December 2015 and 11 December 2017 respectively. Dr. Lam was a independent non-executive director of Ruifeng Petroleum Chemical Holdings Limited (Stock code: 8096), Mingyuan Medicare Development Company Limited (Stock Code: 233) and Imagi International Holdings Limited (Stock Code: 585), the shares of all of which are listed on the Stock Exchange, and Vietnam Equity Holding (Stock Code: 3MS), the shares of which are listed on the Stuttgart Stock Exchange until he resigned on 30 March 2015, 26 May 2015, 28 January 2016 and 28 February 2018 respectively.

林博士為資本策略地產有限公司(股份代號：497)、旭日企業有限公司(股份代號：393)、黃河實業有限公司(股份代號：318)、美亞娛樂資訊集團有限公司(股份代號：391)、易生活控股有限公司(股份代號：223)、海通證券股份有限公司(股份代號：6837，亦於上海證券交易所上市，股份代號：600837)、華融投資股份有限公司(股份代號：2277)、西安海天天實業股份有限公司(前名：西安海天天線控股股份有限公司，股份代號：8227)、華隆金控有限公司(前名：高銳中國物聯網國際有限公司，股份代號：1682)及凱知樂國際控股有限公司(股份代號：2122)各自之獨立非執行董事；以及中國天然氣集團有限公司(股份代號：931)、中國山東高速金融集團有限公司(股份代號：412)、新華滙富金融控股有限公司(股份代號：188)、及天大藥業有限公司(股份代號：455)各自之非執行董事(以上公司之股份均於聯交所上市)。彼為Asia-Pacific Strategic Investments Limited(股份代號：5RA)、Rowsley Limited(股份代號：A50)及Top Global Limited(股份代號：519)各自之獨立非執行董事，以及Singapore e-Development Limited(股份代號：40V)之非執行董事(以上公司之股份均於新加坡證券交易所上市)。林博士亦為Sunwah International Limited(股份代號：SWH)之獨立董事(其股份於多倫多證券交易所上市)；AustChina Holdings Limited(股份代號：AUH)之獨立非執行董事(其股份於澳大利亞證券交易所上市)以及Adamas Finance Asia Limited(股份代號：ADAM)之獨立非執行董事(其股份於倫敦證券交易所上市)。

林博士分別為正恒國際控股有限公司(前稱為恒輝企業控股有限公司)(股份代號：185)、大唐西市絲路投資控股有限公司(前稱太元集團有限公司)(股份代號：620)及羅馬集團有限公司(股份代號：8072)(所有公司的股份於聯交所上市)的非執行董事，直至彼分別於二零一五年七月二十七日、二零一五年十二月八日及二零一七年十二月十一日辭任。林博士分別為瑞豐石化控股有限公司(股份代號：8096)、銘源醫療發展有限公司(股份代號：233)及意馬國際控股有限公司(股份代號：585)(所有公司的股份於聯交所上市)以及Vietnam Equity Holding(股份代號：3MS)(其股份於斯圖加特證券交易所上市)的獨立非執行董事，直至彼分別於二零一五年三月三十日、二零一五年五月二十六日、二零一六年一月二十八日及二零一八年二月二十八日辭任。

Biographical Details of Directors 董事履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Tin Lup Trevor, aged 58, has been in the legal field for over 20 years. Mr. Chan received his legal education in England where he was awarded the Postgraduate Diploma in Laws (the Legal Practice Course) from the University of Wolverhampton after he had obtained the law degree from the University of London. Apart from his law degree, he also obtained a Bachelor Degree in Chinese literature and history. Before he commenced his practice, Mr. Chan worked in the Insolvency and Criminal Litigation Sections of the Legal Aid Department for 12 years. As for public service, Mr. Chan was an honorary chairman and legal adviser of the Urban Services Staff Association (Tsuen Wan Welfare Section). Mr. Chan is a general practice lawyer and also the Vice-Chairman of the Hong Kong Legal Professionals Association and the legal adviser of Hong Kong License Consultants Association. Mr. Chan has also obtained a certificate from the Peking University Law School in "Partners in the Hong Kong Firms of Solicitors Study Programme" in 2017. Mr. Chan is currently an independent non-executive director of Sun International Group Limited (Stock Code: 8029), a company which shares are listed on GEM of the Stock Exchange. Mr. Chan was appointed as an Independent Non-executive Director of the Company in May 2009. Mr. Chan is currently a member of each of Audit Committee, Remuneration Committee and Nomination Committee of the Board.

獨立非執行董事

陳天立先生，58歲，從事法律專業超過20年。陳先生於英國學習法律，於倫敦大學取得法律學位後，再於英國伍爾佛漢普頓大學取得法律深造文憑（法律實踐課程）。此外，陳先生亦持有中國文學及歷史學士學位。在從事法律專業以前，陳先生曾於法律援助署訴訟科清盤破產小組及刑事組服務12年。在公共服務方面，陳先生現時為香港市政人員協會（荃灣福利部）的榮譽主席兼法律顧問。陳先生亦於二零一七年獲北京大學法學院頒授「香港律師事務所合夥人專題研修班」證書。陳先生目前為一間股份於聯交所GEM上市之公司為太陽國際資源有限公司（股份代號：8029）的獨立非執行董事。陳先生於二零零九年五月獲委任為本公司獨立非執行董事。陳先生目前分別為董事會轄下的審核委員會、薪酬委員會及提名委員會的成員。

Biographical Details of Directors 董事履歷

Mr. Chui Chi Yun Robert, aged 61, holds a Bachelor Degree in Commerce and is a practicing Certified Public Accountant in Hong Kong. Mr. Chui was appointed as an Independent Non-executive Director of the Company in May 2009. Mr. Chui is currently the Chairman of each of the Audit Committee and the Remuneration Committee of the Board. Mr. Chui is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Chartered Association of Certified Accountants. Mr. Chui is currently an independent non-executive director of Tse Sui Luen Jewellery (International) Limited (Stock Code: 417) and Wing Lee Property Investment Limited (Stock Code: 864), shares of both companies are listed on the Main Board of the Stock Exchange, and PPS International (Holdings) Limited (Stock Code: 8201) and F8 Enterprises (Holdings) Group Limited (Stock Code: 8347), shares of both companies are listed on GEM of the Stock Exchange. He was an independent non-executive director of 21 Holdings Limited (now known as Huanxi Media Group Limited) (Stock Code: 1003), a company which shares are listed on the Main Board of the Stock Exchange, until he resigned in September 2011 and Aurum Pacific (China) Group Limited (Stock Code: 8148), a company which shares are listed on GEM of the Stock Exchange, until he resigned in March 2016. He retired as a non-executive director of Addchance Holdings Limited (Stock Code: 3344), a company which shares are listed on GEM of the Stock Exchange, with effect from 23 May 2017. He is also a director of a number of private companies and associations.

崔志仁先生，61歲，持有商學士學位，亦為香港執業會計師。崔先生於二零零九年五月獲委任為本公司獨立非執行董事。陳先生目前分別為董事會審核委員會及薪酬委員會之主席。崔先生為香港會計師公會及英國特許公認會計師公會的資深會員。崔先生現時為謝瑞麟珠寶(國際)有限公司(股份代號：417)、永利地產發展有限公司(股份代號：864)(上述兩家公司的股份於聯交所主板上市)及寶聯控股有限公司(股份代號：8201)以及F8企業(控股)集團有限公司(股份代號：8347)(上述兩家公司的股份於GEM上市)的獨立非執行董事。彼曾分別擔任21控股有限公司(股份代號：1003)(現稱歡喜傳媒集團有限公司，其股份於聯交所主板上市)及奧栢中國集團有限公司(股份代號：8148)(其股份於聯交所GEM上市)的獨立非執行董事，直至其分別於二零一一年九月及二零一六年三月辭任。彼自二零一七年五月二十三日起退任互益集團有限公司(股份代號：3344)(其股份於聯交所主板上市)的非執行董事。彼亦為多間私人公司和機構的董事。

Biographical Details of Directors 董事履歷

Prof. WONG Lung Tak, Patrick, B.B.S., J.P., aged 70, was appointed as an Independent Non-executive Director of the Company in 2010 and is currently a member of each of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Prof. Wong is a Practising Certified Public Accountant. He is the managing practicing director of Patrick Wong CPA Limited and has over 40 years experience in the accountancy profession. Prof. Wong obtained a Doctor of Philosophy Degree in Business, and was awarded a Badge of Honour in 1993 by the Queen of England. Prof. Wong has been appointed as a Justice of the Peace since 1998 and was awarded a Bronze Bauhinia Star (B.B.S.) in 2010 by The Government of the Hong Kong Special Administrative Region. Prof. Wong is currently an Independent non-executive director of C C Land Holdings Limited (Stock Code: 1224), Water Oasis Group Limited (Stock Code: 1161), Galaxy Entertainment Group Limited (Stock Code: 27), Sino Oil and Gas Holdings Limited (Stock Code: 702), Winox Holdings Limited (Stock Code: 6838), BAIC Motor Corporation Limited (Stock Code: 1958) and Li Bao Ge Group Limited (Stock Code: 8102). All the share companies have their share listed on the Stock Exchange. He was also an independent non-executive director of Munsun Capital Group Limited (previously known as China Precious Metal Resources Holdings Co., Limited) (Stock Code: 1194), Bisu Technology Group International Limited (previously known as Excel Development (Holdings) Limited) (Stock Code: 1372), Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (previously known as Guangzhou Pharmaceutical Company Limited) (Stock Code 874) and Real Nutraceutical Group Limited (Stock Code 2010), all of which have their shares listed on the Stock Exchange until he resigned on 3 October 2016, 10 August 2015, 23 June 2017 and 12 October 2017 respectively.

黃龍德教授，銅紫荊星章，太平紳士，70歲，於二零一零年獲委任為本公司獨立非執行董事，且現時為本公司審核委員會、提名委員會及薪酬委員會的成員。黃教授乃執業會計師。彼為黃龍德會計師事務所有限公司的首席執業董事，於會計專業擁有40多年經驗。黃教授取得商業哲學博士學位，並於一九九三年獲英女皇頒發榮譽獎章。黃教授於一九九八年獲委任為太平紳士，並於二零一零年獲香港特別行政區政府頒授銅紫荊星章。黃教授現為中渝置地控股有限公司(股份代號：1224)、奧思集團有限公司(股份代號：1161)、銀河娛樂集團有限公司(股份代號：27)、中國油氣控股有限公司(股份代號：702)、盈利時控股有限公司(股份代號：6838)、北京汽車股份有限公司(股份代號：1958)及利寶閣集團有限公司(股份代號：8102)的獨立非執行董事。上述公司的股份於聯交所上市。彼亦曾擔任麥盛資本集團有限公司(前稱中國貴金屬資源控股有限公司)(股份代號：1194)、比速科技集團國際有限公司(前稱怡益控股有限公司)(股份代號：1372)、廣州白雲山醫藥集團股份有限公司(原廣州藥業有限公司)(股份代號：874)及瑞年國際有限公司(股份代號：2010)的獨立非執行董事並分別於二零一六年十月三日、二零一五年八月十日、二零一七年六月二十三日及二零一七年十月十二日辭任。

Biographical Details of Directors 董事履歷

Mr. Li Kit Chee, aged 63, has more than 30 years' experience in auditing, accounting and secretarial services. Mr. Li holds a Bachelor Degree of social sciences (with honours) in The University of Hong Kong. Mr. Li is also a fellow member of The Chartered Association of Certified Accountants. Mr. Li is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a managing director of Arthur Li, Yau & Lee C.P.A. Limited. Mr. Li is a director of Cheong Yip Secretary Limited, which is principally engaged in corporate service related business. Mr. Li is currently an independent non-executive director of Hong Kong International Construction Investment Management Group Co., Limited (Stock Code: 687), a company which shares are listed on the Main Board of the Stock Exchange. Immediately prior to his appointment as an Independent Non-executive Director of the Company in June 2014, Mr. Li was an independent non-executive director of First Credit Finance Group Limited, a company which shares are listed on GEM of the Stock Exchange (Stock Code: 8215) until he resigned in May 2014. Mr. Li was an independent non-executive director of Henry Group Holdings Limited (Stock Code: 859), a company which shares are listed on the Main Board of the Stock Exchange, until he resigned in February 2018. Mr. Li is currently a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee of the Board.

李傑之先生，63歲，於審核、會計及秘書服務業擁有30多年經驗。李先生為香港大學榮譽社會科學學士。李先生為英國特許公認會計師公會的資深會員及香港會計師公會的註冊會計師。李先生為李傑之合夥會計師行有限公司董事總經理，亦為昌業秘書有限公司董事，該公司主要從事企業服務相關業務。李先生現時為香港國際建設投資管理集團有限公司(股份代號：687)的獨立非執行董事，該公司股份於聯交所主板上市。緊接於二零一四年六月獲委任為本公司獨立非執行董事前，李先生曾於聯交所GEM上市公司第一信用金融集團有限公司(股份代號：8215)擔任獨立非執行董事，並於二零一四年五月辭任。李先生為鎮科集團控股有限公司(股份代號：859)的獨立非執行董事，該公司股份於聯交所主板上市，彼於二零一八年二月辭任。李先生目前分別為董事會轄下的審核委員會、薪酬委員會及提名委員會的成員。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance (“ESG”) Report is presented by the Company to the public in compliance with the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules. In this report, the Group strives to disclose its policies and practices towards the environmental, social and governance aspects of the Company and its principal operating subsidiaries in Hong Kong and the PRC for the year ended 31 December 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

The Group incorporated corporate, environmental and social responsibilities into its business strategies to promote healthy entertainment to and integration of society, contribute to environmental sustainability, achieve healthy and harmonious developments of its staff as well as continue to create long-term value for its stakeholders. During the year of 2017, the Company has implemented relevant ESG policies, which:

- are in compliance with the requirements of the relevant laws and regulations on corporate environment, society and governance that have a significant impact to the Group’s business;
- continue to facilitate social integration by actively implementing the concept of “eliminating racial discrimination and building a harmonious society”;
- encourage the employees to raise their awareness towards “energy and resource savings”, support and promote energy saving and emission reduction measures;
- integrate green philosophy into the development of the Group and ensure the Group is in compliance with the environmental laws and regulations; and
- strive to establish healthy and harmonious relationships with its employees, shareholders, suppliers and other stakeholders.

The Board is responsible for the evaluation and identification of ESG risks of the Group and ensuring that the Group sets up an appropriate and effective ESG risk management and internal control system. The management of the Group provides the Board with the confirmation of the effectiveness of the ESG system.

環境、社會及管治報告

本報告為本公司根據GEM上市規則附錄20所載之環境、社會及管治報告指引向公眾呈報之環境、社會及管治（「環境、社會及管治」）報告。在本報告內，本集團致力披露其截至二零一七年十二月三十一日止年度，就本公司及其香港及中國主要營運附屬公司在環境、社會及管治方面之政策及常規。

環境、社會及管治政策

本集團將企業、環境及社會責任納入其業務策略，以推廣健康娛樂和社會共融，為環境可持續性作出貢獻，實現健康和諧的員工發展，與此同時繼續為其持份者締造長期價值。於二零一七年，本公司已實施相關環境、社會及管治政策，其內容：

- 符合對本集團業務構成重大影響之相關法律及法規之企業環境、社會及管治規定；
- 繼續積極執行「消除種族歧視及建立和諧社會」之概念，促進社會共融；
- 鼓勵僱員提高其對「節約能源及資源」的意識、支持及加強節能及減排措施；
- 在本集團發展中加入綠色概念，確保本集團遵守環境法律及法規；及
- 致力於與僱員、股東、供應商及其他持份者建立良好而和諧的關係。

董事會負責評估及釐定本集團有關環境、社會及管治的風險，並確保本集團設立合適及有效的環境、社會及管治風險管理及內部監控系統。本集團的管理層負責向董事會提供有關ESG系統是否有效的確認。

Environmental, Social And Governance Report 環境、社會及管治報告

STAKEHOLDER ENGAGEMENT

The Group consistently values the stakeholders that are influenced by the Group's operational activities including clients, suppliers, employees, community groups and government bodies, etc. The Group communicates irregularly through various communication channels with each other in order to build up a mutual understanding of each other's vision and expectation on environmental and social responsibility. With reference to these, the Group develops a designated environmental and social responsibility framework and sets long-term objectives for the sustainable development of the Group.

ENVIRONMENTAL

Emissions

As the Company is principally engaged in investment holding and its principal subsidiaries in Hong Kong mainly participate in film production and distribution, provision of management service to artistes and provision of travel-related products, it does not have significant air emissions, discharge into water or land in relation to its operations in Hong Kong. And no substantial hazardous waste was produced by the Group during the reporting period.

In relation to the operation of the Hotel and the Studio in the PRC, to mitigate environmental pollution, the Group strives to reduce, reuse and recycle throughout its operations and promotes green construction in carrying out development projects, such as dust control, noise reduction and waste water treatment.

The Group has required all staff to address environmental responsibilities in normal operating procedures and has enhanced the awareness of environmental and resource efficiency issues amongst the staff and stakeholders. The Group strives to be environmentally responsible by adopting good environmental practices in respect of office premise, equipment and consumption of resources and by supporting practical measures and policies aiming to protect and preserve the environment of the countries where it operates. This principle is integrated into the code of conduct for all employees.

持份者參與

本集團一直重視受到本集團經營活動影響的持份者，包括客戶、供應商、僱員、社會團體及政府機構等。本集團透過各種溝通渠道不定期溝通，互相了解彼此對環境及社會責任的觀點及期望。本集團參考該等活動發展出一個有關其環境及社會責任之指定框架並設定本集團持續發展的長遠目標。

環境

排放

由於本公司主要從事投資控股及其香港附屬公司主要從事電影製作及發行、提供藝人管理服務及提供旅遊相關產品，故其並無重大氣體排放，亦無於水域及土地投放廢品及於其辦事處及投資物業棄置其香港營運所產生的無害固體廢品。於報告期間，本集團並無生產重大有害廢品。

就本集團於中國之該酒店業務及該影視城業務，為紓緩環境污染，本集團致力在營運過程中落實減少、重用及回收原則，並在發展項目方面主張綠色建設，例如控制灰塵、降低噪音及處理污水。

本集團已要求全體員工在正常營運過程中履行環境責任，並提高員工及持份者在環境及資源效益方面的意識。本集團致力在辦公室物業、設備及資源消耗上採取良好的環保常規，並透過支持推行旨在保障及維護環境的實際措施及政策以履行環境責任。此項原則納入全體僱員的行為守則。

Environmental, Social And Governance Report 環境、社會及管治報告

Throughout the period under review, the Group has strictly complied with national and regional laws and regulations in the PRC in respect of emission, disposal and generation of waste, including the Law of the PRC on Environmental Protection (中華人民共和國環境保護法), the Law of the PRC on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法), the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), Regulations on Environmental Protection Administration of Construction Projects in Guangdong Province (廣東省建設項目環境保護管理條例), as well as the relevant laws and regulations in Hong Kong related to environment protection, health and safety.

As minimum environmental impact was resulted from the Group's operation, KPIs A1.4 and A1.6 are immaterial to the Group's operation and have not been disclosed in this report. In addition, as there is no substantial hazardous waste generated from the Group's operation, KPI A1.3 is not applicable to the Group and has not been disclosed too. After the promotion of environmental responsibilities to our employees, utilities expenses in 2017 slightly decreased by approximately 1%.

In 2017, the Group's greenhouse gas emission from direct emission (Scope 1) resulting from LPG were 490 tonnes of CO₂ and energy indirect emissions (Scope 2) resulting from electricity consumption were 2,480 tonnes of CO₂. The greenhouse gas emissions were 2,970 tonnes of CO₂ in total and 6.1 tonnes of CO₂ per employee.

於回顧期間，本集團嚴格遵守中國有關排放、棄置及產生廢物的國家及地區法律及法規，包括《中華人民共和國環境保護法》、《中華人民共和國環境噪聲污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國水污染防治法》、《廣東省建設項目環境保護管理條例》，以及香港有關環境保護及健康與安全的法律及法規。

由於集團運營產生的環境影響較小，關鍵績效指標A1.4和A1.6對於集團運營無實質影響，故報告中不披露。此外，由於集團運營過程中並無產生重大有害廢棄物，關鍵績效指標A1.3對於集團不適用，故報告中不披露。在向我們的員工宣傳環境責任之後，水電費用在二零一七年略微下降了約1%。

二零一七年本集團的溫室氣體排放由用汽油所產生的能源直接排放(範疇一)為490噸，用電所產生的能源間接排放(範疇二)為2,480噸。溫室氣體總排放量為2,970噸，溫室氣體排放密度為6.1噸/員工。

Emission 排放量

A1.1 FUEL TYPE- LPG 燃油類型 — 汽油

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

Energy consumed (MJ)
能源消耗 (兆焦耳)
8.0 Million
百萬

NO_x emission (Kg)
氮氧化物排放 (公斤)
31.98

SO_x emission (Kg)
硫氧化物排放 (公斤)
0.16

A1.2 GREENHOUSE GAS EMISSION 溫室氣體排放

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

Scope 1 Direct Emission - CO₂ (Tonnes)
範疇1 直接排放 — 二氧化碳 (噸)
490

Scope 2 Indirect Emission - CO₂ (Tonnes)
範疇2 間接排放 — 二氧化碳 (噸)
2,480

Environmental, Social And Governance Report 環境、社會及管治報告

Use of Resources

With the operation of the Studio and the Hotel, energy and water consumption have increased accordingly.

In order to reduce unnecessary usage and improve efficient use of resources, the Group has established the “energy and resource savings” policy, under which:

- lights and electronic appliances in living area or workplace must be turned off when they are not in use;
- the temperature of the air conditioners shall be maintained at 25.5°C;
- LED lighting shall be used when replacement of lighting is needed;
- power of the computers, copy machines, printers and other office equipment must be turned off when the staff are off duty or on leave;
- switch off some of the lifts during off-peak hours;
- turn off lighting and air conditioning when the guest room is vacant;
- recyclable resources e.g. recycle paper, washable tableware, water recycling shall be used;

資源使用

隨著影視城及酒店投入營運後，能源及水消耗相應有所增加。

為減少不必要地使用資源及提高使用效益，本集團已制定「節約能源及資源」政策，據此：

- 確保無人使用時關閉生活區或工作場所電燈及電器設備；
- 確保空調溫度維持於25.5°C；
- 如需換燈，應使用LED照明；
- 確保員工下班或休假時關閉電腦、複印機、打印機及其他辦公室設備的電源；
- 非繁忙時段關閉部分電梯；
- 訪客室閒置時關燈關空調；
- 使用可回收資源，例如再造紙、可洗餐具、用水回收；

Environmental, Social And Governance Report 環境、社會及管治報告

- solid waste shall be reduced by practices such as using e-memo instead of physical paper and food waste shall be reduced by promoting the concept of “not to order more than enough”; and
- carry out regular leakage tests on concealed piping and check for overflowing tanks, waste, worn tap washers and other defects of the system.

After adopting these policy, utilities expenses in 2017 slightly decreased by approximately 1%.

The Group will continuously monitor and manage the use of resources in order to reduce its operating costs as well as the carbon footprints.

As there is no issue in sourcing water, KPI A2.4 has not been disclosed in this report. Further, as only immaterial packaging material was used in the Group's operation, KPI A2.5 is not applicable to the Group and has not been disclosed in this report.

Environment and Natural Resources

Over the past few years, the Group has developed rapidly and a series of new projects that may have a significant impact on the environment and natural resources have been constructed.

In view of that, the Group has established a green policy in project construction, which requires:

- to take into account of environmental protection and take reasonable actions at the initial project planning stage to the largest extent to avoid damage to the natural ecology in the construction process;
- implementation of the greening projects in the Studio and the Hotel, in particular, more than 630 trees in total have been planted in the Studio and the Hotel during the year under review; and
- construction waste screening facilities to be established to reuse inert materials.

The Group regularly reviews its environmental protection policy and has adopted preventive measures that are necessary to the reduction of the environment risks and has ensured that the Group is in compliance with relevant laws and regulations.

- 透過使用電子備忘錄而非實質紙張等實踐，減少固體廢物，並推廣「夠用就好」概念，減少浪費食物；及
- 定期對隱藏喉管進行洩漏測試，並檢查內部供水系統，修理有毛病的水箱、水頭及其他的供水設施。

在我們推行這些政策之後，水電費用在二零一七年略微下降了約1%。

本集團將繼續監察及管理資源的使用，以降低其營運成本及碳排放。

由於本集團在求取適用水源時沒有遇到任何問題，故報告中並無披露關鍵績效指標A2.4。此外，集團運營中僅消耗少量的包裝材料，關鍵績效指標A2.5對於集團不適用，故報告中並無披露。

環境及天然資源

過去幾年，本集團快速成長，並建設一連串可能對環境及天然資源構成重大影響的新項目。

有見及此，本集團在項目建設方面制定綠色政策，規定：

- 在項目規劃初期考慮環境保護，以及採取合理措施，盡量減少建設過程中對自然生態造成損害；
- 在該影視城及該酒店推行綠化項目，特別是於回顧年內已在該影視城及該酒店種植超過630株樹木；及
- 興建建築廢料篩選設施，重用惰性物料。

本集團定期檢討其環保政策，並已採用必要的預防措施，以減低環境風險，確保本集團符合相關法律及法規。

Environmental, Social And Governance Report 環境、社會及管治報告

USE OF RESOURCES IN 2017 二零一七年能源使用

A2.1 ENERGY CONSUMPTION - ELECTRICITY 能源消耗 — 電力

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



Total Electricity Consumption
(Kwh)
電力總消耗量(千瓦時)

4.6 Million 百萬

Total Electricity Consumption
(Kwh / Employee)
電力總消耗量(千瓦時/僱員)

around 大概 **9,400**

A2.1 ENERGY CONSUMPTION - LPG 能源消耗 — 液化石油氣

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



Total LPG Consumption
(Tonnes)
液化石油氣總消耗量(噸)

162

Total LPG Consumption
(Kg / Employee)
液化石油氣總消耗量(公斤/僱員)

333

A2.1 ENERGY CONSUMPTION 能源消耗

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



Total Energy Consumption
- Electricity (MJ)
能源總消耗量
— 電力(兆焦耳)

16.5 Million 百萬



Total Energy Consumption
- LPG (MJ)
能源總消耗量
— 液化石油氣(兆焦耳)

8 Million 百萬



Total Energy Consumption
(MJ)
能源總消耗量(兆焦耳)

24.5 Million 百萬

Total Energy Consumption
(MJ)
能源總消耗量(兆焦耳)

around 大概 **50,000**

A2.2 WATER CONSUMPTION 用水量

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



Total Water Consumption
(Tonnes)
總用水量(噸)

around 大概 **187,000**

Total Water Consumption
(Tonnes / Employee)
總用水量(噸/僱員)

383

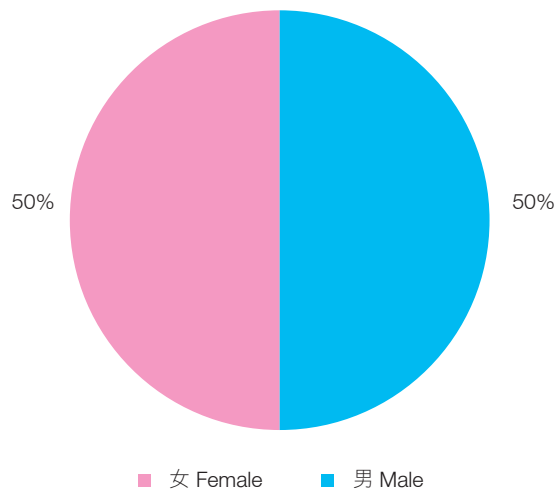
Environmental, Social And Governance Report 環境、社會及管治報告

SOCIAL

Employment

As at 31 December 2017, the Group had a total of 487 full time employees, an increase of approximately 5.87% from 460 of the last year. Breakdowns of the current employees by gender, location and age are set forth below respectively:

Staff Distribution by Gender
按性別劃分

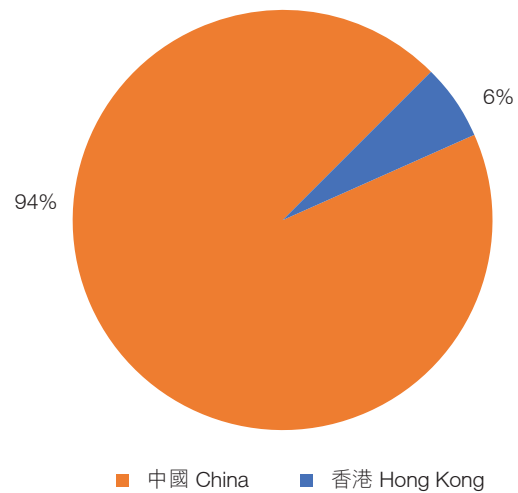


社會

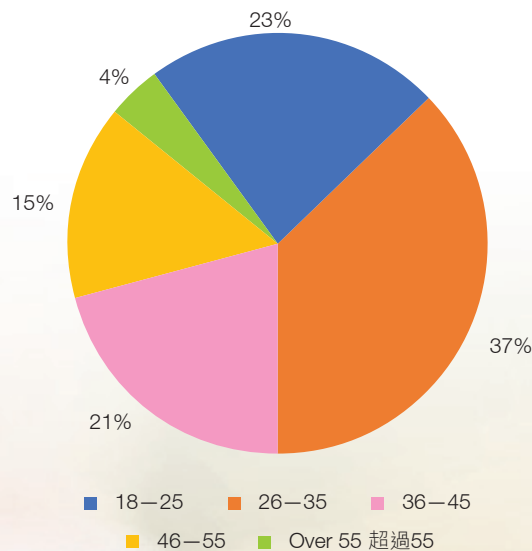
僱傭

於二零一七年十二月三十一日，本集團共有487名全職僱員，較去年的460名增加約5.87%。現時僱員按性別、地區及年齡劃分的明細分別列示於以下圖表中：

Staff Distribution by Location
按地區劃分



Staff Distribution by Age
按年齡組別劃分



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The Group understands that the employees are its most important asset. In view of that, the Group has spared no effort in recruiting and retaining talented staff by establishing a human resource policy, under which:

- employees are reviewed annually on a performance basis with reference to the market standards for consideration of promotion and/or reward;
 - a wide range of benefits are provided, including comprehensive medical insurance, continuous education scheme and staff discount scheme;
 - the employee who passed the probation will be entitled to the subsidy for the specified course approved by the management;
 - in order to promote a harmonious and mutual respect working environment, a staff manual is established to govern the recruitment, promotion, discipline, working hours and leaves. The staff manual also stipulates the anti-discrimination policies and employees' code of conducts;
 - variety activities are organized from time to time to improve the cohesion of staff members including annual carnival show, Mid-Autumn Festival reunion dinner, "monthly star" birthday parties and sport day;
 - clear work processes according to professional and ethical labour practices which have been clearly communicated to all employees. Certain policies to govern employees' affairs such as payroll, attendance and termination are clearly set out in staff appointment letters in compliance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); and
 - diversity of workforce are promised, including in terms of age, gender and nationality, as well as a culture of including equal opportunity and anti-discrimination. The management regularly reviews the Group's remuneration policy in relation to relevant market standards.
- 本集團深知僱員乃其最寶貴的資產。有鑑於此，本集團制定人力資源政策，竭盡所能羅致及挽留優秀人員，據此：
 - 參考市場標準，每年審閱僱員的表現，以考慮作出升遷及／或獎賞；
 - 提供各種各樣的福利，包括綜合醫療保險、持續進修計劃及員工折扣計劃；
 - 通過試用期的僱員將有權就特定課程享有管理層批准的津貼；
 - 為提倡和諧及互相尊重的工作環境，已制定員工手冊，規管招聘、升遷、紀律、工時及休假。員工手冊亦訂明反歧視政策及僱員行為守則；
 - 不時組織各類活動，加強員工的凝聚力，包括年度嘉年華會、中秋慶團圓晚宴及「每月之星」生日派對及運動日；
 - 根據專業及道德的勞工常規的清晰工作流程，並向全體僱員清楚地傳達。若干政策規管僱員事務，如薪資、出席及終止，已清楚載於僱員委任函中，並遵守僱傭條例(香港法例第57章)；及
 - 承諾保持員工多樣性，包括年齡、性別及國籍以及機會平等及反歧視的文化。管理層就有關市場標準定期檢討本集團的薪酬政策。

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As of 31 December 2017, the Group had a total number of 487 employees. The proportion of the Group's male and female employees is equally distributed where the majority of the Group's employees are aged from 18 to 35.

The Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the year under the review.

Health and Safety

To enhance employees' work ability, the Group strives to provide a healthy and safe work environment, such as:

- providing auxiliary tools e.g. trolley, pump-action water dispenser, ladder, etc;
- organizing a series of trainings in relation to occupational safety;
- equipping fire extinguishers, sprinklers, hose reels and smoke detectors;
- arranging regular pests control; and
- supporting team members to achieve a healthy work-life balance.

Appropriate measures will be continuously taken by the Group to improve the safety and health of the employees in workplace.

During the year under review, there were no material accidents in the course of the Group's business operation which gave rise to any claims and compensation paid to our employees and the Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the year under review.

於二零一七年十二月三十一日，本集團共有487名僱員。本集團的男女僱員比例分佈平均，本集團大多數僱員年齡介乎18至35歲。

於回顧年度，本集團並不知悉就報酬及解僱、招聘及升遷、工時、假期、平等機會、多樣性、反歧視及其他福利方面而言，對本集團構成重大影響之有關相關法律及法規的任何違規事件。

健康及安全

為加強僱員的工作能力，本集團致力提供健康及安全的工作環境，例如：

- 提供輔助工具，例如手推車、泵式水機、梯等；
- 組織一系列與職業安全有關的培訓；
- 安裝滅火器、花灑、消防喉及煙霧探測器；
- 安排定期進行滅蟲；及
- 支援團隊成員實現健康的工作生活平衡。

本集團將繼續採取適當措施，改善僱員在工場的安全及健康。

於回顧年度，於業務過程中概無發生任何嚴重意外，而導致任何申索及向僱員支付補償，以及本集團並不知悉於回顧期間，就安全工作環境及保障僱員免受職業危害方面而言，對本集團構成重大影響之有關相關法律及法規的任何違規事件。

Environmental, Social And Governance Report 環境、社會及管治報告

Development and Training

Following the business development and the changes of the environment of the business operation, the Group encourages and supports the employees in personal and professional training and also encourages a culture of experience-sharing.

In order to promote the employees' long-term career development, the Group strongly supports the employees to join the training courses organized by external professional organizations. The Group will subsidize the employees according to their needs of career development.

During the year under review, the Group made full use of internal resources to organize various forms of training covering management, customers service, financial, etc to the PRC office with support from Hong Kong head office. Other than the internal training programme, the Group established a continuous education scheme (the "Education Scheme"). According to the Education Scheme, the employee who passed the probation will be entitled to the subsidy for the specified course approved by the management with the maximum amount of HK\$50,000.

Labour Standards

The Group strictly prohibits any child and forced labour in its Hong Kong and PRC operations. A Comprehensive recruitment processes are established requiring background checks on candidates and formalized reporting procedures to address any exceptions found. Group also performs regular reviews and inspections to detect the existence of any child or forced labour in the operations. In the meantime, the Group also avoids engaging vendors of administrative supplies and services and contractors that were previously reported to have employed or were suspected of employing child or forced labour in their operations.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to preventing child or forced labour on the Group during the year of 2017. In addition, no non-compliance with relevant laws and regulations resulted in significant fines or sanctions had been reported in the year of 2017.

發展及培訓

繼業務發展及營業環境改變後，本集團鼓勵及支持僱員參與個人及專業培訓，亦鼓勵分享經驗的文化。

為推廣僱員長遠事業發展，本集團大力鼓勵僱員參與外部專業機構舉辦的培訓課程。本集團將根據僱員的事業發展需要向其提供津貼。

於回顧年度，本集團善用內部資源，在香港辦事總處的協助下，為中國辦公室舉辦不同形式的培訓，包括管理、客戶服務、財務等。除內部培訓計劃外，本集團亦成立了持續進修計劃（「進修計劃」）。根據進修計劃，通過試用期的僱員將有權就特定課程享有管理層批准的津貼，上限金額為50,000港元。

勞工準則

本集團嚴格禁止其香港及中國業務僱用任何童工及強制勞工。本集團已建立需檢查候選人背景的完善的招聘流程及處理任何例外情況的正式的報告程序，另外亦定期進行審查及檢查，以防止經營中存在的任何童工或強制勞動。與此同時，本集團亦避免委聘該等在其經營中先前提報曾聘用或懷疑聘用童工或強制勞動的賣方和承包商提供行政用品及服務。

截至二零一七年，本集團概不知悉任何相關法律法規的重大不合規情況，會對本集團防止童工或強制勞工方面造成重大影響。此外，二零一七年概無呈報導致重大罰款或仲裁的不遵守相關法律法規行徑。

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Supply Chain Management

The Group believes that the quality of its products and services as well as its reputation will be influenced by the work with its suppliers. Therefore, the Group strives to establish a stable and long-term cooperation with its suppliers and established a policy for selecting and reviewing the suppliers.

In selecting new suppliers, the Group compares between at least three different companies and emphasizes the legal compliance and integrity culture of suppliers' operations, beyond cost considerations. On-site inspections and research are conducted before the commencement of business with suppliers, followed by annual examination and evaluation in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility to ensure suppliers operated in compliance with the national standards or relevant requirement, and there are no child labour or forced labour issues. The examination and evaluation results will be used as the basis for continuation or termination of cooperation in the future.

As to constructors, all major raw material suppliers are required to comply with the Environment Protection Law of the PRC (中華人民共和國環保法) and those with ISO14000 environmental management accreditation will be given priority in the selection process.

Product Responsibility

The Group adheres to a policy of quality products and customer-oriented services, providing consumers with high-quality products and comprehensive services. The Group has developed a series of standards on quality assurance and has adopted a day-to-day quality control system over the Group's products and services. Meanwhile, the Group also emphasizes the importance of communication with its customers. The Group has built up several communication channels for its customers to provide their feedback and rate the Group's services, where any complaint cases accepted will be recorded in the quality control systems and followed up and handled by the customer service team. Meanwhile, the team will identify the causes with the relevant responsible departments and develop preventive measures. For significant issues, it will be reported and discussed at the monthly meeting.

For the advertising of travel-related products, the Group provides guidance on the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) to its travel consultants. The Group prohibits its travel consultants to make false trade descriptions, misleading elements, false or incomplete information and misrepresentation in the course of transactions in order to protect the interests of clients.

供應鏈管理

本集團相信我們產品及服務質素及我們的聲譽受其供應商的工作影響。因此，本集團致力與其供應商建立穩定及長期的合作，並已就挑選及檢閱供應商制定一項政策。

挑選新供應商時，本集團最少比較三間不同的公司，並重視供應商營運之法律合規記錄及忠誠文化，更甚於成本考慮。與供應商開展業務前，我們會先進行實地視察及調查，然後對多方面進行年度審查及評價，包括職業健康及安全、僱員權利保障、環保及企業社會責任，以確保其經營符合國家標準或相關規定，以及並無童工或強制勞工問題。審查及評價結果將用作日後延續或終止合作的基準。

就承包商而言，所有主要原材料供應商均須遵守《中華人民共和國環保法》，在甄選過程中，該等符合ISO14000環境管理認證的供應商會予以優先考慮。

產品責任

本集團奉行優質產品及「僱客至上」服務的宗旨，為消費者提供優質產品及全面服務。本集團已就其產品及服務制定一系列品質核證標準，亦已採用日常質量監控系統。與此同時，本集團亦重視與客戶的溝通。本集團已為其客戶建立多個溝通渠道，以便提供其回饋意見及評價本集團的服務，一旦接獲任何投訴，皆會記入質控系統，由客戶服務團隊跟進及處理，而團隊將聯同負責部門識別有關成因，以制定預防措施。至於重要事宜，則於每月例會匯報及討論。

在旅遊相關產品的廣告方面，本集團向旅遊顧問提供香港法例第362章《商品說明條例》上的指引。我們禁止旅遊顧問在交易過程中作出虛假商品說明、帶有誤導成分、偽造及有遺漏的資料以及錯誤陳述，藉此保障客戶的權益。

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To respect and support the innovation, the Group develop a copy right policy according to the guideline issued by Intellectual Property Department. Before using the registered original film, image and music, the Group will first apply to the relevant authorities and obtain approval. For the film production and distribution in Hong Kong, the films will be reviewed and approved by management and the Office for Film, Newspaper and Article Administration of the HKSAR before the publication. And before the first publication and use, the management will review the relevant approved documents again to ensure that there is no violation of the relevant legislation.

Other than the statutory requirement mentioned as the above. During the year under review, the Group has also complied with Food Safety Law of the PRC (中華人民共和國食品安全法), Measures for the Control of Security in the Hotel Industry (旅館業治安管理辦法), Fire Prevention Law of the Peoples Republic of China (中華人民共和國消防法) as well as the statutory requirements in Hong Kong, including Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), Prevention of Copyright Piracy Ordinance (Chapter 544 of the Laws of Hong Kong) and other relevant laws and rules in relation to the Group's business operation.

Protection for Customer Privacy

The Group attaches great importance to the protection of customer privacy and strictly complies with the relevant provisions of the national laws and regulations including the Personal Data (Privacy Ordinance (Chapter 486 of the Laws of Hong Kong), Tort Law of the PRC (中華人民共和國侵權責任法) and General Principles of the Civil Law of the PRC (中華人民共和國民法通則). During the year under review, there were no incidents or substantiated complaints concerning breaches of customer privacy or losses of customer data.

為尊重及支持創新，本集團根據知識產權署公佈的指引建立一項版權政策。在使用已註冊原創影片、圖片及音樂前，本集團將首先向有關部門申請及取得審批。就於香港的電影製作及發行，有關電影將由管理層及香港特別行政區影視及娛樂事務管理處檢視及批准後，方會發佈。在首次發佈及使用前，管理層將再次審閱相關經核准文件，確保並未違反有關法律規定。

除上文所述的法定規定，於回顧年度，本集團亦已遵守《中華人民共和國食品安全法》、《旅館業治安管理辦法》、《中華人民共和國消防法》以及香港的法定規定，包括《版權條例》(香港法例第528章)、《防止盜用版權條例》(香港法例第544章)以及有關本集團業務營運的其他相關法律及規則。

保護客戶隱私

本集團非常重視保護客戶隱私及嚴格遵守國家法律及法規的相關條款，包括《個人資料(隱私)條例》(香港法例第486章)、《中華人民共和國侵權責任法》及《中華人民共和國民法通則》。於回顧年度，並無有關侵犯客戶隱私或遺失客戶數據的事件或經證實的投訴。

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Anti-corruption

The Group aims to maintain the highest standards of openness, uprightness and accountability and all its staff are expected to observe the highest standards of ethical, personal and professional conduct. The Group does not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations.

The Group adopted a whistle-blowing system for reporting any improprieties in financial reporting, internal control, suspected or actual fraud or other matters. Whistleblower can drop email directly to the Chairman of the audit committee of the Board ("Audit Committee"). If they prefer, they can choose to use an anonymous email address to report the matters. This reporting channel will also be posted in the Company's Website.

The Chairman of the Audit Committee can call for a meeting with the Board to investigate the reported matters.

The Board may also decide whether the Group need to engage external professional consultant or third to regulations (including ICAC or Police, etc.) to deal with the matters.

The Group is not aware of any potential or confirmed cases regarding corrupt practices brought against the Group or its employees during the year under review. No whistleblowing disclosures were received during the reporting period.

Community Investment

With the mission of "eliminating racial discrimination and building a harmonious society", the Group is committed to reduce community conflicts. We prioritizes the community interests in its business operations to facilitate social integration.

The Group has actively implemented the concept of "eliminating racial discrimination and building a harmonious society" and invested in a charity movie named "Our Days in 6E" ("我們的6E班") to facilitate the social integration.

反貪腐

本集團旨在維持最高水平之公開性、正直性及問責性，亦預期全體僱員遵守最高水平之道德、個人及專業操守。本集團不會容忍與業務營運有關之貪污、賄賂、勒索、洗錢及其他詐騙活動。

本集團採取通報制度，報告任何財務報告、內部監控、懷疑詐騙或實際詐騙或其他事件之不當行為。通報人可以直接向董事會轄下審核委員會（「審核委員會」）主席發出電郵。通報人可按意願選擇使用匿名電郵地址舉報事件。此舉報渠道亦將登載於公司網站。

審核委員會主席可召開董事會會議調查被舉報事件。

董事會亦可決定本集團是否需要委聘外部專業顧問或第三方監管機構（包括廉政公署或警方等）處理事件。

於回顧年度，本集團並不知悉任何潛在或已確認有關本集團或其僱員貪污行為之事件。報告期間內亦無接獲通報披露。

社區投資

以「消除種族歧視，共建和諧社會」為使命，本集團致力減少社區矛盾。我們將社區權益放在業務營運作優先考慮，以促進社會共融。

本集團已積極推行「消除種族歧視，共建和諧社會」理念，投資慈善電影「我們的6E班」，推進社會共融。

Environmental, Social And Governance Report 環境、社會及管治報告

The charity movie was shown in cinema in Hong Kong in the year of 2017. In addition to promoting the awareness of social integration through the movie, all of the revenue generated (after deducting costs) will be donated to a charity organization to help the ethnic minority and vulnerable groups in Hong Kong.

The Group also supports employees to participate in community development activities and encourages its artists to participate in charity activities, such as encouraging artists to participate in community activities in their own name.

該慈善電影於二零一七年在香港院線上映。藉電影推廣社會共融意識以外，扣除成本後的全部收益將捐予慈善機構，以幫助香港少數族裔及弱勢群體。

本集團亦支持僱員投身社會發展活動，並鼓勵藝人參與慈善活動，如鼓勵藝人以個人名義參與社區活動。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 December 2017. This report highlights the key corporate governance practices of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the year 2017, the Company has adopted and complied with all code provisions, where appropriate as set out in Appendix 15 to the GEM Listing Rules (the "Corporate Governance Code") with an aim of maximizing the shareholders' interest, enhancing the stakeholders' transparency and accountability.

The Company is committed to maintaining a high standard of corporate governance with sound and reasonable corporate governance practices and procedures during the year ended 31 December 2017 discussed the below:

Code Provision A.1.1 (Board meetings)

- The Company held four regular Board meetings during the year 2017.

Code Provision A.4.1 (Re-election of non-executive directors)

- Non-executive Directors were appointed for a specific term, subject to re-election. One Non-executive Director was re-elected at the AGM held in June 2017.

Code Provision A.5.1 (Establish a nomination committee)

- The Company has established a Nomination Committee with specific written terms of reference which deal clearly with its authority and duties. The Nomination Committee of the Company comprises three independent Non-executive Directors and one Non-executive Director which is chaired by the Chairman of the Board.

Code Provision C.1.5 (Present annual and interim reports)

- The Company announced the unaudited interim report and audited annual report of the financial year 2017. In addition, the Company also announced the unaudited operational information for the first and third quarters of the financial year 2017.

根據GEM上市規則第18.44條，董事會欣然呈列截至二零一七年十二月三十一日止年度之企業管治報告。此報告著重闡述本公司之主要企業管治常規。

遵守企業管治守則

於二零一七年全年，本公司已採納並遵守GEM上市規則附錄15所載的全部守則條文(倘適用)(「企業管治守則」)，以為股東創造更大利益、提高利益相關方的透明度及問責制。

截至二零一七年十二月三十一日止年度，本公司依照以下良好及合理的企業管治常規及程序致力維持高水平的企業管治：

守則條文A.1.1條(董事會會議)

- 本公司於二零一七年舉行四次定期董事會會議。

守則條文A.4.1(非執行董事膺選連任)

- 非執行董事按指定任期獲委任，並膺選連任。一名非執行董事於二零一七年六月舉行的股東週年大會上獲重選連任。

守則條文A.5.1(成立提名委員會)

- 本公司已成立提名委員會，並訂明具體職責範圍，以清楚說明其權限及職責。本公司提名委員會包括三名獨立非執行董事及一名非執行董事，由董事會主席擔任主席。

守則條文C.1.5(呈列年報及中期報告)

- 本公司公佈二零一七財政年度的未經審核中期報告及經審核年報。此外，本公司亦公佈二零一七財政年度第一及第三季度之未經審核經營資料。

Corporate Governance Report 企業管治報告

Code Provision C.2.3 (Risk management and internal control system review)

- The Company adopted a systematic and sustainable risk management and internal control system during the year under review. The Board reviews and considers the nature and extent of significant risk in its business and the external environment and the scope and quality of management's ongoing monitoring of risks and of the internal control system annually.

The other key corporate governance principles and practices of the Company are also outlined in this corporate governance report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company is committed to maintaining a high standard of corporate governance with sound and reasonable corporate governance practices and procedures with an aim of maximizing the shareholders' interests as well as to enhancing the stakeholders' transparency and accountability. The Company had adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors, and the Directors confirmed they have complied with the required standard of dealings and its code of conduct regarding Directors' securities transactions during the year ended 31 December 2017.

BOARD OF DIRECTORS

The Board has a balanced composition of Executive and Non-executive Directors which represents a mixture of experts specializing in management, law, accounts and finance. All Directors possess comprehensive qualifications and experience as well as exposure to diversified industries which are crucial to the growth of the Group.

Responsibilities

The Board is responsible for the overall leadership of the Group, formulating and overseeing the Group's business strategies and monitoring the financial performance, risk management and internal control of the Group's business and operations.

守則條文C.2.3(風險管理及檢討內部監控系統)

- 本公司回顧年度採納系統性及可持續風險管理及內部監控系統。董事會每年審閱及檢討其業務及外部環境之重大風險性質及程度，以及管理層持續監察風險及內部監控系統的範圍及質量。

本公司其他主要企業管治原則及常規亦於本企業管治報告概述。

董事進行證券交易

本公司致力通過完善及合理的企業管治常規及程序保持高水準的企業管治，旨在為股東帶來最大利益，同時提高對權益關涉者之透明度及問責性。本公司已採納有關董事進行證券交易之行為守則，其條款至少與GEM上市規則第5.48至5.67條所載之交易必守準則同樣嚴格。經向董事作出具體查詢後，彼等確認於截至二零一七年十二月三十一日止年度一直遵守交易必守準則及本公司有關董事進行證券交易之行為守則。

董事會

本公司董事會內執行及非執行董事分佈平衡，董事會具備管理、法律、會計及金融等行業之專業知識。全體董事具備對本集團業務成長至為重要之綜合資格及經驗，並曾涉足多個行業。

職責

董事會負責本集團的整體領導，制定及監督本集團的業務策略以及監察本集團業務及營運之財務表現、風險管理及內部監控。

Corporate Governance Report 企業管治報告

To oversee particular aspects of the Group's affairs, the Board has established three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee. The Board has delegated to the Board Committees respectively to be responsible for maintaining an appropriate financial reporting, risk management and internal control system, reviewing its directors' remuneration policy and reviewing the structure, size and composition of the Board. The details of each Board Committee are set out in the section headed "Board Committees" from page 56 to page 60 of this annual report.

The Board has delegated the management to be responsible for (i) the day-to-day management of the Group's businesses; (ii) implementation of the strategies approved by the Board; and (iii) providing all such information to the Board as is necessary to enable the Board to monitor the performance of the management. The Board also gives clear directions to the management team as to their powers of management, and circumstances in which the management team should report back.

為監督本集團事務的特定方面，董事會已成立三個董事委員會，即審核委員會、薪酬委員會及提名委員會。董事會已分別委派董事委員會負責維持適當財務報告、風險管理及內部監控系統、檢討其董事薪酬政策及檢討董事會的架構、人數及組成。有關各董事委員會的詳情載於本年報第56至60頁的董事委員會一節。

董事會已委派管理層負責(i)本集團業務之日常管理；(ii)秩序董事會通過之策略；及(iii)為董事會提供監察管理層表現所需的一切資料。董事會亦就管理層團隊之管理權力範圍及管理層團隊應作報告之情況向其提供清晰指示。

Corporate Governance Report 企業管治報告

Board Composition

Throughout the year and as at the date of this annual report, the Board comprises two Non-executive Directors, three Executive Directors and four Independent Non-executive Directors as set out below:

董事會組成

於年內及於本年報日期，董事會由以下兩名非執行董事、三名執行董事及四名獨立非執行董事組成：

Name of Directors 董事姓名	Date of first appointment to the Board 首次獲委任至董事會的日期	Date of last re-election as Director 最後一次重選為董事的日期
<i>Non-executive Directors</i> 非執行董事		
Mr. Sin Kwok Lam (Chairman) 冼國林先生(主席)	31 May 2010 二零一零年五月三十一日	29 June 2015 二零一五年六月二十九日
Mr. Li Sin Hung Maxim (Resigned on 5 January 2018) 李鍊洪先生(於二零一八年一月五日辭任)	13 May 2009 二零零九年五月十三日	29 June 2017 二零一七年六月二十九日
Dr. Lam Lee G. (Appointed on 30 June 2017) 林家禮博士(於二零一七年六月三十日獲委任)	30 June 2017 二零一七年六月三十日	—
<i>Executive Directors</i> 執行董事		
Ms. Law Po Yee (Vice Chairperson) 羅寶兒女士(副主席)	5 August 2010 二零一零年八月五日	29 June 2015 二零一五年六月二十九日
Mr. Chow Kai Weng (Vice Chairperson) 周啟榮先生(副主席)	25 March 2011 二零一一年三月二十五日	29 June 2017 二零一七年六月二十九日
Ms. Sin Ho Yee 冼灝怡女士	25 March 2011 二零一一年三月二十五日	29 June 2017 二零一七年六月二十九日
<i>Independent Non-executive Directors</i> 獨立非執行董事		
Mr. Chan Tin Lup Trevor 陳天立先生	13 May 2009 二零零九年五月十三日	24 June 2016 二零一六年六月二十四日
Mr. Chui Chi Yun Robert 崔志仁先生	13 May 2009 二零零九年五月十三日	24 June 2016 二零一六年六月二十四日
Prof. Wong Lung Tak Patrick 黃龍德教授	3 February 2010 二零一零年二月三日	24 June 2016 二零一六年六月二十四日
Mr. Li Kit Chee 李傑之先生	1 June 2014 二零一四年六月一日	29 June 2015 二零一五年六月二十九日

The biographical details of each of the Directors and the relationships between them (if any) are set out in the section headed "Biographical Details of Directors" from page 26 to page 34 of this annual report.

各董事之履歷及彼等之關係(如有)載於本年報第26至34頁的「董事履歷」一節。

Corporate Governance Report 企業管治報告

Chairman and Chief Executive Officer

As required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules, the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual to ensure a clear division between their respective independence and accountability and to maintain a balance of power and authority. The Chairman of the Board and the Chief Executive Officer of the Company are currently Mr. Sin Kwok Lam and Ms. Law Po Yee respectively.

The Chairman of the Company, Mr. Sin Kwok Lam, is responsible for formulating the long-term strategies of the Company and overseeing its overall business development. The Chief Executive Officer of the Company, Ms. Law Po Yee, focuses on implementing the Company's business strategies and policies approved and delegated by the Board and overseeing the Company's day-to-day operations.

Non-executive Directors

Under Code Provision A.4.1 of Appendix 15 to the GEM Listing Rules, Non-executive Directors should be appointed for a specific term and subject to re-election. Each of the existing Non-executive Directors has been appointed by the Company for a specific term of two years and is subject to retirement by rotation in accordance with the bye-laws of the Company (the "Bye-laws").

Independent Non-executive Directors

During the year ended 31 December 2017, the Company complied with Rules 5.05 and 5.08 of the GEM Listing Rules relating to the appointment of Independent Non-executive Directors. The Company appointed four Independent Non-executive Directors and with at least one of them having appropriate professional qualifications or accounting or related financial management expertise.

Appointment, Re-election and Removal of Directors

The Board is responsible for the appointment of any potential new Directors and the nomination of Directors for re-election by shareholders of the Company at the annual general meeting (the "AGM"). In accordance with the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board, whom is subject to retirement and re-election in accordance with the Bye-laws.

主席及行政總裁

誠如GEM上市規則附錄15守則條文第A.2.1條所規定，主席及行政總裁之角色應有區分且並非由一人同時兼任，以明確劃分其各自獨立性及問責制並維持權利及職權之平衡。董事會主席及本公司行政總裁目前分別為冼國林先生及羅寶兒女士。

本公司主席冼國林先生負責制定本公司的長期策略及監督其整體業務發展。本公司行政總裁羅寶兒女士專注執行本公司的業務策略及董事會通過及委派的政策，以及監察本公司的日常營運。

非執行董事

根據GEM上市規則附錄15守則條文第A.4.1條，非執行董事應按指定任期獲委任，並膺選連任。本公司委任的各名現有非執行董事任期為兩年及將根據本公司細則（「公司細則」）輪值退任。

獨立非執行董事

於截至二零一七年十二月三十一日止年度，本公司遵守有關委任獨立非執行董事之GEM上市規則第5.05條及第5.08條。本公司委任四名獨立非執行董事，其中至少有一名擁有合適專業資格或會計或相關財務管理專業知識。

委任、重選及罷免董事

董事會負責任命新董事人選及提名董事供本公司股東於本公司股東週年大會（「股東週年大會」）上重選。根據公司細則，董事有權不時及隨時任命任何人士為董事，以填補董事會臨時空缺或成為現有董事會新成員，惟其須根據公司細則告退及接受重選。

Corporate Governance Report 企業管治報告

All Executive Directors are engaged on service contracts with the Company for a term of three years.

The Company has also entered into a letter of appointment or reappointment with each of the Non-executive Directors and Independent Non-executive Directors for a term of two years subject to retirement, re-election and removal in accordance with the Bye-laws.

In accordance with Bye-law 83(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to the Bye-law 84(1) and 84(2) of the Bye-laws, at each AGM one third of the Directors for the time being shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

Directors' Insurance

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

Directors' Continuing Professional Development

Directors' ongoing training is very important to the maintenance of high corporate governance standards in the Company. The Company adopted a policy on Induction of and Continuous Professional Development to encourage all Directors to update themselves, on a continuous basis, on developments in the statutory and regulatory regime and changes in the business and market environment in which the Group operates to facilitate the discharge of their responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

To assist the Directors in continuing their professional development, the Company recommends that they regularly attend relevant seminars and courses at the expenses of the Company and the Directors are required to provide the Company with his/her annual training record to ensure the enhancement of their knowledge and skill.

本公司所有執行董事均與本公司訂立任期為三年的服務合約。

本公司亦已與各非執行董事及獨立非執行董事訂立委任或重新委任書，委任年期為兩年，並須根據組織章程細則及公司細則退任、重選連任及罷免。

根據本公司的公司細則第83(2)條，任何獲董事會委任以填補臨時空缺的董事，其任期將直至獲委任後的本公司首屆股東大會為止，並須於該大會上重選連任，而任何獲董事會委任作為現有董事會新增成員的董事，其任期僅至下屆股東週年大會為止，並將於屆時合資格膺選連任。

根據本公司的公司細則第84(1)及84(2)條，於每屆股東週年大會上當時三分之一的董事須輪值退任，惟每名董事須最少每三年輪值退任一次。有關退任董事均符合資格膺選連任，並於其退任的大會上繼續出任董事。

董事保險

本公司已為董事安排適當的保險以保障針對董事的法律行動。

董事的持續專業發展

董事持續接受培訓對本公司維持高水平的企業管治而言十分重要。本公司採納一項有關就任須知及持續專業發展的政策，以鼓勵全體董事持續獲知有關法定及監管制度的最新發展，以及有關本集團營運的業務及市場環境變化，以協助其履行其於GEM上市規則及有關法例規定項下的職責及義務。

為輔助董事持續專業發展，本公司推薦彼等定期參加相關講座及課程，費用由本公司支付，所有董事均須每年向本公司提供其培訓記錄，以確保彼等的知識及技能有所提升。

Corporate Governance Report 企業管治報告

For the year ended 31 December 2017, all Directors have participated in the continuous professional developments in relation to regulatory updates, duties and responsibilities of the Directors and the business of the Group in the following manner:

截至二零一七年十二月三十一日止年度，全體董事均已參與有關監管事宜之最新資料、董事之職務與職責及本集團業務之持續專業發展活動，詳情如下：

Name of Directors 董事姓名	Types of Training 培訓類別
<i>Non-executive Directors</i> 非執行董事	
Mr. Sin Kwok Lam (Chairman) 冼國林先生(主席)	A&B
Mr. Li Sin Hung Maxim (Resigned on 5 January 2018) 李錄洪先生(於二零一八年一月五日辭任)	A&B
Dr. Lam Lee G. (Appointed on 30 June 2017) 林家禮博士(於二零一七年六月三十日獲委任)	A&B
<i>Executive Directors</i> 執行董事	
Ms. Law Po Yee (Vice Chairperson) 羅寶兒女士(副主席)	A&B
Mr. Chow Kai Weng (Vice Chairperson) 周啟榮先生(副主席)	A&B
Ms. Sin Ho Yee 冼灝怡女士	A&B
<i>Independent Non-executive Directors</i> 獨立非執行董事	
Mr. Chan Tin Lup Trevor 陳天立先生	A&B
Mr. Chui Chi Yun Robert 崔志仁先生	A&B
Prof. Wong Lung Tak Patrick 黃龍德教授	A&B
Mr. Li Kit Chee 李傑之先生	A&B

Remarks:

備註：

A: Attending internal briefing session in relating to corporate governance

A: 參加有關企業管治的內部簡報會議

B: Reading materials in relation to regulatory update

B: 閱讀有關監管事宜之最新訊息的資料

Corporate Governance Report 企業管治報告

Directors' Responsibilities For Financial Reporting in Respect of the Financial Statements

The Directors are responsible for the preparation of the financial statements for each financial year to give a true and fair view of the state of affairs of the Group. In preparing the financial statements for the year ended 31 December 2017, the Directors have consistently selected and applied appropriate accounting policies and standards, make judgments and estimates that are prudent, fair and reasonable, and prepared the financial statements on a going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Board therefore continues to adopt the going concern approach in preparing the accounts.

The statement of the external auditor of the Company regarding its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on page 105 to 111 of this annual report.

BOARD COMMITTEES

As an integral part of good corporate governance and to enhance the function of the Board, three Board Committees namely the Audit Committee, the Remuneration Committee and the Nomination Committee have been established. Each Board Committee was established with specific written terms of reference which deal clearly with its authority and duties and are reviewed from time to time.

Audit Committee

The Audit Committee of the Board was established in 2002 with its written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee currently comprises four Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee.

The Company has complied with Rules 5.28 of the GEM Listing Rules that the Audit Committee must comprise a minimum of 3 members, have at least one of whom is an Independent Non-executive Director with appropriate professional qualifications or accounting or related financial management expertise and be chaired by an Independent Non-executive Director.

董事就財務報表的財務申報責任

董事負責就各財政年度編製財務報表，以真實及公平地反映本集團的財務狀況。於編製截至二零一七年十二月三十一日止年度之財務報表時，董事已貫徹選擇及應用適當的會計政策及準則，並作出謹慎、公平及合理之判斷及估計及按持續經營基準編製財務報表。

董事確認，在作出一切合理諮詢後，確認就其所悉、所知及所信，彼等並不知悉可能對本公司持續經營能力引起重大揣測的事件或條件存在重大不確定性。因此，董事會於編製賬目時繼續採納持續經營法。

本公司外聘核數師關於彼等對財務報表之申報責任之聲明，載於本年報第105至111頁的獨立核數師報告書。

董事委員會

作為良好的企業管治的一部分，並提升董事會的職能，已成立三個董事委員會，分別為審核委員會、薪酬委員會及提名委員會。各董事委員會的成立訂有具體的書面職權範圍，清楚說明其授權及職責，並會不時檢討。

審核委員會

董事會轄下的審核委員會於二零零二年成立，其書面職權範圍符合GEM上市規則附錄十五所載的企業管治守則。審核委員會目前由四名獨立非執行董事組成，即崔志仁先生(主席)、陳天立先生、黃龍德教授及李傑之先生。

本公司已遵守GEM上市規則第5.28條，審核委員會至少由3名成員組成，其中最少一名為持有適當專業資格或會計或相關財務管理專業知識的獨立非執行董事，且主席須由獨立非執行董事擔任。

Corporate Governance Report 企業管治報告

The primary duties of the Audit Committee are to: (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) review and monitor the Company's financial reporting system, risk management and internal control systems; and (iii) review of the Company's financial information.

During the year ended 31 December 2017, the Audit Committee held five meetings for the reviewing of the Group's annual, half-yearly and quarterly results, assessing and evaluating of the effectiveness of the Group's risk management procedures and internal control system. The Audit Committee has also made recommendations to the Board on the reappointment of the external auditor after reviewing the scope of services offered and the remuneration and terms of engagement of the external auditor. The attendance record of these meetings are set out in the section headed "Board and Committees Meetings and Attendance" on page 59 to 60 of this annual report.

Remuneration Committee

The Remuneration Committee of the Company was established in 2005 with its written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. Pursuant to Rule 5.34 to the GEM Listing Rules, the Remuneration Committee currently comprises four Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee.

The major responsibilities of the Remuneration Committee include: (i) making recommendations to the Board on the Group's policy and structure for all Directors' and management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and determining the remuneration packages of individual Executive Directors and management including benefits in kind, pension rights and compensation payments; and (iii) ensuring that none of the Directors or their associates will involve in deciding his own remuneration. The Remuneration Committee adopted the approach under Code Provision B.1.2(c)(ii) to make recommendation to the Board on the remuneration packages of the Directors and the management of the Company.

審核委員會的主要職責為：(i)就外聘核數師任命、續聘及罷免向董事會作出推薦建議，及批准外聘核數師的薪酬及委聘條款及任何有關其辭任或罷免的問題；(ii)檢討及監察本公司之財務報告系統、風險管理及內部監控系統；及(iii)審閱本公司之財務資料。

於截至二零一七年十二月三十一日止年度，審核委員會舉行五次會議，以審閱本集團之年度、半年及季度業績、評估及估計本集團風險管理程序及內部監控系統的有效性。審核委員會已於檢討外聘核數師提供的工作後，就續聘核數師及外聘核數師的薪酬及聘任條款向董事會提出建議。有關會議的出席記錄載於本年報第59至60頁「董事會及委員會會議及出席記錄」一節。

薪酬委員會

本公司薪酬委員會於二零零五年成立，其書面職權範圍符合GEM上市規則附錄15所載的企業管治守則。根據GEM上市規則第5.34條，薪酬委員會目前由四名獨立非執行董事組成，即崔志仁先生(主席)、陳天立先生、黃龍德教授及李傑之先生。

薪酬委員會之主要職責乃包括：(i)就本集團所有董事及管理人員之整體薪酬政策及結構及制訂正規而具透明度的薪酬政策制定程序向董事會作出建議；(ii)檢討及釐定各名執行董事及管理層之薪酬方案(包括實物福利、退休金權利及賠償)；及(iii)確保並無董事參與釐訂其本身之薪酬；薪酬委員會採納守則條文第B.1.2(c)(ii)條下之方法以就本公司董事及管理層之薪酬方案向董事會作出推薦建議。

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Details of the remuneration of each Director for the year under review are set out in note 13 to the consolidated financial statements contained in this annual report.

During the year ended 31 December 2017, the Remuneration Committee held two meetings in relation to the overall remuneration policy and structure and making recommendation to the Board on the remuneration packages of individual Executive Directors and the management in assessing their performance and approval of the relevant terms of service contracts; and reviewed the proposed director's fee of Dr. Lam Lee G. and recommended the same to the Board for approval. The attendance record of the meeting is set out in the section headed "Board and Committees Meetings and Attendance" on page 59 to 60 of this annual report.

Nomination Committee

The Nomination Committee of the Company was established in 2012 with its written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee currently comprises one Non-executive Director and three Independent Non-executive Directors, namely Mr. Sin Kwok Lam (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr Li Kit Chee.

The primary functions of the Nomination Committee are mainly (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding the identification of suitable, qualified individuals for selection and appointment as Directors; (ii) to assess the independence of Independent Non-executive Directors of the Company; and (iii) to make recommendations to the Board on the appointment, re-appointment or re-designation of, and succession planning for, Directors, in particular the Chairman and the Chief Executive Officer.

各董事於回顧年度之薪酬詳情載於本年報所載綜合財務報表附註13。

於截至二零一七年十二月三十一日止年度，薪酬委員會舉行兩次會議審核及釐定整個薪酬政策及架構，並就個別執行董事的薪酬方案向董事會提供建議；以及批准服務合約的相關條款；及審視林家禮博士的董事袍金並向董事會作出推薦以供批准。有關會議的出席記錄載於本年報第59至60頁「董事會及委員會會議及出席記錄」一節。

提名委員會

本公司提名委員會於二零一二年成立，並根據GEM上市規則附錄15所載之企業管治守則訂明書面職權範圍。提名委員會目前由一名非執行董事及三名獨立非執行董事組成，即冼國林先生(主席)、陳天立先生、黃龍德教授及李傑之先生。

提名委員會之主要職責包括：(i)檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並就物色合資格可選舉及獲委任董事的合適人士向董事會提出建議；(ii)核評本公司獨立非執行董事的獨立性；及(iii)就董事的委任或重新委任或調任，以及董事(尤其是主席及行政總裁)的繼任計劃向董事會提出建議。

Corporate Governance Report 企業管治報告

The Company has adopted a board diversity policy in September 2013 concerning diversity of the Board. Under this policy, the diversity of the Board is considered in terms of factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merit, and candidates are considered against various objective criteria, with due regard for the benefits of diversity on the Board. The Nomination Committee discusses and determines the measurable objectives for implementing diversity on the Board and recommends the same to the Board for adoption on an annual basis. The Nomination Committee will review the policy on a regular basis and will discuss any revision that may be required, and recommend any proposed changes to the Board for approval.

During the year ended 31 December 2017, the Nomination Committee held two meetings and (i) reviewed the structure, size, composition and the diversity policy of the Board; (ii) assessed the independence of the Independent Non-executive Directors; (iii) reviewed the training and continuous professional development of Directors; and (iv) evaluated Directors' time commitment and the contribution required from the Directors to discharge their responsibilities; and (v) reviewed the biography of Dr. Lam Lee G. and recommended it to the Board for approval in relation to the appointment of him as a Non-executive Director. The attendance record of the meeting is set out in the section headed "Board and Committees Meetings and Attendance" on page 59 to 60 of this annual report.

Board and Committees Meetings and Attendance

The Board is scheduled to meet at least four times each year on a quarterly basis to discuss the Group's business development, operations and financial performance. Notices of not less than 14 days in advance together with the formal agenda are addressed to all Directors for all regular board meetings. For additional Board meetings which require discussion and resolution of significant issues arising from the operation of the Company, notice is given in a reasonable time in advance. To enable the Directors to make informed decisions, the Board papers together with all appropriate and relevant materials and information in relation to the matters to be discussed and considered at the Board meeting are sent to all Directors. Proper minutes of Board meetings and Committees meetings are kept by the Company Secretary of the Company. Draft minutes are normally circulated to Directors for comments and records respectively within a reasonable time after each meeting and the final version is open for inspection on reasonable notice by any Directors.

本公司已於二零一三年九月採納一項有關董事會成員多元化的董事會成員多元化政策。在該政策下，董事會成員多元化乃考慮到性別、年齡、文化與教育背景、種族、專業經驗、技能、知識及服務年期等因素。董事會所有委任均以用人唯才為基準，並以多方面的客觀標準並充分顧及董事會成員多元化的裨益考慮人選。提名委員會將每年商討及協定推行董事會成員多元化的可計量目標，並推薦董事會採納該可計量目標。提名委員會將定期檢討該政策，就任何須作出的修訂進行討論，並推薦董事會批准任何修訂建議。

於二零一七年十二月三十一日止年度，提名委員會舉行兩次會議(i)檢討董事會之架構、大小、組成及成員多樣化政策；(ii)評估獨立非執行董事之獨立性；(iii)檢討董事之培訓及持續專業發展；及(iv)評估董事付出的時間及所需作出的貢獻以履行其職責及(v)審視林家禮博士的履歷及就委任彼為執行董事而向董事會作出推薦。出席會議記錄載於本年報第59至60頁「董事會及委員會會議及出席記錄」一節。

董事會及委員會會議及出席記錄

董事會預定每年按季舉行最少四次會議，以討論本集團之業務發展、營運及財務表現。舉行所有董事會定期會議前向全體董事發出至少14天通知連同正式議程。對於需要商討及議決本公司營運期間發生的重大事項而舉行之額外董事會會議，將事先於合理時間內發出通知。為了讓董事在知情情況下作出決定，董事會向全體董事提供有關於董事會會議討論及考慮事宜的適用相關材料及資料。董事會會議及委員會會議之會議記錄由本公司之公司秘書妥當保存。會議記錄草案一般會於每次會議後之合理時間內交由董事評述及記錄，終稿可在任何董事提出合理之通知後供董事查閱。

Corporate Governance Report 企業管治報告

The attendance record of each Director at Board meetings, the Board Committees meetings and general meeting during the year ended 31 December 2017 is set out in the following table:

於截至二零一七年十二月三十一日止年度，各董事出席董事會會議、董事委員會會議及股東大會之記錄表列如下：

Name of Directors 董事姓名		Board Meetings 董事會會議	Remuneration Committee Meeting 薪酬委員會會議	Audit Committee Meetings 審核委員會會議	Nomination Committee Meeting 提名委員會會議	General Meeting 股東大會
<i>Executive Directors 執行董事</i>						
Ms. Law Po Yee (Vice Chairperson)	羅寶兒女士 (副主席)	7/7	—	—	—	—
Mr. Chow Kai Weng (Vice Chairperson)	周啟榮先生 (副主席)	7/7	—	—	—	1/2
Ms. Sin Ho Yee	冼灝怡女士	7/7	—	—	—	1/2
<i>Non-executive Directors 非執行董事</i>						
Mr. Sin Kwok Lam (Chairman)	冼國林先生 (主席)	5/7	—	—	1/1	2/2
Mr. Li Sin Hung Maxim (Resigned on 5 January 2018) (Note 1)	李錄洪先生 (於二零一八年一月五日辭任) (附註1)	6/7	—	—	—	2/2
Dr. Lam Lee G. (Appointed on 30 June 2017) (Note 2)	林家禮博士 (於二零一七年六月三十日獲委任) (附註2)	2/7	—	—	—	—
<i>Independent Non-executive Directors 獨立非執行董事</i>						
Mr. Chan Tin Lup Trevor	陳天立先生	6/7	2/2	5/5	2/2	2/2
Mr. Chui Chi Yun Robert	崔志仁先生	6/7	2/2	5/5	—	2/2
Prof. Wong Lung Tak Patrick	黃龍德教授	6/7	2/2	5/5	2/2	2/2
Mr. Li Kit Chee	李傑之先生	6/7	2/2	5/5	2/2	2/2
Total number of meeting(s)	會議總數	7	2	5	2	2

Note 1: Mr. Li Sin Hung Maxim resigned as a Non-executive Director on 5 January 2018.

附註1：李錄洪先生於二零一八年一月五日辭任本公司非執行董事。

Note 2: Dr. Lam Lee G. was appointed as a Non-executive Director of the Company on 30 June 2017. Therefore, he only attended two board meetings for the year ended 31 December 2017.

附註2：林家禮博士於二零一七年六月三十日獲委任為本公司非執行董事。因此，彼僅於截至二零一七年十二月三十一日止年度出席兩次董事會會議。

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance functions performed by the Board include: (i) formulating and reviewing the corporate governance policies and practices of the Company; (ii) reviewing and monitoring the training and continuous professional development of Directors and the management; (iii) reviewing and monitoring the policies and practices of the Company in compliance with the relevant laws and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the compliance with the Corporate Governance Code by the Company and the disclosure in the Corporate Governance Report.

COMPANY SECRETARY

On 27 December 2017, Mr. Luk Ho Lun (“Mr. Luk”) resigned his position as the Company Secretary of the Company and Ms. Sun Shui (“Ms. Sun”) was appointed as the Company Secretary of the Company. Ms. Sun was nominated by ComSec Team Limited (“ComSec Team”) to assume such office and ComSec Team has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and ComSec Team. Ms. Sun is not a full time employee of the Company. The primary person at the Company with whom Ms. Sun has been contacting in respect of company secretarial matters is the Financial Controller of the Company.

Mr. Luk was admitted as a solicitor in Hong Kong in October 2015. Mr. Luk is an Accredited General Mediator of Hong Kong Mediation Accreditation Association Limited and Hong Kong International Arbitration Centre, a Certified Fraud Examiner of Association of Certified Fraud Examiners (United States), a member of Chartered Institute of Arbitrators (United Kingdom). Mr. Luk obtained a Bachelor Degree of Laws (with Honors) and a Postgraduate Certificate in Laws from City University of Hong Kong, and a Master Degree of Laws from the University of Hong Kong. Mr. Luk has over 4 years’ experience in legal and corporate secretary area.

Ms. Sun is a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Sun obtained an Honours Bachelor of Business Administration degree from University of Lincoln, a Master of Corporate Governance degree from The Hong Kong Polytechnic University and a Juris Doctor degree from City University of Hong Kong. Ms. Sun has over 15 years’ experience in corporate secretarial, corporate governance and compliance matters.

企業管治職能

董事會負責履行的企業管治職責包括：(i)制定及檢討本公司的企業管治政策及常規；(ii)檢討及監察董事及管理層的培訓及持續專業發展；(iii)檢討及監察本公司在遵守有關法律及監管規定方面的政策及常規；(iv)制定、檢討及監察適用於僱員及董事的操守守則及合規手冊；及(v)檢討本公司遵守《企業管治守則》的情況及《企業管治報告》內的披露。

公司秘書

於二零一七年十二月二十七日，陸浩麟先生（「陸先生」）辭任本公司之公司秘書，而孫瑞女士（「孫女士」）獲委任為本公司之公司秘書。孫女士獲豐誠秘書商務有限公司（「豐誠秘書」）提名擔任該職務，而豐誠秘書一直根據本公司與豐誠秘書訂立的委聘函向本公司提供若干公司秘書服務。孫女士並非本公司全職僱員。孫女士就公司秘書事務一直與之聯絡的本公司主要人士為本公司的財務總監。

陸先生於二零一五年十月在香港正式宣誓成為律師，陸先生為香港調解資歷評審協會有限公司及香港國際仲裁中心之認可調解員、美國註冊舞弊審查師協會之註冊舞弊審查師及英國仲裁學會之會員。陸先生持有香港城市大學之法學（榮譽）學士學位、法學專業證書及香港大學之法學碩士學位。陸先生於法律及公司秘書範疇累積逾4年經驗。

孫女士乃為香港特許公司秘書公會及英國特許公司秘書公會之會員。孫女士持有林肯大學之榮譽工商及管理學位、香港理工大學之公司管治碩士學位及香港城市大學之法律博士學位。孫女士於公司秘書、企業管治及合規事宜具有超過15年之經驗。

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During the year ended 31 December 2017, the Board has access to the advice and services of Mr. Luk (before 27 December 2017) and Ms. Sun (from 27 December 2017) at all time in accordance with Code Provision F.1.4 of Appendix 15 to the GEM Listing Rules. Both Mr. Luk and Ms. Sun has taken no less than 15 hours of professional training during the year under review pursuant to the Rule 5.15 of GEM Listing Rules.

董事會根據GEM上市規則附錄15之守則條文第F.1.4條可隨時獲取陸先生(於二零一七年十二月二十七日前)和孫女士(自二零一七年十二月二十七日起)的意見及服務。於回顧年度內，陸先生及孫女士均已根據GEM上市規則第5.15條接受不少於15小時的專業培訓。

THE AUDITORS

The Company engaged HLB Hodgson Impey Cheng Limited (“HLB”) as the external auditors for the financial year ended 31 December 2017. HLB is independent and there are no relationships between HLB and the Company that are likely to impair its independence. The roles and responsibilities of HLB are stated in the Independent Auditors’ Report on pages 105 to 111 of this annual report.

核數師

本公司聘用國衛會計師事務所有限公司(「國衛」)擔任截至二零一七年十二月三十一日止財政年度之外部核數師。國衛獨立於本公司，且國衛與本公司概無任何可能損害其獨立性的關係。國衛的職務及責任載列於本年報第105至111頁之獨立核數師報告。

The fees paid/payable to HLB, the independent auditors, in respect of audit services and non-audit services for the year ended 31 December 2017 are analyzed below:

於截至二零一七年十二月三十一日止年度，就獨立核數師國衛提供之審計服務及非審計服務而支付／應付的費用分析如下：

Type of services provided by the independent auditors 獨立核數師提供的服務種類

Fees paid/payable 已付／應付費用 HK\$ 港元

Audit services	審計服務	1,118,000
Non-audit services	非審核服務	
— Other	— 其他	35,500
TOTAL:	合計：	1,153,500

Corporate Governance Report 企業管治報告

INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and conducted annual review of the effectiveness of such systems through the Audit Committee. The Group's risk management framework sets out the process of identification, evaluation and management of the principal risks affecting the business, please refer to "Risk Management Report" of this annual report for detail. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfilment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and shareholders' interests.

Internal Control Policies

The Group's internal control has put in place by the Board, management, and other personnel of the Group, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

In the Group, the internal control covers every activity and transaction, while the Group emphasized that everyone is an important part of internal control systems. The internal control policies of the Group comprises five aspects:

- *Separation of Duties*

Separation of duties involves splitting responsibility of particular experienced employees for personnel administration, planning, performance monitoring, marketing and accounting and requiring critical tasks to be reviewed by the management of the Group.

- *Access Control*

Controlling access to different parts of data and/or system via passwords, lockouts and electronic access logs can keep unauthorized users out of the data and/or system while access tracking can also serve to deter attempts at fraudulent access in the first place.

內部監控

董事會深明他們有責任監察本集團的風險管理及內部監控系統，並透過審核委員會就有關制度的成效進行年度檢討。本集團之風險管理框架列出辨認、評估及管理影響業務的主要風險的程序，詳細內容請參閱本年報「風險管理報告」。本集團的內部監控系統旨在就避免重大錯誤陳述或損失提供合理而非絕對的保證，以及管理並消除經營制度失誤及未能達成業務目標的風險。董事會持續檢討內部監控系統，以確保其在保障重大資產及股東利益方面提供實際而有效的合理保證。

內部監控政策

本集團的內部監控已由董事會、管理層及本集團其他員工設計，以就完成以下類別的目標提供合理保證：

- 營運的有效性及效益
- 財務申報的可靠性
- 適用法律及法規的合規情況

本集團的內部監控覆蓋每項活動及交易，本集團強調每人都是內部監控系統重要的一員。本集團的內部監控政策由五個方面組成：

- *職責分工*

職責分工涉及按個別有特定經驗的員工就人事行政、規劃、表現監控、市場營銷及會計等分配職責，並要求本集團管理層審閱重要項目。

- *權限控制*

控制透過密碼、門鎖及電子存取記錄取得數據及／或系統的不同部分，能防止未經授權使用者取得數據及／或系統。同時存取跟蹤亦可以第一時間偵測試圖以欺詐手段獲取資料的行為。

Corporate Governance Report 企業管治報告

- *Approval Authority*

Requiring specific managers to authorize certain types of transactions such as large amount orders, significant transaction, etc and approval for particular activities such as recruitment, marketing plans, large payments and expenses, etc to prevent unscrupulous employees from making large fraudulent transactions.

- *Documentations*

Standardizing documents used for particular activities (e.g. Hotel room reservation form, petty cash claim form, administration memo, etc) to maintain consistency in record keeping over time. Using standard document formats can make it easier to review past records when searching for the source of a discrepancy in the system.

- *Internal Audit*

Internal audits include test on the Group's operating procedures, documents examination, hand-counting cash and any physical assets tracked, etc to oversee the effectiveness of the internal controls.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Company currently does not have an internal audit department. However, the Group has engaged an independent third party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review.

For the year ended 31 December 2017, the Board considered the risk management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's risk management and Internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

- *批准授權*

如大額訂單及重要交易等若干交易種類以及如招聘、市場營銷計劃、大額付款及開支等若干活動均需要指定經理授權及批准，以防僱員進行不法的大額欺詐交易。

- *文件記錄*

統一用於特定活動(如酒店訂房表格、小額現金申索表及行政備忘等)的文件規範，以維持一致的記錄保存。在系統裡搜索差異點時，使用標準化文件格式審閱過往記錄更為方便。

- *內部審核*

內部審核包含本集團營運程序、文件審查、手點現金及任何實物資產跟蹤等測試，以監督內部監控的有效執行。

鑑於本集團之企業及營運架構並不複雜，且一個獨立的內部審計部門可能分薄本集團資源，本公司目前並無設立內部審計部門。然而，本集團已委聘一名獨立第三方內部監控顧問按年檢討內部監控系統及就改善該系統提供推薦意見，以管控我們的業務風險，並確保順利營運。該檢討涵蓋若干運作程序。於該顧問檢視期內並無辨認到任何重大監控失誤或弱項。

在截至二零一七年十二月三十一日止年度，董事會認為風險管理及內部監控系統有效及足夠。概無識別任何可能對股東構成影響的重要關注事項。

請注意本集團的風險管理及內部監控系統旨在合理管理而不是消除無法達致業務目標的風險，但無法排除可能出現重大錯誤陳述或虧損。

Corporate Governance Report 企業管治報告

INSIDE INFORMATION

With respect to the procedures and internal control for the handling and dissemination of price-sensitive information, the Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the “SFO”) and the GEM Listing Rules and has established the inside information/price-sensitive information disclosure policy (the “Disclosure Policy”) with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Future Commission of Hong Kong.

The Disclosure Policy includes, among other things:

- (i) only designated persons are authorised to communicate the Company’s corporate matters with investors, analysts, the media or other members of the investment community;
- (ii) Directors shall report to the Chief Executive Officer any potential/suspected inside information as soon as practicable for him to consult (if appropriate) the Board thereafter for determining the nature of developments, and if required, making appropriate disclosure;
- (iii) disclosure of inside information must be made in a manner that can provide for equal, timely and effective access by the public to the disclosed inside information;
- (iv) inside information must be kept strictly confidential until a public announcement is made and shall be disseminated in accordance with the requirements of the SFO and the GEM Listing Rules before it is released via other channels.

CONSTITUTIONAL DOCUMENTS

There is no any changes in the Company’s constitutional documents during the year ended 31 December 2017.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board is committed to maintaining an ongoing and transparent communication with all shareholders which enables shareholders and investors to make the best investment decision and to have better understanding on the Group’s business performance and strategies. The Board also believes that it is vital for developing and maintaining continuing investor relations with the Company’s potential and existing investors.

內幕消息

有關處理及發佈股價敏感資料之程序及內部監控，本公司知悉其根據香港法例第571章證券及期貨條例（「證券及期貨條例」）第XIVA部及GEM上市規則之責任，並因應香港證券及期貨事務監察委員會頒佈之「內幕消息披露指引」而制訂內幕消息／股價敏感資料之披露政策。

披露政策包括（其中包括）：

- (i) 僅指定人士獲授權與投資者、分析師、媒體或投資者其他成員交流本公司之公司事宜；
- (ii) 董事須於實際可行情況下盡快向行政總裁匯報任何潛在／涉嫌內幕消息以供其隨後諮詢（如適用）董事會以釐定發展之性質，及如需要，作為適當披露；
- (iii) 披露內幕消息須以可為獲取所披露內幕消息之公眾人士提供平均、及時及有效途徑之方式作出；
- (iv) 內幕消息須嚴格保密，直至作為公佈為止，並須於透過其他渠道刊發前根據證券及期貨條例及上市規則規定發佈。

章程文件

於截至二零一七年十二月三十一日止年度，本公司的章程文件沒有任何修改。

與股東保持溝通及投資者關係

董事會致力維持與全體股東進行持續及透明之通訊，幫助股東及投資者作出最佳的投資決策及加強其對本集團業務表現及策略的瞭解。董事會亦相信，此對與本公司潛在及現有投資者建立及維持持續的投資者關係而言亦極為重要。

Corporate Governance Report 企業管治報告

The Company maintains a website at “www.nationalarts.hk” as a communication platform with all Shareholders and investors, where the Group’s business developments and operations, financial information, corporate governance practices and other information are available for public access.

The Board considers general meetings of the Company as an important channel for shareholders to exchange views with the Board and will endeavor to be available at the meetings to answer any questions raised by shareholders of the Company.

SHAREHOLDERS’ RIGHTS

It is the Company’s responsibility to ensure shareholders’ interest. To do so, the Company maintains on-going dialogues with shareholders and encourage their participation in the AGM or other general meetings. Notice of meeting containing agenda, proposed resolutions and proxy form are sent to registered shareholders by post. All shareholders are entitled to attend annual and special general meetings, provided that their names are registered in the register of members of the Company on the record date which is used to determine the entitlement to attend a meeting.

According to the Bye-laws, 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 Company Secretary of the Company, to require a special general meeting (“SGM”) to be called by the Board, provided that such requisition properly states the object(s) and deposited at the registered office of the Company for the attention of the Company Secretary, and be verified with and confirmed by the Company’s share registrar that such requisition is proper and in order.

公司備有一個網站「www.nationalarts.hk」作為與所有股東及投資者溝通的平台，公眾可透過該網站查閱本集團的業務發展及營運、財務資料、企業管治常規及其他資料。

董事會認為，本公司股東大會為股東與董事會交流意見提供一個重要渠道，此外，董事會將盡量出席大會並回答本公司股東提出的任何問題。

股東權利

保障股東權益是本公司的職責。為此，本公司持續與股東保持聯繫，並鼓勵彼等出席股東週年大會或其他股東大會參與本公司事務。我們以郵遞方式向登記股東寄發大會通告，當中載有會議議程、提呈的決議案以及代表委任表格。全體股東均有權出席股東週年大會及股東特別大會，前提為彼等於釐定出席大會權利之記錄日期名列本公司股東名冊。

根據公司細則，任何於遞呈要求日期持有本公司附帶權利可於本公司股東大會上投票之繳足股本不少於十分之一的一名或以上股東，有權於任何時候透過向董事會或本公司秘書發出書面請求，要求董事會召開股東特別大會（「股東特別大會」）。有關書面請求須列明大會的目的，並送交本公司之註冊辦事處（註明收件人為公司秘書），有關請求將由本公司之股份過戶登記處核實，以確認書面請求屬妥善及適宜。

Corporate Governance Report 企業管治報告

The SGM shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitioner(s) or any of them representing more than one-half of their total voting rights may do so, but any SGM so convened shall not be held after the expiration of 3 months from the date of deposit of the requisition. A meeting convened by the requisitioner(s) shall be convened in the same manner as if the meeting was convened by the Board.

Pursuant to the Bermuda Companies Act 1981, either any number of registered shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (“Requisitionists”), or not less than 100 registered shareholders, can request the Company in writing to (i) provide shareholders entitled to receive notice of the next general meeting with notice of any resolution(s) which may properly be moved and is intended to be moved at that meeting; and (ii) circulate to shareholders entitled to have notice of any general meetings any statement(s) in not more than 1,000 words with respect to the matter referred to in any proposed resolutions or other businesses to be dealt with at that meeting. A requisition signed by all the requisitioner(s) with a sum sufficient to meet the Company’s relevant expenses shall be deposited at the registered office of the Company not less than six weeks in case of a requisition requiring a notice of resolution(s) or before the meeting. If an AGM is called for on a date six weeks or less after the deposit of such requisition, such requisition, through not deposited within the required time period, shall be deemed to have been properly deposited for the purpose thereof.

Enquiries from shareholders

Shareholders’ enquiries regarding their shareholdings should be directed to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited. Other enquiries from shareholders can be directed to the Company whose contact details are shown on page 4 of this annual report.

股東特別大會應於遞呈該請求後兩個月內舉行。倘遞呈後二十一日內，董事會未有召開該大會，則該等呈請人或佔全體呈請人總投票權一半以上之呈請人，可自行召開股東特別大會，但任何如此召開之股東特別大會不得在上述請求書遞呈日期起計三個月屆滿後舉行。由呈請人召開之大會須以接近董事會召開大會之方式召開。

根據百慕達一九八一年公司法，持有本公司附帶權利可於本公司股東大會投票之繳足股本不少於二十分之一(5%)之登記股東(「呈請人」)，或不少於100名有關登記股東，可向本公司提交書面要求：(i)向有權接收下一屆股東大會通告之股東發出通知，以告知任何可能於該大會上正式動議及擬於會上動議之決議案；及(ii)向有權獲寄發任何股東大會通告之股東傳閱不超過1,000字之陳述書，以告知於該大會上提呈之決議案所述事宜或將處理之事項。由所有呈請人簽署之呈請須送交本公司註冊辦事處，並須在不少於(倘為要求決議案通知之呈請)大會舉行前六週或大會舉行前遞交及須支付足以彌補本公司相關開支之款項。惟倘在遞交呈請後六週或較短期間內之某一日召開股東週年大會，則該呈請雖未有在規定時間內遞交，就此而言亦將被視為已妥為遞交。

股東查詢

股東可向本公司於香港之股份過戶登記分處卓佳秘書商務有限公司查詢彼等之持股情況。股東之其他查詢可向本公司作出，聯絡資料載於本年報第4頁。

RISK MANAGEMENT REPORT

風險管理報告

To ensure the long-term growth and achieve the Group's strategic objectives, an effective risk management takes an essential and important role. Since 2016, the Group adopted a systematic and sustainable approach in order to provide a clear responsibility and accountability structure for risk management.

The Group's risk management framework clearly stated the role of the Board, Audit Committee, managerial officers of the Company (the "Management") and business unit and their own responsibilities to risk management. The aim is to identify risks and then manage them so that they can be understood, reduced, mitigated or avoided. The Group's Risk Management Report was presented to the Board for review in December 2017.

為確保長期增長及實現本集團策略性目標，執行有效的風險管理實在不可或缺。自二零一六年以來，本集團採納有系統及可持續的措施，藉此為風險管理提供一個清晰的負責及問責架構。

本集團的風險管理架構清楚列明董事會、審核委員會、本公司管理人員（「管理層」）及各業務單位的角色，以及彼等自身對風險管理的責任。目的是識別風險，然後加以管理，務求能夠明白、降低、紓緩或避免風險。本集團的風險管理報告已於二零一七年十二月提呈予董事會以供其審閱。

Risk Management Report 風險管理報告

THE GROUP'S RISK MANAGEMENT FRAMEWORK

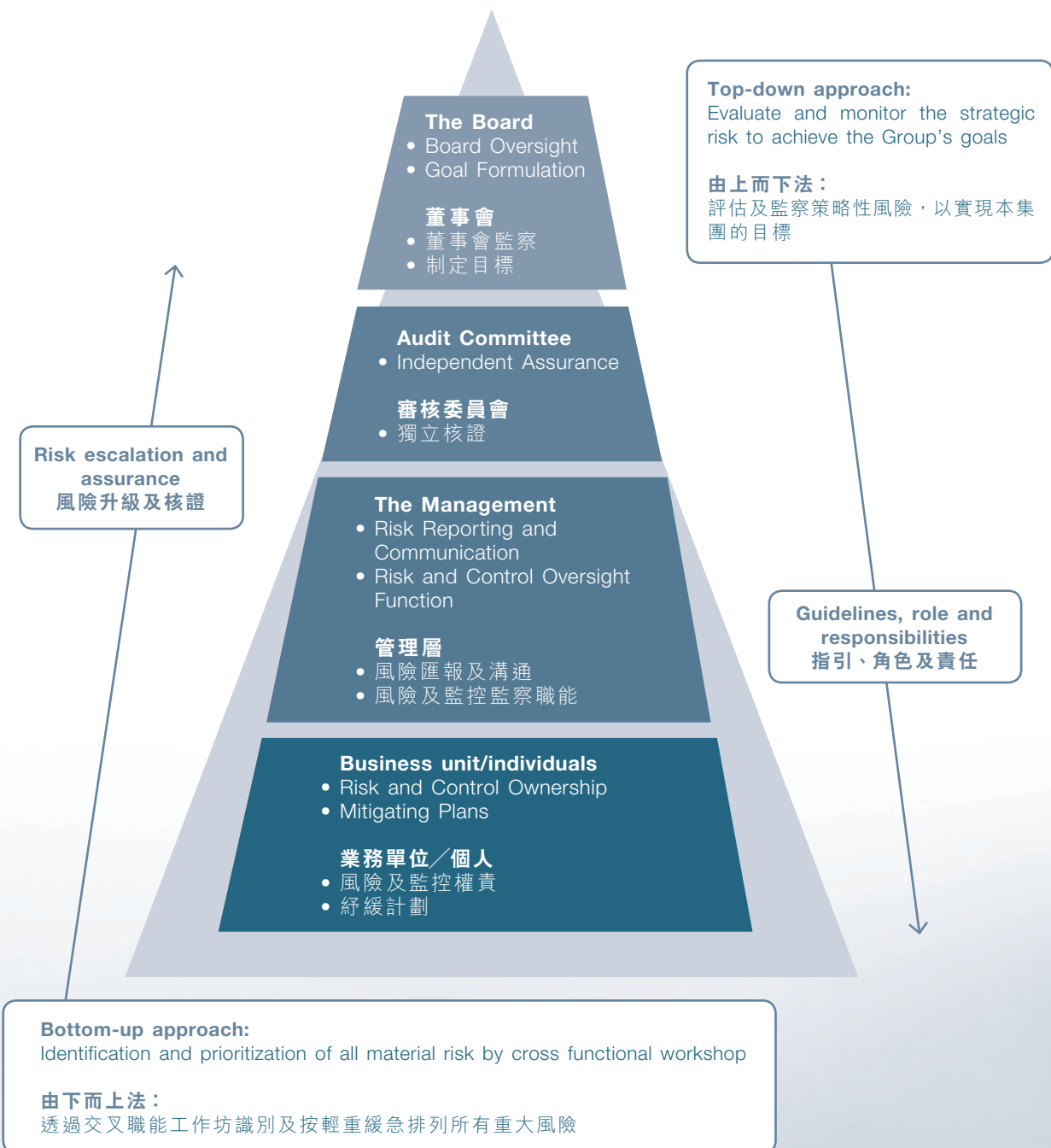
The Group's risk management framework and its own responsibilities:

The Group's risk management framework

本集團的風險管理架構

本集團的風險管理架構及其自身的責任：

本集團的風險管理架構



Risk Management Report 風險管理報告

The Group's Risk Management Responsibilities

1. The Board is responsible to:
 - i. Formulate the annual business objectives, planning and decision making at the strategic level;
 - ii. Oversee management in the design, implementation and monitoring of the risk management framework and approve risk appetite. Meeting with Audit Committee and the Management to ensure the risk management framework is maintained appropriately and effectively.
2. Audit Committee is responsible to:
 - i. Oversee the Group's overall risk assessment along with the effectiveness of the risk controls and mitigation process and identify all material risks that may impact the achievement of the Group's business objectives;
 - ii. Review the risk reports and breaches of risk tolerances and policies, and discuss with the Management in relation to the selected risks for more detailed review. Summarise the material risk and circulate to the Board.
3. The Management is responsible to:
 - i. Review the risk management process regularly, and report on the key risks and consider common risks across the Group. The Group Risk Management Report shall be prepared and submitted to the Audit Committee;
 - ii. Identify the Group's financial risks and non-financial risks, including strategic reputational, regulatory, operational risk and rank the risk with reference to their own materiality and circumstances. Risk register shall be established;
 - iii. Establish various policies, procedures and guidelines with defined authority for effective segregation in relation to the risk management and established an effective communication channel to report on any malpractice and unethical conduct. The training programme is arranged for the Group's employee regularly to ensure their understanding of the Group's business objective and their own duties.

本集團的風險管理責任

1. 董事會負責：
 - i. 制定全年業務目標、規劃及作出策略性決策；
 - ii. 監察管理層對風險管理架構的設計、實施及監察，並批准風險承受度。與審核委員會及管理層舉行會議，以確保風險管理架構獲適當及有效地維持。
2. 審核委員會負責：
 - i. 監察本集團整體風險評估，以及風險監控及紓緩程序的有效性，並識別所有可能影響本集團實現業務目標的重大風險；
 - ii. 審閱風險報告及違反風險承受能力和政策的事宜，並就選定風險與管理層進行討論以作更深入的審閱。向董事會概述並呈報重大風險。
3. 管理層負責：
 - i. 定期審閱風險管理程序，匯報主要風險，以及考慮整個本集團的常見風險。須編製集團風險管理報告，並遞交予審核委員會；
 - ii. 識別本集團的財務風險及非財務風險，包括策略性信譽、監管、營運風險，並參照其自身的重要性及情況排列有關風險，以及設立風險名冊；
 - iii. 制定多項風險管理政策、程序及指引，界定權限以有效區分職責，並設立有效的溝通渠道，以匯報任何不當及不道德行為。本集團定期為僱員安排培訓計劃，確保彼等明白本集團的業務目標及自身的職責。

Risk Management Report 風險管理報告

4. Business units are responsible to:

- i. Carry out risk management activities in day-to-day operation in their areas of responsibility, making effective risk management processes and mitigating plans in accordance with good practices and guidelines established by the Management;
- ii. Reporting any malpractice and unethical conduct within the Group without fear of reprisal and victimization, and discuss with the Management on any difficulties in relation to the risk management on a timely basis. Business Unit Risk Management Reports shall be prepared and submitted to the Management.

4. 業務單位負責：

- i. 遵從管理層制定的良好常規及指引，在日常營運過程中執行職責範圍內的風險管理活動，作出有效的風險管理程序及紓緩計劃；
- ii. 匯報本集團內的任何不常及不道德行為，而毋須畏懼報復或受害，及時就風險管理的任何困難與管理層討論。須編製業務單位風險管理報告，並遞交予管理層。

Risk Management Report 風險管理報告

The Group's Risk Management Process

The Group's risk management process consists of five major phases: 1) Establishing the risk context; 2) Identifying risks; 3) Risk assessment and evaluation; 4) Developing control and mitigation plans; 5) Risk reporting and monitoring, covering the business and decision-making processes including strategy formulation, business development and planning, capital allocation, investment decisions and day-to-day operation:

本集團的風險管理程序

本集團的風險管理程序包括五大階段：1)設定風險背景；2)識別風險；3)風險評估；4)制定監控及紓緩計劃；5)風險報告及監察，涵蓋業務及決策程序，包括制定策略、業務發展及規劃、資金分配、投資決定及日常營運：

1). Establishing the risk context 設定風險背景

- Risk reference tables for the Group were established and updated by the business units and reviewed by the Management regularly.
業務單位為本集團設立及更新風險參考表，並由管理層定期審閱。
- The Management sets a common risk language to avoid any conflicting terminology or confusion.
管理層設定一般風險語言，避免使用任何衝突詞彙或混淆。

2). Identifying risks 識別風險

- In annual business planning process, divisions and departments are required to identify all material risks that may impact their achievement of business objectives.
在全年業務規劃過程中，分部及部門須識別可能影響其實現業務目標的所有重大風險。
- Divisions and departments identify the risks at the business unit level and the Management identifies the risks including financial and non-financial risk at the Group level.
分部及部門識別業務單位層面的風險，管理層識別集團層面的財務及非財務風險。

Risk Management Report 風險管理報告

3). Risk assessment and evaluation 風險評估

- Divisions and departments assess and score the risk identified along with their impact on the business and the likelihood of their occurrence.

分部及部門評估及評價所識別的風險，以及其對業務的影響及其發生的可能性。

- The Management shall ensure project risk for each investment project be assessed in detail and properly documented.

管理層應確保就各個投資項目進行詳細的項目風險評估，並妥善記錄在案。

- The risks identified in the annual business planning process and/or in each investment planning process are evaluated based on the same set of risk profiling criteria as the quarterly risk review process.

在全年業務規劃過程中及／或在各個投資規劃過程中所識別的風險根據與季度風險審閱過程的同一套風險分析準則評估。

4). Developing control and mitigation plans 制定監控及紓緩計劃

- The Management reviews the effectiveness of the risk management process and approves the mitigation plans.

管理層檢討風險管理程序的有效性及批准紓緩計劃。

- Divisions and departments identify risk and then processes the mitigating plans in accordance with good practices and guidelines established by the Management.

分部及部門遵從管理層所制定的良好常規及指引，識別風險，然後制定紓緩計劃。

5). Risk reporting and monitoring 風險報告及監察

- Emerging risks and/or overarching strategic risks, which may have a material impact on the Group over a longer timeframe, are monitored and discussed on a quarterly basis by the Audit Committee and the Board.

新形成的風險及／或重要的策略性風險長遠而言或會對本集團造成重大影響，由本集團審核委員會與董事會監察及每季進行討論。

- The Board established a communication channel including bottom-up and top-down review process across the Group.

董事會制定溝通渠道，包括對本集團整體進行由下而上及由上而下的審閱。

- Business units prepared the quarterly Business Unit Risk Management Report and submitted to the Management. The Management reviews the Business Unit Risk Management Report and highlights the material risk in the Group Risk Management Report and submits to the Audit Committee on a quarterly basis.

業務單位編製季度業務單位風險管理報告並遞交予管理層。管理層每季審閱業務單位風險管理報告，及重點指出集團風險管理報告中的重大風險，並遞交予審核委員會。

Risk Management Report 風險管理報告

Material Risks of the Group

In 2017, the Group adopted the ERM System in the identification and analysis of existing and emerging risks to the business strategy planning and business development of the Group including: Business, strategic and regulatory risks, Financial risk and Operational risk. The ERM System adopted was compiled to cover: 1) the material risks of the Group in both existing and new business; and 2) associated action plans and controls designed to mitigate the material risks, where applicable, at appropriate levels:

本集團的重大風險

於二零一七年，本集團採用企業風險管理制度，以識別及分析本集團的業務策略規劃和業務發展的現有及新形成風險，包括業務、策略及監管風險、財務風險及營運風險。所採納的企業風險管理制度的編製目的是涵蓋：1)本集團在現有及新興業務中的重大風險；及2)旨在紓緩適當層面上的重大風險的相關行動計劃及監控，如：

Risk Description 風險描述

Risk Mitigations 風險紓緩措施

Business, strategic and regulatory risks: They are the risks in relation to the impact from the market environments, changes of corporate structure, non-compliance of regulatory, rules or laws and the strategy planning of the Group. These risks included longer-term risks for the upcoming 3–5 year and are reviewed by Audit Committee quarterly and documented in the Group's Risk Management Report.

業務、策略及監管風險：此等乃與市場環境、公司架構變動、違反監管規定、規則或法律及本集團策略規劃所產生影響有關的風險。該等風險包括未來3至5年的長期風險，由審核委員會每季審閱及在集團風險管理報告中記錄在案。

Failure to react to rapid growth of online activities (Online threat)

The continuous and rapid growth of online activities including digital media and online marketing further drives changes in business behavior while altering the entire competitive landscape, especially in the PRC.

未能及時對應快速成長的網上活動(網上威脅)

網上活動持續快速地增長，包括：數碼媒體及網上營銷進一步促使營商行為改革，同時改變整個競爭格局，特別是在中國。

- In the film production segment, the Group plans to introduce various elements e.g. Computer Graphics Technologies, Virtual Reality, etc. and invest in online TV programme, micro movies, etc. to cope with the high demands in online market.
- The Group uses variety of online media e.g. Facebook, Instagram etc. to establish communication channel with existing and new customers. In the meantime, the Group cooperates with other online media to put more focus on marketing efforts to attract target customers.

就電影製作分部，本集團計劃引入不同的元素，例如電腦繪圖技術、虛擬實景等，並投資網上電視節目、微電影等，以應對網上市場的龐大需求。本集團利用不同的網上媒體，例如Facebook、Instagram等，成立與現有及新客戶的溝通渠道。與此同時，本集團與其他網上媒體合作，向目標客戶投放更多營銷資源。

Non-compliance with Corporate Governance Code

With effect from 1 January 2016, the Stock Exchange has amended its Corporate Governance Code relating to risk management. Insufficient employee's risk awareness and risk management technique may result in non-compliance issue.

企業管治守則違規

自二零一六年一月一日起，聯交所修訂其關於風險管理的企業管治守則。員工的危機意識及風險管理技巧不足可能導致違規問題。

- In 2017, the Group has continuously improved and enhanced the enterprise risk management framework and strengthened a range of guideline, procedures and policies for employees across the Group to comply with the amendments and further adjustments are being made to relevant processes to ensure timely compliance.

於二零一七年，本集團繼續改善及提高其企業風險管理架構，並加強一系列指引、程序及政策，要求本集團全體僱員遵守，亦會對相關程序作出修訂和進一步調整，確保適時遵守有關規則。

Risk Management Report 風險管理報告

Risk Description 風險描述

Product Competitiveness

The Group is well known for operating the Xiqiao National Arts Studio Project including film shooting areas, theme parks, etc. in Foshan City. However, some of the tourists may raise their attention to the theme park with similar nature nearby which got the national AAAA level tourist attractions identity since August 2016.

產品競爭力

本集團在佛山市營運的西樵山國藝影視城名氣甚高，該影視城包括拍攝場地、主題公園等。然而，若干旅客可能更加關注鄰近類似性質的主題公園，因為該等公園自二零一六年八月起獲評定為國家4A級旅遊景區。

Risk Mitigations 風險紓緩措施

- To enhance the competitiveness of Xiqiao National Arts Studio Project, the Group has continuously enriched the festival events and entertainment programs, cooperated with resourceful companies to jointly organize or/and develop a series of unique projects such as 24-hour Ultra Marathon, Superhero Orienteering Competition, Super Hero Orienteering Run, Candy Kingdom and Dreamy Windmill Festival 2017 etc. in 2017.

為提高西樵山國藝影視城項目的競爭力，本集團不斷豐富各個節日活動和娛樂項目的內容，並與資源雄厚的公司合作，共同組織或／及發展一系列特有項目，如超馬24小時賽、超級英雄定向跑、糖果王國展和風車節2017等活動。

- Meanwhile the Group planned to launch the second phase of construction project in 2018 to expand both indoor and outdoor shooting bases and enhance the filming ancillary facilities.

與此同時，本集團已計劃於二零一八年啟動二期項目，擴建多個室內拍攝棚，建設新街區及提升拍攝配套設施。

- The Group has become the first nominated corporation to assist the State Administration of Press, Publication, Radio, Film and Television of Foshan City in the operation and expansion of digital studios and shooting bases establishment and movie prop equipment leasing service etc. after Foshan Municipal People's Government announced its "Foshan City Support Policies for Film and Television Industry Development" on 1 August 2017. As such, the Group will benefit from the supportive policies and actively invite different film and television companies to settle in Foshan with the provision of the Group's film and television services so as to effectively expand the Group's customer base in different areas and increase the reputation of the Group in the industry.

本集團成為自佛山市人民政府於二零一七年八月一日宣佈《佛山市扶持影視產業發展的若干政策》以來，首間企業受到指名以協助佛山市文化廣電新聞出版局經營及拓展數碼攝影棚、建設實景街區項目、影視道具器材租賃等業務。集團將受惠於扶持政策，主動地邀請不同的企業到佛山市落戶及使用集團的影視服務。此舉將有效地為集團拓展不同方面的客戶群，為集團提高知名度。

Financial risks: They are multiple types of risk associated with financing, including financial transactions. Financial risk is one of the major concerns of the Group across different fields and geographies. The Group reviewed the financial performance and assessed these risks before and after making each investment decision. The Group's risk management report in relation to these risks was prepared and reviewed on quarterly basis.

財務風險：與融資（包括金融交易）相關的多種類型風險。財務風險為本集團跨不同領域及地區的主要問題之一。本集團檢討財務表現及於作出每個投資決定前後評估該等風險。本集團就該等風險之風險管理報告按每季度一次進行編製及審閱。

Risk Management Report 風險管理報告

Risk Description 風險描述

Highly Dependent on Debt Financing

The repayment of the debts and the payment of the relevant interest as a result of the financing by issuing bonds, convertible bonds, shareholder's loan with an regular interest payment may put pressure to the Group's cash flow.

高度倚賴債務融資

透過發行債券、可換股債券、股東貸款融資，定期支付利息，可能導致償還債務及支付相關利息對本集團的現金流造成壓力。

Risk Mitigations 風險紓緩措施

- The Group passed a resolution at the special general meeting held on 6 April 2017 under which the Directors were granted a specific conditional mandate to allot, issue and deal with Shares for fund raising purpose. Substitution of debt financing with equity financing can effectively reduce debt interest payments and improve the Group's cash flow.
本集團於二零一七年四月六日舉行的股東特別大會通過兩項決議案，據此董事獲授特別授權，以進行融資配發，發行及處置股份。用股權融資代替債務融資可有效減少支付債務利息且提高本集團現金流量。
- The Group is in discussion with the Directors in relation to the interest repayment of the shareholder's loan, convertible bond and promissory note by the way of issuing new shares instead of cash payments.
本集團目前與董事進行討論，有關償還股東貸款、可換股債券及承兌票據之利息，以發行新股份取代現金支付。

Foreign Currency Risk Associated with the Groups investments

The Group's foreign currency risk remains low through currency matching practices of revenue, cost and debt.

於本集團投資有關的外匯風險

透過配對收益、成本及債務貨幣的自然對沖，本集團的外匯風險維持較低水平。

- Maintain current currency matching practices of revenue, cost and debt.
維持目前配對收益、成本及債務貨幣的配對做法。
- Project level debts to be denominated in and/or swapped into functional currency where possible. 以功能貨幣計值及／或轉換為功能貨幣(倘適用)的項目債務。
- Adopt hedging transaction in line with the Group Treasury Policy, where applicable, at appropriate levels.
接納符合本集團庫務政策的適當水平對沖交易(倘適用)。

Operational risks: They are the risks of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group considered that these risks are closely related to good and quality management. In view of that, the Group has set up an effective internal control system. Details on Internal Control are set out in the Corporate Governance Report on pages 49 to 67 of this annual report.

經營風險：因內部程序、員工及系統不足或失效或外來項目而產生。本集團認為該等風險與良好及高質量管理緊密相關。有鑒於此，本集團已設立有效內部監控系統。內部監控的詳情載於本年報第49至67頁的企業管治報告。

Risk Management Report 風險管理報告

Risk Description 風險描述

Recruitment, staff retention and training

Film and service industries in the PRC are developing rapidly, and demand for talent has increased substantially. New technologies emerged yet there is a lack of relevant external training. The Group may face shortages and losses in human resources and technology.

招聘、挽留員工及訓練

中國電影及服務行業正迅速發展，對人才需求亦日益增長。新興技術出現但缺乏相關對外訓練。本集團或面臨人力資源及技術之短缺及損失。

Risk Mitigations 風險紓緩措施

- The Group recognizes that young people play an important role in its future success, and it is essential to attract them to join the Group and encourage them to develop their career with the Group. The Group shifts the focus towards recruiting fresh graduates and develop a range of training programmes to cultivate home grown talents for the future management pipeline.
本集團認為年輕人對我們的未來成功至為重要，我們須吸引年輕人加入本集團及鼓勵其於本集團發展其事業。本集團將重心轉移至招聘應屆畢業生及開發一系列訓練項目以培養本地人才作日後管理。
- The Group held a series of activities for employees (e.g. Chinese New Year Celebration, Annual Dinner, etc) and provides Employee Discount Program with an aim to enhance the staff's sense of belonging to the Group and to establish a good working relationship with the management.
本集團為僱員舉行一系列活動(如慶祝中國農曆新年、年度晚會等)及提供僱員折扣項目，以提高員工於本集團的歸屬感及與管理層建立良好關係。

Failure of Infrastructure project

The business of the Group in the PRC (including hotel, film shooting base, cinema) grows rapidly. The Group may be exposed to infrastructure risks, including weak local management team structure, inexperience of staff and inadequate systems, etc.

於中國的業務發展

本集團於中國之業務(包括酒店、電影拍攝基地、電影院)飛快發展。本集團或面臨基礎建設風險，包括本地管理團隊架構疲弱、員工經驗不足及系統不足等。

- Tailored training programmes covering management, customers service, financial, etc are offered with support from Hong Kong head office to enhance employees' capability and to improve personal performance.
香港總公司全力支持，提供量身度做的培訓項目，以提高僱員能力及個人表現。
- Management of Hong Kong head office will travel to the PRC office for experience sharing and an effective communication channel was established between Hong Kong head office and the PRC office for reporting and enquiry.
香港總公司之管理層將走訪中國辦事處作經驗交流，香港總公司及中國辦事處之間建立有效溝通渠道以作報告及查詢。

Risk Management Report 風險管理報告

The Group understands that to be a successful business, risk management is very important. In 2018, the Group will continue to (including but not limited to):

- Improve and enhance the risk management framework and its implementation to ensure compliance with the Corporate Governance Code and other applicable regulations.
- Offer risk awareness training programme to the PRC existing and new business and continue to review the effectiveness of the Internal Control System in the PRC.
- Seek for opportunities to provide both internal and/or external training for the employees to enhance their risk awareness and risk management technique.

It should be acknowledged that the Group's risk management focuses on the risk detection, reducing, and avoidance to the reasonable level but not absolute assurance against material misstatement or loss.

On behalf of the Board

**National Arts Entertainment
and Culture Group Limited**
Law Po Yee

*Vice Chairperson and Executive Director
and Chief Executive Officer*
Hong Kong, 27 March 2018

本集團深知風險管理對一間成功企業而言極為關鍵。於二零一八年，本集團將繼續(包括但不限於)：

- 改善及提高風險管理框架及執行，確保其符合企業管治守則及其他適用法規。
- 向中國現有及新公司提供風險意識培訓項目及繼續檢討中國內部監控系統的有效性。
- 尋找機遇為僱員提供內部及／或外部培訓，以提高其風險意識及風險管理技能。

無可否認，本集團的風險管理專注於風險測試、減少風險及避免風險至合理水平，就重大失實陳述或損失作出並非絕對的保證。

承董事會命

國藝娛樂文化集團有限公司
副主席、執行董事兼行政總裁
羅寶兒

香港，二零一八年三月二十七日

DIRECTORS' REPORT

董事會報告書

The Board has pleasure in presenting the directors' report together with the audited financial statements of the Group for the year ended 31 December 2017.

董事會欣然提呈本集團截至二零一七年十二月三十一日止年度之董事會報告書連同經審核財務報表。

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the Group include film production and distribution, the provision of management services to artistes, event coordination, provision of travel related products and operations of film studio and hotel.

主要業務

本公司主要從事投資控股。本集團之主要業務包括電影製作及發行、提供藝人管理服務、活動統籌、提供旅行相關產品及經營影視城和酒店。

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 8 to the consolidated financial statements.

本集團主要業務及經營地區之分析載於綜合財務報表附註8。

Further discussion and analysis of these activities (including an indication of likely future developments in the Group's business) and a review of the performance of the Group for the year under review can be found in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' report.

有關該等活動的進一步討論及分析(包括本集團業務的可能未來發展之指示)及對本集團回顧年度表現之審閱載於本年報「管理層討論及分析」一節。該等討論構成本董事會報告書之一部分。

PRINCIPAL RISKS AND UNCERTAINTIES

The operation of the Group's business may be affected by major risks and uncertainties which are set out in the "Risk Management Report" of this annual report.

主要風險及不確定因素

本集團之業務營運可能受到主要風險及不確定因素之影響，其載於本年報「風險管理報告」。

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is dedicated in promoting an environmentally-friendly corporate environment and incorporating green philosophy into the development of the Group. Details of the Group's environmental policies and performance during the year under review as well as its compliance record of laws and regulations which have a material implication or impact on its operation are set out in the "Environmental, Social and Governance Report" of this annual report.

環境政策及遵守法律及法規

本集團致力推行環保企業氛圍及於本集團發展中融入綠色理念。有關本集團於回顧年度環境政策及表現以及對其業務有重大意義或影響的法律及法規之合規記錄詳細載於本年報「環境、社會及管治報告」。

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RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 112 to 113.

No dividend was paid during the year. The Board does not recommend the payment of a dividend for the year ended 31 December 2017 (2016: Nil).

FINANCIAL SUMMARY

A summary of the financial results and the assets, liabilities and equity of the Group for the last five financial years is set out on page 252.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group during the year are set out in note 15 and note 16, respectively, to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL AND WARRANTS

Details of movements in share capital of the Company during the year are set out in note 38 to the consolidated financial statements.

Details of movements in the reserves of the Company during the year are set out in the consolidated statement of changes in equity and note 39 to the consolidated financial statements.

業績及分配

本集團截至二零一七年十二月三十一日止年度之業績載於第112至113頁之綜合損益及其他全面收益表。

本年度內並無派付股息。董事會不建議派付截至二零一七年十二月三十一日止年度之股息(二零一六年：無)。

財務摘要

本集團過去五個財政年度之財務業績以及資產、負債及權益概要載於第252頁。

物業、廠房及設備以及投資物業

本集團之物業、廠房及設備以及投資物業於年內之變動詳情分別載於綜合財務報表附註15及附註16。

附屬公司

本公司附屬公司之詳情載於綜合財務報表附註19。

股本及認股權證

本公司股本於年內之變動詳情載於綜合財務報表附註38。

本公司儲備於年內之變動詳情載於綜合權益變動表及綜合財務報表附註39。

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CONVERSION OF CONVERTIBLE BONDS

On 31 May 2016 and 12 July 2016, 470,000,000 and 196,666,666 ordinary shares of HK\$0.1 each in the Company ("Shares") were allotted and issued respectively, at HK\$0.180 per Share upon the exercise of the subscription rights attached to the 9% convertible bonds ("CB5") in the principal amount of HK\$300,000,000 issued by the Company on 15 April 2015. The CB5 was issued as part consideration of the Company's acquisition of 100% interest in Lux Unicorn Limited, details of which are set out in the Company's announcement dated 22 December 2014 and the Company's circular dated 23 March 2015.

Pursuant to the CB5,

- (1) the maturity date of the CB5 is the date falling on the day being the third anniversary of the issue date of the CB5 or if that is not a business day, the first business day thereafter;
- (2) the holder of the CB5 can convert the CB5 into Share ("Conversion Share") during the period commencing from the date of first issue of the CB5 up to and including the date falling on the seventh day immediately prior to the maturity date of the CB5 provided that if (a) the Company shall default in making payment in full in respect of the CB5 which shall have been called for redemption on the date fixed for redemption thereof or (b) the CB5 has become due and payable prior to the maturity date by reason of the occurrence of any of the events of default described in the instrument constituting the CB5 or (c) the CB5 is not redeemed on the maturity date, without prejudice to the right of the holder of the CB5 to receive default interest, the conversion right attaching to such CB5 will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys (both principal and interest) payable in respect of the CB5 has been duly received by the holder of the CB5, PROVIDED THAT no holder of the CB5 shall exercise any conversion rights attached to the CB5 to the extent that immediately after such conversion (i) the holder of the CB5 together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or otherwise being obliged to make a general offer for Shares in accordance with the requirement of the Hong Kong Code on Takeovers and Mergers or (ii) there will not be sufficient public float of the Shares as required under the GEM Listing Rules;

兌換可換股債券

於二零一六年五月三十一日及二零一六年七月十二日，本公司於其在二零一五年四月十五日發行本金額為300,000,000港元之9%可換股債券（「第五批可換股債券」）附帶的認購權獲行使後，按每股0.180港元之價格，分別配發及發行470,000,000股及196,666,666股每股面值0.1港元之普通股（「股份」）。本公司發行第五批可換股債券作為本公司收購盛麟有限公司100%權益的部分代價，詳情載於本公司日期為二零一四年十二月二十二日之公告及本公司日期為二零一五年三月二十三日之通函。

根據第五批可換股債券，

- (1) 第五批可換股債券之到期日為第五批可換股債券發行日期之第三週年當日，或倘當日並非營業日，則為當日之後首個營業日；
- (2) 第五批可換股債券持有人可於下列期間將第五批可換股債券轉換為股份（「兌換股份」）：自首次發行第五批可換股債券日期起至緊接第五批可換股債券到期日前第七日（包括當日）期間，惟倘(a)本公司未能就應於已確定贖回日期提出贖回之第五批可換股債券全數支付款項，或(b)於到期日之前，因發生構成第五批可換股債券之文書所述之任何違約事件而導致第五批可換股債券到期應付，或(c)於到期日，未有贖回第五批可換股債券，在不損害第五批可換股債券持有人收取違約利息之情況下，有關第五批可換股債券附帶之兌換權將重新有效及／或將繼續可獲行使，直至第五批可換股債券持有人正式收取就該等第五批可換股債券應付之所有金額（本金及利息）之營業日期結束（包括當日）為止，惟倘於緊隨兌換後，(i)第五批可換股債券持有人連同其一致行動人士合共將直接或間接控制或持有本公司投票權30%或以上之權益（或香港公司收購及合併守則可能不時訂明會觸發強制性全面收購要約水平之有關百分比），或作出須根據香港公司收購及合併守則規定對股份提出全面收購要約的行動，或(ii)股份之公眾流通量將低於GEM上市規則之要求，則第五批可換股債券持有人概不得行使任何第五批可換股債券附帶的兌換權；

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- (3) the initial conversion price is HK\$0.18 per Conversion Share, which are subject to adjustments;
- (4) the CB5 bears interest of 9% per annum and the holder of the CB5 is entitled to request the Company to pay interest to it under the provisions of the CB5 by way of allotment and issuance of new Shares ("Interest Conversion Shares");
- (5) based on the initial conversion price of HK\$0.18 per conversion share and assuming full conversion of the CB5 and all interest on the CB5 are paid by Interest Conversion Shares, there will be up to 1,666,666,666 Conversion Shares and up to 450,000,000 Interest Conversion Shares. As at 31 December 2017, 1,110,000,000 Conversion Shares and 0 Interest Conversion Shares have been allotted and issued respectively.
- (3) 初步兌換價為每股兌換股份0.18港元(可予調整);
- (4) 第五批可換股債券按年利率9%計息, 第五批可換股債券持有人有權根據第五批可換股債券的條文要求本公司透過配發及發行新股份之方式向其支付利息(「利息兌換股份」);
- (5) 根據初步兌換價每股兌換股份0.18港元, 假設第五批可換股債券獲悉數轉換, 以及第五批可換股債券所有利息均已透過利息兌換股份支付, 則將有最多1,666,666,666股兌換股份及450,000,000股利息兌換股份。截至二零一七年十二月三十一日, 已分別配發及發行1,110,000,000股兌換股份及0股利息兌換股份。

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company has approximately HK\$49.08 million reserves available for distribution to shareholders (2016: approximately HK\$177.26 million).

DIRECTORS

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

Chairman and Non-executive Director:

Mr. Sin Kwok Lam

Vice Chairperson, Executive Director and Chief Executive Officer:

Ms. Law Po Yee

Vice Chairperson and Executive Director:

Mr. Chow Kai Weng

Executive Director:

Ms. Sin Ho Yee

Non-executive Directors:

Dr. Lam Lee G. (Appointed on 30 June 2017)

Mr. Li Sin Hung Maxim (Resigned on 5 January 2018)

Independent Non-executive Directors:

Mr. Chan Tin Lup Trevor

Mr. Chui Chi Yun Robert

Prof. Wong Lung Tak Patrick

Mr. Li Kit Chee

可供分派儲備

於二零一七年十二月三十一日, 本公司可供分派予股東之儲備約為49,080,000港元(二零一六年: 約177,260,000港元)。

董事

年內及直至本報告日期, 董事為:

主席兼非執行董事:

冼國林先生

副主席、執行董事兼行政總裁:

羅寶兒女士

副主席兼執行董事:

周啟榮先生

執行董事:

冼灝怡女士

非執行董事:

林家禮博士(於二零一七年六月三十日獲委任)

李錦洪先生(於二零一八年一月五日辭任)

獨立非執行董事:

陳天立先生

崔志仁先生

黃龍德教授

李傑之先生

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In accordance with Bye-law 83(2) of the Bye-laws, Dr. Lam Lee G. shall retire and, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.

In accordance with Bye-law 84 of the Bye-laws, Ms. Law Po Yee, Mr. Sin Kwok Lam and Mr. Li Kit Chee shall retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company. All other Directors continue in office.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years. The service contract is terminable by either party by serving a written notice of not less than one calendar month to the other.

Each of the Non-executive Directors and the Independent Non-executive Directors has been appointed for a term of two years with specific terms as stated in the letter of appointment or reappointment. The letter of appointment or reappointment is terminable from either party by serving a written notice not less than one calendar month to the other.

Each of the Executive Directors is entitled to a basic salary and a discretionary bonus, and each of the Non-executive Directors and Independent Non-executive Directors is entitled to a director's fee, subject to an annual revision by the remuneration committee of the Board.

Details of the directors' fees or emolument payable to Directors are set out in note 13 to the consolidated financial statements.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

依照公司細則第83(2)條，林家禮博士須於本公司應屆股東週年大會上告退，惟彼符合資格並願意膺選連任。

依照公司細則第84條，羅寶兒女士、冼國林先生及李傑之先生須於本公司應屆股東週年大會上告退，惟彼等符合資格並願意膺選連任。所有其他董事繼續留任。

董事服務合約

各執行董事已與本公司訂立任期為三年之服務合約。有關服務合約可由其中一方向另一方發出不少於一個曆月之書面通知予以終止。

各非執行董事及獨立非執行董事任期為兩年，具體任期載於任命或續聘書內。任命或續聘書可由其中一方向另一方發出不少於一個曆月之書面通知予以終止。

各執行董事有權獲得底薪及酌情花紅，而各非執行董事及獨立非執行董事有權獲得董事袍金，惟董事會薪酬委員會每年可予修訂。

應付予董事之董事袍金或薪酬詳情載於綜合財務報表附註13。

概無擬於應屆股東週年大會上膺選連任之董事與本公司或其任何附屬公司訂有任何本集團不可於一年內不作賠償(法定賠償除外)而終止之服務合約。

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INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Board considers all the Independent Non-executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the interests and short positions of the Directors and chief executive of the Company and their respective associates 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 (Chapter 571 of the laws of Hong Kong) (the "SFO") which were required to be notified to the Company and The Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the

獨立非執行董事之獨立性

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條發出的有關其獨立性之年度確認函。董事會認為本公司全部獨立非執行董事均屬獨立人士。

董事及主要行政人員於股份、相關股份及債券之權益及淡倉

於二零一七年十二月三十一日，董事、本公司主要行政人員及彼等各自之聯繫人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、相關股份及債券擁有之根據證券及期貨條例第XV部第7及第8分部之規定須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括上述人士根據該等證券及期貨條例條文被當作或視為擁有之權益及淡倉)，或根據證券及期貨條例第352條之

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register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

規定須登記於所述之登記冊內之權益及淡倉，或根據GEM上市規則第5.46條至5.67條之規定須知會本公司及聯交所之權益及淡倉如下：

1. Long Positions in the ordinary shares of HK\$0.1 each of the Company ("Share")

1. 於本公司每股面值0.1港元之普通股(「股份」)之好倉

Name of Director 董事姓名	Capacity/Nature of interest 身份／權益性質	Number of Shares held 所持股份數量	Approximate percentage of the issued share capital of the Company (Note 1) 佔本公司已發行股本之概約百分比 (附註1)
Mr. Sin Kwok Lam ("Mr. Sin") (Note 2) 冼國林先生(「冼先生」)(附註2)	Beneficial owner 實益擁有人	795,580,623	17.62%
	Interest of spouse 配偶權益	23,352,000	0.52%
Ms. Law Po Yee ("Ms. Law") (Note 3) 羅寶兒女士(「羅女士」)(附註3)	Beneficial owner 實益擁有人	23,352,000	0.52%
	Interest of spouse 配偶權益	795,580,623	17.62%
Mr. Chow Kai Weng 周啟榮先生	Beneficial Owner 實益擁有人	1,000,000	0.02%
Mr. Chan Tin Lup Trevor 陳天立先生	Beneficial Owner 實益擁有人	1,620,000	0.04%
Prof. Wong Lung Tak Patrick 黃龍德教授	Beneficial Owner 實益擁有人	2,240,000	0.05%
Mr. Chui Chi Yun Robert 崔志仁先生	Beneficial Owner 實益擁有人	3,000,000	0.07%
*Mr. Li Sin Hung Maxim 李錄洪先生	Beneficial Owner 實益擁有人	4,480,000	0.10%
Mr. Li Kit Chee 李傑之先生	Beneficial Owner 實益擁有人	4,480,000	0.10%

* Mr. Li Sin Hung Maxim resigned as a Non-executive Director on 5 January 2018.

* 李錄洪先生於二零一八年一月五日辭任非執行董事。

Note 1: This is based on the total issued shares as at 31 December 2017 (i.e. 4,514,161,222 shares).

附註1：此乃基於二零一七年十二月三十一日全部已發行股份(即4,514,161,222股)。

Note 2: Mr. Sin is beneficially interested in 795,580,623 Shares, representing approximately 17.62% of the issued share capital of the Company. For the purposes of Divisions 2 and 3 of the SFO only, by virtue of SFO, Mr. Sin, the spouse of Ms. Law, was deemed to be interested in all the Shares in which Ms. Law was interested.

附註2：冼先生於有795,580,623股股份擁有權益，佔本公司已發行股本約17.62%。僅根據證券及期貨條例第2及第3分部，冼先生(羅女士之配偶)被視為於羅女士擁有權益之所有股份中擁有權益。

Note 3: Ms. Law is the spouse of Mr. Sin and for the purposes of Division 2 and 3 of the SFO only, Ms. Law is deemed to be interested in the Shares in which Mr. Sin is deemed or taken to be interested for by virtue of the SFO.

附註3：僅根據證券及期貨條例第2及第3分部，羅女士為冼先生之配偶，故羅女士被視為於冼先生根據證券及期貨條例被視為或當作擁有權益之股份中擁有權益。

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2. Long positions in the underlying Shares

2. 於相關股份之好倉

Name of Director 董事姓名	Capacity 身份	Number of shares held 股份數目	Approximate percentage of the issued share capital of the Company (Note 1) 佔本公司已發行 股本之概約 百分比(附註1)
Mr. Sin 冼先生	Beneficial Owner 實益擁有人	572,471,230 (Note 3) (附註3)	12.68%
	Interest of Spouse (Note 2) 配偶權益(附註2)	11,822,483	0.26%
Ms. Law 羅女士	Beneficial Owner 實益擁有人	11,822,483 (Note 5) (附註5)	0.26%
	Interest of Spouse (Note 4) 配偶權益(附註4)	572,471,230	12.68%
Ms. Sin Ho Yee 冼灝怡女士	Beneficial Owner 實益擁有人	5,824,161 (Note 6) (附註6)	0.13%
Mr. Chow Kai Weng 周啟榮先生	Beneficial Owner 實益擁有人	45,063,695 (Note 7) (附註7)	1.00%
Mr. Chan Tin Lup Trevor 陳天立先生	Beneficial Owner 實益擁有人	67,024 (Note 8) (附註8)	0.001%
Prof. Wong Lung Tak Patrick 黃龍德教授	Beneficial Owner 實益擁有人	2,307,024 (Note 9) (附註9)	0.05%
Mr. Chui Chi Yun Robert 崔志仁先生	Beneficial Owner 實益擁有人	1,546,896 (Note 10) (附註10)	0.03%
*Mr. Li Sin Hung Maxim 李錄洪先生	Beneficial Owner 實益擁有人	33,466 (Note 11) (附註11)	0.001%

* Mr. Li Sin Hung Maxim resigned as a Non-executive Director on 5 January 2018.

* 李錄洪先生於二零一八年一月五日辭任非執行董事。

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Notes:

1. This is based on the total issued Shares as at 31 December 2017 (i.e. 4,514,161,222 Shares).
2. For the purpose of Divisions 2 and 3 of the SFO only, by virtue of the SFO, Mr. Sin, being the spouse of Ms. Law, is deemed to be interested in all the underlying Shares in which Ms. Law is interested.
3. These underlying Shares represent (i) 7,964,160 Shares to be issued upon exercise of the physically settled share options granted to Mr. Sin on 3 September 2010 pursuant to the share option scheme adopted on 22 July 2002 and terminated on 29 September 2010 ("**Post-IPO Share Option Scheme**") under which Mr. Sin may exercise the said options from 29 September 2010 to 2 September 2020 at an exercise price of HK\$2.89 per Share; (ii) 3,360,403 Shares to be issued upon exercise of the physically settled share options granted to Mr. Sin on 28 March 2011 pursuant to the share option scheme adopted on 29 September 2010 ("**New Share Option Scheme**") under which Mr. Sin may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; (iii) 556,666,667 underlying Shares which may be exercised by Mr. Sin from 15 April 2016 to 14 April 2018 at an exercise price of HK\$0.18 per Share; and (iv) 4,480,000 Shares to be issued upon exercise of the physically settled share options granted to Mr. Sin on 16 May 2017 pursuant to the New Share Option Scheme under which Mr. Sin may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
4. For the purpose of Divisions 2 and 3 of the SFO only, by virtue of the SFO, Ms. Law, being the spouse of Mr. Sin, is deemed to be interested in the underlying Shares in which Mr. Sin is interested.

附註：

1. 此乃基於二零一七年十二月三十一日的已發行股份總數(即4,514,161,222股股份)。
2. 僅就證券及期貨條例第2及3分部而言，根據證券及期貨條例，冼先生(羅女士之配偶)被視為於羅女士擁有權益的全部相關股份中擁有權益。
3. 該等相關股份指(i)於根據於二零零二年七月二十二日採納及於二零一零年九月二十九日終止之購股權計劃(「**首次公開發售後購股權計劃**」)於二零一零年九月三日授予冼先生的實物結算購股權獲行使後將予發行之7,964,160股股份，據此，冼先生可於二零一零年九月二十九日至二零二零年九月二日期間行使前述購股權，行使價為每股2.89港元；(ii)於根據於二零一零年九月二十九日採納之購股權計劃(「**新購股權計劃**」)於二零一一年三月二十八日授予冼先生的實物結算購股權獲行使後將予發行之3,360,403股股份，據此，冼先生可於二零一二年三月二十八日至二零一二年三月二十七日期間行使前述購股權，行使價為每股7.62港元；(iii)556,666,667股相關股份，可由冼先生於二零一六年四月十五日至二零一八年四月十四日期間行使，行使價為每股0.18港元；及(iv)於二零一七年五月十六日授予冼先生的實物結算購股權獲行使後將予發行之4,480,000股股份，據此，冼先生可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
4. 僅就證券及期貨條例第2及3分部而言，根據證券及期貨條例，羅女士(冼先生之配偶)被視為於冼先生擁有權益的全部相關股份中擁有權益。

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5. These underlying Shares represent (i) 3,982,080 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 3 September 2010 pursuant to the Post-IPO Share Option Scheme under which Ms. Law may exercise the said options from 29 September 2010 and 2 September 2020 at an exercise price of HK\$2.89 per Share; (ii) 3,360,403 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 28 March 2011 pursuant to the New Share Option Scheme under which Ms. Law may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 4,480,000 Shares to be issued upon exercise of the physically settled share options granted to Ms. Law on 16 May 2017 pursuant to the New Share Option Scheme under which Ms. Law may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
6. These underlying Shares represent (i) 1,344,161 Shares to be issued upon exercise of the physically settled share options granted to Ms. Sin Ho Yee on 28 March 2011 pursuant to the New Share Option Scheme under which Ms. Sin may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (ii) 4,480,000 Shares to be issued upon exercise of the physically settled share options granted to Ms. Sin on 16 May 2017 pursuant to the New Share Option Scheme under which Ms. Sin may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
7. These underlying Shares represent (i) 24,888 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow Kai Weng on 3 September 2010 pursuant to the Post-IPO Share Option Scheme under which Mr. Chow may exercise the said options from 29 September 2010 and 2 September 2020 at an exercise price of HK\$2.89 per Share; (ii) 58,807 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow on 28 March 2011 pursuant to the New Share Option Scheme under which Mr. Chow may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 44,980,000 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chow on 16 May 2017 pursuant to the New Share Option Scheme under which Mr. Chow may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
5. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年九月三日授予羅女士的實物結算購股權獲行使後將予發行之3,982,080股股份，據此，羅女士可於二零一零年九月二十九日至二零二零年九月二日期間行使前述購股權，行使價為每股2.89港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予羅女士的實物結算購股權獲行使後將予發行之3,360,403股股份，據此，羅女士可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一七年五月十六日授予羅女士的實物結算購股權獲行使後將予發行之4,480,000股股份，據此，羅女士可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
6. 該等相關股份指(i)於根據新購股權計劃於二零一一年三月二十八日授予冼灝怡女士的實物結算購股權獲行使後將予發行之1,344,161股股份，據此，冼女士可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(ii)於根據新購股權計劃於二零一七年五月十六日授予冼女士的實物結算購股權獲行使後將予發行之4,480,000股股份，據此，冼女士可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
7. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年九月三日授予周啟榮先生的實物結算購股權獲行使後將予發行之24,888股股份，據此，周先生可於二零一零年九月二十九日至二零二零年九月二日期間行使前述購股權，行使價為每股2.89港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予周先生的實物結算購股權獲行使後將予發行之58,807股股份，據此，周先生可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一七年五月十六日授予周先生的實物結算購股權獲行使後將予發行之44,980,000股股份，據此，周先生可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。

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8. These underlying Shares represent (i) 33,420 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chan Tin Lup Trevor on 20 May 2010 pursuant to the Post-IPO Share Option Scheme under which Mr. Chan may exercise the said options from 20 May 2010 and 19 May 2020 at an exercise price of HK\$3.38 per Share; and (ii) 33,604 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chan on 28 March 2011 pursuant to the New Share Option Scheme under which Mr. Chan may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share.
9. These underlying Shares represent (i) 33,420 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong Lung Tak, Patrick on 20 May 2010 pursuant to the Post-IPO Share Option Scheme under which Prof. Wong may exercise the said options from 20 May 2010 and 19 May 2020 at an exercise price of HK\$3.38 per Share; (ii) 33,604 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong on 28 March 2011 pursuant to the New Share Option Scheme under which Prof. Wong may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 2,240,000 Shares to be issued upon exercise of the physically settled share options granted to Prof. Wong on 16 May 2017 pursuant to the New Share Option Scheme under which Prof. Wong may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
10. These underlying Shares represent (i) 33,292 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui Chi Yun Robert on 13 May 2010 pursuant to the Post-IPO Share Option Scheme under which Mr. Chui may exercise the said options from 13 May 2010 and 12 May 2020 at an exercise price of HK\$3.66 per Share; (ii) 33,604 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui on 28 March 2011 pursuant to the New Share Option Scheme under which Mr. Chui may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share; and (iii) 1,480,000 Shares to be issued upon exercise of the physically settled share options granted to Mr. Chui on 16 May 2017 pursuant to the New Share Option Scheme under which Mr. Chui may exercise the said options from 16 May 2017 to 15 May 2020 at an exercise price of HK\$0.2456 per Share.
8. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月二十日授予陳天立先生的實物結算購股權獲行使後將予發行之33,420股股份，據此，陳先生可於二零一零年五月二十日至二零二零年五月十九日期間行使前述購股權，行使價為每股3.38港元；及(ii)於根據新購股權計劃於二零一一年三月二十八日授予陳先生的實物結算購股權獲行使後將予發行之33,604股股份，據此，陳先生可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元。
9. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月二十日授予黃龍德教授的實物結算購股權獲行使後將予發行之33,420股股份，據此，黃教授可於二零一零年五月二十日至二零二零年五月十九日期間行使前述購股權，行使價為每股3.38港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予黃教授的實物結算購股權獲行使後將予發行之33,604股股份，據此，黃教授可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一七年五月十六日授予黃教授的實物結算購股權獲行使後將予發行之2,240,000股股份，據此，黃教授可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。
10. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月十三日授予崔志仁先生的實物結算購股權獲行使後將予發行之33,292股股份，據此，崔先生可於二零一零年五月十三日至二零二零年五月十二日期間行使前述購股權，行使價為每股3.66港元；(ii)於根據新購股權計劃於二零一一年三月二十八日授予崔先生的實物結算購股權獲行使後將予發行之33,604股股份，據此，崔先生可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元；及(iii)於根據新購股權計劃於二零一七年五月十六日授予崔先生的實物結算購股權獲行使後將予發行之1,480,000股股份，據此，崔先生可於二零一七年五月十六日至二零二零年五月十五日期間行使前述購股權，行使價為每股0.2456港元。

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11. These underlying Shares represent (i) 25,065 Shares to be issued upon exercise of the physically settled share options granted to Mr. Li Sin Hung Maxim on 20 May 2010 pursuant to the Post-IPO Share Option Scheme under which Mr. Li may exercise the said options from 20 May 2010 and 19 May 2020 at an exercise price of HK\$3.38 per Share; and (ii) 8,401 Shares to be issued upon exercise of the physically settled share options granted to Mr. Li on 28 March 2011 pursuant to the New Share Option Scheme under which Mr. Li may exercise the said options from 28 March 2012 to 27 March 2021 at an exercise price of HK\$7.62 per Share.

11. 該等相關股份指(i)於根據首次公開發售後購股權計劃於二零一零年五月二十日授予李錦洪先生的實物結算購股權獲行使後將予發行之25,065股股份，據此，李先生可於二零一零年五月二十日至二零二零年五月十九日期間行使前述購股權，行使價為每股3.38港元；及(ii)於根據新購股權計劃於二零一一年三月二十八日授予李先生的實物結算購股權獲行使後將予發行之8,401股股份，據此，李先生可於二零一二年三月二十八日至二零二一年三月二十七日期間行使前述購股權，行使價為每股7.62港元。

3. Long position in the debentures of the Company

3. 於本公司債券之好倉

Name of Director 董事姓名	Capacity 身份	Currency of debenture 債券之貨幣	Denomination or unit size of the debenture 債券之面值 或單位	Amount of debenture 債券金額
Mr. Sin 冼先生	Beneficial owner 實益擁有人	HK\$ 港元	596,469,657	606,957,657

Save as disclosed above, none of the Directors and chief executive of the Company or their associates had, as at 31 December 2017, any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be 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 were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

除上文所披露外，於二零一七年十二月三十一日，本公司各董事及主要行政人員及彼等各自之聯繫人概無於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有任何根據證券及期貨條例第XV部第7及第8分部之規定須知會本公司及聯交所之(包括上述人士根據該等證券及期貨條例條文被當作或視為擁有之權益或淡倉)，或根據證券及期貨條例第352條規定須登記於所述登記冊內之權益或淡倉，或根據GEM上市規則第5.46條至第5.67條之規定須知會本公司及聯交所之權益或淡倉。

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

As at 31 December 2017, the persons or corporations, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of Part XV of the SFO or had otherwise been notified to the Company were as follows:

Long positions in the Shares

Name of shareholder 股東姓名	Capacity 身份	Number of shares held 持有股份數目	Approximate percentage of the issued share capital of the Company (Note) 佔本公司已發行股本之概約百分比(附註)
Tse Young Lai 謝欣禮	Beneficial owner 實益擁有人	563,547,600	12.48%

Note: This is based on the total issued Shares as at 31 December 2017 (i.e. 4,514,161,222 Shares).

Save as disclosed above, as at 31 December 2017, the Company has not been notified of any persons, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying Shares of the Company which would fall to be disclosed to the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO.

SHARE OPTION SCHEMES

Pursuant to a written resolution of the sole shareholder of the Company dated 22 July 2002, the Company conditionally adopted and approved Post-IPO Share Option Scheme. The principal terms of which are set out in Appendix IV to the prospectus of the Company dated 9 October 2002.

Pursuant to a resolution passed at the extraordinary general meeting of the Company dated 29 September 2010, the New Share Option Scheme was adopted and the Post-IPO Share Option Scheme was terminated. The principal terms of New Share Option Scheme are set out in the circular of the Company dated 6 September 2010.

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零一七年十二月三十一日，根據本公司按照證券及期貨條例第XV部第336條規定存置之登記冊所記錄，或本公司已獲知會，下列人士或法團(除本公司董事或行政總裁外)於股份及相關股份中擁有權益或淡倉：

於股份之好倉

Name of shareholder 股東姓名	Capacity 身份	Number of shares held 持有股份數目	Approximate percentage of the issued share capital of the Company (Note) 佔本公司已發行股本之概約百分比(附註)
Tse Young Lai 謝欣禮	Beneficial owner 實益擁有人	563,547,600	12.48%

附註：此乃根據二零一七年十二月三十一日已發行股份(即4,514,161,222股股份)計算。

除上文披露者外，於二零一七年十二月三十一日，本公司並無獲任何人士(除本公司董事或主要行政人員外)通知，於本公司股份或相關股份中擁有權益或淡倉而須向本公司披露或記入根據證券及期貨條例第XV部第336條須存置之登記冊。

購股權計劃

根據本公司唯一股東於二零零二年七月二十二日之書面決議案，本公司有條件地採納及批准首次公開招股後購股權計劃。有關的主要條款載於日期為二零零二年十月九日之本公司招股章程附錄四內。

根據本公司於二零一零年九月二十九日舉行之股東特別大會上通過之決議案，新購股權計劃獲採納，而首次公開招股後購股權計劃被終止。新購股權計劃之主要條款載於本公司於二零一零年九月六日發出之通函內。

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Post-IPO Share Option Scheme

As at 31 December 2017, the share options to subscribe for an aggregate of 12,096,325 shares of the Company granted pursuant to the Post-IPO Share Option Scheme were outstanding. The details of the Post-IPO Share Option Scheme as at 31 December 2017 are set out as follows:

Category of participants 參與人類別	Exercise price per Share 每股行使價 (HK\$) (港元)	Date of grant 授出日期	Exercise period 行使期	Number of share options 購股權數目					Outstanding as at 31 December 2017 於二零一七年 十二月三十一日 尚未行使
				As at 1 January 2017 於二零一七年 一月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	Cancelled during the year 年內註銷	
Directors 董事	3.66	13 May 2010 二零一零年五月十三日	13 May 2010–12 May 2020 二零一零年五月十三日 – 二零二零年五月十二日	33,292	-	-	-	-	33,292
Directors 董事	3.38	20 May 2010 二零一零年五月二十日	20 May 2010–19 May 2020 二零一零年五月二十日 – 二零二零年五月十九日	91,905	-	-	-	-	91,905
Directors 董事	2.89	3 September 2010 二零一零年九月三日	29 September 2010– 2 September 2020 二零一零年九月二十九日 – 二零二零年九月二日	11,971,128	-	-	-	-	11,971,128
Other participants 其他參與人士	3.66	13 May 2010 二零一零年五月十三日	13 May 2010–12 May 2020 二零一零年五月十三日 – 二零二零年五月十二日	249,698	-	-	(249,698)	-	-
Other participants 其他參與人士	2.89	3 September 2010 二零一零年九月三日	29 September 2010– 2 September 2020 二零一零年九月二十九日 – 二零二零年九月二日	539,240	-	-	(539,240)	-	-
Total 總數				12,885,263	-	-	(788,938)	-	12,096,325

Note: All share options granted under the post-IPO Scheme are vested immediately.

首次公開招股後購股權計劃

於二零一七年十二月三十一日，根據首次公開招股後購股權計劃授出而可認購本公司合共12,096,325股股份之購股權尚未獲行使。於二零一七年十二月三十一日之首次公開招股後購股權計劃詳情如下：

附註：根據首次公開發售後計劃授出的購股權全部已即時歸屬。

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New Share Option Scheme

In accordance with the resolution passed at the annual general meeting (the "AGM") held on 29 June 2017, the scheme limit on the grant of options under the New Share Option Scheme and any other share option schemes of the Company has been refreshed to up to 449,848,122 Shares, being 10% of the Shares in issue as at the AGM date based on 4,498,481,222 Shares in issue (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the New Share Option Scheme) (the "Refreshed Scheme Limit"); and the Directors are authorised, at their absolute discretion, to grant share options to subscribe for Shares within the Refreshed Scheme Limit in accordance with the rules of the New Share Option Scheme; to allot, issue and deal with the Shares pursuant to the exercise of share options granted under the New Share Option Scheme within the Refreshed Scheme Limit; and to do such acts and execute such documents for or incidental to implement the New Share Option Scheme within the Refreshed Scheme Limit.

Under the New Share Option Scheme, the Company has on 16 May 2017 granted to certain eligible individuals share options conferring rights to subscribe for an aggregate of 288,740,000 ordinary shares of the Company at an exercise price of HK\$0.2456 per share. The closing price of the Shares on 15 May 2017 was HK\$0.246.

新購股權計劃

根據於二零一七年六月二十九日舉行之股東週年大會（「股東週年大會」）上通過之決議案，根據新購股權計劃及本公司任何其他購股權計劃授出購股權之計劃限額已更新至最多449,848,122股股份，即以4,498,481,222股已發行股份為基準，為於股東週年大會當日已發行股份之10%（根據新購股權計劃之前授出、尚未行使、註銷、失效或行使之購股權除外）（「更新計劃限額」）；及授權董事全權酌情根據新購股權計劃之規則授出可認購股份之購股權，數額以更新計劃限額為限；於根據新購股權計劃所授出之購股權獲行使時，配發、發行及處理股份，數額以更新計劃限額為限；及因應於更新計劃限額範圍內執行新購股權計劃作出有關行動及簽立有關文件。

根據新購股權計劃，於二零一七年五月十六日，本公司向若干合資格人士授出購股權，供彼等認購合共288,740,000股本公司普通股，每股股份的行使價為0.2456港元。股份於二零一七年五月十五日的收市價為0.246港元。

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As at 31 December 2017, the share options to subscribe for an aggregate of 281,292,987 Shares granted pursuant to the New Share Option Scheme were outstanding. The details of the share options granted under the New Share Option Scheme as at 31 December 2017 are set out as follows:

於二零一七年十二月三十一日，根據新購股權計劃授出可認購合共281,292,987股股份之購股權尚未獲行使。於二零一七年十二月三十一日之根據新購股權計劃授出的購股權詳情如下：

Category of participants	Exercise price per Share	Date of grant	Vesting period	Exercise period	Number of share options					Outstanding as at 31 December 2017
					As at 1 January 2017	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	
參與人類別	每股行使價 (HK\$) (港元)	授出日期	歸屬期	行使期	於二零一七年一月一日	年內授出	年內行使	年內失效	年內註銷	於二零一七年十二月三十一日尚未行使
Directors	7.62	28 March 2011	28 March 2011-27 March 2012	28 March 2012-27 March 2021	8,232,987	—	—	—	—	8,232,987
董事		二零一一年三月二十八日	二零一一年三月二十八日至二零一二年三月二十七日	二零一二年三月二十八日至二零一二年三月二十七日						
Directors	5.59	31 March 2012	—	31 March 2012-30 March 2017	605,025	—	—	(605,025)	—	—
董事		二零一二年三月三十一日		二零一二年三月三十一日至二零一七年三月三十日						
Directors	0.2456	16 May 2017	—	16 May 2017-15 May 2020	—	80,820,000	(15,680,000)	—	—	65,140,000
董事		二零一七年五月十六日		二零一七年五月十六日至二零二零年五月十五日						
Other participants	7.62	28 March 2011	28 March 2011-27 March 2012	28 March 2012-27 March 2021	1,881,825	—	—	(1,881,825)	—	—
其他參與人士		二零一一年三月二十八日	二零一一年三月二十八日至二零一二年三月二十七日	二零一二年三月二十八日至二零一二年三月二十七日						
Other participants	5.59	31 March 2012	—	31 March 2012-30 March 2017	67,225	—	—	(67,225)	—	—
其他參與人士		二零一二年三月三十一日		二零一二年三月三十一日至二零一七年三月三十日						
Other participants	0.2456	16 May 2017	—	16 May 2017-15 May 2020	—	207,920,000	—	—	—	207,920,000
其他參與人士		二零一七年五月十六日		二零一七年五月十六日至二零二零年五月十五日						
Total					10,787,062	288,740,000	(15,680,000)	(2,554,075)	—	281,292,987
總數										

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(i) New Share Option Scheme's purpose

The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to selected person and to promote the success of the business of the Group.

(ii) Qualifying participants

The participants of the New Share Option Scheme include any employee of the Company or any subsidiary of the Company, a director, a shareholder, a supplier, a customer or any subsidiary of the Company; an agent, adviser, consultant, strategist, contractor, sub-contractor, expert or entity that provides research, development or other technological support or any valuable services to Company or any of its subsidiary; a holder of any securities issued.

(iii) Maximum number of shares

In accordance with the resolution passed at the AGM, the scheme limit on the grant of options under the New Share Option Scheme and any other share option schemes of the Company was refreshed to up to 449,848,122 Shares, being 10% of the Shares in issue as at the date of the meeting (i.e. 4,498,481,222 Shares in issue) (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the New Share Option Scheme) (the "Refreshed Scheme Limit") and representing approximately 9.96% of the issued Shares as at the date of this annual report (i.e. 4,517,161,222 Shares); and the Directors are authorized, at their absolute discretion, to grant share options to subscribe for Shares within the Refreshed Scheme Limit in accordance with the rules of the New Share Option Scheme; to allot, issue and deal with the Shares pursuant to the exercise of share options granted under the New Share Option Scheme within the Refreshed Scheme Limit; and to do such acts and execute such documents for or incidental to implement the New Share Option Scheme within the Refreshed Scheme Limit.

(i) 新購股權計劃目的

新計劃旨在吸引及挽留最優秀的人才、向經甄選人士提供額外獎勵，以及推動本集團業務成功。

(ii) 合資格參與者

新購股權計劃的參與者包括本公司或其任何附屬公司的任何僱員、董事、股東、供應商、客戶或本公司任何附屬公司；向本公司或其任何附屬公司提供研發或其他技術支援或任何有價值服務的代理、顧問、專業顧問、策略師、承辦商、分承辦商、專家或實體；任何已發行證券的持有人。

(iii) 最高股份數目

根據於股東週年大會上通過之決議案，根據新購股權計劃及本公司任何其他購股權計劃授出購股權之計劃限額已更新至最多449,848,122股股份，佔大會當日已發行股份（即4,498,481,222股已發行股份）之10%（根據新購股權計劃之前授出、尚未行使、註銷、失效或行使之購股權除外）（「更新計劃限額」）及佔於本年報日期已發行股份（即4,517,161,222股股份）約9.96%；及授權董事全權酌情根據新購股權計劃之規則授出可認購股份之購股權，數額以更新計劃限額為限；於根據新購股權計劃所授出之購股權獲行使時，配發、發行及處理股份，數額以更新計劃限額為限；及因應於更新計劃限額範圍內執行新購股權計劃作出有關行動及簽立有關文件。

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(iv) Maximum entitlement of each qualifying participant

No qualifying participant shall be granted any options which, if exercised in full, would result in such person's maximum entitlement exceeding 1% of the aggregate number of Shares for the time being issued and issuable under the New Share Option Scheme in the 12-month period up to and including the proposed grant date unless such grant is approved in advance by the Shareholders in general meeting. No qualifying participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates shall be granted any options, which, if exercised in full, would result in the shares issued and issuable to such person under the New Share Option Scheme in the 12-month period up to and including the proposed grant date for such options, unless such grant of options is approved in advance by the Shareholders of the Company in general meeting: (a) representing in aggregate over 0.1% of the number of Shares then in issue; and (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to such person under the relevant scheme, in excess of HK\$5 million.

(v) Option period

The share options may be exercised in whole or in part by the participant at any time during the exercise period, i.e. not exceed 10 years from the date of grant of the relevant new share options pursuant to the New Share Option Scheme, by delivering to the Company a notice duly signed in a form approved by the Board (together with payment of the exercise price in full in respect of each new share to be subscribed for) and delivery of the new share option certificate for amendment or cancellation.

(vi) Minimum period for which an option must be held before it can be exercised

No offer of a new share option which is capable of or open for acceptance shall be made after the expiry of the exercise period pursuant to the New Share Option Scheme.

(iv) 每名合資格參考者可獲授權益上限

倘若授予合資格參與者之購股權於截至建議授出日期(包括當日)止12個月期間獲全面行使, 將導致該人士可獲授權益上限超逾當時根據新購股權計劃已發行股份及可發行股份總數之1%, 則該合資格參與者不獲授予購股權, 惟獲股東於股東大會上預先批准者除外。如合資格參與者為主要股東或獨立非執行董事或任何彼等各自之聯繫人士及符合以下情況, 均不得獲授購股權(惟購股權授予已經本公司股東在股東大會上預先批准者除外): 根據新購股權計劃, 已經及將會授予該等人士之購股權獲全面行使後將導致已經及將予發行股份之數目於截至及包括建議授出日期止前12個月期間(包括當日): (a) 合計超逾已發行股份數目0.1%; 及(b) 根據相關購股權計劃, 每次授出購股權予該人士之有關日期於聯交所之每日報價表所列之股份收市價計算, 總值超逾五百萬港元。

(v) 購股權年期

參與者可於行使期(即根據新購股權計劃授出相關新購股權的日期起計不超過10年)內, 隨時透過向本公司送交已按董事會批准的形式妥為簽署的通知(連同就將予認購的每股新股份支付的全數行使價款項), 並送交新購股權證書以供修訂或註銷, 以行使全部或部分購股權。

(vi) 行使前須持有購股權之最短期限

根據新購股權計劃, 不得於行使期屆滿後提呈可獲接納或可供接納的新購股權。

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(vii) Payment on acceptance of the option

HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 14 days from the date on which the offer is granted.

(viii) Basis of determining the exercise price

The exercise price for the share under the New Scheme will be determined by the Board in its absolute discretion at the time of making the offer of grant of a new share option but in any case the subscription price must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business day immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

(ix) Remaining life of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme becomes unconditional. The Board may amend any of the provisions of the New Share Option Scheme or withdraw or otherwise terminate the New Share Option Scheme at any time but no alterations shall be made to the advantage of any participant unless approved by the Shareholders in general meeting. All new share options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the New Share Option Scheme.

(vii) 就接納購股權之付款

承授人於接納購股權建要約議時須向本公司支付1港元。購股權建議將可於授出要約日期起計14天內予以接納。

(viii) 釐定行使價之基準

新計劃下的股份行使價將由董事會於提呈授出新購股權時全權酌情釐定，惟認購價無論如何最少須為下列三者中的較高者：(i)股份於提呈授出日期(必須為營業日)在聯交所每日報價表所報的收市價；(ii)股份於緊接提呈授出日期前五個營業日在聯交所每日報價表所報的平均收市價；及(iii)股份面值。

(ix) 新購股權計劃之餘下年期

新購股權計劃於新購股權計劃成為無條件之日起計10年內有效。董事會可隨時修訂新購股權計劃的任何條文，或撤回或以其他方式終止新購股權計劃，惟除非經股東於股東大會上批准，否則不得作出任何有利於任何參與者的修訂。所有有關終止前已授出但當時尚未行使的新購股權將繼續有效，並受限於新購股權計劃的條款及可根據該等條款行使。

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DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed below, no Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance subsisting during or at the end of the year under review:

i. the Directors' interests in the CB5 as set out below:

Name of the director	Date of acquisition	As at	Acquired	Converted	Transferred	Redeemed	Outstanding as at
		1 January					31 December
		2017	during the year	during the year	during the year	during the year	2017
董事姓名	收購日期	於二零一七年一月一日	年內收購	年內兌換	年內轉讓	年內贖回	於二零一七年十二月三十一日尚未行使
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
Mr. Sin	22 December 2014	100,200,000	—	—	—	—	100,200,000
冼先生	二零一四年十二月二十二日						
		100,200,000	—	—	—	—	100,200,000

ii. Mr. Sin's interests in the promissory notes ("PN1") which was in the principal amount of HK\$80,000,000 as at the date of its first issue and issued by the Company on 15 April 2015. The PN1 will expire on 14 April 2018 and bear interest at the rate of 9% per annum on the outstanding principal accrued daily on a 365 days basis and payable annually in arrears. During the year ended 31 December 2017, no early repayment of the PN1 was made by the Company, the outstanding principal amount of the PN1 as at 31 December 2017 amounted to HK\$80,000,000. Further details of the PN1 are set out in the announcement of the Company dated 22 December 2014 and the Company's circular dated 23 March 2015;

iii. The Directors' interests in the Post-IPO Share Option Scheme, details of which are set out under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" of this Directors' report;

iv. The Directors' interests in the New Share Option Scheme, details of which are set out under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" of this Directors' report;

v. Mr. Sin's interests in the Share Subscription Agreement, details of which are set out under the paragraph headed "Share Issues and Connected Transaction" in the "Management Discussion and Analysis" section of this annual report.

董事於合約之權益

除下文披露者外，概無董事於回顧年內或年終存續之任何重大交易、安排或合約中直接或間接擁有重大權益：

i. 下表載列董事於第五批可換股債券之權益：

ii. 冼先生於承兌票據（「承兌票據1」）（於其首次發行日期本金額為80,000,000港元）之權益乃由本公司於二零一五年四月十五日發行。承兌票據1將於二零一八年四月十四日屆滿，根據未償還本金額按9%之年利率計息，利息以365日每日累計並須每年按期末支付方式付息。截至二零一七年十二月三十一日止年度，本公司概無提早償還承兌票據1，於二零一七年十二月三十一日未償還承兌票據1之本金額為80,000,000港元。承兌票據1之更多詳情載於本公司日期為二零一四年十二月二十二日之公佈及本公司日期為二零一五年三月二十三日之通函；

iii. 董事於首次公開發售後購股權計劃之權益，詳情載於本董事會報告書中「董事及主要行政人員於股份、相關股份及債券之權益及淡倉」一段；

iv. 董事於新購股權計劃之權益，詳情載於本董事會報告書「董事及主要行政人員於股份、相關股份及債券之權益及淡倉」一段；

v. 冼先生於股份認購協議之權益，有關詳情載於本年報「管理層討論及分析」一節「股份發行及關連交易」一段。

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vi. The Directors' interests in the Shareholders' loan and other loan agreement advanced by the Directors to the Company as set out below:

vi. 下表載列董事於股東貸款及本公司董事墊付之其他貸款協議之權益：

Name of the director	Date of loan	Nature of loan	Interest rate	Principle amount	As at	Drawdown	Repaid	Outstanding as
					1 January 2017	during the year	during the year	31 December 2017
董事姓名	貸款日期	貸款性質	利率	本金額	於二零一七年一月一日	年內提取	年內償還	於二零一七年十二月三十一日未償還
				HK\$	HK\$	HK\$	HK\$	HK\$
				港元	港元	港元	港元	港元
Mr. Sin 冼先生	12 May 2015	Terms Loan	13%	7,500,000	7,500,000	—	—	7,500,000
	二零一五年五月十二日	有期貨款						
	02 June 2015	Terms Loan	13%	5,000,000	5,000,000	—	—	5,000,000
	二零一五年六月二日	有期貨款						
	11 August 2015	Terms Loan	11%	3,000,000	3,000,000	—	—	3,000,000
	二零一五年八月十一日	有期貨款						
	25 August 2015	Revolving Loan	12%	20,000,000	16,000,000	—	—	16,000,000
	二零一五年八月二十五日	循環貸款						
	09 October 2015	Revolving Loan	10%	50,000,000	40,000,000	—	—	40,000,000
	二零一五年十月九日	循環貸款						
	03 November 2015	Terms Loan	10%	62,000,000	62,000,000	—	—	62,000,000
	二零一五年十一月三日	有期貨款						
	29 January 2016	Revolving Loan	11%	150,000,000	105,000,000	—	—	105,000,000
	二零一六年一月二十九日	循環貸款						
19 February 2016	Terms Loan	—	40,000,000	40,000,000	—	—	40,000,000	
二零一六年二月十九日	有期貨款							
19 February 2016	Revolving Loan	6%	100,000,000	59,900,000	—	—	59,900,000	
二零一六年二月十九日	循環貸款							
30 June 2016	Revolving Loan	15%	150,000,000	75,110,000	45,049,657	(42,290,000)	77,869,657	
二零一六年六月三十日	循環貸款							
				587,500,000	413,510,000	45,049,657	(42,290,000)	416,269,657
Ms. Law 羅女士	01 October 2016	Terms Loan	5%	39,748,800	35,660,834	—	—	35,660,834
	二零一六年十月一日	有期貨款						
				39,748,800	35,660,834	—	—	35,660,834
Mr. Chow Kai Weng 周啟榮先生	01 October 2016	Terms Loan	5%	48,048,000	48,048,000	—	(1,797,600)	46,250,400
	二零一六年十月一日	有期貨款						
	30 September 2017	Revolving loan	10%	50,000,000	—	5,000,000	—	5,000,000
二零一七年九月三十日	循環貸款							
				98,048,000	48,048,000	5,000,000	(1,797,600)	51,250,400
				725,296,800	497,218,834	50,049,657	(44,087,600)	503,180,891

Note: The maturity date of the terms loans and revolving loans from the Directors is on or after 30 June 2019.

附註：來自董事的有期貨款及循環貸款之到期日為二零一九年六月三十日或之後。

Directors' Report 董事會報告書

EQUITY-LINKED AGREEMENT

Details of the share option scheme of the Company and the CB 5, being equity-linked agreements of the Company subsisting as at 31 December 2017, including the class and number of shares that may be issued, and consideration that the Company has or will receive, are disclosed under the paragraph headed "Share Option Schemes" in this "Directors' report" on pages 91 to 97 of this annual report and the paragraph headed "Conversion of Convertible Bonds" in this Director's report on pages 81 to 82 of this annual report respectively.

As at 31 December 2017, the carrying amount of outstanding principal amount of the CB5 was approximately HK\$100,200,000, which may be converted into 556,666,667 ordinary shares of the Company at the initial conversion price of HK\$0.18 per conversion share.

During the year under review, the Company has entered into the Share Subscription Agreement with Mr. Sin, the Chairman and a Non-executive Director. Details of the Share Subscription Agreement are set out under the paragraph headed "Share Issues and Connected Transaction" in the "Management Discussion and Analysis" section of this annual report.

RETIREMENT BENEFITS SCHEMES

Before 30 November 2000, the Group did not contribute to any retirement benefit scheme for either its employees or the Directors in Hong Kong. With effect from 1 December 2000, the Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group has followed the minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

The Group's subsidiary in the PRC, in compliance with the applicable regulations of the PRC, participated in social insurance schemes (including retirement benefit scheme, medical insurance scheme and unemployment benefit scheme) operated by the relevant local government authorities. The Group is required to make contribution to the social insurance schemes on behalf of employees who are registered permanent residents in the PRC. The insurance premium is borne by the Group and the employees on a specified proportion of the employees' salaries laid down under the relevant PRC law.

權益掛鈎協議

本公司購股權計劃及第五批可換股債券(即於二零一七年十二月三十一日存續之本公司權益掛鈎協議)之詳情(包括可予發行之股份類別及數目及本公司已或將收取之代價)分別於本年報第91至97頁本「董事會報告書」[購股權計劃]一段及本年報第81至82頁本董事會報告書「兌換可換股債券」一段披露。

於二零一七年十二月三十一日，未償還第五批可換股債券之賬面值約為100,200,000港元，可按初步兌換價每股兌換股份0.18港元兌換成556,666,667本公司股普通股。

於回顧年度，本集團與主席兼非執行董事冼先生訂立股份認購協議。股份認購協議的詳情載於本年報「管理層討論及分析」一節「股份發行及關連交易」一段。

退休福利計劃

於二零零零年十一月三十日前，本集團並無為其於香港之僱員或董事向任何退休福利計劃作出供款。由二零零零年十二月一日起，本集團根據強制性公積金計劃管理局之規則及規例參加強制性公積金計劃。本集團於香港之僱員須參與該計劃。本集團已遵守最低法定供款規定，按合資格僱員相關總收入之5%作出供款。

為符合中國之適用規例，本集團於中國之附屬公司參與由相關地方政府機關營運之社會保障計劃(包括退休福利計劃、醫療保險計劃及失業福利計劃)。本集團須代表屬中國登記永久居民之僱員向社會保障計劃作出供款。本集團及僱員會分別按照相關中國法律訂明之僱員薪金特定比例承擔保費。

Directors' Report 董事會報告書

During the year, the employer's contributions to the retirement benefit scheme charged to the consolidated statement of comprehensive income amounted to approximately HK\$10,156,000 (2016: HK\$6,277,000).

年內，於綜合全面收益表扣除之退休福利計劃僱主供款約為10,156,000港元(二零一六年：6,277,000港元)。

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

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

買賣或贖回本公司上市證券

本公司及其任何附屬公司於截至二零一七年十二月三十一日止年度概無買賣或贖回本公司任何上市證券。

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company (as defined in the GEM Listing Rules) or their respective close associates had any interest, whether directly or indirectly, in a business which competes or may compete with the business of the Group.

競爭權益

董事或本公司控股股東(定義見GEM上市規則)或彼等各自之緊密聯繫人概無於與本集團業務構成競爭或可能構成競爭之業務中擁有任何直接或間接權益。

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and the management arising out of corporate activities.

獲准彌償條文

為董事利益而制定之獲准彌償條文目前及過往於整個回顧年度皆已生效。本公司已就其董事及高級管理層可能因企業活動而被提出法律行動安排適當的董事及管理層責任保險。

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company maintained a sufficient public float as at the date of this annual report.

充足公眾持股量

根據本公司從公開渠道獲得的資料及據董事截至本年報刊發前之最後可行日期所知，截至本年報日期，本公司已維持充足的公眾持股量。

Directors' Report 董事會報告書

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of significant related party transactions undertaken by the Group during the year in the ordinary course of business are set out in Note 44 to the consolidated financial statements. None of such related party transactions falls under the definition of “connected transaction” or “continuing connected transaction” under Chapter 20 of the GEM Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers of the Group accounted for approximately 32.69% of the Group's revenue for the year under review. The Group's largest customer accounted for approximately 24.05% of its revenue.

The five largest suppliers of the Group accounted for approximately 56.99% of the Group's purchases for the year under review. The Group's largest supplier accounted for approximately 25.19% of its purchases.

None of the Directors, their respective close associates nor shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers at any time during the year under review.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with sound and reasonable corporate governance practices and procedures with an aim of maximizing the shareholders' interests as well as to enhancing the stakeholders' transparency and accountability. In this respect, to the best knowledge of the Board, the Company has complied with all of the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2017. Please refer to the Corporate Governance Report on pages 49 to 67 of this annual report for details.

關聯方交易及關連交易

本集團於年內在日常業務過程中進行的重大關聯方交易詳情載於綜合財務報表附註44。概無有關關聯方交易符合GEM上市規則第20章下的「關連交易」或「持續關連交易」的定義。本公司已根據GEM上市規則第20章遵守適用披露規定。

主要供應商及客戶

於回顧年度，本集團五大客戶佔本集團收入約32.69%，而本集團最大客戶佔其收入約24.05%。

於回顧年度，本集團五大供應商佔本集團採購額約56.99%，而本集團最大供應商佔其採購額約25.19%。

除上文所披露外，董事、彼等各自之緊密聯繫人或任何據董事所知擁有本公司已發行股本5%以上之股東於回顧年度任何時間概無擁有本集團五大客戶或供應商之任何實益權益。

企業管治

本公司致力維持高標準之企業管治常規及程序，旨在將股東之利益最大化，並提高權益持有人之透明度及問責程度。有關此方面，據董事所深知，於截至二零一七年十二月三十一日止年度，本公司一直遵守GEM上市規則附錄15所載企業管治守則之所有守則條文。詳情請參閱本年報第49至67頁之企業管治報告。

Directors' Report 董事會報告書

REQUIRED STANDARD OF DEALINGS FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2017.

AUDIT COMMITTEE

The Company has established the Audit Committee in 2002 which now comprises four Independent Non-executive Directors, namely Mr. Chui Chi Yun Robert (Chairman), Mr. Chan Tin Lup Trevor, Prof. Wong Lung Tak Patrick and Mr. Li Kit Chee.

During the year under review, the Audit Committee has met five times to review the Company's annual reports and financial statements, interim reports and quarterly reports and discuss with the management over issues relating to auditing, internal control and financial reporting. The Audit Committee has reviewed the audited financial results of the Group for the year ended 31 December 2017.

Please refer to the Corporate Governance Report on pages 49 to 67 for details.

INDEPENDENT AUDITORS

The consolidated financial statements for the year ended 31 December 2017 were audited by HLB Hodgson Impey Cheng Limited ("HLB") who will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for reappointment. A resolution for the re-appointment of HLB as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

董事進行證券交易的交易必守標準

本公司已採納一套有關董事進行證券交易之行為守則，其條款不遜於GEM上市規則第5.48條至5.67條所載之規定交易標準。本公司已向全體董事作出特定查詢，而全體董事已確認，彼等於截至二零一七年十二月三十一日止年度一直遵守有關規定交易標準及本公司所採納有關董事進行證券交易之行為守則。

審核委員會

本公司於二零零二年成立審核委員會。審核委員會現時成員包括四名獨立非執行董事，分別為崔志仁先生(主席)、陳天立先生、黃龍德教授及李傑之先生。

審核委員會於回顧年內曾舉行五次會議，以審閱本公司之年度報告及財務報表、中期報告及季度報告，並與管理層就有關審計、內部監控及財務報告等議題進行討論。審核委員會已審閱本集團截至二零一七年十二月三十一日止年度之經審核財務業績。

詳情請參閱第49至67頁之企業管治報告。

獨立核數師

截至二零一七年十二月三十一日止年度之綜合財務報表已由國衛會計師事務所有限公司(「國衛」)審核。國衛將於本公司應屆股東週年大會上退任，惟符合資格及願意接受續聘。續聘國衛為本公司核數師的決議案將於本公司應屆股東週年大會上提呈。

Directors' Report 董事會報告書

CHANGE OF DIRECTORS' AND DIRECTORS' INFORMATION

- (1) Dr. Lam Lee G. was appointed as a Non-executive Director with effect from 30 June 2017.
- (2) Mr. Li Sin Hung Maxim resigned as a Non-executive Director with effect from 5 January 2018.

Updated biographical details of the Directors since the 2017 Interim Report of the Company are set out in the section headed "Biographical Details of Directors" of this annual report.

Save as disclosed above, there were no substantial changes to the Directors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

On behalf of the Board

**National Arts Entertainment
and Culture Group Limited
Chow Kai Weng**

Vice Chairperson and Executive Director
Hong Kong, 27 March 2018

董事及董事資料變動

- (1) 林家禮博士獲委任為非執行董事，自二零一七年六月三十日起生效。
- (2) 李錦洪先生辭任非執行董事，自二零一八年一月五日起生效。

本公司二零一七年年中期報告以來董事的最新履歷載於本年報「董事履歷」一節。

除上文所披露者外，董事資料概無重大變動須根據GEM上市規則第17.50A(1)條予以披露。

承董事會命

國藝娛樂文化集團有限公司

副主席及執行董事

周啟榮

香港，二零一八年三月二十七日

INDEPENDENT AUDITORS' REPORT

獨立核數師報告書



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**TO THE MEMBERS OF NATIONAL ARTS
ENTERTAINMENT AND CULTURE GROUP LIMITED**
*(Incorporated in the Cayman Islands and continued in
Bermuda with limited liability)*

致國藝娛樂文化集團有限公司各股東

(於開曼群島註冊成立及於百慕達存續之有限公司)

OPINION

We have audited the consolidated financial statements of National Arts Entertainment and Culture Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 112 to 251, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

本核數師(以下簡稱「我們」)已審核載於第112至251頁國藝娛樂文化集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,包括二零一七年十二月三十一日之綜合財務狀況報表及截至該日止年度之綜合損益及其他全面收入表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映了貴集團於二零一七年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量,並已遵照《公司條例》的披露規定妥為編製。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「香港審計準則」)進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(「守則」),我們獨立於貴集團,並已根據道德守則履行其他道德責任。我們相信,我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

Independent Auditors' Report 獨立核數師報告書

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$193,533,000 for the year ended 31 December 2017 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$1,039,863,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

關於持續經營的重大不確定因素

我們謹請垂注綜合財務報表附註3，當中表示 貴集團於截至二零一七年十二月三十一日止年度，錄得虧損淨額約193,533,000港元，而於該日，貴集團的流動負債超過其流動總資產，差額約1,039,863,000港元。誠如附註3所示，該等事件及情況，連同附註3所載之其他事宜，反映有重大不確定因素，可能對 貴集團的持續經營能力構成重大疑問。我們關於此事宜之意見並無修訂。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。除「關於持續經營的重大不確定因素」一節所述外，我們已釐定下文所述事項為將於我們的報告中描述的關鍵審計事項。

Independent Auditors' Report 獨立核數師報告書

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 我們的審計如何處理關鍵審計事項

Fair value of hotel properties and film studio **酒店物業及影視城的公允值**

Refer to note 15 to the consolidated financial statements.
請參閱綜合財務報表附註15。

Hotel properties and film studio are property, plant and equipment measured using the revaluation model. The fair values of the hotel properties and film studio were approximately HK\$786,409,000 and HK\$947,698,000 respectively as at 31 December 2017. Management engaged an independent external valuer to assist in determining the fair values of the properties.

酒店物業及影視城乃使用重估模型計量的物業、廠房及設備。酒店物業及影視城於二零一七年十二月三十一日的公允值分別約為786,409,000港元及947,698,000港元。管理層委託一名獨立外聘估值師評估以釐定該等物業的公允值。

The area is of most significance in our audit because the balances are material and the valuations of the hotel properties and film studio involved the use of significant estimates and assumptions and judgements. 上述方面對我們的審計最為重要，因有關結餘巨大而且酒店物業及影視城的估值涉及重大估算及假設和判斷。

Our procedures in relation to management's valuation of the fair value of hotel properties and film studio mainly included:

我們就管理層評估酒店物業及影視城的公允值所採取的程序主要包括：

- Evaluating the objectivity, independence and competency of management's valuer;
- 檢視管理層所聘估值師的客觀、獨立及勝任度；
- Engaging our own valuation expert to assist us in assessing the methodologies and reasonableness of inputs and assumptions adopted in the valuation of the hotel properties and film studio;
- 自行委聘估值專家協助我們評核酒店物業及影視城估值所採用的方法論和輸入數據與假設的合理性；
- Checking on the accuracy and relevance of the inputs data used; and
- 複檢所採用輸入數據的準備和相關程度；及
- Considering the accounting treatment of any revaluation gains or losses in the consolidated financial statements.
- 考慮任何重估收益或虧損於綜合財務報表內的會計處理方法。

Impairment assessment of long-term other receivables **長期其他應收款項的減值評估**

Refer to note 27 to the consolidated financial statements.
請參閱綜合財務報表附註27。

As at 31 December 2017, the Group had long-term other receivables of approximately HK\$100,181,000. 於二零一七年十二月三十一日，貴集團有約100,181,000港元的長期其他應收款項。

Our procedures in relation to management's impairment of long-term other receivables mainly include:

我們就管理層計算長期其他應收款項減值所採取的程序主要包括：

- Conducting analytical procedures and assessing management judgement for the fair value of consideration receivables; and
- 進行分析程序及評價管理層有關應收代價公允值的判斷；及
- Evaluating the objectivity, independence and competency of management's valuer.
- 檢視管理層所聘估值師的客觀、獨立及勝任度；及

Independent Auditors' Report 獨立核數師報告書

Key audit matter 關鍵審計事項

Carrying amounts of land lease prepayments 土地租賃預付款的賬面值

Refer to note 17 to the consolidated financial statements.
請參閱綜合財務報表附註17。

The carrying amounts of land lease prepayments were approximately HK\$456,304,000 as at 31 December 2017.

土地租賃預付款於二零一七年十二月三十一日的賬面值約為456,304,000港元。

The carrying amounts of land lease prepayments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

當發生任何事件或狀況變化顯示賬面值將可能無法收回時，會對土地租賃預付款賬面值會作減值檢討。

For the purpose of assessing impairment, the recoverable amounts were determined by management based on the facts and circumstances. In carrying out the impairment assessments, significant judgement was required to determine the reasonableness of key assumptions, including discount rates and constructions costs.

就減值評估而言，可收回金額由管理層根據事實和環境釐定。進行減值檢討時，需要作出重大判斷以確定關鍵假設（包括折現率及建設費用）的合理性。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditors' report thereon.

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

How our audit addressed the key audit matter 我們的審計如何處理關鍵審計事項

Our procedures in relation to management's assessment of the carrying amount of the land lease prepayments mainly include:

我們就管理層評估土地租賃預付款的賬面值所採取的程序主要包括：

- Conducting analytical procedures and assessing management judgement of the carrying amounts of land lease prepayments;
- 進行分析程序及評價管理層有關土地租賃預付款賬面值的判斷；
- Recalculating and checking the amount of amortisation based on the amortisation rate and considering whether amortisation methods are consistent and reasonable; and
- 根據攤銷率重新計算和複檢攤銷金額，並研究攤銷辦法是否貫徹一致和合理；及
- Understanding of management's process around impairment assessment, where indicators existed.
- 若設有指標，了解管理層關乎減值評價的程序。

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的全部資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對及不會對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審核，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

Independent Auditors' Report 獨立核數師報告書

RESPONSIBILITIES OF DIRECTORS 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 HKFRS 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.

AUDITORS' 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 auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA 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.

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製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。

在編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，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。

審核委員會負責監察 貴集團之財務申報程序。

核數師就審核綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具載有我們意見的核數師報告。本報告根據百慕達公司法（一九八一年）第90條僅向閣下（作為整體）發出，除此之外本報告別無其他目的。本核數師並不會就本報告內容對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審核，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綜合財務報表使用者依賴綜合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。

Independent Auditors' Report 獨立核數師報告書

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSA, we exercise professional judgement 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.
- 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 auditors' 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 auditors' 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.

核數師就審核綜合財務報表承擔的責任(續)

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，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。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當作出有保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

Independent Auditors' Report 獨立核數師報告書

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Hui Chun Keung, David.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 27 March 2018

核數師就審核綜合財務報表承擔的責任(續)

- 就 貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責 貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核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。

從與審核委員會溝通的事項中，我們確定哪些事項對本期間的綜合財務報表的審核最為重要，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核項目董事為許振強。

國衛會計師事務所有限公司
香港執業會計師

許振強
執業證書編號：P05447

香港，二零一八年三月二十七日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

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

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入	7	221,372	57,827
Other income	其他收入	7	867	13,514
Other losses	其他虧損	7	(23,454)	(193)
Cost of film production	電影製作成本		(1,210)	(10,745)
Staff costs	員工成本	10	(69,186)	(39,832)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	10	(58,957)	(59,578)
Amortisation of land lease prepayments	預付土地租賃攤銷	10	(13,757)	(13,703)
Other operating expenses	其他經營費用		(79,200)	(133,279)
Finance costs	融資成本	9	(165,563)	(119,356)
Loss on fair value changes of convertible bond	可換股債券公允值變動虧損		(4,902)	(22,200)
Gain on fair value changes of investment properties	投資物業公允值變動收益		1,080	1,500
Share of loss of an associate	分佔一間聯營公司虧損		(3)	(143)
Share of loss of a joint venture	分佔一間合營企業虧損		(620)	(904)
Loss before income tax	除所得稅前虧損		(193,533)	(327,092)
Income tax expense	所得稅開支	11	—	—
Loss for the year	本年度虧損	10	(193,533)	(327,092)
Other comprehensive (expense)/ income	其他全面(開支)/收入			
Items that will not be reclassified to profit or loss	不會重列為損益的項目			
Loss on revaluation of properties held for own use	重估持作自用物業的虧損		(42,907)	(13,790)
Income tax credit relating to revaluation of properties held for own use	有關重估持作自用物業的所得稅抵免		10,727	3,448
Items that may be reclassified subsequently to profit or loss	其後可能重列為損益的項目			
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生的匯兌差額		72,371	(68,879)
Other comprehensive income/ (expense) for the year, net of tax	本年度其他全面收入/(開支)扣除稅項		40,191	(79,221)
Total comprehensive expense for the year	本年度全面開支總額		(153,342)	(406,313)

Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表

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

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Loss for the year attributable to:	應佔本年度虧損：			
Owners of the Company	本公司擁有人		(193,529)	(327,091)
Non-controlling interests	非控股權益		(4)	(1)
			<u>(193,533)</u>	<u>(327,092)</u>
Total comprehensive expense attributable to:	應佔全面開支總額：			
Owners of the Company	本公司擁有人		(153,338)	(406,312)
Non-controlling interests	非控股權益		(4)	(1)
			<u>(153,342)</u>	<u>(406,313)</u>
Loss per share	每股虧損			
Basic and diluted	基本及攤薄	12	<u>(HK4.45 cents 港仙)</u>	<u>(HK8.84 cents 港仙)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2017 於二零一七年十二月三十一日

	Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current assets			
非流動資產			
Property, plant and equipment	15	1,779,208	1,684,984
Investment properties	16	—	33,700
Land lease prepayments	17	456,304	470,061
Intangible asset	18	—	1,079
Investment in an associate	20	—	113
Investment in a joint venture	21	6,400	7,020
Available-for-sale investment	22	—	5,250
Other receivables and deposits	27	105,082	93,551
		2,346,994	2,295,758
Current assets			
流動資產			
Film products and film production in progress	23	2,420	3,630
Investments in films/dramas production	24	986	6,461
Trade receivables	25	125,595	6,693
Inventories	26	2,981	2,414
Prepayments, deposits and other receivables	27	81,472	55,794
Amount due from a joint venture	21	2,414	2,414
Assets classified as held for sales	16	34,780	—
Cash and bank balances	28	19,944	4,283
		270,592	81,689
Current liabilities			
流動負債			
Trade payables	29	25,666	1,846
Other payables and accruals	30	115,992	159,020
Bank overdrafts	28	8,416	8,501
Loans from shareholders	31	452,673	10,873
Borrowings	32	200,547	131,490
Finance lease obligation	33	7,153	3,036
Bonds	34	306,369	61,115
Convertible bond	35	106,697	—
Promissory note	36	83,991	—
Provision for income tax		2,951	2,951
		1,310,455	378,832
Net current liabilities		(1,039,863)	(297,143)
Total assets less current liabilities		1,307,131	1,998,615
資產總值減流動負債			

Consolidated Statement of Financial Position 綜合財務狀況表

At 31 December 2017 於二零一七年十二月三十一日

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current liabilities	非流動負債			
Other payables	其他應付款項	30	—	24,236
Loans from shareholders	股東的貸款	31	51,387	451,471
Borrowings	借貸	32	20,655	48,048
Bonds	債券	34	413,551	445,688
Convertible bond	可換股債券	35	—	110,813
Promissory note	承兌票據	36	—	81,655
Finance lease obligation	財務租賃承擔	33	15,478	20,370
Deferred tax liabilities	遞延稅項負債	37	165,629	176,356
			666,700	1,358,637
Net assets	資產淨值		640,431	639,978
Capital and reserves	資本及儲備			
Share capital	股本	38	451,416	399,839
Reserves	儲備		188,781	239,901
Equity attributable to owners of the Company	本公司擁有人應佔權益		640,197	639,740
Non-controlling interests	非控股權益		234	238
Total equity	權益總額		640,431	639,978

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2018 and are signed on its behalf by:

綜合財務報表已由董事會於二零一八年三月二十七日批准及授權刊發，並由下列董事代表董事會簽署：

Chow Kai Weng
周啟榮
Director
董事

Sin Kwok Lam
冼國林
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔										Attributable to non-controlling interests		Total
		Share capital (note 38) 股本 (附註38) HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Special reserve (note 39) 特別儲備 (附註39) HK\$'000 千港元	Contributed surplus (note 39) 實繳盈餘 (附註39) HK\$'000 千港元	Properties revaluation reserve 物業重估儲備 HK\$'000 千港元	Translation reserve 換算儲備 HK\$'000 千港元	Share option reserve 購股權儲備 HK\$'000 千港元	Convertible bond equity reserve 可換股債券 權益儲備 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Subtotal 小計 HK\$'000 千港元	非控股權益應佔 HK\$'000 千港元	權益總額 HK\$'000 千港元	
At 1 January 2016	於二零一六年一月一日	333,172	683,770	1,000	78,791	415,357	(78,579)	26,229	80,081	(689,678)	930,143	239	930,382	
Share issued upon conversion of convertible bonds (note 38)	兌換可換股債券時發行股份(附註38)	66,667	67,936	-	-	-	-	-	(18,679)	-	115,924	-	115,924	
Early settlement of convertible bonds	提早結付可換股債券	-	-	-	-	-	-	-	(2,893)	2,878	(15)	-	(15)	
Lapse of the equity component of convertible bonds	可換股債券的權益部分失效	-	-	-	-	-	-	-	(42,912)	42,912	-	-	-	
Transaction with owners	與擁有人進行的交易	66,667	67,936	-	-	-	-	-	(64,484)	45,790	115,909	-	115,909	
Loss for the year	本年度虧損	-	-	-	-	-	-	-	(327,091)	(327,091)	(1)	(327,092)		
Loss on revaluation of properties held for own use, net of tax	重估持作自用物業的虧損，扣除稅項	-	-	-	-	(10,342)	-	-	-	-	(10,342)	-	(10,342)	
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生的匯兌差額	-	-	-	-	-	(68,879)	-	-	-	(68,879)	-	(68,879)	
Total comprehensive expense for the year	本年度全面開支總額	-	-	-	-	(10,342)	(68,879)	-	-	(327,091)	(406,312)	(1)	(406,313)	
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	399,839	731,706	1,000	78,791	405,015	(147,458)	26,229	15,597	(870,979)	639,740	238	639,978	
Capitalisation of loan interest payables (note 38)	資本化應付貸款利息(附註38)	11,211	15,359	-	-	-	-	-	-	-	26,570	-	26,570	
Capitalisation of other payables (note 38)	資本化其他應付款項(附註38)	38,798	53,154	-	-	-	-	-	-	-	91,952	-	91,952	
Share issued upon exercise of share options (note 38)	行使購股權時發行股份(附註38)	1,568	3,495	-	-	-	-	(1,212)	-	-	3,851	-	3,851	
Equity-settled share-based payments (note 43)	以權益結算的股份支付(附註43)	-	-	-	-	-	-	31,422	-	-	31,422	-	31,422	
Lapse of share options	購股權失效	-	-	-	-	-	-	(4,559)	-	4,559	-	-	-	
Transaction with owners	與擁有人進行的交易	51,577	72,008	-	-	-	-	25,651	-	4,559	153,795	-	153,795	
Loss for the year	本年度虧損	-	-	-	-	-	-	-	(193,529)	(193,529)	(4)	(193,533)		
Loss on revaluation of properties held for own use, net of tax	重估持作自用物業的虧損，扣除稅項	-	-	-	-	(32,180)	-	-	-	-	(32,180)	-	(32,180)	
Exchange differences on translation of financial statements of foreign operations	換算海外業務財務報表時產生的匯兌差額	-	-	-	-	-	72,371	-	-	-	72,371	-	72,371	
Total comprehensive (expense)/ income for the year	本年度全面(開支)/收入總額	-	-	-	-	(32,180)	72,371	-	-	(193,529)	(153,338)	(4)	(153,342)	
At 31 December 2017	於二零一七年十二月三十一日	451,416	803,714	1,000	78,791	372,835	(75,087)	51,880	15,597	(1,059,949)	640,197	234	640,431	

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	經營業務的現金流量		
Loss before tax	除稅前虧損	(193,533)	(327,092)
Adjustments for:	就下列各項作出調整：		
Finance costs	融資成本	165,563	119,356
Bank interest income	銀行利息收入	(13)	(6)
Amortisation of film products	電影產品攤銷	1,210	10,745
Amortisation of land lease prepayments	預付土地租賃攤銷	13,757	13,703
Depreciation of property, plant and equipment	物業、廠房及設備折舊	58,957	59,578
Expenses recognised in respect of equity-settled share-based payments	就權益結付股份付款確認的開支	31,422	—
Loss on fair value changes of convertible bonds	可換股債券公允價值變動虧損	4,902	22,200
Net losses on early redemption of convertible bonds	提早贖回可換股債券的虧損淨額	—	193
Waiver of interest of convertible bond	豁免可換股債券利息	—	(12,513)
Gain on fair value changes of investment properties	投資物業公允價值變動的收益	(1,080)	(1,500)
Impairment losses of interest receivables	應收利息的減值虧損	5,239	—
Impairment losses of investments in films/drama production	電影／戲劇製作的減值虧損	5,775	—
Loss on disposal of an intangible asset	出售一項無形資產的虧損	79	—
Loss on disposal of an associate	出售一間聯營公司的虧損	110	—
Loss on capitalisation of loan interest payables	資本化應付貸款利息的虧損	1,570	—
Loss on capitalisation of other payables	資本化其他應付款項的虧損	5,431	—
Impairment loss on available-for-sales investment	可供出售投資的減值虧損	5,250	—
Impairment losses on trade and other receivables	貿易及其他應收款項的減值虧損	13	—
Share of loss of an associate	分佔一間聯營公司虧損	3	143
Share of loss of a joint venture	分佔一間合營企業虧損	620	904
		105,275	(114,289)
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量		
Increase in inventories	存貨增加	(567)	(34)
Increase in film products and film production in progress	電影產品及在製電影產品增加	—	(3,630)
Increase in trade receivables	應收貿易款項增加	(114,468)	(3,253)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項增加	(30,144)	(6,462)
Increase in trade payables	應付貿易款項增加	22,929	667
(Decrease)/increase in other payables and accruals	其他應付款項及應計費用(減少)／增加	(423)	18,764
NET CASH USED IN OPERATING ACTIVITIES	經營業務所用現金淨額	(17,398)	(108,237)

Consolidated Statement of Cash Flows 綜合現金流量表

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

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動的現金流量		
Increase in films/dramas production	電影／戲劇製作增加	(300)	(6,461)
Interest received	利息收入	13	6
Payments for property, plant and equipment	物業、廠房及設備付款	(102,274)	(88,377)
Payments for land lease prepayments	支付土地租賃預付款	—	(11,419)
Proceeds from disposal of an intangible asset	出售一項無形資產的所得款項	1,000	—
Purchases of available-for-sale investments	購買可供出售投資	—	(125)
		<u>(101,561)</u>	<u>(106,376)</u>
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用淨現金		
		<u>(101,561)</u>	<u>(106,376)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動的現金流量		
Interest paid	已付利息	(155,199)	(83,051)
Proceeds from shareholders loans	股東貸款所得款項	98,593	286,234
Repayments of shareholders loans	償還股東貸款	(61,876)	(13,788)
Proceeds from short-term borrowing	短期借貸所得款項	118,733	61,494
Repayments of short-term borrowing	償還短期借貸	(77,661)	(265,996)
Repayments of loan from a related company	償還一間關聯公司的貸款	—	(12,400)
Proceeds from issuance of bonds	發行債券所得款項	412,457	242,678
Transaction costs of issuance of bonds	發行債券的交易成本	(87,557)	(18,045)
Repayments of bonds	償還債券	(73,819)	(3,000)
Repayments of finance leases obligation	償還財務租賃承擔	(2,573)	(98)
Proceeds from issue of share	發行股份的所得款項	3,851	—
		<u>174,949</u>	<u>194,028</u>
NET CASH GENERATED BY FINANCING ACTIVITIES	融資活動所得現金淨額		
		<u>174,949</u>	<u>194,028</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值項目增加／(減少)淨額	55,990	(20,585)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	年初現金及現金等值項目	(4,218)	4,360
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	匯率變動對所持外幣現金結餘的影響	(40,244)	12,007
		<u>11,528</u>	<u>(4,218)</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	年末現金及現金等值項目		
		<u>11,528</u>	<u>(4,218)</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結餘分析		
Cash and bank balances	現金及銀行結餘	19,944	4,283
Bank overdrafts	銀行透支	(8,416)	(8,501)
		<u>11,528</u>	<u>(4,218)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

1. GENERAL

National Arts Entertainment and Culture Group Limited (the “Company”, together with its subsidiaries as, the “Group”) was incorporated in the Cayman Islands on 16 November 2001 as an exempted company under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 14 October 2010, the Company deregistered in the Cayman Islands and continued in Bermuda as an exempted company under the laws of Bermuda with effect from 14 October 2010. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company’s principal place of business in Hong Kong is Rm. L&M, 21/F., Kings Wing Plaza, Phase 1, No.3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong.

The Company’s shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company is principally engaged in investment holding. Details of the principal activities of its subsidiaries are set out in note 19 to the consolidated financial statements. The principal activities of the Group include film production and distribution, the provision of management services to artistes, event coordination, operations of film studio and hotel and provision of travel related products.

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

1. 一般資料

國藝娛樂文化集團有限公司(「本公司」, 連同其附屬公司統稱「本集團」)於二零零一年十一月十六日根據開曼群島公司法第22章(一九六一年法例3, 經綜合及修訂)在開曼群島註冊成立為獲豁免公司。於二零一零年十月十四日, 本公司於開曼群島撤銷註冊, 並根據百慕達法例於百慕達以獲豁免公司形式存續, 自二零一零年十月十四日生效。本公司的註冊辦事處為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司的香港主要營業地點位於香港新界沙田石門安群街3號京瑞廣場1期21樓L及M室。

本公司股份於香港聯合交易所有限公司(「聯交所」)GEM上市。本公司主要從事投資控股。本公司附屬公司主要業務之詳情載於綜合財務報表附註19。本集團之主要業務包括電影製作及發行、提供藝人管理服務、活動統籌、經營影視城和酒店及提供旅行相關產品。

綜合財務報表以港元(「港元」), 亦為本公司的功能貨幣呈列, 除另有指明外, 所有價值均四捨五入至最接近的千位數(「千港元」)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

Amendments to HKFRS that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

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

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

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效之香港財務報告準則

本集團已於本年度首次採用以下香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則之修訂：

香港會計準則第7號(修訂本)	披露計劃
香港會計準則第12號(修訂本)	確認關於未變現虧損之遞延稅項資產
香港財務報告準則第12號(修訂本)	作為香港財務報告準則二零一四年至二零一六年週期之年度改進一部分

除下文所述者外，於本年度應用香港財務報告準則之修訂對本集團於本年度及先前年度之財務表現及狀況及/或對此等綜合財務報告表所載之披露資料並無重大影響。

香港會計準則第7號(修訂本)披露計劃

本集團已於本年度首次應用此等修訂。此等修訂要求實體提供披露資料，使財務報表之使用者評估融資活動產生之負債變動，包括現金及非現金變動。此外，修訂亦要求，倘該等財務資產之現金流量之前已或未來將納入融資活動產生之現金流量，則須披露財務資產的變動。

特別是，該等修訂規定就以下項目作出披露：(i)融資現金流量的變動；(ii)因失去附屬公司或其他業務的控制權而產生的變動；(iii)匯率變動的影響；(iv)公允值變動；及(v)其他變動。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

Amendments to HKAS 7 Disclosure Initiative

(Continued)

A reconciliation between the opening and closing balances of these items is provided in note 46. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 46, the application of these amendments has had no impact on the Group’s consolidated financial statements.

New and revised HKFRS in issue but not yet effective

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

HKFRS 9	Financial Instruments ³
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ³
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ¹
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ³
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第7號(修訂本)披露計劃(續)

該等項目期初及期末結餘對賬載於附註46。與該等修訂的過渡性條文一致，本集團並無披露對上年度的比較資料。除附註46額外披露外，應用該等修訂對本集團的綜合財務報表並無影響。

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則及其修訂本：

香港財務報告準則第9號	金融工具 ³
香港財務報告準則第15號	來自客戶合約的收益及相關修訂 ³
香港財務報告準則第16號	租賃 ²
香港財務報告準則第17號	保險合約 ¹
香港(國際財務報告詮釋委員會) – 詮釋第22號	外幣交易及墊付代價 ³
香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理的不確定性 ²

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ³
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ³
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRS 2014-2016 Cycle ³
Amendments to HKAS 40	Transfers of Investment Property ³
Amendments to HKFRS	Annual Improvements to HKFRS 2015-2017 Cycle ²

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

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

³ Effective for annual periods beginning on or after 1 January 2018.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第2號(修訂本)	澄清股份為基礎之付款交易之計量 ³
香港財務報告準則第4號(修訂本)	應用香港財務報告準則第9號金融工具，連同香港財務報告準則第4號保險合約 ³
香港財務報告準則第9號(修訂本)	具有負補償的提前還款特性 ²
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
香港會計準則第28號(修訂本)	於聯營公司及合營企業之長期權益 ²
香港會計準則第28號(修訂本)	作為香港財務報告準則二零一四年至二零一六年週期之年度改進一部分 ³
香港會計準則第40號(修訂本)	轉讓投資物業 ³
香港財務報告準則(修訂本)	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 ²

¹ 於二零二一年一月一日或之後開始的年度期間生效。

² 於二零一九年一月一日或之後開始的年度期間生效。

³ 於二零一八年一月一日或之後開始的年度期間生效。

⁴ 於有待釐定之日期或之後開始的年度期間生效。

除下文所述新訂及經修訂香港財務報告準則和詮釋外，本公司董事(「董事」)預期應用所有其他新訂及經修訂香港財務報告準則和詮釋在可見將來對綜合財務報表並無重大影響。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

HKFRS 9 *Financial Instruments*

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

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

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號引入金融資產與金融負債分類及計量之新規定、一般對沖會計以及有關金融資產之減值規定。

與本集團相關之香港財務報告準則第9號之主要規定為：

- 香港財務報告準則第9號範圍內之所有已確認金融資產其後須按攤銷成本或公允值計量。具體而言，以收取合約現金流為目的之業務模式持有之債務投資，及擁有純粹為支付本金及尚未償還本金利息之合約現金流之債務投資，一般於其後會計期末按攤銷成本計量。於目的為同時收取合約現金流及出售金融資產之業務模式中持有之債務工具，以及合約條款令於特定日期產生之現金流純粹為支付本金及尚未償還本金利息的債務工具，一般均以按公允值計入其他全面收益之方式計量。所有其他金融資產於其後會計期末按公允值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回選擇於其他全面收益呈列股本投資(並非持作買賣)之其後公允值變動，而一般僅於損益內確認股息收入。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

HKFRS 9 *Financial Instruments* (Continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

Impairment

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

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號 *金融工具* (續)

- 就金融資產之減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。

根據本集團截至二零一七年十二月三十一日的金融工具和風險管理政策，董事預期首次應用香港財務報告準則第9號之潛在影響如下：

減值

一般而言，董事預期應用香港財務報告準則第9號的預期信貸虧損模式將導致本集團於應用香港財務報告準則第9號後，就本集團按攤銷成本計量之金融資產以及其他須作出減值撥備的項目之尚未產生的信貸虧損提前撥備。

根據董事的評估，倘若本集團須應用預期信貸虧損模式，則本集團於二零一八年一月一日將予確認的累計減值虧損金額將較根據香港會計準則第39號確認的累計金額略有增加，主要是由於應收貿易款項及其他應收賬項的預期信貸虧損撥備。按預期信貸虧損模式確認的進一步減值將減少於二零一八年一月一日的期初保留溢利。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

HKFRS 9 *Financial Instruments* (Continued)

In the opinion of the Directors, based on the historical experience of the Group, the Group experienced bad debts on outstanding balances with customers. Hence, the Directors anticipate that application of the new impairment requirements under HKFRS 9 may result in impairments on the Group's financial assets recognised in earlier accounting period due to the expected loss impairment model. The Group will perform a more detailed analysis upon the application of HKFRS 9.

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第9號 *金融工具* (續)

董事認為，根據本集團的過往經歷，本集團曾經歷客戶因未償付結餘而有壞賬。故此，董事預期應用香港財務報告準則下的新減值虧損規定，可能會導致本集團在較早會計期間確認的金融資產因預期減值模式而出現減值。本集團將於應用香港財務報告準則第9號後，作出更詳細的分析。

香港財務報告準則第15號 *來自客戶合約收益*

香港財務報告準則第15號已獲頒佈，其制定一項單一全面模式供實體用作將自客戶合約所產生收益入賬。香港財務報告準則第15號於生效後將取代現時的收益確認指引，包括香港會計準則第18號 *收益*、香港會計準則第11號 *建築合約* 及相關詮釋。

香港財務報告準則第15號的核心原則乃實體應確認收入以在反映實體預期交換該等貨品或服務而應得的對價的數額中體現向客戶轉讓承諾貨品或服務。具體而言，該準則引入確認收益的五個步驟：

- | | |
|------|----------------------|
| 第一步： | 識別與客戶訂立的合約； |
| 第二步： | 識別合約中的履約責任； |
| 第三步： | 釐定交易價； |
| 第四步： | 將交易價分配至合約中的履約責任； |
| 第五步： | 於實體完成履約責任時(或就此)確認收益。 |

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

HKFRS 15 Revenue from Contracts with Customers (Continued)

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

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

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

HKFRS 16 Leases

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

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

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號來自客戶合約收益(續)

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

於二零一六年，香港會計師公佈頒佈香港財務報告準則第15號的澄清，內容關於識別履約責任、主體對代理代價，以及發牌應用指引。

董事預期日後應用香港財務報告準則第15號可能導致作出更多披露，然而，董事並不預期應用香港財務報告準則第15號將對有關報告期間確認之收益時間及金額有重大影響。

香港財務報告準則第16號租賃

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

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

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

HKFRS 16 *Leases* (Continued)

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

Furthermore, extensive disclosures are required by HKFRS 16.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號 *租賃* (續)

使用權資產初步按成本計量，隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債的任何重新計量而作出調整。租賃負債初步按租賃款項(非當日支付)之現值計量。隨後，租賃負債會就(其中包括)利息及租賃款項以及租賃修訂的影響作出調整。就現金流量分類而言，本集團目前將預付租賃款項呈列為與自用租賃土地及分類為投資物業的租賃土地有關的投資現金流量，其他經營租賃款項則呈列為經營現金流量。應用香港財務報告準則第16號，有關租賃負債的租賃款項將分配至本金及利息部分，並分別以融資現金流量呈列。

根據香港會計準則第17號，本集團已就融資租賃安排及租賃土地(本集團為承租人)之預付租賃款項確認一項資產及相關融資租賃負債。應用香港財務報告準則第16號，可能導致該等資產之分類出現潛在變化，視乎本集團是否將資產使用權獨立呈報或於相關基本資產倘屬自有而會呈報之相同項目內呈報。

相較承租人會計處理而言，香港財務報告準則第16號實質上沿用香港會計準則第17號的出租人會計規定，及繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號要求作出更詳盡披露。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

(Continued)

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

HKFRS 16 *Leases* (Continued)

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HK\$137,962,000 as disclosed in note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

2. 採用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號 *租賃* (續)

於二零一七年十二月三十一日，如附註40所披露，本集團有不可撤銷經營租賃承擔約137,962,000港元。初步評估顯示該等安排將符合租賃定義。應用香港財務報告準則第16號後，本集團將就所有該等租賃確認使用權資產及相關負債，惟倘該等資產於符合低價值或短期租賃之資格則作別論。

此外，應用新規定可能導致上文所示的計量、呈報及披露的變動。

3. 重要會計政策

綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包含聯交所GEM證券上市規則(「上市規則」)及香港公司條例規定的適用披露資料。

除下文會計政策闡釋某些金融工具以各報告期末的公允值列賬外，綜合財務報表乃根據歷史成本法編製。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately HK\$1,039,863,000 and the Group continued to incur a loss for the year of approximately HK\$193,533,000. These conditions indicate that there may exist a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the existence of these indicators, the Directors are of the opinion that it is appropriate for the consolidated financial statements to be prepared on the assumption that the Group will continue to operate as a going concern. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures, including the following:

- (i) in relation to those bank and other borrowings which will mature on or before 31 December 2018, the Group is actively negotiating with the banks and other third party lenders for arrangements to renew or roll over the borrowings upon maturity. The Group has not experienced any significant difficulties in renewing most of its short-term and long-term borrowings upon their maturities and there is no indication that the banks and other third party lenders will not renew the existing short-term and long-term borrowings upon the Group's request. The on-going negotiations with the holders of the bonds falling due in 2018, with carrying amount of approximately HK\$306,369,000 as at 31 December 2017, are proceeding well and expected to result in, in the near term, extension of the maturity dates of the bonds. The Directors, having evaluated all the relevant facts available to them, are of the opinion that the Group would be able to renew such borrowings, including the bonds falling due in 2018, upon maturity;

3. 重要會計政策 (續)

於二零一七年十二月三十一日，本集團的流動負債超過其流動資產，差額約1,039,863,000港元，而本集團於本年度繼續錄得虧損約193,533,000港元。該等情況反映可能有重大不穩定因素，可能對本集團的持續經營能力構成重大疑問。儘管有該等跡象，董事認為綜合財務報表按本公司將繼續持續經營的假設編製，實屬合適。為改善本集團的財務狀況、直接流動資金及現金流量，以及在其他方面維持本集團的持續經營，董事已採納數項措施，包括以下各項：

- (i) 就於二零一八年十二月三十一日或之前到期的該等銀行及其他借款，本集團將積極與銀行及其他第三方貸方磋商，安排借款於到期時重續或延展。本集團於其大部分短期及長期借款到期時重續，過往並無經歷任何重大困難，亦無跡象表示銀行及其他第三方貸方將不會應本集團要求，重續短期及長期貸款。與二零一八年到期債券（於二零一七年十二月三十一日的賬面值約306,369,000港元）的持有人的磋商進展良好，預期於短期內延長債券的到期日。董事於評估彼等所知的所有相關事實後，認為本集團將可於該等借款到期時予以重續，包括二零一八年到期的債券；

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

- (ii) the Group has obtained an undertaking from Mr. Sin Kwok Lam (“Mr. Sin”), the ultimate substantial shareholder of the Company, that he will provide funds to the Group to meet in full all its financial obligations as they fall due for the period of twelve months from 31 December 2017; and
- (iii) in March 2018, the shareholders of the Company who had granted loans to the Group agreed with the Group that the maturity dates of the loans falling due in 2018 shall be extended by another one year. As at 31 December 2017, the carrying amounts of such loans amounted to approximately HK\$688,869,000 in aggregate and were classified as current liabilities in the consolidated statement of financial position as at 31 December 2017.

On the basis of the foregoing, and after assessing the Group’s current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group’s financial obligations as they fall due for the period of twelve months from 31 December 2017. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis.

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

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

3. 重要會計政策 (續)

- (ii) 本公司已向本集團最終主要股東冼國林先生(「冼先生」)取得一項承諾，彼將向本集團提供資金，以便其財務責任於二零一七年十二月三十一日起計十二個月期間內到期時，可悉數履行其責任；及
- (iii) 於二零一八年三月，授出貸款予本集團的本公司股東與本集團協定，於二零一八年到期的貸款，可再延展一年。於二零一七年十二月三十一日，該等貸款的賬面值合共約688,869,000港元，已於二零一七年十二月三十一日的綜合財務狀況表中分類為流動負債。

基於上文所述及經評估本集團的目前及預計現金狀況後，董事信納本集團將可繼續於其財務責任於二零一七年十二月三十一日起十二個月期間到期時，予以履行。據此，本集團的綜合財務報表已按持續基準編製。

歷史成本一般是基於為交換商品及服務而支付代價之公允值。

公允值為於計量日期市場參與者間之有序交易中出售資產將收取或轉讓負債將支付之價格，無論該價格乃可直接觀察或採用另一種估值技術予以估計。於估計資產或負債之公允值時，倘市場參與者於計量日期對資產或負債進行定價時將資產或負債之特徵考慮在內，則本集團會將該等特徵考慮在內。於此等綜合財務報表中用於計量及／或披露用途之公允值乃按有關基準予以釐定，以下各項除外：在香港財務報告準則第2號以股份支付款項範圍內之以股份支付款項交易、在香港會計準則第17號租賃範圍內之租賃交易以及與公允值具備某些相似點但並非公允值之計量標準，比如香港會計準則第2號存貨中之可變現淨值或香港會計準則第36號資產減值中之使用價值。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

3. 重要會計政策 (續)

非金融資產之公允值計量會考慮市場參與者通過按資產最高及最佳用途使用資產或向會按資產最高及最佳用途使用資產的另一名市場參與者銷售資產而產生經濟利益的能力。

此外，就財務報告而言，公允值計量分為第一、第二或第三級，此等級別之劃分乃根據公允值輸入數據的可觀察程度及輸入數據對公允值計量的整體重要性，現概述如下：

- 第一級輸入數據乃實體於計量日期可從相同資產或負債於活躍市場中所報價格(未調整)得出；
- 第二級輸入數據乃第一級所載報價以外，可從資產或負債直接或間接觀察輸入數據得出的輸入數據；及
- 第三級輸入數據乃資產或負債無法觀察的輸入數據。

重要會計政策載列如下。

綜合基準

綜合財務報表包括本公司及受本公司及其附屬公司控制之實體(包括特殊目的實體)之財務報表。當本公司存在以下情況時取得控制權：

- 擁有對被投資公司之權力；
- 面臨或擁有參與被投資公司所得可變回報之風險或權利；及
- 擁有行使其權力以影響其回報之能力。

倘有關事實或情況表明上文列出之三項控制權要素中之一項或多項存在變動，則本集團會對其是否控制被投資公司進行重新評估。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

3. 重要會計政策 (續)

綜合基準 (續)

當本集團擁有被投資公司之投票權不到大部分，則於投票權足以為其提供直接單方面指導被投資公司相關活動之實際能力時，本集團擁有對被投資公司之權力。於評估本集團於被投資公司之投票權是否足以為其提供權力時，本集團會考慮所有相關事實及情況，包括：

- 本集團持有投票權之規模相對於其他選票持有人持有投票權之規模及分散性；
- 本集團、其他選票持有人或其他各方持有的潛在投票權；
- 其他合同安排產生之權利；及
- 於需要作出決定(包括之前股東大會上之投票模式)時表明本集團當前擁有或並無擁有直接指導相關活動之能力之任何額外事實及情況。

附屬公司之綜合於本集團獲得對附屬公司之控制權時開始，並於本集團失去對附屬公司之控制權時終止。具體而言，於年內收購或出售之附屬公司之收入及開支計入自本集團獲得控制權之日直至本集團不再控制附屬公司之日綜合損益及其他全面收益表。

損益及各項其他全面收益項目歸屬於本公司擁有人及非控股權益。附屬公司之全面收益總額歸屬於本公司擁有人及非控股權益，即使這將導致非控股權益出現虧絀結餘。

倘有需要，將對附屬公司之財務報表作出調整，以使其會計政策與本集團所用之會計政策一致。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation (Continued)

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. 重要會計政策 (續)

綜合基準 (續)

與本集團成員公司間之交易有關之所有集團內資產及負債、股權、收入、開支及現金流量於綜合時悉數對銷。

本集團於現有附屬公司的擁有權變動

倘本集團於現有附屬公司擁有權之變動並無導致本集團對附屬公司失去控制權，則作為股本交易入賬。本集團權益的相關組成部分及非控股權益的賬面值會予以調整以反映彼等於附屬公司的有關權益變動，包括相關儲備根據本集團及非控股權益之權益比例於本集團及非控股權益之間重新歸屬。

對非控股權益作出調整的金額與已付或已收代價之公允值的任何差額直接於權益中確認並歸屬於本公司之擁有人。

當本集團失去對附屬公司之控制時，取消確認該附屬公司之資產及負債及非控股權益(如有)。收益或虧損於損益確認且按照：(i) 已收代價公允值及任何保留權益公允值總額與(ii)資產(包括商譽)先前的賬面值及本公司擁有人應佔附屬公司負債之間的差額計算。所有先前於其他全面收益確認之有關該附屬公司之款項，將按猶如本集團已直接出售該附屬公司之相關資產或負債入賬(即按適用香港財務報告準則之規定/許可條文重新分類至損益或轉撥至另一類權益)。於失去控制權當日於前附屬公司保留之任何投資之公允值將根據香港會計準則第39號，於其後入賬時被列作初步確認之公允值，或(如適用)於初步確認時於聯營公司或合營企業之投資成本。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

3. 重要會計政策 (續)

於聯營公司及合營企業之投資

聯營公司為本集團對其有重大影響力之實體。重大影響力指參與被投資者之財務及營運政策決定之權力，但對該等政策並無控制或共同控制權。

合營企業指一項聯合安排，對安排擁有共同控制權之訂約方據此對聯合安排之資產淨值擁有權利。共同控制是指按照合約約定對某項安排所共有的控制，共同控制僅在當相關活動要求共同享有控制權之各方作出一致同意之決定時存在。

聯營公司及合營企業之業績及資產與負債以權益法計入綜合財務報表，除非有關投資或其中一部分分類為持作出售，於此情況下，有關投資或分類為持作出售的部分則按香港財務報告準則第5號入賬。並未分類為持作出售的於聯營公司或合營企業投資之任何保留部分將使用權益法列賬。根據權益法，於聯營公司或合營企業之投資初步按成本於綜合財務狀況表確認，並於其後就確認本集團應佔該聯營公司或合營企業之損益及其他全面收益而作出調整。聯營公司/合營企業之資產淨值變動(損益及其他全面收益除外)不予入賬，除非該變動導致本集團持有之擁有權權益改變。當本集團應佔聯營公司或合營企業之虧損超出本集團於該聯營公司或合營企業之權益時(包括實質上成為本集團於該合營企業投資淨額一部分之任何長期權益)，本集團終止確認其所佔進一步虧損。僅於本集團已產生法律或推定責任，或已代表該合營企業支付款項之情況下，方會進一步確認虧損。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

(Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 重要會計政策 (續)

於聯營公司及合營企業之投資 (續)

於被投資方成為一家聯營公司或合營企業當日，於聯營公司或合營企業的投資採用權益法入賬。於收購一間聯營公司或合營企業之投資時，投資成本超過本集團分佔該被投資方可識別資產及負債公允淨值之任何部分乃確認為商譽，並計入投資之賬面值。倘本集團所佔可識別資產及負債於重新評估後之公允淨值高於投資成本，則會即時於取得投資的期間在損益確認。

香港會計準則第39號之規定適用於釐定是否需要就本集團於聯營公司或合營企業之投資確認任何減值虧損。倘需要，投資之全部賬面值(包括商譽)透過比較其可收回金額(使用價值及公允值減銷售成本的較高者)與其賬面值，根據香港會計準則第36號資產減值，作為單一資產進行減值測試。已確認的任何減值虧損均構成投資賬面值之一部分。倘可收回投資金額其後增加，則該減值虧損回撥根據香港會計準則第36號予以確認。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

(Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership investments in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. 重要會計政策 (續)

於聯營公司及合營企業之投資 (續)

當本集團不再對聯營公司擁有重大影響力或不再對合營企業擁有共同控制權，則將其列賬為出售被投資方全部權益，並於損益內確認所產生之收益或虧損。當本集團保留於前聯營公司或合營企業之權益，且保留權益為香港會計準則第39號範圍內的金融資產時，則本集團按當日之公允值計量保留權益，而公允值則被視為初步確認時之公允值。聯營公司或合營企業之賬面值與任何保留權益之公允值及出售聯營公司或合營企業相關權益所得任何所得款項之間的差額，乃計入出售聯營公司或合營企業之損益的釐定。此外，本集團按與該聯營公司或合營企業直接出售相關資產或負債相同之基準入賬有關該聯營公司或合營企業之前於其他全面收益確認的所有金額。因此，倘聯營公司或合營企業之前於其他全面收益確認的損益獲重新分類至出售相關資產或負債之損益，則本集團將於出售/局部出售合營企業之相關聯營公司時將權益損益重新分類至損益(作為重新分類調整)。

當於聯營公司之投資成為於合營企業之投資時或當於合營企業之投資成為於聯營公司之投資時，本集團繼續使用權益法。於發生該等所有權權益變動時，公允值不會重新計量。

倘本集團減少其於聯營公司或合營企業的擁有權投資但本集團繼續使用權益法，則本集團於出售有關資產或負債時會將該收益或虧損重新分類至損益的情況下，會將先前就該等擁有權權益減少而在其他全面收益確認的損益按比例重新分類至損益。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investments in an associate and a joint venture

(Continued)

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. 重要會計政策 (續)

於聯營公司及合營企業之投資 (續)

當集團實體與本集團聯營公司或合營企業交易 (例如銷售或注入資產) 時，與聯營公司或合營企業交易而產生之收益及虧損於本集團之綜合財務報表中確認，惟僅以與本集團無關之聯營公司或合營企業之權益為限。

持作銷售的非流動資產

倘非流動資產及出售組別的賬面值將主要透過銷售交易而非持續使用收回，則有關非流動資產及出售組別分類為持作銷售。僅在資產 (或出售組別) 可按其當時之情況並根據銷售此類資產 (或出售組別) 的通常及慣用條款即時銷售及銷售很可能進行時，此條件方可作實。管理層必須致力於銷售，預期在從分類當日起一年內確認為已完成銷售。

當本集團承諾一項涉及喪失對附屬公司的控制權的銷售計劃並且滿足上述條件時，則該附屬公司的所有資產及負債均應歸類為持作銷售，不論交易後本集團是否在其前附屬公司中保留任何非控股權益。

當本集團承諾進行涉及出售於聯營公司或合營企業之投資或部分投資之出售計劃時，倘符合上述條件，將予出售之該項投資或部分投資分類為持作出售，而當投資 (或部份投資) 獲分類持作出售時，本集團將不再就該分類為持作出售之部分使用權益法。

分類為持作銷售的非流動資產 (及出售組別) 乃按彼等的先前賬面值與公允值減銷售成本兩者的較低者計量。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue and costs, if applicable, can be measured reliably on the following bases:

Income derived from the production and distribution of films, when the production is completed and the film is released, the film has been distributed to the cinema circuit and the amount can be measured reliably, which is generally when the cinema circuit confirms to the Group its share of box receipts.

Revenue from hotel operations is recognised when services are provided.

Income derived from the licensing of the distribution and broadcasting rights over films, when the Group's entitlement to such payments has been established which, subject to the terms of the relevant agreements, is usually upon delivery of the film negatives to the customers.

Artiste management fee income, food and beverage, sales of travel related products and ancillary services are recognised when the agreed services are rendered.

Entrance fee income is recognised when the tickets are accepted and surrendered by the customer.

Sale of goods is recognised when the significant risk and rewards of ownership of the goods have been transferred to the buyers.

Rental income under operating leases is recognised over the lease term. Contingent rentals are recognised on the accounting period when they are incurred.

Interest income is recognised on time-proportion basis using effective interest method.

3. 重要會計政策 (續)

收入確認

倘經濟利益將很可能流入本集團，且收入及成本(如適用)能可靠地計量，則按下列基準確認收入：

電影製作及發行產生的收入於完成製作及電影發行至電影院線且金額能可靠計量時(一般為電影院線向本集團確認分佔票房收益之時)確認。

酒店營運產生的收入於提供服務時確認。

特許電影發行及放映權所產生的收入於本集團享有該等款項的權利確立時(須視乎相關協議條款而定，一般為向客戶交付電影底片之時)確認。

藝人管理費收入、餐飲、銷售旅遊相關產品及附設服務於提供協定的服務時確認。

門券收入按顧客同意及交回門票時確認。

貨品銷售於貨品擁有權的主要風險及回報轉予買家時確認。

經營租賃的租金收入在租賃期內確認。或有租金在賺取的會計期間確認。

利息收入以實際利率法按時間比例基準確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. 重要會計政策 (續)

租賃

凡租約之條款將擁有權之絕大部分風險及回報轉由承租人承擔者，即歸類為財務租約。所有其他租約均列為經營租約。

本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法於損益表內確認。除根據公允值模型計量的投資物業外，於磋商及安排經營租賃時產生之初步直接成本會加入租賃資產之賬面值，該等成本以直線法按租約年期確認為開支。

本集團作為承租人

經營租約費用(包括收購根據經營租約持有之土地成本)於租約期間按直線法確認為支出，惟另有系統基準更能代表使用租賃資產所產生經濟利益之時間模式則除外。經營租約下之或然租金在產生年度確認為開支。

倘訂立經營租約時收取租賃優惠，則有關優惠確認為負債。優惠總利益以直線法確認為租金開支減少，惟另有系統基準更能代表使用租賃資產所產生經濟利益之時間模式則除外。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leasing (Continued)

Leasehold land for own use

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “Land lease prepayments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

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

3. 重要會計政策 (續)

租賃 (續)

自用租賃土地

當本集團就物業權益(包括租賃土地及樓宇部份)作出付款時,本集團根據評估與各部份擁有權有關的所有風險及回報是否已絕大部份轉移至本集團,以將各部份單獨分類為財務租賃或經營租賃,除非清楚顯示兩個部份均屬經營租賃,在此情況下,整項租賃則分類為經營租賃,特別是整項代價(包括任何一次性預付款)在初始確認時按於租賃土地部份及樓宇部份的租賃利益相對公允值的比例分配至土地及樓宇部份。

相關款項能夠可靠地分配時,入賬列作經營租賃之租賃土地之權益於綜合財務狀況表內呈列為「預付土地租賃」,按直線基準在租賃期間攤銷。倘未能可靠地於租賃土地及樓宇部份之間分配租賃款項,則整項物業一般會分類為猶如租賃土地屬於財務租賃項下。

外幣

在編製各個別集團實體的財務報表時,以該實體之功能貨幣以外之貨幣(外幣)計價之交易按交易日期之現行匯率確認。在報告期末,以外幣計值之貨幣項目均按該日之現行匯率重新換算。按公允值計量以外幣計值之非貨幣項目,乃按於公允值釐定當日之現行匯率重新換算。按歷史成本計量以外幣計值之非貨幣項目毋須重新換算。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

3. 重要會計政策 (續)

外幣 (續)

結付貨幣項目及重新換算貨幣項目而產生的匯兌差額均於產生期間在損益內確認，惟以下各項除外：

- 與作未來生產用途之在建資產有關之外幣借貸之匯兌差額，該等匯兌差額於被視為該等外幣借貸利息成本之調整時計入該等資產之成本；
- 為對沖若干外幣風險而訂立之交易之匯兌差額；及
- 應收或應付海外業務而結算並無計劃亦不可能發生(因此構成海外業務投資淨額之一部分)之貨幣項目之匯兌差額，該等匯兌差額初步於其他全面收益內確認，並於償還貨幣項目時自權益重新分類至損益。

就綜合財務報告呈報方式而言，本集團海外業務之資產及負債按各報告期末之現行匯率折算為本集團之呈報貨幣(即港元)。收入及開支項目則按期間之平均匯率折算，除非該期間內匯率出現大幅波動，在該情況下，則採用交易日期之現行匯率折算。所產生之匯兌差額(如有)於其他全面收入確認並累計於權益列入外匯儲備(歸類為非控股權益(如適用))。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs and employee benefits

Retirement benefit costs

Retirement benefits to employees are provided through defined contribution plans. The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries or the maximum mandatory contribution as required by the MPF Scheme and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

3. 重要會計政策 (續)

借貸成本

與購入、建設或生產須待一段頗長時間後始能投入作擬定用途或出售之合資格資產直接產生之借貸成本，均計入該等資產的成本，直至有關資產大體上可作擬定用途或出售為止。

將就合資格資產之支出所作指定用途借款進行短期投資而賺取之投資收入，從合資格撥充資本之借貸成本中扣除。

所有其他借貸成本均於產生之期間於損益內確認。

退休福利成本及僱員福利

退休福利成本

給予僱員的退休福利透過定額供款計劃提供。本集團已根據《強制性公積金計劃條例》，為合資格參與界定供款強制性公積金退休福利計劃（「強積金計劃」）的僱員設立強積金計劃。有關供款乃根據強積金計劃按僱員基本薪金的若干百分比或強制性供款上限計算，並根據強積金計劃的規則在應付該等供款時在綜合損益及其他全面收益表中扣除。強積金計劃的資產乃由獨立管理基金持有，與本集團的資產分開持有。按照強積金計劃的規則，本集團的僱主供款乃於僱主向強積金計劃作出供款時全數撥歸僱員所有，惟本集團僱主的自願供款則於僱員在供款全數歸屬前離職時退還本集團。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Retirement benefit costs and employee benefits

(Continued)

Retirement benefit costs (Continued)

The employees of the Company's subsidiaries which operate in the People's Republic of China (the "PRC"), except Hong Kong, are required to participate in the employee retirement scheme operated by the relevant local government bureau in the PRC and to make contributions for their eligible employees. The contributions payable by the subsidiaries are calculated based on a certain percentage of the salaries and wages of those eligible employees and are recognised as an expense during the period to which they relate.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

3. 重要會計政策 (續)

退休福利成本及僱員福利 (續)

退休福利成本 (續)

於中華人民共和國(「中國」)(不包括香港)經營的本公司附屬公司的僱員必須參與由中國相關地方政府設立的僱員退休計劃，由公司為合資格僱員供款。該附屬公司應付的供款按其合資格僱員薪金及工資的若干百分比計算，並於相關期間確認為開支。

短期僱員福利

短期僱員福利是指預計在僱員提供相關服務的年度報告期末後十二個月以前將全數結付的僱員福利(離職福利除外)。短期僱員福利於僱員提供相關服務的年度內確認。

僱員享有年假的福利於僱員應享時確認。本集團就僱員於截至報告日止提供服務而產生的年假的估計負債作出撥備。

非累計補假(如病假及產假)於支取時方予確認。

離職福利

離職福利於本集團不能取消提供該等福利時及於本集團確認涉及支付離職福利重組成本時(以較早者為準)確認。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 January 2005 are recognised in the consolidated financial statements. The Group operates equity settled share-based compensation plans for remuneration of its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share options reserve. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

3. 重要會計政策 (續)

以股份為基準的僱員報酬

所有於二零零二年十一月七日後授出且未於二零零五年一月一日歸屬的以股份為基準付款安排乃於綜合財務報表確認。本集團為其僱員及董事的酬金設有以權益結算以股份為基準的報酬計劃。

就授出任何以股份為基準的報酬而獲得的所有僱員服務均按其公允值計量，並以所授出購股權的價值間接釐定。有關價值乃於授出日期評估，並排除任何非市場歸屬條件的影響。

所有以股份支付的報酬於授出日期(所授購股權於當日即時歸屬)最終全數確認為開支，並相應計入購股權儲備。倘歸屬期或其他歸屬條件適用，則根據對預期歸屬購股權數目可得的最佳估計數字，於歸屬期內確認開支。非市場歸屬條件計入預期可行使的購股權數目的假設內。如其後有任何跡象顯示預期歸屬的購股權數目與之前估計的數目不同，則會修訂有關估計。倘最終獲行使的購股權數目較原來歸屬者為少，不會調整於過往期間確認的開支。

於購股權獲行使時，先前於購股權儲備內確認的數額將撥入股份溢價。當購股權於隨後被沒收或於到期日仍未行使，則先前於購股權儲備確認的數額將撥入累計虧損。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Share-based employee compensation (Continued)

Issue of convertible bonds as share-based payment transaction

If the identifiable consideration received by the Company appears to be less than the fair value of the convertible bonds issued, the Company measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible bonds issued and that of the identifiable consideration received, and the difference is recognised in the profit or loss immediately unless qualified for capitalization.

The debt component (i.e. the bondholder's right to demand payment in cash) of the convertible bond will be accounted for as a cash-settled share-based payment transaction while the equity component (i.e. the bondholder's right to demand settlement in the Company's shares) of the convertible bond will be accounted for as an equity-settled share-based payment transaction. The entity first measures the fair value of the debt component, and then measure the fair value of the equity component by taking into account that the bondholder must forfeit the right to receive cash in order to receive the equity instrument. Subsequent to initial recognition, the debt component of the convertible bond is stated at fair value, with changes recorded in the income statement under gain/(loss), net. The equity component is not re-measured subsequent to initial recognition.

Share options granted to suppliers/consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. 重要會計政策 (續)

以股份為基準的僱員報酬 (續)

發行可換股債券作為以股份為基礎之付款交易

倘本公司所收取的可辨識代價少於已發行可換股債券之公允值，本公司按已發行可換股債券公允值與已收取已識別代價公允值之間的差額計算已收取(將收取)不可識別服務，並即時於損益內確認差額，除非有關金額可撥付資本。

可換股債券之債務部分(即債券持有人要求以現金付款之權利)，將作為現金結算以股份為基礎之付款交易入賬，而可換股債券之權益部分(即債券持有人要求以本公司股份償付之權利)，將作為以權益結算以股份為基礎之付款交易。實體首先計量債務部分之公允值，其後計量權益部分之公允值，其中已考慮債券持有人必須放棄收取現金之權利，方可收取權益工具。初始確認後，可換股債券之債務部分按公允值列賬，而變動則記入收益表之收益/(虧損)淨值項下。權益部分於初始確認後不作重新計量。

授予供應商/顧問的購股權

與僱員以外的人士的權益結算股份付款交易乃按已收貨品或服務的公允值計值，惟倘公允值未能可靠地估計時，則按已授出的權益工具的公允值計量，並於實體獲得貨品或對手方提供服務的日期計量。已收貨品或服務的公允值確認為開支(惟倘貨品或服務符合資格獲確認為資產則除外)。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation

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

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

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

3. 重要會計政策 (續)

稅項

所得稅支出為現時應付稅項與遞延稅項之總和。

現時應付稅項按本年度應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表所報「除稅前虧損」不同，此乃由於其不包括在其他年度應課稅的收入或可抵扣稅的支出項目，亦不包括可作免稅或不可抵扣稅之項目。本集團現時稅項負債以報告期末已頒佈或實際頒佈之稅率計算。

遞延稅項為就綜合財務報表所列資產及負債之賬面值與計算應課稅溢利所用相應稅基兩者間之暫時差額予以確認。遞延稅項負債通常會就所有應課稅暫時差額予以確認。遞延稅項資產通常按可能出現可利用暫時差額抵扣稅之應課稅溢利時就所有可抵扣稅暫時差額予以確認。倘於一項交易中，因商譽或因業務合併以外原因開始確認其他資產及負債而引致之暫時差額既不影響應課稅溢利，亦不影響會計溢利，則不會確認該等資產及負債。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

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

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

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

3. 重要會計政策 (續)

稅項 (續)

遞延稅項負債乃按與於附屬公司及聯營公司之投資及於合營企業之權益相關之應課稅暫時差額而確認，惟倘本集團可控制暫時差額的撥回及暫時差額有可能不會於可見將來撥回則除外。遞延稅項資產只會就因該等有關投資所產生之可扣稅暫時差額，在可能出現足夠應課稅溢利以利用暫時差額之利益，而在可見將來預期可被撥回時確認。

遞延稅項資產之賬面值乃於報告期末進行檢討，並在不再可能有足夠應課稅溢利以收回全部或部分資產價值時作調減。

遞延稅項資產及負債乃按預期於償還負債或變現資產期間適用之稅率及根據於報告期末已訂定或實際訂定之稅率(及稅法)計量。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, hotel properties and film studio, are stated at acquisition cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

3. 重要會計政策 (續)

稅項 (續)

遞延稅項負債及資產之計量反映本集團於報告期末預期將要收回或償還其資產及負債之賬面值之稅務後果。

就按公允價值模式計量之投資物業之遞延稅項負債及遞延稅項資產之計量而言，該等物業之賬面值乃假定為可透過銷售悉數收回，除非此假定被推翻則作別論。倘投資物業為可予折舊，且持有之商業模式乃旨在隨時間而非透過銷售而消耗該投資物業內之絕大部分經濟利益，則此項假定即被推翻。

即期及遞延稅項於損益中確認，惟倘即期及遞延稅項與在其他全面收入或直接在權益中確認之項目有關，則即期及遞延稅項亦分別於其他全面收益或直接於權益中確認。倘即期或遞延稅項於業務合併之初步會計處理時產生，則稅務影響乃計入業務合併之會計處理內。

物業、廠房及設備

除在建工程、酒店物業及影視城外，物業、廠房及設備按收購成本減累計折舊及任何減值虧損列賬。資產的成本包括其購買價及將其運送至今前所在及達致現時狀況作擬定用途的任何直接所屬成本。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land	Over the lease term
Buildings	Over the shorter of the lease term or 31/3%
Leasehold improvements	Over the shorter of the lease term or 20%
Furniture, fixtures and office equipment	20%
Motor vehicles and yacht	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment measured using revaluation model

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

3. 重要會計政策 (續)

物業、廠房及設備 (續)

物業、廠房及設備乃根據其估計可使用年期，按以下年率以直線法確認折舊，以撇銷成本減其剩餘價值：

租賃土地	租期
樓宇	租期或31/3% (取較短者)
租賃物業裝修	20% (取較短者)
傢俬、裝置及辦公室設備	20%
汽車及遊艇	20%

估計使用年期、剩餘價值及折舊法乃於各報告期末審閱，任何變動之估計影響按追溯基準列賬。

使用重估模式計量之物業、廠房及設備

因物業、廠房及設備重估產生之任何重估增幅於其他全面收益內確認及於重估儲備內累計，惟倘其撥回先前於損益確認之相同資產之重估減幅，則將增幅計入損益(以先前扣除之減幅為限)。因物業、廠房及設備重估產生之賬面淨值減少於損益確認，惟確認額度以超出與先前重估該資產相關之重估儲備結餘部分(如有)為限。於其後銷售或報廢經重估資產後，應佔重估盈餘轉撥至保留溢利。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

Property, plant and equipment measured using revaluation model (Continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. 重要會計政策 (續)

物業、廠房及設備 (續)

使用重估模式計量之物業、廠房及設備 (續)

按財務租賃持有的資產按與自置資產相同的基準，於預計可使用年期計算折舊。然而，當擁有權未能在租賃期末合理地確定，則資產須以其租賃期及可使用年期(以較短者為準)折舊。

物業、廠房及設備項目於出售時或預期持續使用該資產不會產生任何未來經濟利益時取消確認。於出售或報廢物業、廠房及設備項目時產生之任何損益釐定為出售所得款項與資產賬面值的差額，乃於損益確認。

投資物業

投資物業指持作賺取租金及／或為資本增值的物業，包括就此目的在建中的物業。投資物業包括持有未釐定未來用途之土地被視作以資本價值為目的。

投資物業首次按成本(包括任何直接應佔開支)計量。於首次確認後，投資物業採用公允值模式計量。本集團根據經營租賃用以賺取租金或作資本升值用途而持有之全部物業權益分類及列賬為投資物業及使用公允值模式計量。因投資物業公允值變動產生的損益於變動產生的期間在損益表內列賬。在建中投資物業產生之建設成本乃撥充資本為在建中投資物業之其中部分賬面值。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Investment properties (Continued)

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. 重要會計政策 (續)

投資物業 (續)

就在建投資物業產生的建築成本乃資本化作為在建投資物業的賬面值一部分。

投資物業於出售或投資物業永久不再使用及預期不能由其出售獲取任何未來經濟利益時取消確認。因取消確認該物業產生的任何損益(按資產的出售所得款項淨額與賬面值的差額計算)於取消確認該物業的期間在損益列賬。

無形資產

於業務合併中收購的無形資產

於業務合併過程中收購之無形資產會與商譽分開確認，初始按收購日期之公允值(被視為成本)確認。

於初始確認後，在業務合併中收購的使用年期有限的無形資產按成本減累計攤銷及任何累計減值虧損呈報，其基準與單獨收購的無形資產相同。相反地，在業務合併中收購的使用年期無限的無形資產按成本減任何其後累計減值虧損列賬(請參閱下文有關有形及無形資產減值虧損的會計政策)。

無形資產於出售或預期不會通過使用或出售而產生任何未來經濟利益時終止確認。終止確認無形資產產生的收益及虧損按出售所得款項淨額與該資產賬面值的差額計量，並於終止確認資產時在損益內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

3. 重要會計政策 (續)

有形及無形資產的減值

於報告期末，本集團檢討其使用年期有限的有形及無形資產賬面值，以釐定是否有任何跡象顯示該等資產已經遭受減值虧損。倘存在任何有關跡象，則估計資產的可收回金額，以釐定減值虧損(如有)的幅度。使用年期無限的無形資產及尚不可供使用的無形資產至少每年及於其存在或會減值的跡象時進行減值測試。

當不可能估計個別資產的可收回金額時，本集團會估計該資產所屬現金產生單位的可收回金額。當可識別合理及穩定的分配基準時，企業資產亦分配至個別現金產生單位，或分配至可識別合理及穩定的分配基準的最小組別的現金產生單位。

可收回金額為公允值減出售成本與使用價值兩者的較高者。於評估使用價值時，乃使用可反映現時市場對貨幣時間值的評估及該資產特有的風險(未來現金流量的估計並無就此作調整)的稅前貼現率，將估計未來現金流量貼現至其現值。

倘某項資產的可收回金額估計低於其賬面值，則該資產的賬面值須減少至其可收回金額。減值虧損即時於損益內確認。

倘一項減值虧損於其後撥回，則將該資產的賬面值增至經修訂的估計可收回金額，惟增加後的賬面值不得超過假設過往年度未曾就該項資產確認減值虧損而釐定的賬面值。減值虧損的撥回即時於損益內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Film products

Film products are completed films produced by the Group. Film products, are stated at cost less subsequent accumulated amortisation and accumulated impairment loss. Amortisation of film products is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are one to three years.

Film production in progress

Film production in progress is stated at cost less any impairment losses. Costs include all direct costs associated with the production of films such as direct labour costs, cost of services, facilities and raw materials consumed in the creation of a film. Upon completion, these films under production are reclassified as film products. Film production in progress is accounted for on a film-by-film basis. Impairment losses are made for costs which are in excess of the expected future revenue generated by these films.

Investments in films/dramas production

Investments in film/drama production are stated initially at cost and adjusted thereafter for the net income derived from the investments less any accumulated impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are determined by the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

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

3. 重要會計政策 (續)

電影產品

電影產品乃本集團完成製作的電影。電影產品按成本減其後累計攤銷及累計減值虧損列賬。電影產品攤銷以直線法按其估計可使用年期撇銷其成本值減其剩餘價值計算。主要可使用年期為一至三年。

在製電影產品

在製電影產品按成本減任何減值虧損列賬。成本包括與製作電影相關的所有直接成本，例如直接勞工成本、製作電影時所用的服務、設施及原材料的成本。於完成製作時，在製電影產品會重新分類為電影產品。在製電影產品以每套電影為基準入賬。倘該等電影的成本超出其產生的預期未來收益，則作出減值虧損。

投資電影／戲劇製作

投資電影／戲劇製作初步按成本列賬及其後就投資所得收入淨額減任何累計減值虧損作調整。

存貨

存貨按成本與可變現淨值的較低者確認。成本(包括固定及浮動間接開支之適當部分)乃按加權平均法計算。可變現淨值指存貨估計售價減所有完成估計成本及銷售所需成本。

撥備

倘本集團因過去事件引致現時的責任(法律或推定)，而本集團很可能須履行該項責任且能可靠地估計該項責任之金額時，則確認撥備。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Provisions (Continued)

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. 重要會計政策 (續)

撥備 (續)

確認為撥備之金額是於報告期末經計及有關責任之風險及不明朗因素後，對償付現有責任之所需代價之最佳估計。倘撥備使用償付現有責任之估計現金流量計量，則其賬面值為該等現金流量之現值（倘貨幣時間價值的影響屬重大）。

倘用以償還撥備之部分或全部經濟利益預期將由第三方收回，則當實質上確認將收到償款且應收金額能可靠計量時，應收款項方確認為資產。

金融工具

金融資產及金融負債乃於某集團實體成為工具合同條文的訂約方時確認。

金融資產及金融負債初步按公允值計量。收購或發行金融資產及金融負債（按公允值計入損益之金融資產及金融負債除外）直接應佔的交易成本乃於初步確認時，計入金融資產或金融負債的公允值內或自當中扣除（如適用）。收購按公允值計入損益之金融資產或金融負債直接應佔的交易成本即時於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity investments, available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

3. 重要會計政策 (續)

金融工具 (續)

金融資產

金融資產被分類為下列指定類別：按公允價值計入損益之金融資產（「按公允價值計入損益之金融資產」）、持有至到期之投資、可供出售（「可供出售」）金融投資及貸款及應收款項。分類視乎金融資產之性質及用途而定，並於首次確認時釐定。以常規方式購買或出售金融資產以交易日期基準確認及終止確認。以常規方式購買或出售是指要求在相關市場中之規則或慣例約定之時間內交付資產之金融資產買賣。

實際利率法

實際利率法乃計算債務工具的攤銷成本及按有關期間攤分利息收入的方法。實際利率乃將估計日後現金收入（包括已付或已收構成整體實際利率一部分的所有費用及點率、交易成本及其他溢價或折讓）按債務工具的預期年期或（倘合適）較短期間準確折現至初步確認時賬面淨值之利率。

就債務工具而言，收入按實際利率基準確認，惟按公允價值計入損益之金融資產（其利息收入計入收入或虧損淨額）除外。

按公允價值計入損益之金融資產

倘金融資產為持作買賣或指定按公允價值計入損益，該等金融資產分類為按公允價值計入損益之金融資產。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 6.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

按公允值計入損益之金融資產 (續)

倘若出現下列情況，則金融資產分類為持作買賣：

- 購入之主要目的為於不久將來出售；或
- 於首次確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為並非指定及實際作為對沖工具之衍生工具。

倘發生以下情況，於初步確認時可指定金融資產（惟持作買賣金融資產除外）按公允值計入損益：

- 該指定消除或大幅減低以其他方式計量或確認可能出現之不一致情況；或
- 金融資產組成金融資產或金融負債組別或兩者之一部分，其受到管理及其表現根據本集團已存檔之風險管理或投資策略以及有關組合按該基準所內部提供之資料，按公允值基準作出評估；或
- 組成含有一項或多項內含衍生工具之合約一部分，以及香港會計準則第39號金融工具：確認及計量准許全部合併合約（資產或負債）指定為按公允值計入損益。

按公允值計入損益之金融資產以公允值計量，重新計量所產生的任何損益於損益確認。在損益中確認的收益或虧損淨額包括金融資產賺取的任何股息或利息及計入綜合損益及其他全面收益表。公允值按附註6所述方式釐定。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

- a) those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) those that the entity designates as available for sale; and
- c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

持有至到期之投資

持有至到期之投資為擁有固定或可釐定付款及固定到期日，且本集團有明確意向及能力將該等投資持有至到期之非衍生金融資產，惟下列項目除外：

- a) 實體於初次確認時指定為按公允值計入損益的金融資產；
- b) 實體指定為可供出售的金融資產；及
- c) 符合貸款和應收款項的金融資產。

於首次確認後，持有至到期之投資以實際適用利率法計算之攤銷成本減任何減值列賬（見下文金融資產減值虧損的會計政策）。

可供出售金融資產

可供出售金融資產乃指定為可供出售或非歸類為(a)貸款及應收款項，(b)持有至到期之投資或(c)按公允值計入損益的金融資產的非衍生工具。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets (Continued)

Equity and debt securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Changes in the carrying amount of AFS debt instruments relating to interest income calculated using the effective interest method are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

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

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

可供出售金融資產 (續)

本集團分類為可供出售金融資產之權益股本及債務證券於各報告期末按其公允值計量，惟公允值無法可靠計量之未報價股本投資除外。與使用實際利率法計算之利息收入有關之可供出售債務工具之賬面值變動於損益中確認。倘本集團確定收取可供出售股本工具股息之權利，則於損益確認有關股息。可供出售金融資產賬面值之其他變動於投資重估儲備一列下之其他全面收益確認及累計。倘投資出售或被釐定為已減值，則先前於投資重估儲備累計之累積收益或虧損重新分類至損益賬。過往於權益累計之累計收益或虧損會重新分類至損益。

在任何活躍市場並無市場報價及無法可靠的計量公允值之可供出售股本投資，於各報告期末按成本減任何已識別減值虧損計算。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款額、並無活躍市場報價的非衍生性金融資產。初步確認後，貸款及應收款項(包括應收貿易款項、按金及其他應收款項、應收一間合營企業款項及現金、銀行結餘)採用實際利率法按攤銷成本減任何減值(見下文有關金融資產減值虧損的會計政策)計量。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables (Continued)

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

Impairment of financial assets

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項 (續)

利息收入按所採納之實際利率確認，惟確認利息屬不重大之短期應收款項則除外。

金融資產的減值

金融資產(按公允值計入損益列賬之金融資產除外)乃於報告期末評估減值跡象。倘有客觀證據證明，金融資產估計未來現金流量於初步確認金融資產後發生之一件或多件事務而受到影響，則金融資產出現減值。

就可供出售股本投資而言，該投資之公允值大幅或長期低於其成本乃被視為減值之客觀證據。

對於所有其他金融資產，減值之客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約，如未能繳付或延遲償還利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 因財務困難導致該金融資產之活躍市場消失。

應收款項組合出現減值的客觀證據包括本集團過往收款經驗、組合內超出平均信貸期(30天至90天)的延遲付款數量有所增加及國家或地區經濟狀況出現可能導致應收款項未能償還的明顯變動。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值 (續)

就按攤銷成本列賬之金融資產而言，已確認減值虧損金額為該資產之賬面值與估計未來現金流量以金融資產之原實際利率貼現之現值之間之差額。

就按成本列賬之金融資產而言，減值虧損之金額按該資產之賬面值與估計未來現金流量按類似金融資產現時市場回報率貼現之現值之間之差額計量。該減值虧損不會於其後之期間撥回(見下文會計政策)。

所有金融資產(不包括應收貿易款項)的減值虧損會直接於金融資產的賬面值中作出扣減，惟應收貿易款項的賬面值會透過撥備賬作出扣減。當應收貿易款項被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷的款項如其後收回，將計入損益。

當可供出售金融資產被視為減值時，先前於其他全面收益確認之累計收益或虧損於期間內重新分類至損益。

對於按攤銷成本計量的金融資產而言，倘減值虧損金額於隨後期間有所減少，而有關減少在客觀上與確認減值後發生的事件有關，則先前已確認的減值虧損將透過損益予以撥回，惟該資產於減值被撥回當日的賬面值不得超過未確認減值時之已攤銷成本。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under equity. In respect of AFS debt investments, impairment losses are subsequently reserved through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. 重要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值 (續)

就可供出售股本投資而言，先前在損益中確認之減值虧損不會透過損益撥回。減值虧損出現後公允值之任何增加於其他全面收益中確認並於權益中累計。就可供出售債務投資而言，倘投資之公允值增加能與減值虧損獲確認後發生之事件存有客觀聯繫，則減值虧損其後透過損益撥回。

金融負債及股本工具

集團實體之債務及股本工具根據合約安排內容及金融負債及股本工具釋義分類為金融負債或股本。

股本工具

股本工具乃證明實體資產經扣減其所有負債後剩餘權益之合約。本集團所發行股本工具按已收取所得款項減直接發行成本確認。

本公司購回本身之股本工具於權益直接確認及扣除。購買、出售、發行或註銷本公司本身之股本工具概不會於損益確認收益或虧損。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FTVPL or (iii) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

實際利率法

實際利率法指計算金融負債攤銷成本及於相關期間內分配利息開支之方法。實際利率指透過金融負債預期年期或(倘適用)較短期間將估計未來現金付款(包括構成實際利率一部分的所有已付或已收費用及積點、交易成本及其他溢價或折讓)準確貼現至初步確認之賬面淨值之利率。

利息開支按實際利率基準確認。

按公允值計入損益之金融負債

倘金融負債乃(i)持作買賣或(ii)指定為按公允值計入損益或(iii)可能由收購方就業務合併的一部分支付的或然代價(香港財務報告準則第3號適用的情況)，金融負債被分類為按公允值計入損益。

倘若出現下列情況，則金融負債分類為持作買賣：

- 購入之主要目的為於不久將來購回；或
- 於初步確認時，其為本集團聯合管理之已識別金融工具組合之一部分，而近期實際具備短期獲利之模式；或
- 其為並非指定及實際作為對沖工具之衍生工具。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes/excludes any interest paid on the financial liabilities and is included in the 'other gains and losses' line item.

Financial liabilities at fair value through profit or loss of the Group are convertible bonds classified as share-based payment transactions and are measured at fair value on initial recognition. At the end of each reporting period subsequent to initial recognition, financial liabilities at fair value through profit or loss are re-measured at fair value, with changes in fair value recognised directly in the period in which they arise.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

按公允值計入損益之金融負債 (續)

倘發生以下情況，於初步確認時可指定金融負債(惟持作買賣金融負債除外)按公允值計入損益：

- 該指定消除或大幅減低以其他方式計量或確認可能出現之不一致情況；或
- 金融負債組成金融資產或金融負債組別或兩者之一部分，其受到管理及其表現根據本集團已存檔之風險管理或投資策略以及有關組合按該基準所內部提供之資料，按公允值基準作出評估；或
- 組成含有一項或多項內含衍生工具之合約一部分，以及香港會計準則第39號金融工具：確認及計量准許全部合併合約(資產或負債)指定為按公允值計入損益。

按公允值計入損益的金融資產以公允值計量，重新計量所產生的任何損益於損益確認。在損益中確認的收益或虧損淨額包括/不包括就金融負債已付的利息及計入「其他收益及虧損」項下。

本集團之按公允值計入損益之金融負債為可換股債券，並分類為以股份為基準的付款交易，以及於初始確認時按公允值計量。於初始確認後之各個報告期末，按公允值計入損益之財務負債按公允值重新計量，而公允值之變動直接於產生之期間確認。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and accruals, bank overdrafts, loans from shareholders, finance lease obligation and borrowings are subsequently measured at amortised cost, using the effective interest method.

Bonds and warrants

Bonds are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost.

Warrants that are contractually transferable independently of the bonds and entitle the holder to acquire a fixed number of the Company's own equity instruments for a fixed amount of cash are equity instruments. The proceeds (net of transaction costs) allocated to the warrants are recognised in the warrant reserve in equity.

Convertible bonds contain liability and equity components

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

按公允值計入損益之金融負債 (續)

按攤銷成本列賬之金融負債(包括應收貿易款項、其他應付款項及應計費用、銀行透支、股東的貸款、財務租賃承擔及借款)其後使用實際利率法計量。

債券及認股權證

債券初步按公允值(經扣除所產生的交易成本)確認,其後則按攤銷成本計量。

合約上可予轉讓的認股權證、獨立於債券及賦予持有人權利以固定金額的現金購入固定數量的本公司股本工具為股本工具。獲分配至認股權證的所得款項(扣除交易成本)於認股權證儲備內確認為權益。

附有負債及權益部分的可換股債券

倘於轉換時將予發行的股份數目及將予收取的代價價值當時並無改變,則可供持有人選擇轉換為股本的可換股債券作為附有負債部分及權益部分的複合財務工具列賬。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds contain liability and equity components (Continued)

Convertible bond issued by the Company that contain both financial liability (together with the early redemption option which is closely related to the host liability component) and conversion option components are classified separately into respective liability and equity components on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts (with early redemption option). The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component is allocated to the conversion option that meets the definition of an equity instrument, and is included in equity as convertible bonds equity reserve.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised or expired.

When the option is exercised, the convertible bonds equity reserve and the carrying value of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained earnings/accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

附有負債及權益部分的可換股債券 (續)

本公司發行的可換股債券包括金融負債(連同與主體負債部分密切相關的提早贖回選擇權)及兌換權部分,乃於初步確認時根據合約安排性質及金融負債和股本工具的定義各自分類為各相關負債及權益部分。將以固定金額現金或另一項金融資產交換本公司固定數目的股本工具方式結清的兌換權乃分類為股本工具。

於初步確認時,負債部分的公允值乃使用類似非可轉換債務(具提早贖回選擇權)的現行市場利率釐定。發行可換股債券的所得款項總額與分配至負債部分的公允值兩者的差額分配至符合股本工具定義的兌換權及計入權益(作為可換股債券權益儲備)。

於往後期間,可換股債券的負債部分按使用實際利率法計算的攤銷成本列賬。權益部分(代表可將負債部分兌換為本公司普通股的選擇權)將保留於可換股債券權益儲備,直至內含兌換權獲行使或屆滿為止。

倘選擇權獲行使,可換股債券權益儲備及負債部分的賬面值於轉換時撥入股本及股份溢價,作為已發行股份的代價。倘選擇權於到期日尚未獲行使,可換股債券權益儲備的結餘將撥往保留盈利/累計虧損。選擇權獲轉換或到期時將不會於損益中確認任何盈虧。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds contain liability and equity components (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

3. 重要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

附有負債及權益部分的可換股債券 (續)

與發行可換股債券有關之交易成本按所得款項總額分配比例分配至負債及權益部分。與權益部分有關之交易成本直接於權益扣除。與負債部分有關之交易成本計入負債部分之賬面值，並於可換股債券期限內按實際利率法攤銷。

終止確認

僅當從資產收取現金流量之合約權利已屆滿，或倘本集團轉讓金融資產及金融資產擁有權之絕大部分風險及回報至另一實體，則終止確認金融資產。倘本集團並無轉讓或保留擁有權之絕大部分風險及回報，並繼續控制該已轉讓資產，則本集團繼續確認資產，惟以其繼續涉及之程度為限，並確認相關負債。倘本集團保留所轉讓金融資產擁有權之絕大部分風險及回報，則本集團繼續確認該項金融資產，亦確認已收取所得款項之有抵押借貸。

當金融資產全面取消確認時，資產的賬面值與已收及應收代價款項之間的差額，以及已於其他全面收益中確認並於權益中累計之累計收益或虧損，於損益中確認。

本集團僅於其責任已被解除、取消或屆滿時方會終止確認金融負債。終止確認的金融負債的賬面值與已付及應付代價之間的差額於損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties

A party is considered to be related to the Group if:

- (i) the party is a person or a close member of that person's family and that person,
 - (a) has controls or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (ii) the party is an entity where any of the following conditions applies:
 - (a) the entity and the Group are members of the same group;
 - (b) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (c) the entity and the Group are joint ventures of the same third party;
 - (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (f) the entity is controlled or jointly controlled by a person identified in (i);
 - (g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

3. 重要會計政策 (續)

關聯方

倘一方屬下列情況，則視為與本集團有關聯：

- (i) 該方為一名人士家族之成員或近親，而該名人士
 - (a) 控制或共同控制本集團；
 - (b) 對本集團有重大影響；或
 - (c) 為本集團或本公司母公司之主要管理層成員；

或

- (ii) 該方為符合下列任何條件的實體：
 - (a) 該實體與本集團屬同一集團之成員公司；
 - (b) 一間實體為另一實體的聯營公司或合營企業(或另一實體之母公司、附屬公司或同系附屬公司的聯營公司或合營企業)；
 - (c) 實體與本集團均為同一第三方之合營企業；
 - (d) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司；
 - (e) 實體為本集團或與本集團有關聯之實體就僱員利益設立之離職福利計劃；
 - (f) 實體受(i)所識別人士控制或受共同控制；
 - (g) 於(i)(a)所識別人士對實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員；及

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties (Continued)

- (ii) the party is an entity where any of the following conditions applies: (Continued)
 - (h) the entity, or any number of a group of which it is a part, provides key management personnel services to the Group or to the presents of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influence by, that person in their dealing with the entity.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, which are repayable on demand and form an integral part of the Group's cash management and bank overdrafts.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use. Bank overdrafts are shown in current liabilities.

3. 重要會計政策 (續)

關聯方 (續)

- (ii) 該方為符合下列任何條件的實體：
(續)
 - (h) 向本集團或本集團母公司提供主要管理層成員服務的實體或其所屬集團的任何成員公司。

某人家族近親成員指預期在處理該實體時或會影響該人士或受到該人士影響的家族成員。

現金及現金等值項目

就綜合現金流量表而言，現金及現金等值項目包括手頭現金及活期存款、購入後一般在三個月內可予兌現及可隨時轉換為已知數額現金且價值變動風險較小之短期高度流動性投資（須應要求償還並構成本集團現金管理及銀行透支之組成部分）。

就綜合財務狀況表而言，現金及現金等值項目包括並無限制用途之手頭及銀行現金（包括定期存款）以及性質與現金相似之資產。銀行透支於流動負債呈列。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for and write-off of irrecoverable receivables

The Group's management determines the allowance for irrecoverable receivables on a regular basis. A considerable amount of judgement is required in assessing the ultimate realisation of the outstanding receivables. These estimates are based on the credit history of its customers and current market conditions. When the Group's management determines that there are indicators of significant financial difficulties of the debtors such as default or delinquency in payments, allowance for debtors are estimated. The management of the Group reassesses the estimations at the reporting date. When the Group's management determines the debtors are uncollectible, they are written off against the allowance account for debtors. Any amount held in the allowance account in respect of those debtors is reversed.

4. 主要會計判斷及不確定性估計之主要來源

在應用附註3所述之本集團會計政策過程中，本公司董事須對未能從其他途徑即時知悉之資產及負債賬面值作出判斷、估計及假設。該等估計及相關假設乃根據過往經驗及被認為相關之其他因素作出。實際結果或會與該等估計有所不同。

管理層會對該等估計及相關假設持續進行檢討。對會計估計進行修訂時，若修訂會計估計只影響到某一期間，則修訂會計估計會在該段期間確認；若修訂影響到現行修訂期間以及未來期間，則在現行修訂期間以及未來期間確認。

估計不確定性之主要來源

下文為於報告期間未有重大可能使下個財政年度資產及負債賬面值須作重大調整而與未來有關的主要假設及估計不確定因性之其他主要來源。

不能收回的應收款項的撥備及撇銷

本集團的管理層會定期釐定不能收回的應收款項的撥備。於評估未收回的應收款項最終能否變現時須作出大量判斷。此等估計乃以客戶信貸紀錄及現時市況為基礎。倘本集團管理層認定有跡象顯示債務人遇到重大財務困難，如逾期或拖欠還款，則會估計應收賬款的撥備。本集團的管理層於報告日重新評估有關估計。倘本集團管理層認定應收賬款不能收回，則會撇銷應收賬款的撥備賬。有關該等應收賬款的撥備賬內持有的任何金額會予以撥回。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful lives of the property, plant and equipment. If the expectation differs from the original estimate, such difference will impact the depreciation and the amortisation charge in the period in which such estimate is changed.

Estimated impairment loss on film products and film production in progress

Management regularly reviews the recoverability of the Group's film products and film production in progress with reference to its estimated future revenue less the relevant costs, its intended future use and current market environment. Impairment for estimated irrecoverable amounts are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired. In determining whether impairment on film products and film production in progress is required, the Group takes into consideration the present value of future cash flows expected to be received.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

4. 主要會計判斷及不確定性估計之主要來源(續)

估計不確定性之主要來源(續)

物業、廠房及設備折舊

物業、廠房及設備折舊乃經考慮其估計殘值後，使用直線法按其估計可使用年期計算。本集團每年評估物業、廠房及設備之殘值及可使用年期。倘預期與原先估計有差異，有關差異將影響估計變動期間的折舊及攤銷。

電影產品及在製電影的估計減值虧損

管理層定期審閱本集團電影產品及在製電影之可回收性，當中參考其估計未來收益減相關成本、其擬定未來用途及現時市場環境。倘有客觀證據表示資產已減值，則估計不可收回款項減值於綜合全面收益表內確認。於釐定是否須要就電影產品及在製電影計提減值時，本集團會考慮預期將收到之未來現金流的現值。

投資物業與業主自用物業的區分

本集團釐定一項物業是否符合資格為投資物業，並對如何判斷訂出一套準則。投資物業為持作賺取租金或資本增值或兼具以上兩種用途的物業。因此，本集團會考慮該物業所產生的現金流量是否基本不受本集團持有的其他資產所影響。某些物業其中的一部分是用以賺取租金或作為資本增值用途而持有的，而另一部分則持有作生產或供應貨品或服務或作為行政用途。如該等部分可獨立出售或按財務租賃獨立出租，本集團會對該等部分獨立記賬。如該等部分不可以獨立出售，該物業只會在其用作生產或供應貨品或服務或作行政用途而持有的部分並不重大時，方算為投資物業。在作出判斷時會獨立考慮每項物業，以決定配套服務是否重大，以致某項物業不符合作為投資物業。

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5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt (which includes trade payables, other payables and accruals, bank overdrafts, loans from shareholders, borrowings, finance lease obligation, bonds, convertible bond and promissory note net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buybacks as well as the issue of new debt.

The gearing ratio at the end of the reporting period was as follows:

5. 資本風險管理

本集團管理其資本以確保本集團旗下實體能夠持續經營，同時透過優化債務及權益平衡以盡可能提高股東回報。本集團的整體策略與二零一六年保持不變。

本集團的資本結構由淨債務(包括應付貿易款項、其他應付款項及應計費用、銀行透支、股東的貸款、借貸、財務租賃承擔、債券、可換股債券及承兌票據，淨現金及現金等值項目)及本公司擁有人應佔權益(包括已發行股本及儲備)組成。

本集團並無受外部施加任何資本規定。

資本負債比率

董事定期審閱資本結構。作為審閱的一部分，董事會考慮資本成本及與各類資本相關的風險。根據董事的建議，本集團會通過支付股息、新股份發行及股份回購以及發行新債務平衡其整體資本結構。

於報告期末的資本負債比率如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Total debts	總債務	1,808,575	1,373,060
Total assets	總資產	2,617,586	2,377,447
Gearing ratio	資本負債比率	69%	58%

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6. FINANCIAL INSTRUMENTS

6. 金融工具

(a) Categories of financial instruments

(a) 金融工具分類

	Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial assets	金融資產		
Loans and receivables	貸款及應收款項		
Non-current assets	非流動資產		
Other receivables and deposits	其他應收款項及按金	27	
		105,082	93,551
Current assets	流動資產		
Trade receivables	應收貿易款項	25	
Deposits and other receivables	按金及其他應收款項	27	
		62,011	32,480
Amount due from a joint venture	應收合營企業款項	21	
		2,414	2,414
Cash and bank balances	現金及銀行結餘	28	
		19,944	4,283
		315,046	139,421
Financial liabilities	金融負債		
Fair value through profit or loss	按公允值計入損益		
Convertible bond	可換股債券	35	
		106,697	110,813
Amortised cost	攤銷成本		
Non-current liabilities	非流動負債		
Other payables	其他應付款項	30	
		—	24,236
Loans from shareholders	股東的貸款	31	
		51,387	451,471
Borrowings	借貸	32	
		20,655	48,048
Bonds	債券	34	
		413,551	445,688
Promissory note	承兌票據	36	
		—	81,655
Finance lease obligation	財務租賃承擔	33	
		15,478	20,370
Current liabilities	流動負債		
Trade payables	應付貿易款項	29	
		25,666	1,846
Other payables and accruals	其他應付款項及應計費用	30	
		107,094	153,501
Bank overdrafts	銀行透支	28	
		8,416	8,501
Loans from shareholders	股東的貸款	31	
		452,673	10,873
Borrowings	借貸	32	
		200,547	131,490
Bonds	債券	34	
		306,369	61,115
Promissory note	承兌票據	36	
		83,991	—
Finance lease obligation	財務租賃承擔	33	
		7,153	3,036
		1,799,677	1,552,643

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6. FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk management objectives and policies

The Group is exposed to a variety of financial risks which result from its operating, investing and financing activities. The Group's major financial instruments include trade receivables, deposits and other receivables, cash and bank balances, trade payables, other payables and accruals, bank overdrafts, loans from shareholders, borrowings, finance lease obligation, bonds, convertible bond and promissory note. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risks

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain trade receivables and payables of the Group are denominated in either RMB or United States Dollars ("US\$"). The Group currently does not have a foreign currency hedging policy as the Directors considered that the volatility of the exchange rates between HK\$, RMB and US\$ is limited. However, the Directors monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

6. 金融工具 (續)

(b) 財務風險管理目標與政策

本集團因經營、投資及融資活動而承受多種財務風險。本集團的主要金融工具包括應收貿易款項、按金及其他應收款項、現金及銀行結餘、應付貿易款項、其他應付款項及應計費用、銀行透支、股東的貸款、借貸、財務租賃承擔、債券、可換股債券及承兌票據。該等金融工具詳情於各附註披露。下文載列與該等金融工具有關的風險及本集團所用降低該等風險的政策。董事管理及監控該等風險，以確保及時且有效地採取適當措施。

本集團面臨的金融工具風險類型或管理及衡量有關風險的方式並無變動。

市場風險

外國貨幣風險

貨幣風險指金融工具的公允值或未來現金流量因匯率變動而出現波動的風險。本集團若干附屬公司擁有以外幣計值的銷售及採購，故使本集團須承擔外幣風險。本集團若干應收貿易款項及應付貿易款項乃以人民幣或美元（「美元」）計值。由於董事認為港元、人民幣與美元之間的匯率波幅有限，故本集團現時並無外幣對沖政策。然而，董事會監察外匯風險，並會於有需要時考慮對沖重大外幣風險。

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

6. FINANCIAL INSTRUMENTS

(Continued)

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

Market risks (Continued)

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of repayment of the loans from shareholders, borrowings, bonds, convertible bond and promissory note which are subject to fixed interest rates are disclosed in Notes 31, 32, 34, 35 and 36 respectively. The Group currently does not have any interest rate hedging policy, however, the Directors monitor interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of each of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting periods were outstanding for the whole of each of the reporting periods. A 50 basis points increase or decrease in the market rates is used when reporting interest rate risk internally to key management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2017 would increase/decrease by approximately HK\$31,000 (2016: approximately HK\$33,000). This is mainly attributable to the Group's exposure to interest rates on loans from shareholders, borrowings, bonds, convertible bond and promissory note.

6. 金融工具(續)

(b) 財務風險管理目標與政策(續)

市場風險(續)

利率風險

利率風險涉及金融工具的公允值或現金流量因市場利率變動而出現波動的風險。股東的貸款、借貸、債券、可換股債券及承兌票據(均按固定利率計息)的償還利率和年期分別披露於附註31、32、34、35及36。本集團現時並無任何利率對沖政策，然而，董事監察利率變動風險，並會於有需要時考慮對沖重大利率變動風險。

敏感度分析

下文之敏感度分析乃根據各報告期間之非衍生工具利率風險釐定。編製分析時，假設於報告期末未了結之金融工具於各個報告期間整段時間未了解。向主要管理層人員內部利率風險以評估利率的合理變化時，已採用50個基點的增幅或減幅。

倘利率增加/減少50個基點而其他變數維持不變，本集團截至二零一七年十二月三十一日止年度之稅後虧損將增加/減少約31,000港元(二零一六年：約33,000港元)，主要由於本集團因股東貸款、借款、債券、可換股債券及承兌票據而面對之利率風險。

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

6. FINANCIAL INSTRUMENTS

(Continued)

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

Market risks (Continued)

Other price risk

As the Group has no significant investments in financial instruments at fair values, the Group is not exposed to significant price risk.

Credit risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. To minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

Majority of the Group's bank balances are deposited with banks in Hong Kong and the PRC and the Group has limited the exposure to any single financial institution. The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

Credit risk is concentrated as 36% (2016: 9%) of the total trade receivables are due from the Group's largest customer within film studio operation segment (2016: film studio operation segment). However, the management of the Group closely monitors the progress of collecting the payments from the customers and reviews the overdue balances regularly. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

市場風險 (續)

其他價格風險

由於本集團並無有關按公允值列賬的金融工具的重大投資，故本集團並無面臨重大價格風險。

信貸風險管理

信貸風險指金融工具對手方未能根據金融工具條款履行彼等的責任，令本集團蒙受財務虧損的風險。為最大限度地降低信貸風險，本集團管理層已指派一組人員負責釐訂信貸限額、審批信貸及其他監控程序，以確保採取跟進措施收回逾期債項。此外，本集團會於各報告日檢討每項個別貿易款項的可收回金額，以確保就不可收回金額所作出的減值虧損已足夠。

本集團的銀行結餘大部分存放於香港及中國的銀行，且本集團已限制倚賴任何單一財務機構的風險。因對手方均為信貸評級良好的銀行，故流動資金的信貸風險極微。

由於應收貿易款項總額有36% (二零一六年：9%) 來自本集團影視城經營分部 (二零一六年：影視城經營分部) 的最大客戶，故信貸風險頗為集中。然而，本集團管理層密切監察收回客戶款項的進度，且定期檢討逾期結餘。就此而言，董事認為本集團的信貸風險已大幅降低。

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

6. FINANCIAL INSTRUMENTS

(Continued)

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

Credit risk management (Continued)

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk management

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. In the management of liquidity risk, the Directors monitor and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and to meet its debt obligations as they fall due. The Group finances its working capital requirements mainly by the funds obtained from the issuance of equity instruments.

At the reporting date, the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted payments and the earliest date in which the entity can be required to pay were set out below.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

信貸風險管理 (續)

持作抵押的抵押物及其他信貸增強措施

本集團並無持有任何抵押物或其他信貸增強措施以保障與其金融資產相關的信貸風險。

流動資金風險管理

流動資金風險涉及本集團無力履行與其金融負債有關的責任的風險。管理流動資金風險時，董事監察及維持現金及現金等值項目於足以為本集團營運提供資金及於債務到期時履行有關責任的水平。本集團主要以發行股本工具所獲資金撥資應付其營運資金需要。

於報告日，本集團及本公司金融負債按合約未貼現付款及實體最早可被要求付款的日期劃分的到期情況載列於下文。

流動資金表

下表詳列本集團非衍生金融負債的剩餘合約年期。該等表格乃按未貼現現金流量及本集團最早可被要求付款的日期而編製。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

6. FINANCIAL INSTRUMENTS

(Continued)

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

Liquidity management (Continued)

Liquidity tables (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from market interest rates prevailing at the end of the reporting period.

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

流動資金風險管理 (續)

流動資金表 (續)

下表包括利息及本金現金流量。就浮動息率而言，未貼現金額乃使用報告期末通用的市場利率計算得出。

		Weighted average interest rate 加權平均利率 %	On demand or within 1 year 按要求或一年內 HK\$'000 千港元	More than 1 year but less than 5 years 多於一年但少於五年 HK\$'000 千港元	More than 5 years 多於五年 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金流量總額 HK\$'000 千港元	Carrying amounts 賬面值 HK\$'000 千港元
At 31 December 2017	於二零一七年十二月三十一日						
Non-derivative financial liabilities	非衍生金融負債						
Trade and other payables and accruals	應付貿易款項及其他應付款項以及應計費用	—	137,040	—	—	137,040	137,040
Bank overdrafts	銀行透支	4.50	8,447	—	—	8,447	8,416
Loans from shareholders	股東的貸款	9.56	472,532	55,233	—	527,765	504,060
Borrowings	借貸	9.61	212,871	22,440	—	235,311	221,202
Bonds	債券	8.24	360,443	412,573	72,408	845,424	719,920
Promissory note	承兌票據	9.00	86,145	—	—	86,145	83,991
Finance lease obligation	財務租賃承擔	11.40	9,041	7,927	59,055	76,023	22,631
			1,286,519	498,173	131,463	1,916,155	1,697,260
Derivatives	衍生工具						
Convertible bond	可換股債券	11.48	110,187	—	—	110,187	106,697

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

6. FINANCIAL INSTRUMENTS

(Continued)

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

Liquidity management (Continued)

Liquidity tables (Continued)

6. 金融工具 (續)

(b) 財務風險管理目標與政策 (續)

流動資金風險管理 (續)

流動資金表 (續)

		Weighted average interest rate 加權平均利率 %	On demand or within 1 year 按要求或一年內 HK\$'000 千港元	More than 1 year but less than 5 years 多於一年但少於五年 HK\$'000 千港元	More than 5 years 多於五年 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金流量總額 HK\$'000 千港元	Carrying amounts 賬面值 HK\$'000 千港元
At 31 December 2016	於二零一六年十二月三十一日						
Non-derivative financial liabilities	非衍生金融工具						
Trade and other payables and accruals	應付貿易款項及其他應付款項以及應計費用	—	155,347	23,366	870	179,583	179,583
Bank overdrafts	銀行透支	4.50	8,533	—	—	8,533	8,501
Loans from shareholders	股東的貸款	9.74	53,689	508,213	—	561,902	462,344
Borrowings	借貸	8.22	137,555	49,437	—	186,992	179,538
Bonds	債券	13.70	135,017	454,762	126,276	716,055	506,803
Promissory note	承兌票據	9.00	7,200	83,707	—	90,907	81,655
Finance lease obligation	財務租賃承擔	11.40	4,802	7,495	60,960	73,257	23,406
			<u>502,143</u>	<u>1,126,980</u>	<u>188,106</u>	<u>1,817,229</u>	<u>1,441,830</u>
Derivatives	衍生工具						
Convertible bond	可換股債券	11.48	10,866	117,430	—	128,296	110,813

(c) Fair value measurements

Fair value measurements recognised in the consolidated statement of financial position

At the end of the reporting period, the Group did not have any assets and liabilities that were measured at the above fair value measurements hierarchy.

During the years ended 31 December 2017 and 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

(c) 公允值計量

於綜合財務狀況表內確認之公允值計量

於報告期末，本集團並無任何資產及負債按上述公允值計量等級計量。

截至二零一七年及二零一六年十二月三十一日止年度，第一級與第二級之間並無公允值計量之轉撥，亦無轉撥往或轉撥出第三級。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

7. REVENUE, OTHER INCOME, OTHER (LOSSES) AND GAINS

Revenue and other income, which is also the Group's turnover, and other losses derived from the Group's principal activities recognised during the year is as follows:

7. 收入、其他收入、其他(虧損)及收益

年內確認來自本集團主要業務的收入、其他收入及其他虧損(亦即本集團的營業額)如下:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入		
Artiste management fee income	藝人管理費收入	929	1,321
Hotel room income	酒店房間收入	17,545	11,711
Food and beverage income	餐飲收入	31,619	19,793
Entrance fee income	門券收入	63,677	10,143
Event income	活動收入	11,285	—
Films production and licensing income	電影製作及特許收入	912	1,215
Rental income	租金收入	76,969	10,636
Sales of travel related products	銷售旅遊相關產品	816	339
Sales of goods	貨品銷售	2,355	942
Ancillary services	附設服務	15,265	1,727
		221,372	57,827
Other income	其他收入		
Bank interest income	銀行利息收入	13	6
Waiver of interest of convertible bonds	豁免可換股債券利息	—	12,513
Others	其他	854	995
		867	13,514
Other losses	其他虧損		
Impairment losses of investments in films/dramas production	對電影/戲劇製作的投資的減值虧損	(5,775)	—
Impairment losses of interest receivables	應收利息的減值虧損	(5,239)	—
Impairment loss on available-for-sale investment	可供出售投資減值虧損	(5,250)	—
Loss on capitalisation of loan interest payables	資本化應付貸款利息的虧損	(1,570)	—
Loss on capitalisation of other payables	資本化其他應付款的虧損	(5,431)	—
Loss on disposal of an intangible asset	出售一項無形資產虧損	(79)	—
Loss on disposal of an associate	出售一間聯營公司虧損	(110)	—
Net losses on early settlement of convertible bonds	提早結付可換股債券的虧損淨額	—	(193)
		(23,454)	(193)

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

8. SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and performance assessment, the Group is currently organised into three operating segments. No operating segments have been aggregated to form the following reportable segments.

Films production and distribution, sales of travel related products, artiste management and event coordination	—	Production and distribution of films, sales of travel related products, provision of travel related products, provision of management services to artistes and event coordination
Film studio operation	—	Operation of film studio
Hotel operation	—	Operation of hotel

Segment information about the Group's reportable segments is presented below.

8. 分部資料

本集團按業務類別管理其業務。按就資源分配及表現評估目的向本集團最高層行政管理人員(即主要經營決策者(「主要經營決策者」))進行內部資料報告的一致方式,本集團現分成三個經營分部。本集團並無將經營分部合併,以組成下列可呈報分部。

電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌	—	製作及發行電影、提供旅遊相關產品、向藝人提供管理服務及活動統籌
影視城經營	—	經營影視城
酒店經營	—	經營酒店

有關本集團可呈報分部的分部資料呈列如下。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

8. SEGMENT INFORMATION

(Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

8. 分部資料 (續)

分部收入及業績

以下為按可呈報分部劃分的本集團收入／營業額及業績分析：

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Inter-segment elimination 分部間抵銷 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度					
Revenue from external customers	來自外界客戶的收入	2,817	166,829	51,726	—	221,372
Inter-segment revenue	分部間收入	53	—	952	(1,005)	—
Reportable segment revenue	可呈報分部收入	<u>2,870</u>	<u>166,829</u>	<u>52,678</u>	<u>(1,005)</u>	<u>221,372</u>
Reportable segment (loss)/profit	可呈報分部(虧損)/溢利	<u>(25,724)</u>	<u>57,577</u>	<u>(49,340)</u>	<u>—</u>	<u>(17,487)</u>
Other income	其他收入					867
Loss on fair value changes of convertible bonds	可換股債券公允值變動虧損					(4,902)
Loss on capitalisation of loan interest payables	資本化應付貸款利息虧損					(1,570)
Loss on capitalisation of other payables	資本化其他應付款項虧損					(5,431)
Gain on fair value changes of investment properties	投資物業公允值變動收益					1,080
Unallocated corporation expenses	未分配公司開支					(527)
Finance costs	融資成本					<u>(165,563)</u>
Loss before income tax	除所得稅前虧損					<u>(193,533)</u>

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8. SEGMENT INFORMATION

(Continued)

Segment revenues and results (Continued)

			Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Inter-segment elimination 分部間抵銷 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度						
Revenue from external customers	來自外界客戶的收入	2,955	20,947	33,925	—	57,827	
Inter-segment revenue	分部間收入	273	—	644	(917)	—	
Reportable segment revenue	可呈報分部收入	<u>3,228</u>	<u>20,947</u>	<u>34,569</u>	<u>(917)</u>	<u>57,827</u>	
Reportable segment loss	可呈報分部虧損	<u>(23,900)</u>	<u>(68,152)</u>	<u>(44,358)</u>	<u>—</u>	<u>(136,410)</u>	
Other income	其他收入					1,001	
Waiver of interest of convertible bond	豁免可換股債券利息					12,513	
Net losses on early settlement of convertible bonds	提早結付可換股債券的虧損淨額					(193)	
Gain on fair value changes of investment properties	投資物業公允值變動收益					1,500	
Loss on fair value changes of convertible bond	可換股債券公允值變動虧損					(22,200)	
Unallocated corporate expenses	未分配公司開支					(63,947)	
Finance costs	融資成本					(119,356)	
Loss before income tax	除所得稅前虧損					<u>(327,092)</u>	

Revenue reported above represents revenue generated from external customers and inter-segment sales during both years.

Segment (loss)/profit represents the loss incurred by each segment without allocation of central administration costs including directors' salaries, loss on capitalisation of loan interest payables, loss on capitalisation of other payables, gain on fair value changes of investment properties, loss on fair value changes of convertible bond, waiver of interest of convertible bond, net losses on early redemption of convertible bonds, other income, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

8. 分部資料 (續)

分部收入及業績 (續)

			Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Inter-segment elimination 分部間抵銷 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度						
Revenue from external customers	來自外界客戶的收入	2,955	20,947	33,925	—	57,827	
Inter-segment revenue	分部間收入	273	—	644	(917)	—	
Reportable segment revenue	可呈報分部收入	<u>3,228</u>	<u>20,947</u>	<u>34,569</u>	<u>(917)</u>	<u>57,827</u>	
Reportable segment loss	可呈報分部虧損	<u>(23,900)</u>	<u>(68,152)</u>	<u>(44,358)</u>	<u>—</u>	<u>(136,410)</u>	
Other income	其他收入					1,001	
Waiver of interest of convertible bond	豁免可換股債券利息					12,513	
Net losses on early settlement of convertible bonds	提早結付可換股債券的虧損淨額					(193)	
Gain on fair value changes of investment properties	投資物業公允值變動收益					1,500	
Loss on fair value changes of convertible bond	可換股債券公允值變動虧損					(22,200)	
Unallocated corporate expenses	未分配公司開支					(63,947)	
Finance costs	融資成本					(119,356)	
Loss before income tax	除所得稅前虧損					<u>(327,092)</u>	

上表呈報的收入指兩個年度內來自外界客戶的收入及分部間的銷售。

分部(虧損)/溢利指各分部產生的虧損，當中並無分配中央行政成本(包括董事薪金、資本化應付貸款利息虧損、資本化其他應付款項虧損、投資物業公允值變動收益、可換股債券公允值變動虧損、豁免可換股債券利息、提早結付可換股債券之虧損淨額、其他收入、財務成本及所得稅開支)。此乃為分配資源及評估分部表現而向主要經營決策者報告的計量方法。

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8. SEGMENT INFORMATION

(CONTINUED)

8. 分部資料 (續)

Segment assets and liabilities

分部資產及負債

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
At 31 December 2017	於二零一七年十二月三十一日				
Reportable segment assets	可呈報分部資產	18,389	1,645,751	898,941	2,563,081
Property, plant and equipment	物業、廠房及設備				613
Cash and bank balances	現金及銀行結餘				16,384
Assets classified as held for sale	分類為持作出售資產				34,780
Unallocated corporate assets	未分配公司資產				2,728
Consolidated assets	綜合資產				2,617,586
Reportable segment liabilities	可呈報分部負債	(6,126)	(88,672)	(24,722)	(119,520)
Loans from shareholders	股東的貸款				(504,060)
Borrowings	借貸				(221,202)
Bonds	債券				(719,920)
Convertible bond	可換股債券				(106,697)
Promissory note	承兌票據				(83,991)
Deferred tax liabilities	遞延稅項負債				(165,629)
Provision for income tax	所得稅撥備				(2,951)
Unallocated corporate liabilities	未分配公司負債				(53,185)
Consolidated liabilities	綜合負債				(1,977,155)

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8. SEGMENT INFORMATION
(CONTINUED)

8. 分部資料 (續)

Segment assets and liabilities (Continued)

分部資產及負債 (續)

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
At 31 December 2016	於二零一六年十二月三十一日				
Reportable segment assets	可呈報分部資產	33,599	1,433,305	871,348	2,338,252
Property plant and equipment	物業、廠房及設備				1,233
Cash and bank balances	現金及銀行結餘				2,181
Intangible asset	無形資產				1,079
Investment properties	投資物業				33,700
Unallocated corporate assets	未分配公司資產				1,002
Consolidated assets	綜合資產				2,377,447
Reportable segment liabilities	可呈報分部負債	(8,529)	(114,652)	(77,058)	(200,239)
Loans from shareholders	股東的貸款				(462,344)
Borrowings	借貸				(179,538)
Bonds	債券				(506,803)
Convertible bond	可換股債券				(110,813)
Promissory note	承兌票據				(81,655)
Deferred tax liabilities	遞延稅項負債				(176,356)
Unallocated corporate liabilities	未分配公司負債				(19,721)
Consolidated liabilities	綜合負債				(1,737,469)

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

8. SEGMENT INFORMATION

(CONTINUED)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets; and
- all liabilities are allocated to reportable segments other than corporate liabilities.

8. 分部資料 (續)

分部資產及負債 (續)

為監察分部表現及於分部間分配資源：

- 除公司資產外，所有資產會分配至各可呈報分部；及
- 除公司負債外，所有負債會分配至各可呈報分部。

		Film production and distribution, sales of travel related products, artiste management and event coordination 電影製作及發行、銷售旅遊相關產品、藝人管理及活動統籌 HK\$'000 千港元	Film studio operation 影視城經營 HK\$'000 千港元	Hotel operation 酒店經營 HK\$'000 千港元	Total 總金額 HK\$'000 千港元
At 31 December 2017	於二零一七年十二月三十一日				
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,764	28,194	28,798	58,756
Amortisation of land lease prepayments	預付土地租賃攤銷	—	11,512	2,245	13,757
Amortisation of film products	電影產品攤銷	1,210	—	—	1,210
Addition to non-current assets	非流動資產增加	2,185	97,527	2,562	102,074
At 31 December 2016	於二零一六年十二月三十一日				
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,236	28,442	29,488	59,166
Amortisation of land lease prepayments	預付土地租賃攤銷	—	11,458	2,245	13,703
Amortisation of film products	影片產品攤銷	10,745	—	—	10,745
Addition to non-current assets	非流動資產增加	346	68,914	18,997	88,257

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

8. SEGMENT INFORMATION

(CONTINUED)

Geographical information

All the Group's revenue and non-current assets are principally attributable to the PRC including Hong Kong (being the place of domicile of the major companies comprising the Group).

The geographical location of customers is based on the location at which the contracts are negotiated and entered with the customers. The total revenue from external customers is mainly sourced from the PRC.

Information about major customers

Revenue from customer contributing over 10% of the total revenue of the Group is as follows:

8. 分部資料 (續)

地區資料

本集團所有收入及非流動資產均主要源自中華人民共和國(「中國」)(包括香港)(即本集團旗下主要公司所處的地點)。

客戶地域資料乃基於與客戶磋商及簽訂合約的位置而定。來自外部客戶的總收入主要源自中國。

有關主要客戶的資料

來自佔本集團總收入超過10%的客戶的收入如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Customer A	客戶A	48,468 ¹	N/A不適用 ²

¹ Revenue from film studio operation.

¹ 影視城經營的收入。

² The customer did not contribute over 10% or more to the Group's total revenue in the year.

² 該客戶於該年度並無佔本集團總收入超過10%。

9. FINANCE COSTS

9. 融資成本

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Finance lease charges	財務租賃費用	2,171	1,852
Interest on bank overdrafts	銀行透支利息	364	380
Interest on bonds	債券利息	83,025	50,944
Interest on convertible bond	可換股債券利息	—	14,290
Interest on promissory note	承兌票據利息	9,536	9,279
Interest on loans from shareholders	股東貸款的利息	43,699	32,501
Interest on loan from a related company	一間關聯公司貸款的利息	—	454
Interest on unsecured other borrowings	其他無抵押借貸利息	14,360	8,779
Interest on secured other borrowings	其他有抵押借貸利息	12,145	—
Interest on secured bank borrowings	有抵押銀行借貸利息	263	877
		165,563	119,356

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10. LOSS BEFORE INCOME TAX 10. 除所得稅前虧損

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Loss before income tax is arrived at after charging/(crediting):	除所得稅前虧損已扣除/(計入)下列各項:		
Auditor's remuneration	核數師酬金	1,118	610
Amortisation of film products	影片攤銷	1,210	10,745
Amortisation of land lease prepayments	預付土地租賃攤銷	13,757	13,703
Costs of inventories recognised as expenses	確認為開支的存貨成本	629	379
Depreciation of property, plant and equipment	物業、廠房及設備折舊	58,957	59,578
Equity-settled share-based payments granted to consultants	授予顧問以權益結算的股份支付	9,581	—
Impairment losses of investment in films/dramas production	對電影/戲劇製作的投資的減值虧損	5,775	—
Impairment losses of trade receivables	應收貿易款項的減值虧損	13	—
Net exchange (gains)/losses	匯兌(收益)/虧損淨額	(47,809)	33,998
Minimum lease payments under operating leases in respect of rented premises	根據經營租賃租借物業的最低租賃付款	12,521	11,483
Rental receivables from investment properties less direct outgoings of approximately HK\$63,000 (2016: approximately HK\$165,000)	投資物業應收租金減直接開支約63,000港元(二零一六年:約165,000港元)	(149)	(187)
Employee benefit expenses	僱員福利開支		
(including directors' remuneration) (Note 13)	(包括董事酬金)(附註13)		
— Salaries, allowance and benefits in kind	— 薪金、津貼及實物福利	37,189	33,555
— Contributions to retirement benefits schemes	— 退休福利計劃供款	10,156	6,277
— Equity-settled share-based payments	— 以權益結算的股份支付	21,841	—
		69,186	39,832

Note: Equity settled share based payments recognised as employee benefit expenses include an amount of HK\$4,790,000 representing the fair value of share options granted to an employee who subsequently resigned from the Group and became a consultant of the Group with effect from November 2017. The share options vested immediately on the date of grant.

附註: 以權益結算的股份付款確認為作為僱員福利開支, 包括4,790,000港元的款項, 代表授予一名僱員的購股權的公允值, 該僱員其後從本集團辭任及成為本集團一名顧問, 由二零一七年十一月起生效。該等購股權於授出日期隨時歸屬。

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

11. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as there were no assessable profits arising in or derived from Hong Kong for both years.

The PRC Enterprises Income Tax at 25% has not been provided as the PRC subsidiaries have available tax losses brought forward from previous years to offset the assessable profits generated during the year.

The PRC Enterprises Income Tax at 25% has not been provided as the PRC subsidiaries incurred losses for taxation purposes for the year ended 31 December 2016.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

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

11. 所得稅開支

於兩個年度內，香港利得稅均按估計應課稅溢利以16.5%計算。由於兩個年度內均無在香港產生或獲得任何應課稅溢利，故並無就香港利得稅作出撥備。

由於中國附屬公司擁有往轉自過往年度之可用稅項虧損以抵扣年內產生之應課稅溢利，故並無就中國企業所得稅(稅率為25%)作出撥備。

由於中國附屬公司於截至二零一六年十二月三十一日止年度均錄得稅務虧損，故並無就中國企業所得稅(稅率為25%)作出撥備。

於其他司法權區產生的稅項乃按相關司法權區的通用稅率計算。

本年度稅項開支可與綜合損益及其他全面收入表的除稅前虧損對賬如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Loss before tax	除稅前虧損	(193,533)	(327,092)
Tax at domestic income tax rate	按國內所得稅稅率計算的稅項	(28,780)	(62,238)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	26,597	36,731
Tax effect of income not taxable for tax purpose	毋須課稅收入的稅務影響	(7,522)	(429)
Utilisation of tax losses previously not recognised	動用先前未確認的稅項虧損	(9,339)	(285)
Tax effect of unrecognised estimated tax losses	未確認估計稅項虧損的稅務影響	19,044	26,221
Income tax expense for the year	本年度所得稅開支	—	—

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11. INCOME TAX EXPENSE

(CONTINUED)

Income tax recognised in other comprehensive income

11. 所得稅開支 (續)

於其他全面收入確認的所得稅

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Deferred tax Arising on expense recognised in other comprehensive income: Revaluation of properties held for own use	遞延稅項 產生自於其他全面開支確認的收入： 重估持作自用物業	<u>(10,727)</u>	<u>(3,448)</u>
Total income tax credit recognised in other comprehensive income	於其他全面收入確認的所得稅抵免總額	<u>(10,727)</u>	<u>(3,448)</u>

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$193,533,000 (2016: approximately HK\$327,092,000) and the weighted average of approximately 4,348,296,000 (2016: approximately 3,700,776,000) ordinary shares in issue during the year. Diluted loss per share for loss attributable to the owners of the Company for the years ended 31 December 2017 and 2016 was the same as basic loss per share because the impact of the exercise of the share options and convertible bonds is anti-dilutive.

12. 每股虧損

年內，每股基本虧損乃根據本公司擁有人應佔虧損約193,533,000港元(二零一六年：約327,092,000港元)及已發行的普通股的加權平均數約4,348,296,000股(二零一六年：約3,700,776,000股)計算。購股權及可換股債券的行使具有反攤薄影響，因此，截至二零一七年及二零一六年十二月三十一日止年度本公司擁有人應佔虧損的每股攤薄虧損與每股基本虧損相同。

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13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the ten (2016: nine) Directors and the chief executive were as follows:

13. 董事及高級管理人員薪酬

已付或應付十名(二零一六年：九名)董事及高級管理人員的薪酬如下：

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

		Fees	Salaries, allowances and benefits in kind	Contributions to retirement benefits schemes	Equity-settled share option expense	Total emoluments
		袍金	薪金、津貼及實物福利	退休福利計劃供款	以權益結算購股權開支	總酬金
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Executive Directors:	執行董事：					
Ms. Law Po Yee	羅寶兒女士	—	960	18	514	1,492
Ms. Sin Ho Yee	沈瀨怡女士	—	240	12	514	766
Mr. Chow Kai Weng	周啟榮先生	—	720	18	5,164	5,902
Non-executive Directors:	非執行董事：					
Mr. Sin Kwok Lam	沈國林先生	—	2,400	18	514	2,932
Mr. Li Sin Hung, Maxim (Resigned on 5 January 2018)	李錦洪先生(於二零一八年一月五日辭任)	40	—	—	514	554
Dr. Lam Lee G. (Appointed on 30 June 2017)	林家禮博士(於二零一七年六月三十日獲委任)	50	—	—	—	50
Independent non-executive Directors:	獨立非執行董事：					
Mr. Chan Tin Lup, Trevor	陳天立先生	60	—	—	514	574
Mr. Chui Chi Yun, Robert	崔志仁先生	60	—	—	514	574
Prof. Wong Lung Tak, Patrick	黃龍德教授	60	—	—	514	574
Mr. Li Kit Chee	李傑之先生	60	—	—	514	574
Total emoluments	總酬金	330	4,320	66	9,276	13,992

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

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(Continued)

For the year ended 31 December 2016

13. 董事及高級管理人員薪酬 (續)

截至二零一六年十二月三十一日止年度

		Salaries, allowances and benefits in kind	Contributions to retirement benefits schemes	Total emoluments	
	Fees	薪金、津貼及 實物福利	退休福利計劃 供款	總酬金	
	袍金	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
Executive Directors:	執行董事：				
Ms. Law Po Yee	羅寶兒女士	—	960	18	978
Ms. Sin Ho Yee	冼灝怡女士	—	240	12	252
Mr. Chow Kai Weng	周啟榮先生	—	720	18	738
Non-executive Directors:	非執行董事：				
Mr. Sin Kwok Lam	冼國林先生	—	2,400	18	2,418
Mr. Li Sin Hung, Maxim	李錄洪先生	40	—	—	40
Independent non-executive Directors:	獨立非執行董事：				
Mr. Chan Tin Lup, Trevor	陳天立先生	60	—	—	60
Mr. Chui Chi Yun, Robert	崔志仁先生	60	—	—	60
Prof. Wong Lung Tak, Patrick	黃龍德教授	60	—	—	60
Mr. Li Kit Chee	李傑之先生	60	—	—	60
Total emoluments	總酬金	280	4,320	66	4,666

Notes:

Ms. Law Po Yee ("Ms. Law") is also the chief executive of the Company and her emoluments disclosed included those for services rendered by her as the chief executive. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2017 and 2016.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2017 and 2016.

附註：

羅寶兒女士(「羅女士」)同時兼任本公司行政總裁，所披露彼之酬金包括彼作為行政總裁所提供服務的酬金。截至二零一七年及二零一六年十二月三十一日止年度並無任何有關董事放棄或同意放棄任何酬金的安排。

於截至二零一七年及二零一六年十二月三十一日止年度，本集團概無向任何董事支付任何酬金，以吸引彼等加入本集團或作為加入本集團之獎金或離職補償。

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14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, all (2016: three) of them were Directors of the Company whose emoluments are included in the disclosures in Note 13 above. The emoluments of the remaining two individuals for the year ended 31 December 2016 were as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	—	780
Retirement benefit costs	退休福利成本	—	36
		—	816

Their emoluments were within nil to HK\$1,000,000.

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: nil).

14. 僱員薪酬

在本集團五名最高薪酬人士中，彼等全部(二零一六年：三名)為本公司董事，彼等的薪酬已於上文附註13中披露。於截至二零一六年十二月三十一日止年度，其餘兩名人士的薪酬如下：

彼等的薪酬介乎零至1,000,000港元。

年內，本集團概無向五名最高酬金僱員支付任何報酬作為加入本集團或加入時之獎勵或離職補償(二零一六年：無)。

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

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Leasehold land and buildings 租賃土地及 樓宇 HK\$'000 千港元	Hotel properties 酒店物業 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 HK\$'000 千港元	Motor vehicles and yacht 汽車及遊艇 HK\$'000 千港元	Film studio 影視城 HK\$'000 千港元	Total 總額 HK\$'000 千港元
COST	成本							
Balance at 1 January 2016	於二零一六年一月一 日的結餘	11,574	801,245	3,848	47,856	6,556	899,307	1,770,386
Additions	添置	113	18,120	362	924	330	68,528	88,377
Deficit on valuation	估值虧損	—	(26,793)	—	—	—	(36,505)	(63,298)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(777)	(40,170)	(53)	(3,052)	(93)	(47,203)	(91,348)
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月 三十一日及二零 一七年一月一日的 結餘	10,910	752,402	4,157	45,728	6,793	884,127	1,704,117
Additions	添置	—	1,765	89	3,769	288	96,363	102,274
Deficit on valuation	估值虧損	—	(8,956)	—	—	—	(82,440)	(91,396)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	831	41,198	55	3,409	111	49,648	95,252
Balance at 31 December 2017	於二零一七年十二月 三十一日的結餘	11,741	786,409	4,301	52,906	7,192	947,698	1,810,247
DEPRECIATION	折舊							
Balance at 1 January 2016	於二零一六年一月一 日的結餘	1,446	—	1,877	5,507	1,099	—	9,929
Depreciation expense	折舊開支	502	22,980	664	7,765	1,139	26,528	59,578
Surplus on valuation	估值盈餘	—	(22,980)	—	—	—	(26,528)	(49,508)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	(118)	—	(32)	(673)	(43)	—	(866)
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月 三十一日及二零 一七年一月一日的 結餘	1,830	—	2,509	12,599	2,195	—	19,133
Depreciation expense	折舊開支	492	22,293	695	8,094	1,187	26,196	58,957
Surplus on valuation	估值盈餘	—	(22,293)	—	—	—	(26,196)	(48,489)
Effect of foreign currency exchange differences	外匯匯兌差額的影響	157	—	35	1,192	54	—	1,438
Balance at 31 December 2017	於二零一七年十二月 三十一日的結餘	2,479	—	3,239	21,885	3,436	—	31,039
CARRYING AMOUNTS	賬面值							
Balance at 31 December 2017	於二零一七年十二月 三十一日的結餘	9,262	786,409	1,062	31,021	3,756	947,698	1,779,208
Balance at 31 December 2016	於二零一六年十二月 三十一日的結餘	9,080	752,402	1,648	33,129	4,598	884,127	1,684,984

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Hotel properties were revaluated on 31 December 2017 and 2016 by RHL Appraisal Limited ("RHL") an independent qualified professional valuer not connected to the Group. RHL is a member of the Hong Kong Institute of Surveyors and have appropriate qualifications and recent experience in the valuation of properties in the relevant location. The revaluation deficit of approximately HK\$13,337,000 (2016: deficit approximately HK\$3,813,000) net of applicable deferred income taxes credit of approximately HK\$3,334,000 (2016: approximately HK\$953,000) was debited to properties revaluation reserve in the amount of approximately HK\$10,003,000 (2016: debited to properties revaluation reserve of approximately HK\$2,860,000). If the hotel properties had not been revalued, it would have been included in the consolidated financial statements at historical cost of approximately HK\$453,713,000 (2016: approximately HK\$451,947,000) as at 31 December 2017.

Film Studio were revaluated on 31 December 2017 and 2016 by RHL. The revaluation deficit of approximately HK\$56,244,000 (2016: surplus approximately HK\$9,977,000) net of applicable deferred income taxes credit of approximately HK\$14,061,000 (2016: approximately HK\$2,495,000) was debited to properties revaluation reserve in the amount of approximately HK\$42,183,000 (2016: credited to properties revaluation reserve of approximately HK\$7,482,000). If the film studio had not been revalued, it would have been included in the consolidated financial statements at historical cost of approximately HK\$791,490,000 (2016: approximately HK\$645,479,000) as at 31 December 2017.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

15. 物業、廠房及設備 (續)

酒店物業於二零一七年及二零一六年十二月三十一日由永利行評值顧問有限公司(「永利行」,一名與本集團無關連的獨立合資格專業估值師)重估。永利行為香港測量師學會的會員,具有適當資格且近期於相關地點曾進行物業估值。重估虧損約13,337,000港元(二零一六年:虧損約3,813,000港元)扣除適用的遞延所得稅抵免約3,334,000港元(二零一六年:約953,000港元)已於物業重估儲備中扣除約10,003,000港元(二零一六年:於物業重估儲備中扣除約2,860,000港元)。倘酒店物業並無進行重估,其將按二零一七年十二月三十一日的歷史成本約453,713,000港元(二零一六年:約451,947,000港元)計入綜合財務報表。

影視城已於二零一七年及二零一六年十二月三十一日由永利行重估。重估虧損約56,244,000港元(二零一六年:盈餘約9,977,000港元)扣除適用的遞延所得稅抵免約14,061,000港元(二零一六年:約2,495,000港元)已於物業重估儲備中扣除約42,183,000港元(二零一六年:於物業重估儲備中計入約7,482,000港元)。倘影視城未經重估,其將按於二零一七年十二月三十一日的歷史成本約791,490,000港元(二零一六年:約645,479,000港元)計入綜合財務報表。

於估計物業的公允值時,物業的最高及最佳用途為其現有用途。

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

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The following table gives information about how the fair values of these hotel properties and film studio are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the key inputs to the fair value measurements is observable.

As at 31 December 2017:

15. 物業、廠房及設備 (續)

下表提供有關該等酒店物業及影視城的公允價值如何釐定(尤其是所用估值技術及主要輸入數據)的資料,以及有關公允價值計量按照公允價值計量主要輸入數據的可觀察程度而分類的公允價值層級(第一級至第三級)。

於二零一七年十二月三十一日:

Element	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs 重大不可觀察輸入數據	Range/ Amount	Sensitivity
元素	公允價值層級	估值技術及主要輸入數據	輸入數據	範圍/金額	敏感度
Hotel properties	Level 3	Depreciated replacement costs approach (based on current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation)	Replacement costs of constructions hotel properties	RMB655,000,000	The higher the costs of constructions, the higher the fair values
酒店物業	第三級	折舊重置成本法(基於物業裝修目前重置成本,再按實際損耗及一切相關形式的陳舊及優化作出扣減)	土地上建設的重置成本	人民幣655,000,000	建築成本愈高,公允價值愈高
Film studio	Level 3	Income approach-discounted cashflow approach	Discount, rate	-1% to 1%	The higher the discount rate, the lower the fair value
影視城	第三級	收入法 — 貼現現金流量法	變現率	-1%至1%	變現率愈高,公允價值愈低

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

15. 物業、廠房及設備 (續)

As at 31 December 2016:

於二零一六年十二月三十一日：

Element	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range/Amount	Sensitivity
元素	公允值層級	估值技術及主要輸入數據	重大不可觀察輸入數據	範圍/金額	敏感度
Hotel properties	Level 3	Direct comparison method by assuming sales transactions as available in the relevant market (i.e. sales transaction price per hotel room)	Discounts on quality of properties	-10% to 10%	The higher the premiums or discounts, the higher or lower the fair values
酒店物業	第三級	直接比較法，假設相關市場上有銷售交易(即每間酒店房間的銷售交易價)	對物業質素的折讓	-10%至10%	溢價或折讓愈高，公允值愈高或愈低
Film studio	Level 3	Depreciated replacement costs approach (based on current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation)	Replacement costs of constructions on the land	RMB337,000,000	The higher the costs of constructions, the higher the fair values
影視城	第三級	折舊重置成本法(基於物業裝修目前重置成本，再按實際損耗及一切相關形式的陳舊及優化作出扣減)	土地上建設的重置成本	人民幣337,000,000元	建築成本愈高，公允值愈高
		Market approach (based on the comparable accommodation value sq. ft. observed from the market)	Discounts on quality of properties	-10% to 10%	The higher the discounts, the lower the fair values
		市場法(基於從市場觀察所得的可比較房舍的每平方呎價值)	對物業質素的折讓	-10%至10%	折讓愈高，公允值愈低

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15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As can be seen from the table above, there has been a change in valuation technique for the valuation of the hotel properties and Film Studio. In respect of the hotel properties, the valuation technique was changed from a market approach to a cost approach. In the opinion of the Directors, the change resulted in a fair value measurement that is more representative of fair value in the circumstances taking into account the uniqueness of the hotel properties, which are situated in the Film Studio area.

In respect of the Film Studio, the valuation technique was changed from a cost approach to an income approach. In the opinion of the directors of the Company, the change resulted in a fair value measurement that is more representative of fair value in the circumstances taking into account the fact that the commencement of full commercial operations of the Film Studio in January 2017 has enabled the Group to reliably estimate the future amounts of cash flows, income and expenses and hence has enabled the Group to adopt the income approach, which results in a fair value measurement that reflects current market expectations about these future amounts.

At the end of the reporting period, the net carrying amount of film studio held under finance leases of the Group was approximately HK\$9,262,000 (2016: approximately HK\$9,080,000).

15. 物業、廠房及設備 (續)

誠如上表所示，酒店物業及該影視城的估值技術有一項變動。就酒店物業而言，估值技術由市場法改為成本法。董事認為，該變動導致一項公允值計量，可更代表目前情況下的公允值，因其中已計及酒店物業位於該影視城區的獨特性。

就該影視城而言，估值技術由成本法改為收入法，本公司董事認為，該變動產生的公允值計量可更代表目前情況下的公允值，因其中已計及該影視城事實上於二零一七年一月開展全面商業營運，使本集團能可靠地估計未來現金流量、收入及開支的金額，故本集團採用收入法，所產生的公允值計量可反映關於該等未來金額的目前市場期望。

於報告期末，本集團根據財務租賃持有的影視城之賬面淨值約為9,262,000港元(二零一六年：約9,080,000港元)。

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16. INVESTMENT PROPERTIES

16. 投資物業

The Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

本集團為賺取租金或實現資本增值而根據經營租賃持有的物業權益採用公允價值模型計量，並且作為投資物業分類及入賬。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Fair value	公允值		
At 1 January	於一月一日	33,700	32,200
Net increase in fair value recognised in profit or loss	於損益內確認的公允值增加淨額	1,080	1,500
Reclassified as held-for-sale	重新分類為持作出售	(34,780)	—
At 31 December	於十二月三十一日	—	33,700
Changes in unrealised gain on revaluation of investment properties for the year included in profit or loss	本年度計入損益的重估投資物業未變現收益的變動	1,080	1,500

Fair value measurement of the Group's investment properties

本集團投資物業的公允價值計量

The fair value of the Group's investment properties as at 31 December 2017 and 2016 has been arrived at on the basis of a valuation carried out on the respective date by RHL.

本集團的投資物業於二零一七年及二零一六年十二月三十一日的公允價值根據由永利行於有關日期進行之估值達致。

The fair value was determined using the direct comparison approach based on price information of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

公允價值乃使用基於可資比較物業價格資料的直接比較法釐定。按各項物業之所有有關優點及缺點對面積、特點及地點相似之可資比較物業進行分析及仔細衡量，以對其價值進行公平比較。

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16. INVESTMENT PROPERTIES

(Continued)

Fair value measurement of the Group's investment properties (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2017 are as follows:

	Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Properties located in Hong Kong 位於香港的物業	—	34,780	—	34,780

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2016 are as follows:

	Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Properties located in Hong Kong 位於香港的物業	—	33,700	—	33,700

As at 31 December 2017 and 2016, all of the Group's investment properties have been pledged to secure the bank overdrafts granted to the Group.

The Group intends to sell of investment properties it no longer utilises in the next 12 months. No impairment loss was recognised on reclassification of the investment properties as held for sale not at 31 December 2017.

16. 投資物業 (續)

本集團投資物業的公允值計量 (續)

於二零一七年十二月三十一日，本集團投資物業之詳情及有關公允值層級之資料如下：

於二零一六年十二月三十一日，本集團投資物業之詳情及有關公允值層級之資料如下：

於二零一七年及二零一六年十二月三十一日，本集團所有投資物業已抵押作本集團獲授之銀行透支之抵押。

本集團擬於未來12個月內出售其不再使用的投資物業。於二零一七年十二月三十一日，概無就重新分類投資物業為持作出售確認任何減值虧損。

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17. LAND LEASE PREPAYMENTS

17. 預付土地租賃

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Analysed for reporting purposes as: Non-current asset	就報告目的之分析： 非流動資產	456,304	470,061

18. INTANGIBLE ASSET

18. 無形資產

		Licence 牌照 HK\$'000 千港元
COST	成本	
Balance at 1 January 2016, 31 December 2016 and 1 January 2017	於二零一六年一月一日、二零一六年 十二月三十一日及二零一七年 一月一日的結餘	1,079
Through disposal of a subsidiary (note 45)	透過出售一間附屬公司(附註45)	(1,079)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	—
CARRYING AMOUNTS	賬面值	
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	—
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	1,079

The licence represents the licence plate which enable the vehicle to travel and hang licence plate in both PRC and Hong Kong. The licence is renewable every year at minimal cost. The directors are of the opinion that the Group would renew the licence continuously and has the ability to do so.

The licence is considered by the management of the Group as having an indefinite useful life because it is expected to generate economic benefit to the Group indefinitely. The licence will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

牌照指允許車輛於中國與香港兩地行駛及懸掛之中港車牌。牌照每年可以最低成本重續。董事認為本集團將持續重續牌照並有能力持續重續牌照。

本集團管理層認為牌照具無限使用年期，因為預期牌照可無限期為本集團帶來經濟利益。牌照不會攤銷，除非其可使用年期釐定為有限。然而，其將每年及於有跡象顯示其可能出現減值時進行減值檢測。

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

19. PRINCIPAL SUBSIDIARIES

19. 附屬公司列表

Details of the Company's principal subsidiaries at the end of the reporting period are set out as follows:

本公司於報告期末的主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Forms of business structure 業務架構形式	Place of incorporation or registration 註冊成立地點或註冊地點	Issued and fully paid share capital/ registered capital/ paid-up capital 註冊資本/實繳資本	Proportion of nominal value of issued capital/ registered capital held by the Company 本公司所持已發行股本 面值/註冊資本比例		Principal activities 主要業務
				2017 二零一七年	2016 二零一六年	
National Arts Entertainment Limited ("NA Entertainment") 國藝娛樂有限公司(「國藝娛樂」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$1,500,000 普通股1,500,000港元	100% (indirect) (間接)	100% (indirect) (間接)	Provision of management services to artistes in Hong Kong 在香港向藝人提供管理服務
National Arts Entertainment Holdings Limited 國藝娛樂控股有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$192,308 普通股192,308美元	100% (direct) (直接)	100% (direct) (直接)	Investment holding in Hong Kong 在香港進行投資控股
National Arts Production & Promotions Limited 國藝製作及推廣有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$1 普通股1港元	100% (indirect) (間接)	100% (indirect) (間接)	Provision of promotional performance services in Hong Kong 在香港提供推廣演出服務
National Arts Films Production Limited ("NA Film") 國藝影視製作有限公司 (「國藝影視」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$1,500,000 普通股1,500,000港元	100% (indirect) (間接)	100% (indirect) (間接)	Provision of distribution of film in Hong Kong 在香港製作及發行電影
Art Tour Limited 遊藝有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$10,000 普通股10,000港元	100% (direct) (直接)	100% (direct) (直接)	Property investment in Hong Kong 在香港進行物業投資
Glory Max Group Limited	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) (直接)	100% (direct) (直接)	Investment holding in Hong Kong 在香港進行投資控股
Head Return Limited ("HRL") 嶺盈有限公司(「嶺盈」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$100 普通股100港元	100% (indirect) (間接)	100% (indirect) (間接)	Investment holding in Hong Kong 在香港進行投資控股
Expand Pacific Limited ("EPL") 太平洋拓展有限公司(「太平洋拓 展」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$100 普通股100港元	100% (indirect) (間接)	100% (indirect) (間接)	Investment holding in Hong Kong 在香港進行投資控股
Foshanshi Huixing Jiudian Co., Ltd* 佛山市匯星酒店有限公司	Wholly foreign owned enterprise ("WFOE") 外商獨資企業	PRC 中國	Paid-up capital of US\$32,418,681 實繳資本32,418,681 美元	100% (indirect) (間接)	100% (indirect) (間接)	Hotel operation in the PRC 在中國經營酒店
Foshanshi Huishoujingqu Kai Fa Co., Ltd* 佛山市匯首景區開發有限公司	WFOE 外商獨資企業	PRC 中國	Paid-up capital of US\$33,909,113 實繳資本33,909,113 美元	100% (indirect) (間接)	100% (indirect) (間接)	Property development and operation of film studio and theme park in the PRC 在中國發展物業及經營影視城及主題 公園
Foshanshi Yupinxuan Trading Co., Ltd* 佛山市御品軒商貿有限公司	Domestic enterprise 內資企業	PRC 中國	Registered capital of RMB100,000 註冊資本人民幣 100,000元	100% (indirect) (間接)	100% (indirect) (間接)	Retailing of souvenirs in the PRC 在中國零售紀念品

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19. PRINCIPAL SUBSIDIARIES

(Continued)

19. 附屬公司列表 (續)

Name of subsidiary 附屬公司名稱	Forms of business structure 業務架構形式	Place of incorporation or registration 註冊成立地點或註冊地點	Issued and fully paid share capital/ registered capital/ Paid-up capital 已發行及繳足股本/ 註冊資本/實繳資本	Proportion of nominal value of issued capital/ registered capital held by the Company 本公司所持已發行股本 面值/註冊資本比例		Principal activities 主要業務
				2017 二零一七年	2016 二零一六年	
Foshanshi Yufu Food & Beverage Co., Ltd* 佛山市御府飲食有限公司	Domestic enterprise 內資企業	PRC 中國	Registered capital of RMB100,000 註冊資本人民幣100,000元	100% (indirect) 100% (間接)	100% (indirect) 100% (間接)	Light refreshment restaurant in the PRC 於中國經營輕食餐廳
Rainbow Dragon Corporation Limited 龍虹有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$150 普通股150港元	100% (indirect) 100% (間接)	100% (indirect) 100% (間接)	Investment holding in Hong Kong 在香港進行投資控股
Wide Expand Limited 偉瀚有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$100 普通股港幣100元	100% (indirect) 100% (間接)	100% (indirect) 100% (間接)	Investment holding in Hong Kong 在香港進行投資控股
Broad Sky Investment Limited 博天投資有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$20 普通股20港元	100% (direct) 100% (直接)	100% (direct) 100% (直接)	Property investment in Hong Kong 在香港進行物業投資
National Arts Travel Limited 國藝旅遊有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$500,000 普通股500,000港元	100% (indirect) 100% (間接)	100% (indirect) 100% (間接)	Provision of travel related products in Hong Kong 在香港提供旅遊相關產品
Elegant Motion Enterprises Limited 雅動企業有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) 100% (直接)	100% (direct) 100% (直接)	Investment holding in Hong Kong 在香港進行投資控股
Flash Star Holdings Limited 耀星控股有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) 100% (直接)	100% (direct) 100% (直接)	Investment holding in Hong Kong 在香港進行投資控股
Wealth Day Enterprises Limited 富日企業有限公司	Incorporated 註冊成立	British Virgin Islands 英屬維京群島	Ordinary shares of US\$1 普通股1美元	100% (direct) 100% (直接)	100% (direct) 100% (直接)	Investment holding in Hong Kong 在香港進行投資控股
Lux Unicorn Limited ("Lux Unicorn") 盛麟有限公司(「盛麟」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$100 普通股100港元	100% (indirect) 100% (間接)	100% (indirect) 100% (間接)	Investment holding in Hong Kong 在香港進行投資控股
In Industrial Company Limited ("In Industrial") 平然實業有限公司(「平然實業」)	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$1 普通股1港元	— —	100% (indirect) 100% (間接)	Investment holding in Hong Kong 在香港進行投資控股
NA Sing Sing Entertainment Limited 藝星娛樂有限公司	Incorporated 註冊成立	Hong Kong 香港	Ordinary shares of HK\$500,000 普通股500,000港元	51% (indirect) 51% (間接)	51% (indirect) 51% (間接)	Provision of event coordination services in Hong Kong 在香港提供活動統籌服務

* For identification purpose only

* 僅供識別

Note:

附註:

None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have materials non-controlling interests for the years ended 31 December 2017 and 2016.

於報告期末，概無附屬公司已發行任何上市證券。截至二零一七年及二零一六年十二月三十一日止年度，本集團並無附屬公司擁有重大非控股權益。

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

20. INVESTMENT IN AN ASSOCIATE

Details of the Group's investment in an associate are as follows:

20. 聯營公司投資

本集團於聯營公司的投資詳情如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本值	375	375
Share of post-acquisition loss and other comprehensive income, net of dividends received	分佔收購後虧損及其他全面收入，扣除已收股息	(265)	(262)
Less: disposal of an associate	減：出售一間聯營公司	(110)	—
		—	113

Details of the Group's associate at the end of the reporting period are as follows:

本集團聯營公司於報告期末的詳情如下：

Name of entity 實體名稱	Country of incorporation 註冊成立國家	Principal place of business 主要營業地點	Proportion of ownership interest held by the Group 本集團持有的所有權權益比例		Proportion of voting rights held by the Group 本集團持有的投票權比例		Principal activity 主要業務
			2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年	
Faithful Arts Entertainment and Culture Limited	Hong Kong	Hong Kong	—	37.5% (indirect)	—	37.5% (indirect)	Provision of creative multimedia services and acting as events organiser
忠藝娛樂文化有限公司	香港	香港		(間接)		(間接)	提供創意多媒體服務及擔任活動組織者

Summarised financial information of the associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS.

聯營公司財務資料概要

有關本集團聯營公司的財務資料概要載列於下文。以下財務資料概要指聯營公司根據香港財務報告準則編製的財務報表所示的金額。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

20. INVESTMENT IN AN ASSOCIATE (Continued)

Summarised financial information of the associate (Continued)

The associate is accounted for using the equity method in these consolidated financial statements.

20. 聯營公司投資(續)

聯營公司財務資料概要(續)

聯營公司於此等綜合財務報表內使用權益法入賬。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current assets	流動資產	—	84
Non-current assets	非流動資產	—	216
Current liabilities	流動負債	—	—
Non-current liabilities	非流動負債	—	—
Cash and cash equivalents	現金及現金等值項目	—	84
Current financial liabilities (excluding trade and other payables and provisions)	流動金融負債(不包括 應付貿易款項及其他 應付款項以及撥備)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	非流動金融負債(不包括 應付貿易款項及其他 應付款項以及撥備)	—	—
Revenue	收入	—	971
Loss for the year	本年度虧損	—	(382)
Other comprehensive income for the year	本年度其他全面收入	—	—
Total comprehensive expense for the year	本年度全面開支總額	—	(382)
Dividends received from the associate during the year	本年度自聯營公司 收取的股息	—	—

Note:

In July 2017, the Group entered into sale and purchase agreement with a third party, to acquire an aggregate of 37.5% interest in Faithful Arts at a consideration of HK\$1. This transaction has resulted in the recognition of a loss of approximately HK\$110,000 in profit or loss.

附註:

於二零一七年七月，本集團與一名第三方訂立買賣協議，以按代價1港元收購忠藝合共37.5%權益。該交易導致於損益確認虧損約110,000港元。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

21. INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture are as follows:

21. 合營企業投資

本集團合營企業投資的詳情如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本值	11,400	11,400
Share of post-acquisition loss and other comprehensive income, net of dividends received	分佔收購後虧損及其他全面收入，扣除已收股息	(5,000)	(4,380)
		6,400	7,020

Details of the Group's joint venture at the end of the reporting period are as follows:

本集團合營企業於報告期末的詳情如下：

Name of entity 實體名稱	Country of incorporation 註冊成立國家	Principal place of business 主要營業地點	Proportion of ownership interest held by the Group 本集團持有的所有權權益比例		Proportion of voting rights held by the Group 本集團持有的投票權比例		Principal activity 主要業務
			2017 二零一七年	2016 二零一六年	2017 二零一七年	2016 二零一六年	
Zhuhaiishi Guoyi Yingshi Management Co., Ltd* 珠海市國藝影院經營管理有限公司	PRC 中國	PRC 中國	60% (indirect) (間接)	60% (indirect) (間接)	60% (indirect) (間接)	60% (indirect) (間接)	Cinema Operation 經營電影院

* For identification purpose only

* 僅供識別

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

21. INVESTMENT IN A JOINT VENTURE (Continued)

Summarised financial information of the joint venture

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS.

The joint venture is accounted for using the equity method in these consolidated financial statements.

21. 合營企業投資 (續)

合營企業財務資料概要

有關本集團合營企業的財務資料概要載列於下文。以下財務資料概要指合營企業根據香港財務報告準則編製的財務報表所示的金額。

合營企業於此等綜合財務報表內使用權益法入賬。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current assets	流動資產	2,336	2,605
Non-current assets	非流動資產	13,742	14,137
Current liabilities	流動負債	5,437	5,836
Non-current liabilities	非流動負債	—	—
The above amounts of assets and liabilities include the following:	上述資產及負債金額包括以下各項：		
Cash and cash equivalents	現金及現金等值項目	1,239	644
Current financial liabilities (excluding trade and other payables and provisions)	流動金融負債(不包括應付貿易款項及其他應付款項以及撥備)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	非流動金融負債(不包括應付貿易款項及其他應付款項以及撥備)	—	—

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

21. INVESTMENT IN A JOINT VENTURE (Continued)

21. 合營企業投資 (續)

Summarised financial information of the joint venture (Continued)

合營企業財務資料概要 (續)

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入	7,212	8,575
Loss for the year	本年度虧損	(1,087)	(1,507)
Other comprehensive income for the year	本年度其他全面收入	—	—
Total comprehensive expense for the year	本年度全面開支總額	(1,087)	(1,507)
Dividends received from the joint venture during the year	本年度自合營企業收取的股息	—	—
The above loss for the year include the following:	上述本年度虧損包括以下項目：		
Depreciation and amortisation	折舊及攤銷	(155)	(157)
Interest income	利息收入	2	5
Interest expense	利息開支	—	—
Income tax expense	所得稅開支	—	(31)

The amount due from a joint venture was unsecured, interest-free and repayable on demand.

有關合營企業的應收款項為無抵押、免息及須於要求償還。

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

22. AVAILABLE-FOR-SALE INVESTMENT

22. 可供出售投資

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted investment, at cost	非上市投資，按成本值	5,250	5,000
Addition	添置	—	250
Provision for impairment loss recognised	已確認減值虧損撥備	(5,250)	—
		—	5,250

The above unlisted investment represents investment in unlisted equity securities issued by a limited liability company incorporate in the British Virgin Islands. Based on information obtained by the Group in respect of the investee, which information may not be up to date, the investee is an investment holding company whose subsidiaries are principally engaged in a manufacturer of bottled distilled water based in PRC.

The investment is measured at cost less impairment at the end of the reporting period because the variability in the range of reasonable fair value measurements is considered to be significant for equity instruments of such type of entity and probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

The Group assessed whether there was any objective evidence that the investment was impaired as at 31 December 2017. In this respect, the Group noted that during the financial year, the investee had ceased to respond to the Group's requests for information and updates. This fact, taken together with financial information received by the Group in the earlier part of the year about the consolidated financial position and results of the investee and its subsidiaries which showed that the investee had suffered significant losses after the initial recognition by the Group of the investment, provided objective evidence of impairment of the investment. Such losses suffered by the investee and the noncooperation of the investee had a significant impact on the Group's estimation of future cash flows of the investment compared to that previously estimated by the Group at the time when it made the investment. Based on the revised estimates, the future cash flows of the investment were expected to be insignificant in amounts compared to the initial cost of the investment, hence full impairment loss of approximately HK\$5,250,000 was recognised in consolidated profit or loss for the year ended 31 December 2017.

上述未上市投資指由一間於英屬維京群島註冊成立之有限公司發行之未上市股本證券。根據本集團所獲得關於被投資方的資料(未必屬最新資料)，被投資公司為一間投資控股公司，其附屬公司為主要在中國從事製造樽裝蒸餾水的生產商。

該項投資乃於報告期末，按成本減減值虧損列值，因為合理公允值計量範圍的變化，對類別實體的權益工具而言，被視為重大，而範圍內的各種估計的可能性，於計量公允值時，難以合理地評估及使用。

本集團評估是否有任何客觀證據反映該投資於二零一七年十二月三十一日已減值。就此而言，本集團注意到，於財政年度內，被投資方已停止回應本集團對提供資料及最新資訊的要求。此項事實加上本集團於年內初期獲得的關於被投資方及其附屬公司的綜合財務狀況及業績的財務資料，其中反映被投資方於本集團初始確認該投資後，蒙受重大虧損，提供了該項投資出現減值的客觀證據。被投資方蒙受的該等虧損及被投資方的不合作態度，對本集團就該投資的未來現金流量所作的估計，相比與本集團先前作出該投資時所作出的估計，有重大影響。根據經修訂估計，該投資的未來現金流量的金額相比該投資的初始成本，預期將屬微少，因而已於截至二零一七年十二月三十一日止年度的綜合損益表確認減值虧損全額約5,250,000港元。

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23. FILM PRODUCTS AND FILM PRODUCTION IN PROGRESS

23. 電影產品及在製電影產品

		Film rights 電影權利 HK\$'000 千港元	Films production in progress 在製電影產品 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost:	成本：			
Balance at 1 January 2016	於二零一六年一月一日的結餘	103,187	—	103,187
Additions	添置	—	3,630	3,630
Transfer to film products	轉撥至電影產品	—	—	—
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日的結餘	103,187	3,630	106,817
Additions	添置	—	—	—
Transfer to film products	轉撥至電影產品	3,630	(3,630)	—
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	106,817	—	106,817
Accumulated amortisation and impairment losses:	累計攤銷及減值虧損：			
Balance at 1 January 2016	於二零一六年一月一日的結餘	92,442	—	92,442
Amortisation of film products	電影產品攤銷	10,745	—	10,745
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日的結餘	103,187	—	103,187
Amortisation of film products	電影產品攤銷	1,210	—	1,210
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	104,397	—	104,397
CARRYING AMOUNTS	賬面值			
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	2,420	—	2,420
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	—	3,630	3,630

Note:

Amortisation charge of approximately HK\$1,210,000 (2016: approximately HK\$10,745,000) with respect to film rights has been included in cost of film production in the consolidated statement of profit or loss and other comprehensive income. Amortisation of film right is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are one year to three years.

附註：

有關電影權利的攤銷支出約1,210,000港元(二零一六年：約10,745,000港元)已計入綜合損益及其他全面收入表中的電影製作成本。電影權利攤銷以直線法按其估計可使用年期撇銷其成本值減其剩餘價值計算。主要可使用年期為一至三年。

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24. INVESTMENTS IN FILMS/
DRAMAS PRODUCTION

24. 投資電影／戲劇製作

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Investments in films/dramas production 投資電影／戲劇製作	986	6,461

Note:

The amount represents investments in licensed production houses for co-financing the production of films and/or dramas. The investments are governed by the relevant agreements entered into between the Group and the production houses whereby the Group is entitled to benefits generated from the distribution of the related films and/or dramas.

As at 31 December 2017, the productions of certain films and/or dramas were completed but the distribution thereof had not yet commenced. Due to the delays in the screening of these films and/or dramas and the inability of the production houses to satisfy the Group about the reliability of estimated timelines for the screenings, the Group had fully impaired the carrying amount of the Group's investment cost in these films and /or dramas. Accordingly an impairment loss of approximately HK\$5,775,000 (2016: nil) is recognised in consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2017.

附註：

該金額指投資持牌製作公司，以為電影及／或戲劇製作聯合出資。該等投資由本集團與製作公司訂立之相關協議規管，根據協議，本集團有權收取發行相關電影／戲劇而產生的利益。

於二零一七年十二月三十一日，若干電影及／或戲劇的製作已完成但有關發行尚未開展。由於該等電影及／或戲劇的播放延遲及製作公司在提供可靠的估計播放時間表方面，未能令本集團信納，本集團已將本集團對該等電影及／或戲劇的投資成本賬面值悉數減值。據此，於截至二零一七年十二月三十一日止年度，已於綜合損益及其他全面收益表確認減值虧損約5,775,000港元（二零一六年：無）。

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25. TRADE RECEIVABLES

25. 應收貿易款項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade receivables	應收貿易款項	125,595	6,693

The Group generally allows a credit period from 30 to 90 days (2016: 30 to 90 days) to its trade customers. The following is the ageing analysis of trade receivables, net of allowances for bad and doubtful debts, presented based on the invoice date:

本集團向其貿易客戶提供的信貸期一般為30日至90日(二零一六年:30日至90日)。應收貿易款項(扣除呆壞賬撥備)於發票所示日期的賬齡分析如下:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 60 days	0至60日	40,669	2,881
61 to 90 days	61至90日	19,906	144
91 to 180 days	91至180日	37,129	1,123
Over 180 days	超逾180日	27,891	2,545
		125,595	6,693

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25. TRADE RECEIVABLES

(Continued)

At 31 December 2017, trade receivables of approximately HK\$60,575,000 (2016: approximately HK\$3,025,000) were neither past due nor impaired. These balances related to certain customers whom there was no recent history of default.

Included in the balances are debts with carrying amounts of approximately HK\$65,020,000 (2016: approximately HK\$3,668,000) which were past due at the reporting date for which the Group has not provided for impairment loss. Trade receivables that are past due but not impaired relate to a number of customers and the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The following is the ageing analysis of trade receivables which are past due but not impaired based on the due date:

25. 應收貿易款項 (續)

於二零一七年十二月三十一日，應收貿易款項約60,575,000港元(二零一六年：約3,025,000港元)並未逾期且並無減值。該等結餘乃與近期並無逾期還款紀錄的若干客戶有關。

結餘中所包括賬面值為約65,020,000港元(二零一六年：約3,668,000港元)的債務於報告日期已逾期，本集團並無為該等結餘作減值虧損撥備。已逾期但並未減值的應收貿易款項涉及若干客戶，而董事認為由於該等客戶的信貸質素並無重大變動，該等結餘仍被認為可全數收回，故無須就該等結餘作減值撥備。本集團並無就該等結餘持有抵押品。

根據到期日已逾期但並未減值的應收貿易款項的賬齡分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 90 days	0至90日	37,129	1,123
Over 90 days	超逾90日	27,891	2,545
		65,020	3,668

Movement on the Group's allowance for impairment of trade receivables are as follows:

本集團應收貿易款項減值撥備的變動如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	—	—
Impairments losses of trade receivables	應收貿易款項的減值虧損	13	—
Receivables written off during the year as uncollectible	於年內作為不可收回而撇銷的應收款項	(13)	—
At 31 December	於十二月三十一日	—	—

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26. INVENTORIES

26. 存貨

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Food and beverage	餐飲	1,369	1,022
Merchandise	商品	1,074	912
General operating supplies and others	一般經營物資及其他	538	480
		2,981	2,414

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

27. 預付款項、按金及其他應收款項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current assets			
Other receivable (notes (i) and (ii))	其他應收款項 (附註(i)及(ii))	100,181	88,651
Deposits (note (iii))	按金(附註(iii))	4,901	4,900
		105,082	93,551
Current assets			
Prepayments	預付款項	19,461	23,314
Rental deposits	租賃押金	1,672	2,994
Other deposits	其他押金	1,165	832
Deposits paid to suppliers	已付供應商按金	6,341	8,680
Other receivables	其他應收款項	52,833	19,974
		81,472	55,794
		186,554	149,345

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27. PREPAYMENTS, DEPOSITS
AND OTHER RECEIVABLES*(Continued)*

Notes:

- (i) The other receivable balance as at 31 December 2016 represented the amount due from a local government company which was repayable in 40 years and secured by the Wong Tai Sin Temple located in Xiqiao Mountain in Foshan City, the PRC. The Group and the PRC local government company mutually agreed that interest, based on the People's Bank of China Benchmark Interest Rates, would not be accrued until the Wong Tai Sin Temple records a monthly turnover of more than RMB100,000 for six consecutive months. The amount was denominated in RMB. As at 31 December 2016, the monthly turnover threshold had not been met yet.

During the year ended 31 December 2017, the PRC government issued Guozongfa (2017) No. 88 (the "Guozongfa") on 3 November 2017 to address the commercialisation issues relating to the development of Buddhism and Taoism in the PRC. Under the Guozongfa, it is promulgated that commercial capital is strictly forbidden to intervene in Buddhist Taoism and no organisation or individual may invest or contract for the operation of Buddhist Taoism activities or conduct business operations on or through Buddhist Taoism venues.

After the issuance of the Guozongfa, the Group, with the assistance of PRC legal advisers, proceeded to assess the legal effects of the Guozongfa on the construction management agreement entered into with the PRC local government company and to discuss with the PRC local government company in order to effect amendments to the terms of the agreement considered necessary as a result of the promulgation of the Guozongfa. The management of the Group was taking actions and steps considered necessary to respond to the changes in regulatory environment brought about by the Guozongfa with a view to safeguard the Group's interests in the Wong Tai Sin Temple and optimize the synergistic benefits that the temple can bring to the Film Studio as the temple is located in the film studio area.

27. 預付款項、按金及其他應收
款項(續)

附註：

- (i) 於二零一六年十二月三十一日的應收款項結餘代表應收一間地方政府公司的款項，償還期為40年，並以中國佛山市西樵山的黃大仙祠為抵押。本集團與地方政府公司互相協定，在黃大仙祠連續六個月錄得每月經營總收入超過人民幣10萬元前，均不會按中國人民銀行的基準利率計息。該款項以人民幣計值。於二零一六年十二月三十一日，每月營業額門檻尚未達成。

於截至二零一七年十二月三十一日止年度，中國政府於二零一七年十一月三日頒佈《國宗發(2017)88號》(「國宗發」)，處理關於在中國發展佛教道教的商業化問題。國宗發規定嚴禁商業資本進入佛教道教，任何組織或個人不能投資或承包經營佛教道教活動場所或對佛教道教場所進行商業運作。

國宗發頒佈後，在中國法律顧問的協助下，已著手評估國宗發對與中國地方政府公司訂立的建築管理協議的法律影響，以及與中國地方政府公司磋商，以對協議的條款作出在頒佈國宗發後被視為必須的修訂。本集團管理層已採取必須的行動及步驟，回應國宗發帶來的監管環境的變動，旨在保障本集團在黃大仙廟的利益，以及優化廟宇可為該影視城帶來的協同利益，因為廟宇正位於該影視城的區域。

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27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(Continued)

Notes: (Continued)

(i) (Continued)

As at 31 December 2017, the Group and the PRC local government company reached mutual agreement on the changes to the contractual arrangements between them to take account of the changes in the applicable laws and regulations due to the promulgation of the Guozongfa. In March 2018, the Group and the PRC local government company officially entered into a loan repayment agreement which supersedes all previous agreements between them. Under the terms of the loan repayment agreement, the PRC local government company would repay the principal amount and accrued interest payable under the superseded agreements amounting to RMB74,700,000 in aggregate in the following manner:

- RMB11,259,000 to be repaid on 21 March 2018
- The remaining RMB63,441,000 to be repaid annually in equal instalments over a period of 15 years, bearing interest at 5% per annum to be paid together with the annual repayment instalment.

The amount of RMB11,259,000 was duly repaid by the PRC local government company on 21 March 2018. As at 31 December 2017, the aggregate amount of RMB74,700,000 owed to the Group was classified as follows:

- Current assets: approximately HK\$13,517,800 (equivalent to RMB11,259,000)
- Non-current assets: approximately HK\$76,169,000 (equivalent to RMB63,441,000)

(ii) Included in the balance of other receivables as non-current assets of the Group as at 31 December 2017 was loan receivable of RMB20,000,000 (equivalent to approximately HK\$24,012,000). Loan receivable was unsecured, bearing interest at 10% per annum and repayable in January 2019.

(iii) Included in the balance of deposits classified as non-current assets of the Group as at 31 December 2016 was deposit of approximately RMB3,570,000 (equivalent to approximately HK\$3,651,000) in relation to a proposed acquisition of 60% equity interest of 佛山市藝美婚紗攝影有限公司 (Foshan City Yi Mei Wedding Photography Limited*) at a consideration of RMB8,000,000 (equivalent to approximately HK\$8,931,000). As at 31 December 2017, the proposed acquisition is still under progress.

* For identification purpose only

27. 預付款項、按金及其他應收款項 (續)

附註：(續)

(i) (續)

於二零一七年十二月三十一日，本集團與中國地方政府公司經考慮國宗發頒佈後適用的法律及法規的變動後達成協議，更改互相之間的合約安排。於二零一八年三月，本集團與中國地方政府公司正式訂立貸款償還協議，取代先前互相訂立的所有協議。根據貸款償還協議的條款，中國地方政府公司將償還被取代協議下的本金及應付累計利息共人民幣74,700,000元，方式如下：

- 人民幣11,259,000元將於二零一八年三月二十一日償還
- 餘下人民幣63,441,000元將在15年期間內每年償還，每期還款金額相同，按年息5%計息，將連同每年分期還款一併支付。

人民幣11,259,000元的款項已由中國地方政府公司於二零一八年三月二十一日妥為償還。於二零一七年十二月三十一日，結欠本集團的款項總額人民幣74,700,000元已分類如下：

- 流動資產：約13,517,000港元（相當於人民幣11,259,000元）
- 非流動資產：約76,169,000港元（相當於人民幣63,441,000元）

(ii) 於二零一七年十二月三十一日的其他應收款項結餘中包括作為本集團非流動資產的應收貸款人民幣20,000,000元（相當於約24,012,000港元）。應收貸款為無抵押、按10%年利率計息及須於二零一九年一月償還。

(iii) 分類為本集團於二零一六年十二月三十一日之非流動資產之按金結餘包括約人民幣3,570,000元之按金（相當於約3,651,000港元之按金），涉及建議收購佛山市藝美婚紗攝影有限公司之60%股權，代價為人民幣8,000,000元（相當於約8,931,000港元）。於二零一七年十二月三十一日，建議收購仍在進行中。

* 僅供識別

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28. CASH AND BANK BALANCES/BANK OVERDRAFTS

Cash and cash equivalents represent cash at banks and in hand and bank overdrafts.

Cash at banks earn interests at the floating rates based on the daily bank deposits rates. Bank overdrafts carrying interest at market rate which range from 0.75% per annum below HKD Prime Rate to 1% per annum over Hong Kong Inter-bank Offered Rate (2016: range from 0.75% per annum below HKD Prime Rate to 1% per annum over Hong Kong Inter-bank Offered Rate).

At 31 December 2017, included in cash and cash equivalents of the Group was approximately HK\$2,878,000 (2016: approximately HK\$1,967,000) of bank balances denominated in RMB placed with banks in Hong Kong and the PRC and on hands, which are not freely convertible into other currencies.

29. TRADE PAYABLES

The Group was granted by its suppliers' credit periods from 30 to 60 days (2016: 30 to 60 days). The following is the ageing analysis of trade payables based on invoice date:

28. 現金及銀行結餘／銀行透支

現金及現金等值項目代表銀行及手頭現金以及銀行透支。

銀行現金存款的利息按基於每日銀行存款利率而定的浮動息率計息。銀行透支之年利率按介於港元最優惠利率減0.75%至香港銀行同業拆息加1%(二零一六年：介於港元最優惠利率減0.75%至香港銀行同業拆息加1%)的市場利率計息。

於二零一七年十二月三十一日，本集團的現金及現金等值項目包括以人民幣計值及存放於香港及中國多間銀行的銀行結餘及手頭現金約2,878,000港元(二零一六年：約1,967,000港元)。人民幣不可自由兌換為其他貨幣。

29. 應付貿易款項

本集團獲其供應商授予30日至60日(二零一六年：30日至60日)信貸期。應付貿易款項根據發票日期的賬齡分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 30 days	0至30日	3,154	934
31 to 60 days	31至60日	68	224
61 to 90 days	61至90日	14	164
91 to 180 days	91至180日	1,048	79
Over 180 days	超逾180日	21,382	445
		25,666	1,846

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30. OTHER PAYABLES AND ACCRUALS

30. 其他應付款項及應計費用

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current liabilities	流動負債		
Accruals	應計費用	35,680	98,198
Receipts in advance	預收款項	8,898	5,519
Other payables	其他應付款項	71,414	55,303
		115,992	159,020
Non-current liabilities	非流動負債		
Other payables	其他應付款項	—	24,236
		115,992	183,256

31. LOANS FROM SHAREHOLDERS

31. 股東的貸款

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current liabilities	流動負債		
Mr. Sin (note (a))	冼先生(附註(a))	396,269	—
Ms. Law (note (b))	羅女士(附註(b))	35,661	—
Mr. Tsang Yan Kwong ("Mr. Tsang") (note (c))	曾仁光先生(「曾先生」) (附註(c))	3,500	873
Mr. Tse Young Lai ("Mr. Tse") (note (d))	謝欣禮先生(「謝先生」) (附註(d))	—	10,000
Mr. Yiu Kin Kong ("Mr. Yiu") (note (e))	姚建剛先生(「姚先生」) (附註(e))	17,243	—
		452,673	10,873
Non-current liabilities	非流動負債		
Mr. Sin (note (a))	冼先生附註(a))	20,000	413,510
Ms. Law (note (b))	羅女士(附註(b))	—	35,661
Mr. Tse (note (d))	謝先生(附註(d))	7,244	—
Mr. Yiu Kin Kong ("Mr. Yiu") (note (e))	姚建剛先生(「姚先生」) (附註(e))	24,143	2,300
		51,387	451,471

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31. LOANS FROM SHAREHOLDERS (Continued)

The loans from shareholders are repayable as follows:

31. 股東的貸款(續)

股東的貸款須於以下期限內償還：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Carrying amount repayable:	須於以下期限內償還之賬面值：		
Within one year	一年內	452,673	10,873
More than one year, but not exceeding two years	一年以上但不超過兩年	49,087	179,961
More than two years, but not more than five years	兩年以上但不超過五年	2,300	271,510
		504,060	462,344

Notes:

- (a) The loans are unsecured. The loan amounting HK\$40,000,000 included in the loans from Mr. Sin is interest-free and is repayable within one year. Except for the abovementioned loan, the loans from Mr. Sin bear interest ranging from 6.00% to 15.00% per annum and are repayable within two years. During the year ended 31 December 2016, the loan amounting HK\$20,000,000 is freely transfer and/or assign all or any part of the loan and the rights, interest and benefit of Mr. Sin hereunder to any person.
- (b) The loan is unsecured and bears interest at 5.00% per annum (2016: 5.00%) and is repayable within one year.
- (c) The loan is unsecured and bears interest at 15.00% per annum (2016: 5.00%) and is repayable within one year.
- (d) The loan is unsecured and bears interest at 11.50% per annum (2016: 12.00%) and is repayable within two years.
- (e) The loan is unsecured and bears interest ranging from 8.00% to 12.00% per annum (2016: 11.75%) and is repayable with two years.

附註：

- (a) 該等貸款無抵押。來自冼先生的貸款所包含為數40,000,000港元的貸款為免息及須於一年內償還。除上文所述貸款外，來自冼先生的貸款按介乎6.00%至15.00%的年利率計息及須於兩年內償還。截至二零一六年十二月三十一日止年度，就貸款為數20,000,000港元，可自由轉撥及/或轉讓貸款全部或任何部分以及冼先生於其下之權利、利息及福利予任何人士。
- (b) 該貸款無抵押及按5.00%的年利率計息(二零一六年：5.00%)及須於一年內償還。
- (c) 該貸款無抵押及按15.00%的年利率計息(二零一六年：5.00%)及須於一年內償還。
- (d) 該貸款為無抵押及按年利率11.50%(二零一六年：12.00%)計息及須於兩年內償還。
- (e) 該貸款為無抵押及按介乎年利率8.00%至12.00%(二零一六年：11.75%)計息及須於兩年內償還。

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32. BORROWINGS

32. 借貸

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current liabilities	流動負債		
Bank borrowings — secured	銀行借貸 — 有抵押		
— Fixed rate (note (a))	— 定息(附註(a))	—	16,745
— Floating rate (note (b))	— 浮息(附註(b))	7,000	7,500
		7,000	24,245
Other borrowings — secured (note (c))	其他借貸 — 有抵押 (附註(c))	100,000	—
Other borrowings — unsecured (note (d))	其他借貸 — 無抵押 (附註(d))	93,547	107,245
		200,547	131,490
Non-current liabilities	非流動負債		
Other borrowings — unsecured (note (d))	其他借貸 — 無抵押 (附註(d))	20,655	48,048
		221,202	179,538

The Group's borrowings are repayable as follows:

本集團借貸須於以下期限內償還：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Carrying amount repayable:	須於以下期限內償還之 賬面值：		
Within one year	一年內	200,547	131,490
More than one year, but not exceeding two years	一年以上但不超過兩年	7,497	48,048
More than two years, but not exceeding five years	兩年以上但不超過五年	13,158	—
		221,202	179,538

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32. BORROWINGS (Continued)

Notes:

- (a) The fixed rate bank borrowing of the Group is secured by the personal guarantee executed by a director of the Company and bears interest at 17.40% per annum. The fixed rate borrowing is denominated in RMB.
- (b) The floating rate bank borrowing of the Group is secured by the Group's investment properties (Note 16) and bears interest at 2.75% per annum over Hong Kong Inter-bank Offered Rate (2016: at 2.75% per annum over Hong Kong Inter-bank Offered Rate). The floating rate bank borrowing is denominated in HK\$.
- (c) The other borrowings is secured by (i) the personal guarantee executed by Mr. Sin, (ii) share capital of Glory Max Group Limited and EPL and bears interest at 13.00% per annum.
- (d) The other borrowings are unsecured and bear interest ranging from 2.88% to 36.00% per annum (2016: from 4.00% to 15.00% per annum). The other borrowings are repayable within one year to three years (2016: within one year to two years). Included in other borrowings is amount of approximately HK\$51,250,000 due to Mr. Chow Kai Weng, the director of the Company.

33. FINANCE LEASE OBLIGATION

Future finance lease payments arising from the leasing of film studio and motor vehicle are due as follows:

32. 借貸(續)

附註：

- (a) 本集團定息銀行借貸由本公司董事簽立的個人擔保抵押及按17.40%的年利率計息。定息借貸以人民幣計值。
- (b) 本集團浮息銀行借貸由本集團投資物業(附註16)抵押及按香港銀行同業拆息加2.75%的年利率(二零一六年：香港銀行同業拆息加2.75%的年利率)計息。浮息借貸借貸以港元計值。
- (c) 其他借貸由以下各項為抵押：(i) 冼先生簽立的個人擔保；及(ii) Glory Max Limited及太平洋拓展的股本，並按年率13.00%計息。
- (d) 其他借貸為無抵押及按介乎2.88%至36.00%的年利率計息(二零一六年：介乎4.00%至15.00%的年利率)。其他借貸須於一年至三年內償還(二零一六年：於一年至兩年內)。其他借貸包括應付本公司董事周啟榮先生的款項約51,250,000港元。

33. 財務租賃承擔

因攝影棚及汽車租賃產生的未來租賃付款如下：

		Minimum lease payment 最低租賃付款 2017 二零一七年 HK\$'000 千港元	Interest 利息 2017 二零一七年 HK\$'000 千港元	Present value 現值 2017 二零一七年 HK\$'000 千港元
Not later than one year	不遲於一年	9,041	1,888	7,153
Later than one year but not later than five years	遲於一年但不遲於五年	7,927	7,487	440
Later than five years	遲於五年	59,055	44,017	15,038
Balance at 31 December 2017	於二零一七年十二月三十一日之結餘	76,023	53,392	22,631

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33. FINANCE LEASE
OBLIGATION (Continued)

33. 財務租賃承擔 (續)

		Minimum lease payment 最低租賃付款 2016 二零一六年 HK\$'000 千港元	Interest 利息 2016 二零一六年 HK\$'000 千港元	Present value 現值 2016 二零一六年 HK\$'000 千港元
Not later than one year	不遲於一年	4,802	1,766	3,036
Later than one year but not later than five years	遲於一年但不遲於 五年	7,495	6,997	498
Later than five years	遲於五年	60,960	41,088	19,872
Balance at 31 December 2016	於二零一六年 十二月三十一日 之結餘	<u>73,257</u>	<u>49,851</u>	<u>23,406</u>

The present values of future lease payments are analysed as:

未來租賃付款的現值分析為：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current liabilities	流動負債	7,153	3,036
Non-current liabilities	非流動負債	15,478	20,370
		<u>22,631</u>	<u>23,406</u>

Finance lease obligation that are denominated in the functional currencies of the relevant group entities are set out below:

以有關集團實體功能貨幣計值的財務租賃承擔載列如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
RMB	人民幣	22,348	23,023
HK\$	港元	283	383
		<u>22,631</u>	<u>23,406</u>

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34. BONDS

New Issued Bonds

During the year ended 31 December 2017, the Company issued the bonds with an aggregate principal amount of approximately HK\$412,457,000 (2016: approximately HK\$242,678,000) at par value in accordance with the conditional placing and underwriting agreement entered into between the Company and the independent placing agents. The bonds have a maturity from three months to 8 years (2016: from 1 year to 8 years) from the dates of issue and bear coupon interest ranging from 0% to 9.60% per annum (2016: from 4.66% to 12.00% per annum), accrued daily and payable annually in arrears. A default rate ranging from 0% to 9.60% per annum (2016: from 4.66% to 12.00%) will be charged on any sum due and payable under the Bonds from the due date to the date of actual payment in full. The bonds were denominated in HK\$.

The movement for the period on the bonds was as follows:

34. 債券

新發行債券

截至二零一七年十二月三十一日止年度，本公司根據本公司與獨立配售代理訂立的有條件配售及包銷協議，按面值發行本金總額為約412,457,000港元(二零一六年：約242,678,000港元)的債券。該等債券於發行日期起計三個月至八年(二零一六年：一至八年)到期，息率介乎每年0%至9.60%(二零一六年：每年4.66%至12.00%)，利息每日累計並須每年按期末支付方式付息。倘未能支付該等債券的任何到期應付金額，須從到期日至實際全數支付日期按每年0%至9.60%的(二零一六年：每年4.66%至12.00%)違約利率支付利息。該等債券以港元計值。

本期間內債券的變動如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Balance at 1 January	於一月一日之結餘	506,803	273,970
Proceeds from issue of the bonds	發行債券所得款項	412,457	242,678
Transaction cost allocated to the liability component	分配至負債部分的交易成本	(87,557)	(18,045)
Interest expense (note 9)	利息支出(附註9)	83,025	50,944
Interest paid during the year	年內已付利息	(97,271)	(39,744)
Repayment during the year	年內償還	(73,819)	(3,000)
Transfer to other payables	轉撥至其他應付款項	(23,718)	—
Balance at 31 December	於十二月三十一日之結餘	719,920	506,803
Carrying amount repayable:	須於以下期限內償還之賬面值：		
Within one year	一年內	306,369	61,115
More than one year but not exceeding two years	一年以上但不超過兩年	183,015	212,325
More than two years but not exceeding five years	兩年以上但不超過五年	166,773	134,266
More than five years	五年以上	63,763	99,097
		719,920	506,803

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34. BONDS (Continued)

New Issued Bonds (Continued)

The fair value of the Bonds at 31 December 2017 amounted to approximately HK\$849,432,000 (2016: approximately HK\$607,907,000). The fair value of the Bonds are calculated using cash flows discounted at rate on the borrowings rate ranging from 7.26% to 8.99% per annum (2016: from 4.84% to 6.36% per annum) and are within level 2 of the fair value hierarchy.

35. CONVERTIBLE BONDS

CB4

As part of the consideration of the acquisition of remaining equity interests in HRL and EPL, the Company issued convertible bonds with an aggregate principal amount of HK\$420,000,000 ("CB4") on 2 October 2013. The CB4 has a maturity of 3 years from the date of issue and bears coupon interest at 4% per annum, accrued daily and payable annually in arrears. A default rate of 8% per annum will be charged on any sum due and payable under the CB4 from the due date to the date of actual payment in full. The CB4 was denominated in HK\$.

The conversion price of the CB4, subject to the antidilution usual adjustments, is HK\$0.112 per conversion share. As a result of the share consolidation and the rights issue of the Company and in accordance with the terms and conditions of the CB4, adjustment to the conversion price of the CB4 from HK\$0.112 per conversion share to HK\$1.063 per conversion share has become effective. The outstanding principal amount of the CB4 can be converted in whole or any part (in minimum amount of HK\$420,000 or an integral multiple thereof) into conversion shares from the date of issue of the CB4 up to and including the date falling on the 7th day immediately prior to the maturity date.

34. 債券 (續)

新發行債券 (續)

債券於二零一七年十二月三十一日之公允價值約為849,432,000港元(二零一六年:約607,907,000港元)。債券之公允價值乃採用按借貸利率每年介乎7.26%至8.99%(二零一六年:每年介乎4.84%至6.36%)貼現之現金流量計算,並列入公允價值等級第二級。

35. 可換股債券

第四批可換股債券

作為收購嶺盈及太平洋拓展其餘股本權益的部分代價,本公司於二零一三年十月二日發行本金總額為420,000,000港元的可換股債券(「第四批可換股債券」)。第四批可換股債券於發行日期起計三年到期,每年息率為4%,利息每日累計並須每年按期末支付方式付息。倘未能支付第四批可換股債券的任何到期應付金額,須從到期日至實際全數支付日期按每年8%的違約利率支付利息。第四批可換股債券以港元計值。

第四批可換股債券的兌換價為每股兌換股份0.112港元,惟須受一般反攤薄調整所規限。由於本公司股份合併及供股以及根據第四批可換股債券之條款及條件,第四批可換股債券的兌換價由每股兌換股份0.112港元調整為每股兌換股份1.063港元已經生效。自第四批可換股債券發行日期起至緊接到期日前第七日(包括該日)期間,第四批可換股債券的未償還本金額(最低金額須為420,000港元或其完整倍數)可全部或部分轉換成兌換股份。

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35. CONVERTIBLE BONDS

(Continued)

CB4 (Continued)

The holder of the CB4 shall be entitled to request the Company to pay interest to it (wholly or partly) by way of allotment and issuance of new shares of the Company at the conversion price on the due day of the interest payment in lieu of payment by cash. Such interest conversion arrangement is only applicable to the 4% per annum interest payment and is not applicable to the 8% default interest payment. The Company may redeem the CB4 at any time prior to the maturity date in whole or any part (in minimum amount of HK\$420,000 or an integral multiple thereof) at the principal amount of such CB4 thereof plus interest accrued thereon up to the actual date of redemption.

The CB4 has been valued at the issuance date by a qualified professional valuer. The fair value of the liability component of the CB4 was estimated at the issuance date using an equivalent market interest rate for a similar bond with call option. The residual amount (being the difference between the fair value of the CB4 at issuance date and the fair value of the liability component on initial recognition) is assigned as the equity component and is included in equity heading convertible bond equity reserve. The liability component is subsequently measured at amortised cost.

On initial recognition, the fair value of the liability component of the CB4 was calculated using future repayments discounted at an estimated discount rate of 15.63%. Subsequently, interest expense on the CB4 is calculated using the effective interest method by applying effective interest rate of 16.47%. On initial recognition, the amount of equity component of CB4 was approximately HK\$120,540,000.

35. 可換股債券 (續)

第四批可換股債券 (續)

第四批可換股債券的持有人有權向本公司要求按付息到期日的兌換價透過配發及發行本公司的新股份來向其支付利息(全部或部分)以代替現金付款。此利息兌換安排只適用於按年利率4%支付的利息及不適用於8%的違約利息。本公司可於到期前任何時候按第四批可換股債券的本金額連同直至實際贖回日期為止的應計利息，贖回全部或部分第四批可換股債券(最低金額須為420,000港元或其完整倍數)。

第四批可換股債券已於發行日期由合資格專業估值師進行估值。第四批可換股債券負債部分的公允值已於發行日期採用附有認購期權的同類債券的同等市場利率進行估計。剩餘金額(即第四批可換股債券於發行日期的公允值與負債部分於初步確認時的公允值的差額)指派為權益部分及計入可換股債券權益儲備的權益項下。負債部分其後按攤銷成本計量。

於初步確認時，第四批可換股債券負債部分的公允值乃按15.63%的估計貼現率折算的未來還款額而計算。其後，第四批可換股債券的利息開支應用16.47%的實際利率，採用實際利率法計算。初步確認時，第四批可換股債券的權益部分金額約為120,540,000港元。

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35. CONVERTIBLE BONDS

(Continued)

CB4 (Continued)

In August 2014, the Company has early redeemed the CB4 with aggregate principal amounts of approximately HK\$215,460,000 by cash at approximately HK\$208,996,000 which Mr. Sin offered to waive the accrued interest up to the date of repayment and to provide a discount of 3% on the principal amount). A loss on redemption of the CB4 of approximately HK\$25,252,000, which represented the difference between the redemption price allocated to liability component of the CB4 and the carrying amount of the liability component of the CB4 at the redemption date, has been credited to the consolidated statement of comprehensive income for the year ended 31 December 2014. In June 2016, the Company has early settled the CB4 with aggregate principal amounts of HK\$9,869,000 by cash at approximately HK\$10,473,000. A loss on redemption of the CB4 of approximately HK\$193,000, which represented the difference between the redemption price allocated to the liability component of the CB4 and the carrying amount of the liability component of the CB4 at the redemption date, has been recognised. The CB4 was valued at the redemption date by a qualified professional valuer. The fair values of the liability component and the equity component of the redeemed CB4 at redemption date were derived by means of the same method used at issuance date. During the year ended 31 December 2016, CB4 were fully settled by the issuance of several fixed borrowings and loans from shareholders (note 47).

35. 可換股債券 (續)

第四批可換股債券 (續)

於二零一四年八月，本公司以現金約208,996,000港元(其中冼先生豁免截至償還日期止的累計利息及提供本金額3%的折扣)提早贖回本金總額約215,460,000港元的第四批可換股債券。截至二零一四年十二月三十一日止年度的綜合全面收益表內已計入第四批可換股債券的贖回虧損約25,252,000港元，相當於分配予第四批可換股債券負債部分的贖回價與第四批可換股債券負債部分於贖回日期的賬面值的差額。於二零一六年六月，本公司以現金約10,473,000港元提早結付本金總額為9,869,000港元之第四批可換股債券。已確認第四批可換股債券的贖回虧損約193,000港元，相當於分配予第四批可換股債券負債部分的贖回價與第四批可換股債券負債部分於贖回日期的賬面值的差額。第四批可換股債券已於贖回日期由合資格專業估值師進行估值。已贖回第四批可換股債券負債部分及權益部分於贖回日期的公允值乃透過於發行日期所採用的相同方法達致。截至二零一六年十二月三十一日止年度，第四批可換股債券已通過發行多項固定借貸及來自股東的貸款悉數結付(附註47)。

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35. CONVERTIBLE BONDS

(Continued)

CB5

As part of the consideration of the acquisition of Lux Unicorn Limited as detailed in note 46, the Company issued convertible bonds with an aggregate principal amount of HK\$300,000,000 ("CB5") on 15 April 2015. The CB5 has a maturity of 3 years from the date of issue and bears coupon interest at 9% per annum, accrued daily and payable annually in arrears. The conversion price of CB5, subject to the anti-dilution usual adjustments, is HK\$0.18 per conversion share. The CB5 was denominated in HK\$.

The conversion price of the CB5, subject to the usual adjustments, is HK\$0.18 per conversion share. The outstanding principal amount of the CB5 can be converted in whole or any part (in minimum amount of HK\$300,000 or an integral multiple thereof) into conversion shares from the date of issue of the CB5 up to and including the date falling on the 5th day immediately prior to the maturity date.

The holder of the CB5 shall be entitled to request the Company to pay interest to it (wholly or partly) by way of allotment and issuance of new shares of the Company at the conversion price on the due day of the interest payment in lieu of payment by cash by giving not less than 7 business days' written notice prior to the due date for payment of interest. Such interest conversion arrangement is only applicable to the 9% per annum interest payment. The Company may redeem the CB5 at any time prior to the maturity date in whole or any part (in minimum amount of HK\$300,000 or an integral multiple thereof) at the principal amount of such CB5 thereof plus interest accrued thereon up to the actual date of redemption by giving to the bond holder not less than 10 business days' written notice of its intention to make such redemption.

35. 可換股債券 (續)

第五批可換股債券

誠如附註46所詳述，作為收購盛麟有限公司的部分代價，本公司於二零一五年四月十五日發行本金總額為300,000,000港元的可換股債券（「第五批可換股債券」）。第五批可換股債券於發行日期起計三年到期，每年票面息率為9%，利息每日累計並須每年按期末支付方式付息。第五批可換股債券的兌換價為每股兌換股份0.18港元，惟須受一般反攤薄調整所規限。第五批可換股債券以港元計值。

第五批可換股債券的兌換價為每股兌換股份0.18港元，惟須受一般調整所規限。自第五批可換股債券發行日期起至緊接到期日前第五日（包括該日）期間，第五批可換股債券的未償還本金額（最低金額須為300,000港元或其完整倍數）可全部或部分轉換成兌換股份。

第五批可換股債券的持有人有權於到期付息日前向本公司發出不少於7個營業日的書面通知，要求按付息到期日的兌換價透過配發及發行本公司的新股份來向其支付利息（全部或部分）以代替現金付款。此利息兌換安排只適用於按年利率9%支付的利息。本公司可透過向債券持有人發出不少於10個營業日的書面通知表示其有意作出有關贖回的方式於到期前任何時候按第五批可換股債券的本金額連同直至實際贖回日期為止的應計利息，贖回全部或部分第五批可換股債券（最低金額須為300,000港元或其完整倍數）。

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35. CONVERTIBLE BONDS

(Continued)

CB5 (Continued)

The fair value of the liability component of the CB5 was calculated using future repayments discounted at an estimated discount rate of 11.28% per annum. The residual amount of approximately HK\$46,697,000 (being the difference between the fair value of the CB5 at issuance date and the fair value of the liability component on initial recognition) is assigned as the equity component and is included in equity heading convertible bond equity reserve. The liability component is subsequently stated at fair value, with changes recorded in consolidated statement of profit or loss and other comprehensive income.

In May and July 2016, CB5 with aggregate principal amounts of HK\$84,600,000 and HK\$35,400,000 were converted into 470,000,000 ordinary shares and 196,666,666 ordinary shares of the Company in total at a conversion price of HK\$0.18 each respectively. In June 2015, CB5 with aggregate principal amounts of HK\$79,800,000 were converted into 443,333,333 ordinary shares of the Company in total at a conversion price of HK\$0.18 each. During the year ended 31 December 2016, Mr. Sin and four holders of CB5 offered to waive the accrued interest up to the date of conversion of approximately HK\$12,513,000.

CB5 is due to Mr. Sin. As at 31 December 2017, the principal amount of the CB5 is approximately HK\$100,200,000 (31 December 2016: approximately HK\$105,316,000).

35. 可換股債券 (續)

第五批可換股債券 (續)

第五批可換股債券負債部分的公允值乃按每年11.28%的估計折算率折現未來還款而計算。剩餘金額約46,697,000港元(即第五批可換股債券於發行日期的公允值與負債部分於初步確認時的公允值的差額)指派為權益部分及計入可換股債券權益儲備的權益項下。負債部分其後按公允值計量,有關變動於綜合損益及其他全面收表內列賬。

於二零一六年五月及七月,本金總額為84,600,000港元及35,400,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共470,000,000股普通股及196,666,666股普通股。於二零一五年六月,本金總額為79,800,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共443,333,333股普通股。於截至二零一六年十二月三十一日止年度,冼先生及四名第五批可換股債券持有人提出豁免截至兌換日期的應計利息約12,513,000港元。

第五批可換股債券來自冼先生。於二零一七年十二月三十一日,第五批可換股債券的本金額為約100,200,000港元(二零一六年十二月三十一日:約105,316,000港元)。

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35. CONVERTIBLE BONDS

(Continued)

The movement of the liability components of the convertible bonds recognised in the statement of financial position are as follows:

35. 可換股債券 (續)

已於財務狀況表確認的可換股債券負債部分的變動如下：

		CB4 第四批 可換股債券 HK\$'000 千港元	CB5 第五批 可換股債券 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Balance at 1 January 2016	於二零一六年一月一日的結餘	151,382	226,068	377,450
Effective interest expenses (note 9)	實際利息開支(附註9)	14,290	—	14,290
Early settled by the issuance of loan from shareholder (note 47(ii))	通過股東發行借貸提早結付(附註47(i))	(9,869)	—	(9,869)
Interest paid during the year	年內已付利息	(302)	—	(302)
Waiver of interest of convertible bond	豁免可換股債券的利息	—	(12,513)	(12,513)
Fair value changes	公允值變動	—	22,200	22,200
Converted into ordinary shares	兌換為普通股	—	(115,924)	(115,924)
Transfer to interest payables	轉撥至應付利息	—	(9,018)	(9,018)
Settled by the issuance of other borrowings and loans from shareholders (note 47(ii))	通過發行其他借貸及來自股東的貸款結付(附註47(ii))	(155,501)	—	(155,501)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	—	110,813	110,813
Fair value changes	公允值變動	—	4,902	4,902
Transfer to interest payables	轉撥至應付利息	—	(9,018)	(9,018)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	—	106,697	106,697

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35. CONVERTIBLE BONDS

(Continued)

Balance at 31 December 2017

		CB4 第四批 可換股債券 HK\$'000 千港元	CB5 第五批 可換股債券 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Carrying amount repayable	須於以下期限內償還之賬面值			
Within one year	一年內	—	106,697	106,697

Balance at 31 December 2016

		CB4 第四批 可換股債券 HK\$'000 千港元	CB5 第五批 可換股債券 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Carrying amount repayable	須於以下期限內償還之賬面值			
More than one year but not exceeding two years	超過一年但不超過兩年	—	110,813	110,813

The fair values of the liability components CB5 at 31 December 2017 amounted to approximately HK\$106,697,000 (31 December 2016: approximately HK\$110,813,000). The fair values of the liability components of CB5 are calculated using cash flows discounted at rate based on the borrowings rate of 7.24% per annum (2016: 4.57% per annum) and are within level 2 of the fair value hierarchy.

於二零一七年十二月三十一日第五批可換股債券負債部分的公允值約為106,697,000港元(二零一六年十二月三十一日:約110,813,000港元)。第五批可換股債券負債部分的公允值乃採用基於借貸利率的貼現率每年7.24%(二零一六年:每年4.57%)貼現的現金流量計算,並列入公允值等級的第二級。

於二零一七年十二月三十一日之結餘

於二零一六年十二月三十一日的結餘

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36. PROMISSORY NOTE

PN 1

On 15 April 2015, the Company issued promissory note with principal amount of HK\$80,000,000 (the "PN 1") at par value in accordance with the sale and purchase agreement dated 22 December 2014 entered into between Elegant Motion Enterprises Limited, the wholly-owned subsidiary of the Company and Mr. Sin Kwok Lam, the non-executive Director. The PN 1 has a maturity of 3 years from the date of issue and bear coupon interest at 9% per annum, accrued daily and payable annually in arrears. The PN 1 are denominated in HK\$.

During the year ended 31 December 2015, on initial recognition, the fair value of the PN 1 was calculated by discounting future repayments at an estimated discount rate of 12.37%. Subsequently, interest expense on the PN 1 was calculated using the effective interest method by applying an effective interest rate of 12.41% per annum.

The movement for the period on the PN 1 was as follows:

		PN 1 承兌票據1 HK\$'000 千港元
Balance at 1 January 2016	於二零一六年一月一日的結餘	79,576
Effective interest expense (note 9)	實際利息開支(附註9)	9,279
Transfer to interest payables	轉移至應付利息	(7,200)
Balance at 31 December 2016	於二零一六年十二月三十一日的結餘	81,655
Effective interest expense (note 9)	實際利息開支(附註9)	9,536
Transfer to interest payables	轉移至應付利息	(7,200)
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	83,991

The fair value of PN 1 amounted to approximately HK\$85,395,000 (2016: approximately HK\$88,505,000). The fair value of PN 1 is calculated using cash flows discounted at rate on the borrowings rate of 7.54% per annum (2016: 5.48% per annum) and are within level 2 of the fair value hierarchy.

36. 承兌票據

承兌票據1

於二零一五年四月十五日，本公司根據本公司全資附屬公司雅動企業有限公司與非執行董事冼國林先生訂立日期為二零一四年十二月二十二日之買賣協議，按面值發行本金金額為80,000,000港元之承兌票據（「承兌票據1」）。承兌票據1於發行日期起計三年到期，票息按年利率9%每日累計，並須於每年期末支付。承兌票據1乃以港元計值。

截至二零一五年十二月三十一日止年度，於初步確認時，承兌票據1之公允值乃按估計貼現率12.37%貼現未來還款額計算。其後，承兌票據1使用實際利率法按年實際利率12.41%計算利息開支。

承兌票據1於期內之變動如下：

承兌票據1的公允值約為85,395,000港元（二零一六年：承兌票據1約為88,505,000港元）。承兌票據1的公允值乃採用基於借貸利率的貼現率每年7.54%（二零一六年：每年5.48%）貼現的現金流量計算，並列入公允值等級的第二級。

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37. DEFERRED TAX LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method using the tax rates applicable in the tax jurisdiction concerned.

The following are the deferred tax liabilities recognised by the Group and movements thereon during the year.

37. 遞延稅項負債

遞延稅項採用負債法就短暫性差異按適用於相關稅收司法權區的稅率而作全數撥備。

下列為本集團已確認的遞延稅項負債及其於年內的變動。

		Revaluation of properties 物業重估 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	179,804
Charged to property revaluation reserve	於物業重估儲備內扣除	<u>(3,448)</u>
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	176,356
Charged to property revaluation reserve	於物業重估儲備內扣除	<u>(10,727)</u>
At 31 December 2017	於二零一七年十二月三十一日	<u>165,629</u>

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK\$534,911,000 (2016: approximately HK\$486,132,000) available for offsetting against future profits of the companies in which the losses arose. Included in the estimated unused tax losses are losses of approximately HK\$199,748,000 (2016: approximately HK\$185,709,000) that will expire within 5 years. Other estimated unused tax losses of approximately HK\$335,163,000 (2016: approximately HK\$300,423,000) may be carried forward indefinitely. No deferred tax asset has been recognised in respect of these estimated unused tax losses due to unpredictability of future profit streams.

於報告期末，本集團有估計未動用稅項虧損約534,911,000港元(二零一六年：約486,132,000港元)，可用作抵銷產生虧損的公司之未來溢利。估計未動用稅項虧損中有虧損約199,748,000港元(二零一六年：約185,709,000港元)將於五年內屆期。其他估計未動用虧損約335,163,000港元(二零一六年：約300,423,000港元)可無限期轉結。由於未來溢利難以預測，故並無就稅項虧損確認遞延稅項資產。

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38. SHARE CAPITAL

38. 股本

	Notes 附註	Number of Shares 股份數目		Share Capital 股本	
		2017 二零一七年 '000 千股	2016 二零一六年 '000 千股	2017 二零一七年 '000 千港元	2016 二零一六年 HK\$'000 千港元
Ordinary shares of HK\$0.1 each (2016:HK\$0.1 each)					
Authorised: At 1 January and 31 December	法定： 於一月一日及 十二月三十一日	6,000,000	6,000,000	600,000	600,000
Issued and fully paid: At 1 January	已發行及繳足： 於一月一日	3,998,389	3,331,722	399,839	333,172
Capitalisation of loan interest payable	應付貸款利息資本化	(a) 112,107	—	11,211	—
Capitalisation of other payable	其他應付款項資本化	(b) 387,984	—	38,798	—
Share issued upon exercise of share options	行使購股權所發行的股份	15,680	—	1,568	—
Shares issued under upon conversion of convertible bonds (note)	兌換可換股債券所發行的股份(附註)	(c) —	666,667	—	66,667
31 December	於十二月三十一日	4,514,160	3,998,389	451,416	399,839

Notes:

- (a) On 21 April 2017, the Company issued 112,107,623 shares at HK\$0.1 each to Mr. Sin to settle interest payables of the loans from shareholder, convertible bonds and promissory note amounting to approximately HK\$25,000,000 (note 47(i)).
- (b) On 21 April 2017, the Company issued 387,984,117 shares at HK\$0.1 each to the third parties to settle the other payables amounting to approximately HK\$86,472,000 (note 47(ii)).
- (c) During the year ended 31 December 2016, a total of 666,666,667 ordinary shares of the Company of HK\$0.1 each were issued upon conversion of the CB5 (note 35). In May and July 2016, CB5 with aggregate principal amounts of HK\$84,600,000 and HK\$35,400,000 were converted into 470,000,000 ordinary shares and 196,666,666 ordinary shares of the Company in total at a conversion price of HK\$0.18 each, resulting in an increase in share capital and share premium of the Group of approximately HK\$66,667,000 and HK\$67,936,000 respectively.

附註：

- (a) 於二零一七年四月二十一日，本公司按每股0.1港元，發行112,107,623股股份予洗先生，結付股東的貸款、可換股債券及承兌票據之應付利息，金額約25,000,000港元(附註47(i))。
- (b) 於二零一七年四月二十一日，本公司按每股0.1港元，發行387,984,117股股份予第三方，以結付其他應付款項，金額約86,472,000港元(附註47(ii))。
- (c) 截至二零一六年十二月三十一日止年度，合共666,666,667股每股面值0.1港元的本公司普通股於兌換第五批可換股債券後發行(附註35)。於二零一六年五月及七月，本金總額為84,600,000港元及35,400,000港元的第五批可換股債券按兌換價每股0.18港元轉換為本公司合共470,000,000股普通股及196,666,666股普通股，導致本集團的股本及股份溢價分別增加約66,667,000港元及67,936,000港元。

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39. RESERVES

The amount of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 116 of the consolidated financial statements.

The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the shares of the Company issued in exchange for the shares of the acquired subsidiaries under the reorganisation.

The contributed surplus account was designated by the Company within the meaning of the Companies Act 1981 of Bermuda which represented (i) the entire amounts standing to the credit balance of the share premium account of the Company as at 30 June 2010; (ii) the transfer of the share premium arising from capital reduction on 29 September 2010; and (iii) the offset with the accumulated losses in full up to 31 December 2010.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

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

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	9,303	12,665
In the second to fifth years inclusive	第二至第五年 (包括首尾兩年)	29,388	35,091
Over five years	超過五年	99,271	98,943
		137,962	146,699

39. 儲備

本集團本年度及過往年度的儲備數額及儲備變動於綜合財務報表第116頁的綜合權益變動表內呈列。

特別儲備指所收購附屬公司股份的面值與本公司於重組時為換取所收購附屬公司股份而發行的股份的面值兩者的差額。

本公司所指定的實繳盈餘賬(定義見百慕達一九八一年公司法)指(i)本公司股份溢價賬於二零一零年六月三十日的進賬全額結餘; (ii)因二零一零年九月二十九日股本削減所產生股份溢價的轉撥; 及(iii)悉數抵銷直至二零一零年十二月三十一日的累計虧損。

40. 經營租賃承擔

本集團作為承租人

於報告期末，本集團根據不可撤銷經營租賃有以下未來的最低租賃付款承擔，到期情況如下：

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

40. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessee (Continued)

The HRL and its subsidiaries leased two pieces of land located near Xiqiao mountain in Foshan, the PRC, under operating leases of 20 years commencing from 3 October 2010 and renewable for another 20 years automatically. One piece of land had been leased since 2010 and recognised as finance lease obligation in 2011 as disclosed in note 33. Lux Unicorn leased three pieces of land also located near Xiqiao mountain in Foshan, the PRC, under operating leases of 18.5 years commencing from 1 November 2013 and renewable for another 20 years automatically. The Group also leased premises under operating leases which are run for an initial period of three years. None of these leases include contingent rentals.

The Group as lessor

Property rental income earned during the year was approximately HK\$210,000 (2016: approximately HK\$352,000). The properties held have committed tenants for one year for the year ended 31 December 2016.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

40. 經營租賃承擔(續)

本集團作為承租人(續)

嶺盈及其附屬公司根據經營租賃出租鄰近中國佛山西樵山的兩幅土地，由二零一零年十月三日起為期二十年，可自動續租二十年。誠如附註33所披露，其中一幅土地自二零一零年起已出租及於二零一一年確認為財務租賃承擔。盛麟根據經營租賃出租亦鄰近中國佛山西樵山的三幅土地，由二零一三年十一月一日起為期18.5年，可自動續租二十年。本集團亦根據經營租賃出租物業，該項租賃初步為期三年。該等租賃概不包含或然租金。

本集團作為出租人

年內賺取之物業租金收入約為210,000港元(二零一六年：約352,000港元)。截至二零一六年十二月三十一日止年度，所持有的物業均有承諾租用一年的租客。

於報告期末，本集團已與租客訂立租約，未來最低租賃付款如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Within one year	一年內	—	199

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41. CAPITAL COMMITMENTS

41. 資本承擔

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Contracted but not provided for: Construction of properties	已訂約但未撥備： 物業建設	91,807	128,734
Authorised but not contracted for: Construction of properties (Note)	已批准但未訂約： 物業建設(附註)	360,187	344,986

Note:

Capital commitment for construction in properties related to capital commitment for construction of film studio and hotel in Foshan, the PRC. The authorised amount was approved by the directors of the Company according to the land lease agreements signed between Lux Unicorn, the wholly-owned subsidiary of the Company and the local authority in Foshan, the PRC, in relation to the leasing of lands for development of tourism and related entertainment business and hotel operations. The completion of constructions and commencement of operations of the projects shall be within three and four years respectively from the signing of the lease agreements.

附註：

物業建設的資本承擔與於中國佛山興建影視城及酒店的資本承擔有關。根據盛麟有限公司(本公司之全資附屬公司)與中國佛山市地方機關就租賃土地發展旅遊業務以及相關娛樂業務及酒店業務而簽訂的土地租賃協議，本公司董事已批准法定金額。有關項目須分別於簽訂租賃協議日期起計三年及四年內峻工及投入營運。

42. RETIREMENT BENEFIT PLANS

42. 退休福利計劃

The Group participates in employee social security plans as required by the regulations in the PRC. The Group also participates in the Mandatory Provident Fund scheme to which all qualified employees of the Group in Hong Kong are entitled. The assets of the retirement benefit schemes are held, separately from those of the Group, in funds under the control of the trustees. The employees of the subsidiaries in the PRC are members of social security schemes operated by the relevant local government authorities. The pension plans are funded by payments from employees and by the relevant group companies. The amounts charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable by the Group at the specified rates according to the respective plans. The only obligation of the Group in respect of the retirement benefit schemes is to make the specified contributions.

本集團根據中國法規之規定參與僱員社會保障計劃。本集團亦參與適用於本集團於香港之所有合資格僱員之強制性公積金計劃。退休福利計劃之資產與本集團之資產由信託人所控制之基金分開持有。於中國附屬公司之僱員為有關當地政府機構經辦之社會保險計劃之成員。退休計劃之資金來源為僱員及相關集團公司之供款。於綜合損益及其他全面收益表入賬之金額為本集團根據各計劃按特定比率應付之供款。本集團有關退休福利計劃之唯一責任為作出特定供款。

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43. SHARE-BASED PAYMENT TRANSACTIONS

As at 31 December 2017, the Group had share options schemes for employee compensation as set out below.

(a) Post initial public offering share option scheme

The post initial public offering share option scheme ("Post-IPO Option Scheme") was conditionally approved by a resolution of the sole shareholder dated 22 July 2002 (the "Effective Date"). Major terms of this scheme are summarised as follows:

- (i) The Post-IPO Option Scheme enables the Company to grant share options to selected persons as incentives or rewards for their contribution to the Group.
- (ii) The participants of the Post-IPO Option Scheme include any employee, director, advisor and consultant, supplier, customer and shareholder of any member of the Group as well as any provider of financial assistance to any member of the Group.
- (iii) HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 14 days from the date on which the offer is granted.
- (iv) Share options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the board of directors of the Company may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the Post-IPO Option Scheme. The grantees are not required to hold any share options or any shares allotted pursuant to any share options for any minimum period.

43. 以股份為基準的付款交易

於二零一七年十二月三十一日，本集團有下列為僱員報酬而設的購股權計劃。

(a) 首次公開招股後購股權計劃

首次公開招股後購股權計劃(「首次公開招股後購股權計劃」)經二零零二年七月二十二日(「生效日」)唯一股東的決議案有條件地批准。該計劃的主要條款概述如下：

- (i) 首次公開招股後購股權計劃讓本公司向經挑選的人士授出購股權，作為彼等對本集團作出貢獻的獎勵或回報。
- (ii) 首次公開招股後購股權計劃參與者包括本集團任何成員公司的任何僱員、董事、顧問及專業顧問、供應商、客戶及股東，以及向本集團任何成員公司提供財政資助的人士。
- (iii) 承授人於接納購股權建議時須向本公司支付1港元。購股權建議將可於授出建議日期起計14天內予以接納。
- (iv) 購股權可根據可由本公司董事會釐定有關購股權的轉歸、行使或其他方面的條款及條件而授出，惟該等條款及條件必須與首次公開招股後購股權計劃的任何其他條款及條件一致。承授人無須按任何規定的最短持有期持有任何購股權或根據任何購股權所配發的股份。

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43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Post initial public offering share option scheme (Continued)

- (v) The subscription price for the shares under the Post-IPO Option Scheme will be determined by the board of directors of the Company and notified to each grantee and will be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share option, which must be a business day, (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (c) the nominal value of a share.
- (vi) The limit on the number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Post-IPO Option Scheme and other share option schemes must not exceed 30% of the shares in issue from time to time.
- (vii) The total number of shares which may be issued upon exercise of all share options to be granted under the Post-IPO Option Scheme and any other share option schemes must not in aggregate exceed 10% of the shares in issue as at 17 October 2002, amounting to 49,219,623 shares (the "Scheme Mandate Limit"). The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval. However, the Scheme Mandate Limit as renewed must not exceed 10% of the shares in issue as at the date of the aforesaid shareholders' approval.

43. 以股份為基準的付款交易 (續)

(a) 首次公開招股後購股權計劃 (續)

- (v) 根據首次公開招股後購股權計劃認購股份的認購價，將由本公司董事會釐定並知會各承授人，而該價格最少須為以下三者的最高者：(a)於購股權授出日期(必須為營業日)股份於聯交所每日報價表所報收市價；(b)緊接授出日期前五個營業日股份於聯交所每日報價表所報平均收市價；及(c)股份面值。
- (vi) 因根據首次公開招股後購股權計劃及其他購股權計劃已授出惟尚未行使的所有發行在外購股權獲行使而可能發行的股份數目，最多不得超過不時已發行股份的30%。
- (vii) 因根據首次公開招股後購股權計劃及任何其他購股權計劃而授出的所有購股權獲行使而可能發行的股份總數，合共不得超過二零零二年十月十七日已發行股份的10%(即49,219,623股)(「計劃授權限額」)。本公司於事先取得股東批准後，可隨時更新計劃授權限額。然而，更新後的計劃授權限額不得超逾上文所述股東批准當日已發行股份的10%。

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43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Post initial public offering share option scheme (Continued)

- (viii) The total number of shares issued and to be issued upon exercise of the share options granted under the Post-IPO Option Scheme to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. Any further grant of share options to such grantee which would result in the shares issued and to be issued upon exercise of all share options granted and to be granted to such grantee (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, must be subject to shareholders' approval with such grantee and his associates abstaining from voting.
- (ix) A share option may be exercised in accordance with the terms of the Post-IPO Option Scheme at any time during the period notified by the board of directors of the Company to each grantee provided that the period within which the share option must be exercised shall not be more than 10 years from the date of grant of the share option.
- (x) The Post-IPO Option Scheme remains valid for a period of 10 years commencing on the Effective Date. In addition, the Company may, by ordinary resolution in general meeting or the board of directors of the Company may at any time terminate the operation of the Post-IPO Option Scheme. Share options which are granted during the life of the Post-IPO Option Scheme may continue to be exercisable in accordance with their terms of issue.

Pursuant to a special resolution passed in the extraordinary general meeting of the Company, the Post-IPO Option Scheme was terminated on 29 September 2010.

43. 以股份為基準的付款交易 (續)

(a) 首次公開招股後購股權計劃 (續)

- (viii) 於任何十二個月期間因根據首次公開招股後購股權計劃向每名承授人授出的購股權(包括已行使及尚未行使的購股權)獲行使而發行及將予發行的股份總數,不得超逾不時已發行股份的1%。倘向該名承授人進一步授出購股權將導致於截至該項進一步授出日期前十二個月期間(包括該日)因已授予及將授予該名承授人的所有購股權(包括已行使、已註銷及尚未行使的購股權)獲行使而發行及將予發行的股份合共佔已發行股份1%以上,則必須由股東批准,而該名承授人及其聯繫人士須放棄投票。
- (ix) 購股權可於由本公司董事會通知各承授人的期間內隨時根據首次公開招股後購股權計劃的條款而行使,惟行使購股權的期間不得長於由購股權授出日期起計十年。
- (x) 首次公開招股後購股權計劃由生效日起計十年內有效。此外,本公司可透過在股東大會通過普通決議案或可由本公司董事會隨時終止首次公開招股後購股權計劃的運作。於首次公開招股後購股權計劃有效期內授出的購股權可根據彼等的發行條款繼續予以行使。

根據於本公司股東特別大會上通過的特別決議案,首次公開招股後購股權計劃已於二零一零年九月二十九日終止。

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

43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) New share option scheme

Pursuant to a special resolution passed in the extraordinary general meeting of the Company, a new share option scheme (the "New Scheme") was approved on 29 September 2010. Major terms of this scheme are summarised as follows:

- (i) The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to selected person and to promote the success of the business of the Group;
- (ii) The participants of the New Scheme include any employee of the Company or any subsidiary of the Company, a director, a shareholder, a supplier, a customer or any subsidiary of the Company; an agent, adviser, consultant, strategist, contractor, sub-contractor, expert or entity that provides research, development or other technological support or any valuable services to Company or any of its subsidiary; a holder of any securities issued by Company or any of its subsidiary;
- (iii) HK\$1 is payable by the grantee to the Company on acceptance of the share option offer. The share option offer will be offered for acceptance for a period of 14 days from the date on which the offer is granted;
- (iv) No offer of a New Share Option which is capable of or open for acceptance shall be made after the expiry of the exercise period pursuant to the New Scheme;

43. 以股份為基準的付款交易 (續)

(b) 新購股權計劃

根據於本公司股東特別大會上通過的特別決議案，一項新購股權計劃(「新計劃」)已於二零一零年九月二十九日獲批准。此計劃的主要條款概述如下：

- (i) 新計劃旨在吸引及挽留最優秀的人才、向經甄選人士提供額外獎勵，以及推動本集團業務成功；
- (ii) 新計劃的參與者包括本公司或其任何附屬公司的任何僱員、董事、股東、供應商、客戶或本公司任何附屬公司；向本公司或其任何附屬公司提供研發或其他技術支援或任何有價值服務的代理、顧問、專業顧問、策路師、承辦商、分承辦商、專家或實體；本公司或其任何附屬公司發行的任何證券的持有人；
- (iii) 承授人於接納購股權建議時須向本公司支付1港元。購股權建議將可於授出建議日期起計14天內予以接納；
- (iv) 根據新計劃，不得於行使期屆滿後提呈可獲接納或可供接納的新購股權；

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43. SHARE-BASED PAYMENT
TRANSACTIONS (Continued)

(b) New share option scheme (Continued)

- (v) The subscription price for the share under the New Scheme will be determined by the Board in its absolute discretion at the time of making the offer of grant of a new share option but in any case the subscription price must be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Business Day immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares;
- (vi) The total number of shares which may be issued upon exercise of all share options to be granted under the New Scheme and any other schemes in aggregate not exceeding 10 per cent of the issued share capital of the Company as at 29 June 2017 (2016: 24 June 2016), amounting to 4,498,481,222 shares (2016: 3,801,722,816 shares) (the "Scheme Mandate Limit"). The Company may renew the Scheme Mandate Limit at any time subject to the approval of the Shareholders in general meeting provided that such renewed limit shall not exceed 10 per cent of the Shares in issue as at the date of approval of such limit;
- (vii) The total number of New Shares issued and to be issued upon the exercise of the New Share Options granted to each grantee (including exercised, cancelled and outstanding Share Options) in any 12 month period shall not exceed 1 per cent of the relevant class of securities of the Company in issue. Further New Share Options may be granted to such grantee, which, if exercised, would result in such grantee becoming entitled to subscribe for New Shares in excess of the limit, by obtaining approval of the Shareholders in general meeting with such grantee and his associate(s) abstaining from voting;

43. 以股份為基準的付款交易 (續)

(b) 新購股權計劃 (續)

- (v) 新計劃下的股份認購價將由董事會於提呈授出新購股權時全權酌情釐定，惟認購價無論如何最少須為下列三者中的較高者：(i) 股份於提呈授出日期（必須為營業日）在聯交所每日報價表所報的收市價；(ii) 股份於緊接提呈授出日期前五個營業日在聯交所每日報價表所報的平均收市價；及(iii) 股份面值；
- (vi) 根據新計劃及任何其他計劃將予授出的所有購股權獲行使而可予發行的股份總數，合共不得超過本公司於二零一七年六月二十九日（二零一六年：二零一六年六月二十四日）已發行股本的10%，即4,498,481,222股（二零一六年：3,801,722,816股）（「計劃授權限額」）。本公司可在股東大會徵求股東批准隨時更新計劃授權限額，惟經更新限額不得超過於批准該限額日期已發行股份的10%；
- (vii) 於任何十二個月期間向每名承授人授出的新購股權（包括已行使、已註銷及尚未行使購股權）獲行使時已經及將予發行的新股份總數，不得超過本公司相關類別已發行證券的1%。倘向一名承授人進一步授出新購股權，而該等新購股權獲行使時將導致該名承授人有權認購超過此限額的新股份，則須於股東大會取得股東批准，該名承授人及其聯繫人士必須放棄投票；

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) New share option scheme (Continued)

- (viii) The share options may be exercised in whole or in part by the Participant at any time during the exercise period, i.e. not exceed 10 years from the date of grant of the relevant New Share Options pursuant to the New Scheme, by delivering to the Company a notice duly signed in a form approved by the Board (together with payment of the exercise price in full in respect of each New Share to be subscribed for) and delivery of the New Share Option certificate for amendment or cancellation; and
- (ix) The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme becomes unconditional. The Board may amend any of the provisions of the New Scheme or withdraw or otherwise terminate the New Scheme at any time but no alterations shall be made to the advantage of any Participant unless approved by the Shareholders in general meeting. All New Share Options granted prior to such termination and not then exercise shall continue to be valid and exercisable subject to and in accordance with the terms of the New Scheme.

43. 以股份為基準的付款交易 (續)

(b) 新購股權計劃 (續)

- (viii) 參與者可於行使期(即根據新計劃授出相關新購股權的日期起計不超過10年)內,隨時透過向本公司送交已按董事會批准的形式妥為簽署的通知(連同就將予認購的每股新股份支付的全數行使價款項),並送交新購股權證書以供修訂或註銷,以行使全部或部分購股權;及
- (ix) 新計劃於新計劃成為無條件之日起計10年內有效。董事會可隨時修訂新計劃的任何條文,或撤回或以其他方式終止新計劃,惟除非經股東於股東大會上批准,否則不得作出任何有利於任何參與者的修訂。所有有關終止前已授出但當時尚未行使的新購股權將繼續有效,並受限於新計劃的條款及可根據該等條款行使。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses details and movements of the Company's share options held by the directors, eligible employees and other participants of the Group during the years ended 31 December 2017 and 2016:

43. 以股份為基準的付款交易 (續)

下表披露截至二零一七年及二零一六年十二月三十一日止年度由董事、合資格僱員以及本集團其他參與者所持有的本公司購股權之詳情及變動。

Option type	Outstanding at 1 January 2017	Granted during the year	Number of share options 購股權數目		Outstanding at 31 December 2017
			Exercised during the year	Lapsed during the year	
購股權類別	於二零一七年 一月一日尚 未行使	於年內授出	於年內行使	於年內失效	於二零一七年 十二月 三十一日 尚未行使
Post-IPO Option Scheme 首次公開招股後 購股權計劃	12,885,263	—	—	(788,938)	12,096,325
New Scheme 新計劃	10,787,062	288,740,000	(15,680,000)	(2,554,075)	281,292,987
Total 總計	<u>23,672,325</u>	<u>288,740,000</u>	<u>(15,680,000)</u>	<u>(3,343,013)</u>	<u>293,389,312</u>
Exercisable at the end of the year 於年末可行使	<u>23,672,325</u>				<u>293,389,312</u>
Weighted average exercise price 加權平均行使價	<u>HK\$5.18港元</u>	<u>HK\$0.25港元</u>	<u>HK\$0.25港元</u>	<u>HK\$6.15港元</u>	<u>HK\$3.31港元</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

43. SHARE-BASED PAYMENT
TRANSACTIONS (Continued)

43. 以股份為基準的付款交易 (續)

Option type 購股權類別	Outstanding at 1 January 2016 於二零一六年 一月一日尚 未行使	Number of share options 購股權數目			Outstanding at 31 December 2016 於二零一六年 十二月三十一日 尚未行使
		Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed during the year 於年內失效	
Post-IPO Option Scheme 首次公開招股後 購股權計劃	12,885,263	—	—	—	12,885,263
New Scheme 新計劃	10,787,062	—	—	—	10,787,062
	<u>23,672,325</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,672,325</u>
Exercisable at the end of the year 於年終可行使	<u>23,672,325</u>				<u>23,672,325</u>
Weighted average exercise price 加權平均行使價	<u>HK\$5.18港元</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>HK\$5.18港元</u>

Note:

The following share options under the New Scheme were exercised during the year ended 31 December 2017:

For the year ended 31 December 2017

附註：

以下新計劃下的購股權於截至二零一七年十二月三十一日止年度獲行使：

於截至二零一七年十二月三十一日止年度

Date of option grant 授出購股權日期	Number of Shares 股份數目	Exercise date 行使日期	Share price at exercise date 行使日期股價	Share price immediately before the date of exercise 緊接行使 日期前的股價
16 May 2017 二零一七年五月十六日	2,240,000	18 December 2017 二零一七年十二月十八日	0.43	0.46
16 May 2017 二零一七年五月十六日	13,440,000	20 December 2017 二零一七年十二月二十日	0.42	0.40

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

As at 31 December 2017, the number of shares of which options had been granted and remained outstanding under the share option scheme was 293,389,312 (2016: 23,672,325) representing approximately 6.5% (2016: 0.59%) of the Company's issued shares capital at that date. The weighted average remaining contractual life was 4 years (2016: 3.8 years).

The fair value of the share options granted to employees and directors was determined using the binomial Model.

The following assumptions were used to calculate the fair values of share options:

Date of grant 授出日期	16 May 2017 二零一七年五月十五日
Number of shares to be issued upon exercise of Options granted 已授出購股權獲行使後將予發行之股份數目	288,740,000
Estimated fair values of options granted (rounded to HK\$'000) 估計已授出購股權之公允值(約整至千港元)	288,740,000 HK\$31,422,000 31,422,000港元
Grant date share price 授出日期的股份價格	HK\$0.2240 港元
Exercise price 行使價	HK\$0.2456 港元
Expected volatility 預期波幅	76.45% 76.45%
Expected life of options 購股權預計有效期	2.64 years 2.64年
Risk-free interest rate 無風險利率	0.887% 0.887%
Expected dividend yield 預期收益率	0.00% 0.00%

Expected volatility was determined by using the historical volatility of the share prices of other companies in the similar industry over the expected life of the options. No other feature of the options granted was incorporated into the measurement of fair values.

The variables and assumptions used in computing the fair values of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Options granted are fully vested at the date of grant.

43. 以股份為基準的付款交易 (續)

於二零一七年十二月三十一日，於購股權計劃下，已授出但仍未行使購股權的股份數目為293,389,312份(二零一六年：23,672,325份)，佔本公司於當日的已發行股本當日約6.50%(二零一六年：0.59%)。加權平均餘下合約年限為四年(二零一六年：3.8年)。

授予僱員及董事購股權的公允值乃使用二項模型釐定。

計算購股權的公允值時已利用以下假設：

預期波幅乃採用經營同類行業之其他公司股價於購股權預計年期內之歷史波幅而釐定。計算公允值時，並無納入已授出之購股權之其他特點。

計算購股權之公允值所使用之變數及假設乃基於董事之最佳估計。購股權價值隨若干主觀假設之變數不同而有所差異。

所授出的購股權於授出日期悉數歸屬。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

44. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 7, 9, 31, 35 and 38 to the consolidated financial statements, the Group entered into the following transactions with related parties:

44. 關聯方交易

除綜合財務報表附註7、9、31、35及38所披露外，本集團還與關聯方訂立下列交易：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interest paid to a related company	已付一間關聯公司利息	—	454
Interest paid to shareholders	已付股東利息	43,699	32,501
Waiver of interest of convertible bond	豁免可換股債券利息	—	12,513
Loss on capitalisation of loan interest payables	資本化應付貸款利息虧損	(1,570)	—

Compensation of key management personnel

The Directors consider that they are the only key management personnel of the Group and details of their compensation are set out in note 13.

主要管理人員的報酬

董事認為，彼等為本集團之主要管理人員，彼等的酬金詳情載於附註13。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

45. DISPOSAL OF A SUBSIDIARY

In March 2017, the Group entered into a sale and purchase agreement with a third party to dispose of the Group's entire equity interest in In Industrial for a cash consideration of HK\$1,000,000. In Industrial is an investment holding company incorporated in Hong Kong.

Analysis of asset and liabilities over which control was lost

		HK\$'000 千港元
Non-current assets	非流動資產	
Intangible asset	無形資產	1,079
Net assets disposed of	已出售資產淨值	1,079

45. 出售一間附屬公司

於二零一七年三月，本集團與一名第三方訂立買賣協議，出售本集團持有的全部平然實業股權，現金代價為1,000,000港元。平然實業為於香港註冊成立之香港投資控股公司。

失去控制權之資產及負債分析

Loss on disposal of a subsidiary

出售一間附屬公司之虧損

		HK\$'000 千港元
Consideration received	已收代價	1,000
Net assets disposal of	已出售資產淨值	(1,079)
Loss on disposal	出售之虧損	(79)

Net cash inflow on disposal of a subsidiary

出售一間附屬公司之現金流入淨額

		HK\$'000 千港元
Consideration received in cash and cash equivalents	以現金及現金等值項目收取之代價	1,000

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

46. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金兩方面的變動。融資活動所產生負債指現金流量已經或未來現金流量將要分類為本集團綜合現金流量表內之融資活動的現金流量的有關負債。

		Loans from shareholders	Borrowings	Finance lease obligations	Bonds	Convertible bond	Promissory note	Total
		股東 的貸款	借貸	財務 租賃承擔	債券	可換 股債券	承兌票據	總計
		(note 31)	(note 32)	(note 33)	(note 34)	(note 35)	(note 36)	
		(附註31)	(附註32)	(附註33)	(附註34)	(附註35)	(附註36)	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
At January 2017	於二零一七年一月	462,344	179,538	23,406	506,803	110,813	81,655	1,364,559
Financing cash flows	融資現金流量	3,851	16,385	(2,584)	153,810	—	—	171,462
Finance costs recognised	已確認融資成本	43,699	26,768	2,171	83,025	—	9,536	165,199
Fair value change	公允值變動	—	—	—	—	4,902	—	4,902
Transfer to other payables and accruals	轉撥至其他應付 款項及應計款項	(5,834)	(2,081)	—	(23,718)	(9,018)	(7,200)	(47,851)
Effect of foreign currency exchange differences	外幣匯兌差額影響	—	592	(362)	—	—	—	230
At 31 December 2017	於二零一七年 十二月三十一日	504,060	221,202	22,631	719,920	106,697	83,991	1,658,501

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

47. MAJOR NON — CASH TRANSACTIONS

- i. During the year ended 31 December 2017, the Company issued 112,107,623 shares at HK\$0.1 each to Mr. Sin to settle the amounting to approximately HK\$25,000,000 (Note 38).
- ii. During the year ended 31 December 2017, the Company issued 387,984,117 shares at HK\$0.1 each to the third parties to settle the other payables amounting to approximately HK\$86,472,000 (Note 38).
- iii. During the year ended 31 December 2016, the aggregate outstanding principal of CB4 amounting approximately HK\$9,869,000, early settled by the issuance of loan from Mr. Sin (Note 35).
- iv. During the year ended 31 December 2016, the aggregate outstanding principal and accrued interests of CB4 amounting approximately HK\$149,520,000 and HK\$5,981,000 respectively, settled by the issuance of other borrowings of amounting approximately HK\$114,879,000 and loans from shareholders of amounting approximately HK\$40,622,000 (Note 35).

48. DIVIDEND

No dividend has been proposed or declared by the Directors for the year ended 31 December 2017 (2016: Nil).

49. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2017 were approved for issue by the Board of Directors on 27 March 2018.

47. 主要非現金交易

- i. 於截至二零一七年十二月三十一日止年度，本公司按每股0.1港元，發行112,107,623股予冼先生，結付金額約25,000,000港元(附註38)。
- ii. 於截至二零一七年十二月三十一日止年度，本公司按每股0.1港元，發行387,984,117股予第三方，結付其他應付款項，金額約86,472,000港元(附註38)。
- iii. 截至二零一六年十二月三十一日止年度，第四批可換股債券尚未償還本金總額約9,869,000港元通過冼先生發行貸款提早結付(附註35)。
- iv. 截至二零一六年十二月三十一日止年度，第四批可換股債券尚未償還本金總額及應計利息分別約149,520,000港元及5,981,000港元通過發行其他借貸約114,879,000港元及來自股東的貸款約40,622,000港元結付(附註35)。

48. 股息

截至二零一七年十二月三十一日止年度，董事概無建議或宣派股息(二零一六年：無)。

49. 批准財務報表

截至二零一七年十二月三十一日止年度的綜合財務報表已於二零一八年三月二十七日獲董事會批准發佈。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

50. 本公司的財務狀況報表及儲備

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	3	5
Investments in subsidiaries	附屬公司之投資	882	882
		<u>885</u>	<u>887</u>
Current assets	流動資產		
Prepayments, deposit and other receivables	預付款項、按金及其他應收款項	2,724	1,436
Amounts due from subsidiaries	應收附屬公司款項	2,233,299	1,936,091
Cash and bank balances	現金及銀行結餘	16,037	2,102
		<u>2,252,060</u>	<u>1,939,629</u>
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	44,295	20,302
Amounts due to subsidiaries	應付附屬公司款項	1,019	784
Loans from shareholders	股東的貸款	452,673	10,873
Borrowings	借貸	177,945	90,845
Bonds	債券	306,369	61,115
Convertible bond	可換股債券	106,697	—
Promissory note	承兌票據	83,991	—
		<u>1,172,989</u>	<u>183,919</u>
Net current assets	流動資產淨值	<u>1,079,071</u>	<u>1,755,710</u>
Total assets less current liabilities	資產總額減流動負債	<u>1,079,956</u>	<u>1,756,597</u>
Non-current liabilities	非流動負債		
Loans from shareholders	股東的貸款	51,387	451,471
Borrowings	借貸	20,655	48,048
Bonds	債券	413,551	445,688
Convertible bond	可換股債券	—	110,813
Promissory note	承兌票據	—	81,655
		<u>485,593</u>	<u>1,137,675</u>
Net assets	資產淨值	<u>594,363</u>	<u>618,922</u>
Capital and reserves	資本及儲備		
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Share capital	股本	451,416	399,839
Reserves	儲備	142,947	219,083
Total equity	權益總額	<u>594,363</u>	<u>618,922</u>

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2018 and are signed on its behalf by:

Chow Kai Weng
周啟榮
Director
董事

50. 本公司的財務狀況報表及儲備 (續)

本公司之財務狀況報表已由董事會於二零一八年三月二十七日批准及授權刊發，並由下列董事代表董事會簽署：

Sin Kwok Lam
冼國林
Director
董事

Notes to the Consolidated Financial Statements 綜合財務報表附註

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

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

50. 本公司的財務狀況報表及儲備(續)

Movement in the Company's reserves

本公司的儲備變動

The Company 本公司		Share premium	Capital reserve	Convertible bonds equity reserve	Contributed surplus	Share options reserve	Accumulated losses	Total
		股份溢價 HK\$'000 千港元	資本儲備 HK\$'000 千港元	可換股債券 權益儲備 HK\$'000 千港元	實繳盈餘 HK\$'000 千港元	購股權儲備 HK\$'000 千港元	累計虧損 HK\$'000 千港元	總計 HK\$'000 千港元
Balance at 1 January 2016	於二零一六年一月一日的結餘	663,770	(25)	80,081	76,471	26,229	(250,851)	595,675
Early settlement of convertible bond	提前結付可換股債券	—	—	(2,893)	—	—	2,878	(15)
Share issued upon conversion of convertible bonds (note 35)	兌換可換股債券所發行的股份(附註35)	67,936	—	(18,679)	—	—	—	49,257
Lapse of the equity component of convertible bonds	可換股債券權益部分失效	—	—	(42,912)	—	—	42,912	—
Loss for the year	本年度虧損	—	—	—	—	—	(425,834)	(425,834)
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日的結餘	731,706	(25)	15,597	76,471	26,229	(630,895)	219,083
Capitalisation of loan interest payables	應付貸款利息資本化	15,359	—	—	—	—	—	15,359
Capitalisation of other payables	其他應付款項資本化	53,154	—	—	—	—	—	53,154
Share issued upon exercise of share options	行使購股權所發行的股份	3,495	—	—	—	(1,212)	—	2,283
Equity-settled share-based payment (note 43)	權益結付股份付款(附註43)	—	—	—	—	31,422	—	31,422
Lapse of share options	購股權失效	—	—	—	—	(4,559)	4,559	—
Loss for the year	本年度虧損	—	—	—	—	—	(178,354)	(178,354)
Balance at 31 December 2017	於二零一七年十二月三十一日	803,714	(25)	15,597	76,471	51,880	(804,690)	142,947

The contributed surplus of the Company arose as a result of capital reorganisation and represents the entire amounts standing to the credit of the share premium account of the Company as at 30 June 2010 and the credits arising from capital reduction for eliminating or setting off the accumulated losses of the Company from time to time. Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The capital reserve of the Company arose as a result of the reorganisation and represents the excess of the combined net assets of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof.

本公司的實繳盈餘乃因股本重組而產生，即本公司於二零一零年六月三十日的股份溢價賬的進賬全額及股本削減所產生進賬，用以消除或對銷本公司不時的累計虧損。根據百慕達一九八一年公司法，本公司的實繳盈餘賬可供分派。然而，倘有合理理據相信：(i) 本公司不能或於自實繳盈餘中宣派或派付股息或作出分派後不能支付其到期負債；或(ii) 本公司資產的可變現價值會因而少於其負債及其已發行股本與股份溢價賬的總和，則本公司不得自實繳盈餘中宣派或派付股息或作出分派。

本公司的資本儲備乃因重組而產生，即所收購附屬公司的合併資產淨值高出本公司作為代價而發行的股本面值的部分。

FINANCIAL SUMMARY

財務摘要

FINANCIAL RESULTS

財務業績

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元
Revenue	收入	221,372	57,827	40,038	15,260	19,094
Loss before income tax	除稅前虧損	(193,533)	(327,092)	(264,834)	(142,989)	(17,682)
Income tax expense	所得稅開支	—	—	—	(5,924)	(6,543)
Loss for the year	年內虧損	(193,533)	(327,092)	(264,834)	(148,913)	(24,225)
Attributable to: Owners of the Company	以下應佔： 本公司擁有人	(193,529)	(327,091)	(264,828)	(148,913)	(20,614)
Non-controlling interests	非控股權益	(4)	(1)	(6)	—	(3,611)
		(193,533)	(327,092)	(264,834)	(148,913)	(24,225)

ASSETS, LIABILITIES AND EQUITY

資產、負債及權益

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元
Total assets	資產總額	2,617,586	2,377,447	2,448,510	1,835,642	1,572,053
Total liabilities	負債總額	(1,977,155)	(1,737,469)	(1,518,128)	(763,168)	(862,635)
		640,431	639,978	930,382	1,072,474	709,418
Equity attributable to the owners of the Company	本公司擁有人 應佔權益	640,197	639,740	930,143	1,072,474	709,418
Non-controlling interests	非控股權益	234	238	239	—	—
		640,431	639,978	930,382	1,072,474	709,418



National Arts Entertainment and Culture Group Limited
國藝娛樂文化集團有限公司