



2017 年度報告 ANNUAL REPORT

中彩網通控股有限公司
China Netcom Technology Holdings Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code 股份代號: 8071)



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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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香港聯合交易所有限公司（「聯交所」）GEM（「GEM」）之特色

GEM的定位，乃為中小型公司提供一個上市的市場，此等公司相比起其他在聯交所主板上市的公司帶有較高投資風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。

由於**GEM**上市公司普遍為中小型公司，在**GEM**買賣的證券可能會較於主板買賣之證券承受較大的市場波動風險，同時無法保證在**GEM**買賣的證券會有高流通量的市場。

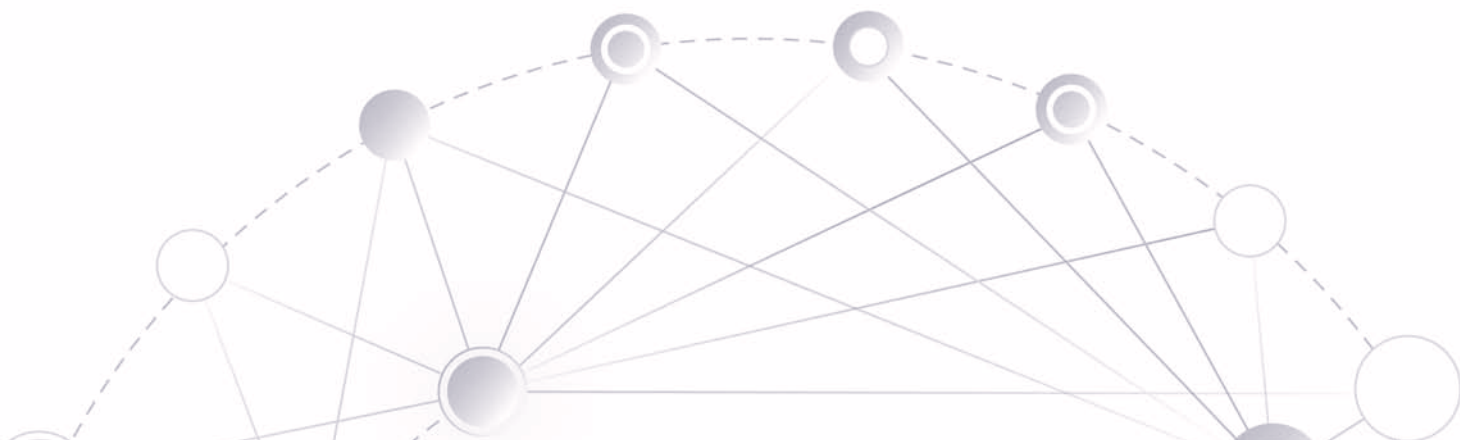
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本報告的資料乃遵照聯交所的**GEM**證券上市規則（「**GEM上市規則**」）而刊載，旨在提供有關中彩網通控股有限公司（「**本公司**」）的資料。本公司的董事（「**董事**」）願就本報告的資料共同及個別地承擔全部責任。各董事在作出一切合理查詢後，確認就其所知及所信，本報告所載資料在各重要方面均屬準確完備，沒有誤導或欺詐成分，且並無遺漏任何事項，足以令致本報告或其所載任何陳述產生誤導。

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Sun Haitao (*Chairman*)
Mr. Zhao Ke

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Song Ke
Mr. Wu Bo
Mr. Michael Yu Tat Chi

COMPANY SECRETARY

Ms. Li Hiu Ling

COMPLIANCE OFFICER

Mr. Zhao Ke

AUTHORISED REPRESENTATIVES

Mr. Zhao Ke
Ms. Li Hiu Ling

AUDIT COMMITTEE

Mr. Michael Yu Tat Chi (*Chairman*)
Mr. Song Ke
Mr. Wu Bo

REMUNERATION COMMITTEE

Mr. Song Ke (*Chairman*)
Mr. Sun Haitao
Mr. Wu Bo
Mr. Michael Yu Tat Chi

NOMINATION COMMITTEE

Mr. Sun Haitao (*Chairman*)
Mr. Song Ke
Mr. Wu Bo
Mr. Michael Yu Tat Chi

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

董事會

執行董事

孫海濤先生 (*主席*)
趙軻先生

獨立非執行董事

宋柯先生
吳波先生
余達志先生

公司秘書

李曉玲小姐

監察主任

趙軻先生

授權代表

趙軻先生
李曉玲小姐

審核委員會

余達志先生 (*主席*)
宋柯先生
吳波先生

薪酬委員會

宋柯先生 (*主席*)
孫海濤先生
吳波先生
余達志先生

提名委員會

孫海濤先生 (*主席*)
宋柯先生
吳波先生
余達志先生

核數師

國衛會計師事務所有限公司
執業會計師

CORPORATE INFORMATION 公司資料

PRINCIPAL BANKERS

Bank of Communications Co., Ltd
China CITIC Bank International Limited

REGISTERED OFFICE

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

SMP Partners (Cayman) Limited
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Grand Cayman, KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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STOCK CODE

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CHAIRMAN'S STATEMENT 主席報告

Dear Shareholders,

I am pleased to present the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017 on behalf of the board (the “**Board**”) of Directors of the Company.

During the year of 2017, the economy of China had maintained an upward and stable trend as a whole, and the drive of economic growth had been switched to foreign trade and overseas investment from domestic investment and exports. Under the backdrop of the reform of the domestic financial system and the marketisation of interest rate, as well as the reform of economic system featuring “supply-side reform”, the stock market, which is considered to be an “economic barometer”, had a more favourable environment for capital development as a result. The year of 2017 is also an important period for the development of the Group.

According to the development trend of financial sector in China, innovative financial services characterised by financial technologies have become the new drive serving the financial inclusion system, and a number of new business models have been developed within the scope of innovative financial services, resulting in the achievement of popularity and technology-wise of financial services, in an efficient and low cost manner with the help of core financial technology components such as big data, artificial intelligence, machine deep learning and block chain. With the massive trend mentioned above, 51RENPIN.COM INC., the new substantial shareholder who joined in 2017, possesses a leading position in the provision of financial technology services in China, with powerful “scene entrances (場景入口)”, strong processing capacity of big data and in-depth experience in operating financial products, which all serve to facilitate the layout of providing a full range of innovative financial services.

各位股東：

本人謹代表本公司董事會（「**董事會**」），欣然提呈本公司及其附屬公司（統稱「**本集團**」）截至2017年12月31日止年度的全年業績。

於2017年，中國整體經濟保持健康向上的趨勢，並通過對外貿易和投資輸出逆轉了以往較為倚重國內投資和對外出口的經濟增長模式。在國內金融體系改革和利率市場化，以及以供給側改革為重要內容的經濟體制改革背景下，被稱為「經濟晴雨表」的股市整體而言迎來了更為健康的資本發展環境。對於本集團而言，2017年也是一個重要的發展時期。

從國內金融行業發展趨勢看，以金融科技為代表的創新金融服務已經成為服務普惠金融體系的新動力，並在此領域內衍生出了眾多的創新金融服務模式，以更高的服務效率和更低的成本，借助核心金融科技組合如大數據、人工智能、機器深度學習、區塊鏈等實現了金融服務的普世化和科技化。在這個巨大的浪潮之下，於2017年新加入之大股東51RENPIN.COM INC.具有國內領先的金融科技服務能力，並具備強大的場景入口，傑出的大數據處理能力，以及資深的金融產品運作能力為支撐的全業態服務佈局。



CHAIRMAN'S STATEMENT 主席報告

From the aspect of the substantial reform of the consumption sector, the penetration rate of Internet, comprising E-commerce, O2O and physical offline outlets, has become higher. As a result, the public is able to enjoy more convenient payment and consumption experience, as well as convenient financial services focused on the personal spending financial sector, including personal credit loan matching services, instalment payment and personal credit management services. In addition, with more Internet features, the domestic consumption financial sector will showcase a booming expansion in scale. In order to develop an influential position in the capital market to generate remarkable return to the shareholders of the Company (the “Shareholders”), it is important for the Group to diversify its original business to secure a firm foothold in the new economy and to establish its capacity of serving the society.

In the coming years, the Group will focus on capitalising on the new development trend of the society and the economy and leveraging on the Group's competitive edges in the capital market for the purpose of self-upgrading in designated aspects. In future, the Group will further explore opportunities in the sectors of innovative social consumption and financial services to optimise its business layout and ability in product services.

Lastly, on behalf of the Board, I would like to extend my heartfelt appreciation to you as our Shareholders for your continuous support, and to thank all our employees for their dedicated efforts and invaluable contribution to the Group. Facing with the booming development of financial technologies, the Group will spare no effort to identify opportunities for its sustainable development so as to cope with the development trend of the sector and to create an even higher value for you as our Shareholders and stakeholders.

Sun Haitao

Chairman and Executive Director

20 March 2018

從消費領域的重大變革來看，以電商、O2O、實體線下營業場所的互聯網化滲透率不斷提高，大眾在獲得更便捷的支付和消費體驗時，也在逐步獲得更為便捷的以個人消費金融領域為特色的金融服務，例如個人信用借款撮合服務，消費分期以及個人信用管理服務等。國內消費金融領域也將因為有更多的互聯網化特色而迎來規模性的爆發。對於本集團而言，從原有業務進入到更多的新經濟、社會服務能力的建立，將是未來建立資本市場影響力和回饋本公司股東（「股東」）的重要抓手。

未來幾年，本集團將抓住未來社會經濟發展新趨勢，並立足本集團在資本市場上的優勢進行精準提升，以在特定領域實現自我提升。未來本集團將通過更多創新的社會新消費和金融服務領域的探索，提升公司業務佈局和產品服務能力。

最後，我謹代表董事會，感謝全體股東的鼎力支持，亦謹此向全體員工為本集團做出的熱忱投入及貢獻致以誠摯謝意！站在金融科技發展時代的高點，本集團將致力於發現更多可持續增長空間，符合行業發展趨勢，為廣大股東及持份者創造更高價值。

主席兼執行董事

孫海濤

2018年3月20日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

FINANCIAL RESULTS

The consolidated revenue of the Group for the financial year ended 31 December 2017 amounted to approximately HK\$28,303,000 as compared with approximately HK\$2,011,000 last year. Loss attributable to owners of the Company amounted to approximately HK\$48,293,000 as compared with approximately HK\$37,043,000 last year.

The increase in loss attributable to owners of the Company for the year was mainly attributable to the increase in impairment loss on concession rights. As disclosed in the Company's announcement dated 16 January 2018, having considered the estimated cash flow to be generated from the welfare lottery business in Shenzhen and Chongqing, the relevant operating environment and market conditions as well as the view of the independent professional valuer, management decided to make a full impairment of the concession rights that amounted to approximately HK\$58,239,000.

Excluding the effect of the concession right impairment and the related deferred tax effect, the loss for the year would be approximately HK\$27,692,000 (2016: HK\$36,799,000), representing a decrease of approximately HK\$9,107,000 from last year. Such decrease was mainly contributed by the surge in revenue from the Group's financial technology services business and smart wearable device business for the year.

DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: Nil).

LIQUIDITY AND GEARING RATIO

As at 31 December 2017, the Group recorded total assets of approximately HK\$70,500,000 (2016: approximately HK\$92,088,000), total liabilities of approximately HK\$63,124,000 (2016: approximately HK\$71,417,000) and cash and bank balances (excluding pledged bank deposit) of approximately HK\$59,173,000 (2016: approximately HK\$23,817,000).

As at 31 December 2017, the gearing ratio of the Group was approximately 671% (2016: approximately 212%), based on the total borrowings of approximately HK\$49,516,000 (2016: approximately HK\$43,923,000) and the total equity of approximately HK\$7,376,000 (2016: approximately HK\$20,671,000). The high gearing ratio was due to the full impairment made on the concession right during the year which substantially reduced the total assets. The total borrowings solely represent the Group's convertible bonds. After the exercise of the conversion right attached to the Group's convertible bonds on 26 January 2018, the gearing ratio of the Group has dropped significantly.

財務回顧

財務業績

本集團於截至2017年12月31日止財政年度的綜合收益為約28,303,000港元，而去年為約2,011,000港元。本公司擁有人應佔虧損為約48,293,000港元，而去年為約37,043,000港元。

本公司擁有人於本年度之應佔虧損增加主要歸因於特許經營權之減值虧損增加。誠如本公司日期為2018年1月16日之公告所披露，經考慮深圳及重慶福利彩票業務產生的預期現金流、相關之經營環境及市場情況、以及獨立估值師的看法後，管理層決定對特許經營權計提全額減值約58,239,000港元。

經剔除特許經營權減值及相關遞延稅項的影響，本年度虧損約為27,692,000港元（2016年：36,799,000港元），較去年減少約9,107,000港元。該減少主要由於本集團金融科技服務業務及智能穿戴設備業務於本年度的收益陡增所致。

股息

董事會不建議就截至2017年12月31日止年度派發任何股息（2016年：無）。

流動資金及資本負債比率

於2017年12月31日，本集團錄得總資產約70,500,000港元（2016年：約92,088,000港元）、總負債約63,124,000港元（2016年：約71,417,000港元）及現金及銀行結餘（不包括抵押銀行存款）約59,173,000港元（2016年：約23,817,000港元）。

於2017年12月31日，本集團根據借貸總額約49,516,000港元（2016年：約43,923,000港元）及權益總額約7,376,000港元（2016年：約20,671,000港元）計算之資本負債比率約為671%（2016年：約212%）。資產負債率高的原因主要是特許經營權減值導至總資產減少。負債全數代表本集團之可換股債券。在2018年1月26日行使了本集團的可換股債券所附之轉換權後，本集團的資本負債比率已大幅下降。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CAPITAL STRUCTURE

As at 31 December 2017, the Company's total number of issued ordinary shares of HK\$0.005 each was 4,629,368,382 (2016: 3,120,035,049 ordinary shares of HK\$0.005 each).

The Company had no issued non-redeemable convertible preferred shares as at 31 December 2017 (2016: 1,003,333,333 preferred shares of HK\$0.005 each) as all such shares had been converted to ordinary shares on 12 April 2017.

Details of the movement in the Company's share capital during the year were set out in notes 25 and 26 to the consolidated financial statements.

SHARE OPTIONS AND CONVERTIBLE BONDS

Details of the movements in the Company's share options and convertible bonds during the year were set out in notes 27 and 23 to the consolidated financial statements, respectively.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2017, the Group had no asset that was pledged (2016: a fixed deposit of approximately HK\$216,000 was pledged).

CAPITAL INVESTMENT AND FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSET PURCHASE

During the year, the Group paid approximately HK\$1,377,000 (2016: HK\$2,524,000) for the purchase of property, plant and equipment. Save as disclosed in this report, the Group had no specific plan for material investment or acquisition of capital assets as at 31 December 2017.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group's sales and purchases for the year were mostly denominated in Hong Kong Dollars ("HK\$") and Renminbi ("RMB").

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or devaluation of RMB against HK\$ may have impact on the operation results of the Group.

資本結構

於2017年12月31日，本公司之已發行普通股總數為4,629,368,382股每股面值0.005港元之普通股(2016年：3,120,035,049股每股面值0.005港元之普通股)。

於2017年12月31日，本公司沒有已發行不可贖回可換股優先股(2016年：1,003,333,333股每股面值0.005港元之優先股)，因為所有該等股份已於2017年4月12日轉換為普通股。

本公司股本於年內變動之詳情載於綜合財務報表附註25及26。

購股權及可換股債券

本公司購股權及可換股債券於年內變動之詳情分別載於綜合財務報表附註27及23。

本集團資產抵押

於2017年12月31日，本集團並無已抵押之資產(2016年：定期存款約216,000港元)。

資本投資及重大投資或資本資產購買之未來計劃

於本年度內，本集團已支付約1,377,000港元(2016年：2,524,000港元)用於購置物業、廠房及設備。除本報告所披露者外，於2017年12月31日，本集團並無有關重大投資或收購資本資產之具體計劃。

匯率波動風險

本集團截至本年度的銷售及採購主要以港元(「港元」)及人民幣(「人民幣」)為單位。

人民幣乃不能自由兌換的貨幣，其未來匯率可因中國政府所施加的管制而較現時或過往的匯率大幅波動。匯率亦可受本地及國際經濟發展及政治轉變以及人民幣的供求所影響。人民幣兌港元升值或貶值，均可影響本集團的業績。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Group monitors its foreign currency risks and will consider hedging significant currency exposures should the need arises.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had no significant contingent liabilities (2016: Nil).

BUSINESS REVIEW

Financial Technology Services Business

The Group started to carry out financial technology services business at the end of September 2017. The scale of this business achieved remarkable development from scratch through professional marketing and precision promotion with the basis of reasonable product design and market positioning. The maximum borrowings accumulated in a single month amounted to RMB120 million. More than 200,000 transactions in total in the year of 2017 were reached, the trading users exceeded 100,000 and the revenue generated reached HK\$17,296,000. The business has grown and become one of the Group's very important businesses and revenue growth points.

However, the above business is very sensitive to the changes in national policies. On 1 December 2017, the PRC government promulgated the "Regulations on Regulating the "Cash Loan" Business" [2017] No. 141 so as to supervise the country's Internet lending industry. The uncertainties caused by the new regulatory requirements affected the Group's financial technology services business in December 2017 and thus the Group has re-adjusted its products mix accordingly in early 2018. The management believes that the abovementioned impact is transient and will not impede the long-term development of the Group's financial technology services business.

Smart Wearable Device Business

2017 was a breakthrough year for the Group's smart wearable device business as the Group's year-long research effort in 2016 has paid off. In late March 2017, the Group's smart glasses were awarded the 3C certification issued by China Quality Certification Centre. The Group also obtained the CE certification issued by the European Union and the FCC certification issued by the United States of America in April and May 2017 respectively, which enables the Group to sell its products in China, Europe and the United States of America. The Group is still continuously developing and upgrading the functions of the next generation smart glasses and smart fitness watches. For the year 2017, approximately 7,000 pairs of smart glasses and 22,000 smart fitness watches have been sold, which generated revenue of approximately HK\$5,573,000 and HK\$2,983,000, respectively.

本集團監察其外匯風險，並於有需要時考慮對沖重大貨幣風險。

或然負債

於2017年12月31日，本集團並無任何重大或然負債（2016年：無）。

業務回顧

金融科技服務業務

本集團於2017年9月末開展金融科技服務業務，基於合理的產品設計和市場定位，通過專業市場推廣及精準營銷，該業務規模從零開始實現跨越式增長，單月撮合借款規模最高達人民幣1.2億，2017年全年累計促成交易超過20萬宗，交易用戶數超過10萬，產生收益17,296,000港元。該業務已成長為本集團其中一個非常重要的業務及收益增長點。

然而，上述業務對國家政策的變動十分敏感。於2017年12月1日，中國政府頒布整治辦函[2017]141號《關於規範整頓“現金貸”業務的通知》以監管國家的互聯網借貸行業。因新規管要求而產生的不確定性令本集團的金融科技服務業務在2017年12月受到一定影響，故本集團於2018年初已調整了產品組合。管理層認為上述影響屬於短暫性，並不會阻礙本集團金融科技服務業務的長遠發展。

智能穿戴設備業務

2017年是智能穿戴設備業務取得突破性進展的一年，此乃經過2016一年多的研發所得成果。在2017年3月底，本集團取得中國質量認證中心發出3C認證，且本集團在同年4月及5月分別取得出口歐盟及美國的CE及FCC認證，允許在中國、歐盟及美國銷售該產品的資格。本集團正在不斷深化及提升第二代智能眼鏡及健康智能手環之功能。於2017年，已完成約7,000副智能眼鏡及22,000副智能手環之銷售，分別錄得銷售收入約5,573,000港元及約2,983,000港元。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Lottery Business

The Group continued to operate its lottery business during the year and has well positioned itself to expand this business in Shangdong. In late 2016 and August 2017, 深圳高榮財智科技有限公司 (transliterated as Shenzhen Gaorong Caizi Technology Company Limited (“**Shenzhen Gaorong**”)), a wholly-owned subsidiary of the Company, entered into cooperative agreements and amendment agreements (the “**Agreements**”) with each of Shandong Province Sports Lottery Management Centre and an independent third party, respectively for the development of the sports lottery sales network in Shangdong in relation to conducting sports lottery sales business.

Pursuant to the Agreements, Shenzhen Gaorong is responsible for providing relevant technical services and is entitled to collect a particular percentage of the revenue from the sales network. As of end of December 2017, the applications for the establishment of a total of 1,068 sales points in various cities in Shangdong had been submitted and 488 of which had been approved.

The 2017 annual turnover of the Group’s lottery business amounted to approximately HK\$223,000 (2016: approximately HK\$336,000), representing a decrease of 34% as compared to the same period of last year.

With reference to the announcement of the Company dated 16 January 2018, the Company has re-assessed its welfare lottery business in Shenzhen and Chongqing during the year and provided a full impairment of its related concession rights, resulting in an impairment loss of approximately HK\$58,239,000 for the year. While the lottery business contracts for these two cities remains effective, the Directors are of the opinion that they will not generate substantial profit for the Group in the foreseeable future.

Sports Training Business

The Group operates the Hui So Hung Table Tennis Training Centre in Hong Kong to provide table tennis training services to students with different ages and levels. This business has maintained stable growth as the number of students and revenue continued to increase for the year. Revenue from sports training business for 2017 was approximately HK\$2,228,000 (2016: approximately HK\$1,675,000), representing an increase of 33% from last year.

彩票業務

本集團於年內繼續營運其彩票業務，並安排好未來在山東省發展。本公司之全資附屬公司深圳高榮財智科技有限公司(「**深圳高榮**」)分別於2016年年底及2017年8月與山東省體育彩票管理中心及獨立第三方簽署在山東省開展鋪設體育彩票網點，開展體育彩票銷售業務的合作協議及修訂協議(「**該等協議**」)。

根據該等協議，深圳高榮提供相關社會渠道拓展服務並可根據網點銷售金額收取若干百分比收費。截至2017年12月底，已在山東省各市內申報鋪設網點1,068個，已獲批准網點488個。

本集團之彩票業務於2017年之銷售額約為223,000港元(2016年：約336,000港元)，較去年同期下降34%。

誠如本公司日期為2018年1月16日之公告所述，本公司重新審視了其深圳及重慶於本年度的彩票業務表現，並為其相關的特許權的估值進行全數減值，產生本年度約58,239,000港元減值虧損。雖然此兩城市之彩票業務合約仍然生效，董事認為他們在可見的將來不會為集團帶來重大利潤。

體育訓練業務

本集團於香港經營許素虹乒乓球訓練中心，為不同年齡及水平的學生提供乒乓球訓練服務。由於學生數目及收益於本年度內持續增加，此項業務維持穩定增長。於2017年的體育訓練業務所得收益約為2,228,000港元(2016年：約1,675,000港元)，較去年增長33%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Termination of the Proposed Cooperation with Caissa Travel and Airports Corporation of Vietnam

On 3 January 2017, Max Choice Holdings Limited, a wholly-owned subsidiary of the Company, entered into a letter of intent for strategic cooperation agreement with Caissa Tongsheng Travel Service (Group) Co., Ltd. (“**Caissa Travel**”) and Airports Corporation of Vietnam in relation to its business development in Phu Quoc (富國島) (the “**Letter of Intent**”). Details of the Letter of Intent were set out in the Company’s announcement dated 9 January 2017. However, the possible transaction with Caissa Travel in Phu Quoc was terminated in August 2017 as a result of the failure of reaching a concrete cooperation plan between the relevant parties.

PROSPECTS

The potential of the financial technology industry is significant. The Group will actively follow the direction of the industry’s development and the latest policies. With the initial basis built in 2017, the financial technology services business is expected to further expand its business scale with the promotion of brands, the expansion of users and the accumulation of experiences. At the same time, the Company will continue to optimize the Group’s existing lottery, smart wearable device and sports training businesses, in order to strengthen the Group’s financial position.

EMPLOYEES

As at 31 December 2017, the Group employed a total of 42 (2016: 38) employees.

The salaries and benefits of the Group’s employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus system, which is reviewed annually.

AUDITORS

There is no change in auditors of the Company in any of the preceding 3 years.

終止與凱撒旅遊及越南機場集團之建議合作

於2017年1月3日，本公司之全資附屬公司彩華集團有限公司與凱撒同盛旅行社(集團)有限公司(「**凱撒旅行社**」)及越南機場集團就發展富國島之業務訂立達成戰略合作協議之意向書(「**意向書**」)。意向書之詳情載於本公司日期為2017年1月9日之公告。然而，於2017年8月，與凱撒旅行社於富國島之可能交易經已終止，原因為相關訂約方未能達成具體合作計劃。

展望

金融科技行業發展潛力巨大，本集團將積極跟進行業發展的方向以及最新的政策。金融科技服務業務在2017年起步的基礎上，有望隨著品牌的提升、用戶的拓展和經驗的積累，進一步擴大業務規模。同時，本公司亦會繼續優化集團現有的彩票、智能穿戴設備及體育訓練之業務，以鞏固集團的財務狀況。

僱員

於2017年12月31日，本集團共聘用42名(2016年：38名)僱員。

本集團向僱員提供之薪金及福利具競爭力，僱員薪酬乃由本集團在每年定期檢討之薪酬及花紅制度架構下，按工作表現釐定。

核數師

本公司在過去三年內沒有更換核數師。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷詳情

EXECUTIVE DIRECTORS

Mr. Sun Haitao, aged 37, has been the Chairman and an executive Director of the Company and a director of various subsidiaries of the Company since August 2017. Mr. Sun graduated from Hangzhou Dianzi University, majoring in business administration. He is an entrepreneur who has engaged in Internet businesses since 2004, and founded several Internet companies before founding Hangzhou Enniu Network Technology Co., Ltd. (“**Hangzhou Enniu**”) in 2012. In May 2012, Mr. Sun led the team to create the credit card management mobile application named “51 Credit Card Manager” for Hangzhou Enniu and facilitated Hangzhou Enniu to become a representative fintech company. Hangzhou Enniu was awarded the *Top 50 China’s Most Valuable Investee Companies* by Qingke in 2014 and 2015, selected as *Top 50 China’s Fintech Companies* by Forbes, 2016 and 2018 *Top 50 New Fintech Companies in China* awarded by Hurun and *2016 Global Unicorn* awarded by CB Insights, and continually being selected as *Top 50 China’s Leading Fintech Companies* awarded by KPMG in 2016 and 2017. Moreover, Hangzhou Enniu was elected as the *2017 Fintech 100* that jointly awarded by H2 Ventures and KPMG, and has been quoted by Goldman Sachs in 《The Rise of China FinTech》. Mr. Sun personally has been honored *the Entrepreneur of 2016* by Dark Horse, *2017 Chinese Economic Figures* by SINA and *New Business 100 Annual Actors* by 36Kr etc. Mr. Sun is currently the chairman and general manager of Hangzhou Enniu, and a director and the chairman of 51 Credit Card Inc., the ultimate parent company of the Company.

Mr. Zhao Ke, aged 34, has been an executive Director of the Company and a director of various subsidiaries of the Company since August 2017. Mr. Zhao graduated from Xi’an Jiaotong University in 2005, majoring in Finance, and in 2006 he received a Master Degree in Economics from the University of Ottawa in Canada. From August 2006 to September 2015, Mr. Zhao worked at PricewaterhouseCoopers with his last position as a senior manager of the firm’s capital market service group. Mr. Zhao is a member of the China Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Zhao is currently a director and the chief financial officer of Hangzhou Enniu, and a director of 51 Credit Card Inc.

執行董事

孫海濤先生，37歲，自2017年8月起擔任本公司主席兼執行董事及本公司多間附屬公司之董事。孫先生畢業於杭州電子科技大學，主修工商管理。彼為一名企業家，自2004年起從事互聯網業務，於2012年成立杭州恩牛網絡技術有限公司（「**杭州恩牛**」）前曾創立多間互聯網公司。於2012年5月，孫先生帶領團隊為杭州恩牛創辦名為「51信用卡管家」之信用卡管理手機應用程式，促使杭州恩牛成為國內金融科技代表企業。杭州恩牛曾榮獲清科2014和2015年的**中國最具投資價值企業50強**，入選福布斯發佈之**中國金融科技50強**，2016及2018**胡潤新金融50強**以及**CB Insights 2016年全球獨角獸**，並連續入選畢馬威2016年和2017年頒發的**中國領先金融科技公司50強**。此外，杭州恩牛入選H2 Ventures與畢馬威聯合發布的**2017 全球金融科技百強公司**，還入選高盛《中國金融科技的崛起》報告。孫先生個人是創業黑馬**2016年度創業家稱號**獲得者，也是新浪評選出的**2017年中國經濟潮流人物**，**36氪新商業100年度行動者**等。孫先生現任杭州恩牛之董事長兼總經理，及51信用卡有限公司（本公司最終母公司）的董事兼董事長。

趙軻先生，34歲，自2017年8月起擔任本公司執行董事及本公司多間附屬公司之董事。趙先生於2005年畢業於西安交通大學，主修金融學，後於2006年獲授加拿大渥太華大學經濟學碩士學位。於2006年8月至2015年9月期間，趙先生曾任職羅兵咸永道會計師事務所，離職前擔任資本市場服務組高級經理。趙先生為中國註冊會計師協會會員及香港會計師公會會員。趙先生現任杭州恩牛之董事兼首席財務官，及51信用卡有限公司之董事。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Song Ke, aged 52, has been an independent non-executive Director of the Company since August 2017. Mr. Song has over 20 years' experience in entertainment and media industry. Mr. Song founded "Maitian Music" in 1996 and served as its general manager for 4 years since 1996, and then served as the executive vice-president and production director for Warner Music Group (China) from 2000 till 2004. Mr. Song founded Beijing Taihe Rye Music Co., Ltd. in 2004 and served as its chief executive officer and also the president of Taihe Media Investment Co., Ltd. for 8 years. He joined Evergrande Music as the chairman of board from 2012 to 2015 and then changed to work for Beijing Alibaba Music Technology Co., Ltd. and has been serving as the chief executive officer and the chairman of board from 2015 until now. Mr. Song was an independent non-executive director of A8 New Media Group Limited (stock code: 800), a company listed in Hong Kong from May 2013 to May 2016. Mr. Song graduated from Tsinghua University in July 1988 with a bachelor degree in environmental engineering.

Mr. Wu Bo, aged 52, has been an independent non-executive Director of the Company since August 2017. Mr. Wu is the founder and chief executive officer of Meiaoj.com, a serial entrepreneur in Internet sharing economy, artificial intelligence and deep learning. Mr. Wu obtained his bachelor degree in automation engineering from Tsinghua University and his master degree in computer science from the Western Michigan University. Mr. Wu has founded focus.cn (a leading Chinese real estate portal), lashou.com (a Chinese top group buying site) and meiaoj.com (an Internet service company which brings Chinese investments into United States real estate development markets).

Mr. Michael Yu Tat Chi, aged 53, has been an independent non-executive Director of the Company since August 2017. Mr. Yu obtained a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu is also a founding member of The Hong Kong Independent Non-Executive Director Association. Mr. Yu has many years of experience in accounting, corporate finance and asset management. He had held senior management positions in several listed companies in Hong Kong. Mr. Yu is currently an independent non-executive director of Golden Resources Development International Limited (stock code: 677), EVOC Intelligent Technology Company Limited (stock code: 2308), Applied Development Holdings Limited (stock code: 519) and Lerado Financial Group Company Limited (stock code: 1225), all of these companies are listed in Hong Kong.

獨立非執行董事

宋柯先生，52歲，自2017年8月起擔任本公司獨立非執行董事。宋先生擁有超過20年的娛樂及傳媒行業經驗。自1996年起創辦「麥田音樂」並在往後四年擔任總經理，並於2000年至2004年期間擔任華納唱片(中國)的常務副總經理兼製作總監。宋先生自2004年創辦北京太合麥田音樂文化發展有限公司，往後的八年時間內擔任首席執行官兼太合傳媒投資有限公司總裁。彼於2012年至2015年加盟恒大音樂有限公司並擔任董事長，然後於2015年至今先後擔任北京阿里巴巴音樂科技有限公司首席執行官及董事長。宋先生自2013年5月至2016年5月擔任香港上市公司A8新媒體集團有限公司(股份代號：800)獨立非執行董事。宋先生於1988年7月畢業於清華大學並取得環境工程學學士學位。

吳波先生，52歲，自2017年8月起擔任本公司獨立非執行董事。吳先生為美澳居創辦人兼首席執行官，為互聯網分享經濟、人工智慧與深度學習應用之企業家實踐者。吳先生持有清華大學自動化工學學士學位及西密西根大學(Western Michigan University)計算機科學碩士學位。吳先生先後創立領先中國房地產平台—焦點房地產網(focus.cn)、中國頂尖團購網—拉手網(lashou.com)及將中國投資帶入美國房地產開發市場之互聯網服務公司—美澳居(meiaoj.com)。

余達志先生，53歲，自2017年8月起擔任本公司獨立非執行董事。余先生取得澳洲新南威爾斯大學(University of New South Wales)商科學士學位。彼為澳洲會計師公會資深會員及香港會計師公會會員。余先生亦為香港獨立非執行董事協會創會會員。余先生具備多年會計、機構融資及資產管理經驗。彼曾於多家香港上市公司出任高級管理層職務。余先生現為香港上市公司金源米業國際有限公司(股份代號：677)、研祥智能科技股份有限公司(股份代號：2308)、實力建業集團有限公司(股份代號：519)及隆成金融集團有限公司(股份代號：1225)之獨立非執行董事。

REPORT OF THE DIRECTORS 董事會報告

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements. An analysis of the Group's performance for the year ended 31 December 2017 by business segments is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 December 2017 and the state of affairs of the Group and of the Company as at that date are set out in the consolidated financial statements on pages 65 to 179.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: Nil).

BUSINESS REVIEW

A fair review of the Group's business, a description of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2017, and an indication of likely future development in the Group's business, are set out in the "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" sections of this report. These discussion form part of the "REPORT OF THE DIRECTORS".

ENVIRONMENTAL POLICY

Our commitment to protecting the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promote awareness towards environmental protection to the employees. Our Group also implements green office practices such as promoting the use of recycled papers and reducing energy consumption by switching off idle lighting and electrical appliances.

董事謹此提呈截至2017年12月31日止年度之董事會報告及本集團經審核綜合財務報表。

主要業務

本公司主要業務為投資控股。其主要附屬公司主要業務詳情載於綜合財務報表附註36。本集團截至2017年12月31日止年度之業績按業務分類進行之分析載於綜合財務報表附註6。

業績及分配

本集團截至2017年12月31日止年度之虧損連同本集團及本公司於該日之財務狀況載於綜合財務報表第65至179頁。

董事不建議就截至2017年12月31日止年度派發任何股息(2016年：無)。

業務回顧

公平審閱本集團業務、闡述本集團面臨之主要風險及不確定性、2017年財政年度末以來發生之影響本集團之重大事件詳情及本集團業務之可能未來發展跡象，載於本報告「主席報告」及「管理層討論及分析」各節。此等討論構成「董事會報告」之一部份。

環境政策

本集團在日常業務營運中不斷推廣綠色措施和意識，以達到其保護環境的承諾。本集團鼓勵環保並推動僱員提升環保意識。本集團亦實施各項綠色辦公措施，例如提倡使用環保紙並透過關閉閒置的電燈及電器以減少能源消耗。

REPORT OF THE DIRECTORS

董事會報告

Our Group reviews its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of our Group's businesses and enhancing environmental sustainability.

本集團不時審閱其環保工作，並將考慮於本集團之業務營運中實施更多環保措施及慣例，加強環境可持續性。

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

遵守相關法律及法規

年內，就本公司所知，本集團並無重大違反或不遵守適用法律及法規而對本集團之業務及營運造成重大影響。

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

與利益相關者之關係

本公司認同，僱員乃其寶貴資產。因此，本集團提供具競爭力之薪酬待遇，以吸引並激勵僱員。本集團定期檢討僱員之薪酬待遇，並會因應市場標準而作出必要調整。

Our Group also understands that it is important to maintain good relationship with business partners to achieve its long-term goals. Accordingly, our Directors or senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year, there was no material and significant dispute between our Group and its business partners.

本集團亦明白，與商業夥伴保持良好商業關係對達成其長遠目標而言屬至關重要。因此，董事或高級管理層會在適當情況下與彼等進行良好溝通、適時交流想法及共享最新業務資料。年內，本集團與其商業夥伴並無重大而明顯之糾紛。

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of the movements in the Company's share capital, share options and convertible bonds during the year are set out in notes 25 to 26, 27 and 23 to the consolidated financial statements, respectively.

股本、購股權及可換股債券

年內，本公司股本、購股權及可換股債券之變動詳情分別載於綜合財務報表附註25至26、27及23。

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 December 2017 are set out in notes 25 to 26 to the consolidated financial statements.

本年度所發行股份

截至2017年12月31日止年度所發行股份詳情載於綜合財務報表附註25至26。

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 37 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

儲備

年內，本公司及本集團儲備變動詳情分別載於綜合財務報表附註37及綜合權益變動表。

REPORT OF THE DIRECTORS 董事會報告

DISTRIBUTABLE RESERVES

In accordance with the law of the Cayman Islands, the share premium account is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2017, the Company did not have any reserves available for distribution (2016: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

Under the Company's articles of association ("Articles"), or the laws of Cayman Islands, there is no provision for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years as extracted from the audited consolidated financial statements of the Group is set out on page 180 of the annual report of the Company for the year ended 31 December 2017, of which this report forms part.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CHARITABLE DONATIONS

During the year, the Group made charitable contributions of approximately HK\$8,000 (2016: Nil).

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

可供分派儲備

根據開曼群島法例，如緊隨派息建議當日後本公司將有能力償還其日常業務過程中之到期債務，股份溢價賬便可分派予股東。於2017年12月31日，本公司並無任何可供分派之儲備(2016年：無)。

物業、廠房及設備

年內，本集團物業、廠房及設備變動詳情載於綜合財務報表附註14。

優先認購權

根據本公司組織章程細則(「細則」)或開曼群島法律並無有關優先購股權的條款，規定本公司必須首先按比例向其現有股東發行新股份。

五年財務資料概要

本集團過往五個財政年度已公佈之業績、資產及負債概要(摘錄自本集團之經審核綜合財務報表)載於本公司截至2017年12月31日止年度之年度報告第180頁，本報告亦為年報一部份。

購買、出售或贖回上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

慈善捐款

年內，本集團作出之慈善捐款總額約為8,000港元(2016年：無)。

獲准許之彌償條文

根據細則，各董事有權就履行其職務或在履行其職務方面或在其他有關方面可能蒙受或招致之所有損失或責任從本公司之資產中獲取彌償。本集團董事及高級職員已獲妥當之董事及高級職員責任保險。

REPORT OF THE DIRECTORS

董事會報告

EQUITY-LINKED AGREEMENTS

CONVERTIBLE BOND

In August 2010, the Company issued approximately 664,580,000 (after adjusted for the share consolidation as effected on 27 February 2012) zero-coupon HK dollar denominated convertible bonds to Mr. Leung Ngai Man (“**Mr. Leung**”), a former substantial shareholder, and former chairman and executive director of the Company. The convertible bonds have a maturity period of 5 years from the issue date and can be convertible into one ordinary share of the Company at HK\$0.005 each for every HK\$1.20 convertible bonds at the holder’s option (after adjusted for the share consolidation as effected on 27 February 2012). Conversion may occur at any time between 27 August 2010 and 26 August 2015.

The Company entered into a supplemental deed (the “**Supplemental Deed**”) dated 24 August 2015 executed between the Company and Mr. Leung, pursuant to which the Company and Mr. Leung agreed to extend the maturity date of the convertible bonds for 5 years from the date falling on the fifth year to the date falling on the tenth year from the date of issue of the convertible bond (the “**Extension**”). The Supplemental Deed was approved by independent Shareholders at the extraordinary general meeting of the Company (“**EGM**”) held on 3 November 2015.

The extension allows the Company to finance the debts under the convertible bond without any interest cost and enhance the sufficiency of working capital of the Group.

During the year, no conversion of convertible bonds was exercised. As at 31 December 2017, conversion of the remaining convertible bonds with principal amount of HK\$68,016,000 had not yet been exercised.

On 24 January 2018, the Company received a conversion notice from Mr. Leung to exercise the conversion rights attached to the outstanding convertible bonds in the principal amount of HK\$50,000,000. 41,666,666 Shares were issued to Mr. Leung on 26 January 2018. Please refer to the section headed “EVENT AFTER THE REPORTING PERIOD” for further details.

股票掛鈎協議

可換股債券

於2010年8月，本公司向本公司前主要股東、前主席兼執行董事梁毅文先生（「**梁先生**」）發行約664,580,000份（於2012年2月27日生效之股份合併調整後）港元計值零息可換股債券。可換股債券自發行日期起計為期五年，可由持有人選擇就每份1.20港元可換股債券按每股0.005港元之價格兌換為本公司一股普通股（經於2012年2月27日生效之股份合併所調整）。持有人可於2010年8月27日至2015年8月26日期間之任何時間進行兌換。

本公司訂立補充契據（「**補充契據**」，本公司與梁先生於2015年8月24日簽署），據此，本公司及梁先生同意將可換股債券之到期日由自可換股債券發行日期計滿五年當日延長五年至滿十年當日（「**該延長**」）。補充契據獲獨立股東於2015年11月3日舉行之本公司股東特別大會（「**股東特別大會**」）上批准。

該延長可讓本公司為可換股債券項下之債務融資而毋須產生任何利息成本並可令本集團的營運資金更充沛。

年內，概無可換股債券獲兌換。於2017年12月31日，餘下本金額為68,016,000港元之可換股債券尚未獲兌換。

於2018年1月24日，本公司接獲梁先生之轉股通知書，其將行使尚未行使本金為50,000,000港元的可轉換債券所附之轉換權，悉數轉換為股份。41,666,666 股股份已於2018年1月26日發行予梁先生。進一步詳情敬請參閱「報告期後之事項」。

REPORT OF THE DIRECTORS 董事會報告

CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

The Board was informed that on 11 April 2017, Mr. Leung (as seller) and 51RENPIN.COM INC. (the “Offeror”) (as purchaser) had entered into a convertible preferred share purchase agreement (the “Convertible Preferred Share Purchase Agreement”) pursuant to which Mr. Leung agreed to sell, and the Offeror agreed to acquire, 1,003,333,333 convertible preferred shares at the consideration of HK\$82,273,333.31, being HK\$0.082 per convertible preferred share. It was further stated in the Convertible Preferred Share Purchase Agreement that the Offeror shall, immediately upon completion of the sale and purchase of the convertible preferred shares, exercise its conversion rights attaching to the convertible preferred shares to convert all the convertible preferred shares into ordinary shares. Completion of the Convertible Preferred Share Purchase Agreement took place on the same day.

Immediately after the completion of the sale and purchase of the convertible preferred shares and pursuant to the terms of the Convertible Preferred Share Purchase Agreement, the Company received a notice of conversion from the Offeror in respect of the exercise of conversion rights attaching to all the convertible preferred shares. As a result of the exercise of the conversion rights attaching to the 1,003,333,333 convertible preferred shares, 1,003,333,333 ordinary shares were allotted and issued to the Offeror on 12 April 2017 (the “Converted Shares”). Please refer to the Company’s announcement dated 24 April 2017 for further details.

SHARE PURCHASE AGREEMENT

The Board was further informed by Mr. Leung that, immediately after allotment and issue of the 1,003,333,333 Converted Shares, on the same date, Mr. Leung, the Offeror and Tiantu Investments International Limited (“Tiantu International”) had entered into a share purchase agreement (the “Share Purchase Agreement”) pursuant to which (i) the Offeror and Tiantu International had conditionally agreed to acquire 441,629,880 shares and 365,000,000 shares; and (ii) Mr. Leung had conditionally agreed to sell an aggregate of 806,629,880 shares at an aggregate consideration of HK\$66,143,650.16, being HK\$0.082 per share. Completion of the sale and purchase of shares pursuant to the Share Purchase Agreement took place on 18 April 2017. Please refer to the Company’s announcement dated 24 April 2017 for further details.

可換股優先股收購協議

董事會獲悉，於2017年4月11日，梁先生（作為賣方）及51RENPIN.COM INC.（「要約方」）（作為買方）訂立可換股優先股收購協議（「可換股優先股收購協議」），據此，梁先生同意出售而要約方同意收購1,003,333,333股可換股優先股，代價為82,273,333.31港元，即每股可換股優先股0.082港元。可換股優先股收購協議進一步載述，於緊隨買賣可換股優先股完成後，要約方將行使可換股優先股附帶之兌換權，將全部可換股優先股兌換為普通股。可換股優先股收購協議已於同日完成。

於緊隨買賣可換股優先股完成後並根據可換股優先股收購協議之條款，本公司接獲要約方之兌換通知，指其行使全部可換股優先股附帶之兌換權。由於行使1,003,333,333股可換股優先股附帶之兌換權，1,003,333,333普通股股份（「兌換股份」）已於2017年4月12日配發及發行予要約方。進一步詳情敬請參閱本公司日期為2017年4月24日之公告。

購股協議

董事會獲梁先生進一步知會，於緊隨配發及發行1,003,333,333股兌換股份後，於同日，梁先生、要約方及天圖投資國際有限公司（「天圖國際」）訂立購股協議（「購股協議」），據此，(i)要約方及天圖國際有條件同意分別收購441,629,880股股份及365,000,000股股份；及(ii)梁先生有條件同意出售合共806,629,880股股份，總代價為66,143,650.16港元，即每股股份0.082港元。根據購股協議的股票買賣已於2017年4月18日完成。進一步詳情敬請參閱本公司日期為2017年4月24日之公告。

REPORT OF THE DIRECTORS

董事會報告

MANDATORY CONDITIONAL CASH OFFERS

Immediately after the allotment and issue of the Converted Shares to the Offeror and the completion of the sale and purchase of shares pursuant to the Share Purchase Agreement, the Offeror and parties acting in concert with it became interested in an aggregate of 1,809,963,213 shares representing approximately 43.89% of the total number of issued shares as at 24 April 2017. Accordingly, the Offeror and parties acting in concert with it were required to make a conditional mandatory cash offer to acquire all the issued shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) at HK\$0.082 per share (the “**Share Offer**”). Pursuant to Rule 13.5 of the Takeovers Code, the mandatory conditional cash offer had also been made to cancel all the outstanding share options (the “**Option Offer**”, together with the Share Offer, the “**Offers**”). As the condition was not fulfilled, the Offers failed to become unconditional in all respects and lapsed on 20 July 2017. Please refer to the Company’s announcements dated 24 April 2017, 15 May 2017, 29 May 2017, 9 June 2017, 16 June 2017, 30 June 2017 and 20 July 2017 and the composite document jointly issued by the Company and the Offeror dated 9 June 2017 for further details.

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

Simultaneously with the entering into of the Share Purchase Agreement, the Company and the Offeror entered into a subscription agreement (as amended by a side letter dated 23 April 2017 and a second side letter dated 16 June 2017) (the “**Subscription Agreement**”) pursuant to which the Company had conditionally agreed to allot and issue, and the Offeror had conditionally agreed to subscribe for, 390,000,000 shares at the consideration of HK\$31,980,000, being HK\$0.082 per share (the “**Subscription**”).

The resolution proposed at the EGM held on 14 July 2017 regarding the Subscription and the granting of the specific mandate was duly passed by the independent Shareholders by way of poll at the EGM held on 14 July 2017. On 19 July 2017, 390,000,000 subscription shares were allotted and issued to the Offeror at the subscription price of HK\$0.082 per subscription share, pursuant to the completion of the Subscription Agreement upon the fulfilment of all terms and conditions thereto. Please refer to the Company’s announcements dated 24 April 2017, 15 May 2017, 29 May 2017, 9 June 2017, 16 June 2017, 14 July 2017 and 19 July 2017 and the Company’s circular dated 23 June 2017 for further details.

強制性有條件現金要約

緊隨向要約方配發及發行兌換股份及根據購股協議完成買賣股份後，要約方及其一致行動人士於合共1,809,963,213股股份中擁有權益，相當於2017年4月24日已發行股份總數約43.89%。因此，要約方及其一致行動人士將須根據香港公司收購及合併守則（「**收購守則**」）規則26.1作出有條件強制性現金要約以每股0.082港元收購全部已發行股份（要約方及其一致行動人士已擁有或同意將予收購之股份除外）（「**股份要約**」）。根據收購守則規則13.5，要約方亦已作出強制性有條件現金要約以註銷所有未行使購股權（「**購股權要約**」，連同股份要約統稱「**要約**」）。由於條件未獲達成，要約未能於所有方面成為無條件，並於2017年7月20日失效。進一步詳情敬請參閱本公司日期為2017年4月24日、2017年5月15日、2017年5月29日、2017年6月9日、2017年6月16日、2017年6月30日及2017年7月20日之公告以及本公司及要約方聯合刊發之日期為2017年6月9日之綜合文件。

有關根據特別授權認購新股份之關連交易

訂立購股協議之同時，本公司與要約方訂立認購協議（經日期為2017年4月23日之附函及日期為2017年6月16日之第二份附函修訂）（「**認購協議**」），據此，本公司有條件同意配發及發行而要約方有條件同意認購390,000,000股股份，代價為31,980,000港元，即每股股份0.082港元（「**認購事項**」）。

本公司於2017年7月14日舉行之股東特別大會上提呈之有關認購事項及授出特別授權之決議案已於2017年7月14日舉行之股東特別大會上獲獨立股東以投票表決方式正式通過。於2017年7月19日，於達成認購協議之所有條款及條件後，要約方根據完成認購協議獲配發及發行合共390,000,000股認購股份，認購價為每股認購股份0.082港元。進一步詳情敬請參閱本公司日期為2017年4月24日、2017年5月15日、2017年5月29日、2017年6月9日、2017年6月16日、2017年7月14日及2017年7月19日之公告以及本公司日期為2017年6月23日之通函。

REPORT OF THE DIRECTORS 董事會報告

The Directors consider that the Group will be benefited from the Subscription in the following manner:

- (i) strengthening of business synergy between the subscriber and the Group; and
- (ii) enlarging the capital base and enhancing the working capital position of the Group.

A description of the connected relationship between the parties to the transaction is disclosed in the section headed "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" and "INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY".

The total net proceeds of the Subscription were approximately HK\$32 million. The net proceeds for general working capital were intended mainly as to (i) approximately HK\$14.0 million for staff costs including salaries and other benefits of staff and Directors; (ii) approximately HK\$2.5 million for rental expenses for office premises; (iii) approximately HK\$4.5 million for legal and professional fees including fees to auditors and consultants; (iv) approximately HK\$8.0 million for the business development of the Group's lottery business in the PRC; and (v) approximately HK\$2.5 million for other administrative and operating expenses which include overseas travelling expenses, printing and other office expenses.

As at 31 December 2017, regarding the total net proceeds of the Subscription; (i) approximately HK\$4.2 million was utilized for staff costs including salaries and other benefits of staff and Directors; (ii) approximately HK\$1.3 million was utilized for rental expenses for office premises; (iii) approximately HK\$3.5 million was utilized for legal and professional fees including fees to auditors and consultants; (iv) approximately HK\$2.5 million was utilized for other administrative and operating expenses which include overseas travelling expenses, printing and other office expenses; and (v) save for the HK\$8.0 million originally intended for the development of the PRC lottery business, the remaining balance of net proceeds of the Subscription will be used as intended. After re-reviewing the performance of the Group's overall lottery business, the Directors believe that the other main businesses

董事認為，本集團將透過以下方式從認購事項獲益：

- (i) 加強認購方與本集團之業務協同效應；及
- (ii) 擴大本集團資本基礎及改善營運資金狀況。

交易訂約方間之關連關係披露於「董事及本公司最高行政人員於本公司或任何相聯法團的股份、相關股份及債券中擁有的權益及淡倉」及「主要股東於本公司的股份、相關股份及債券中擁有的權益及淡倉」各節。

認購事項所得款項淨額約為32,000,000港元。用作一般營運資金之所得款項淨額擬主要按以下方式應用：(i)約14,000,000港元用於員工成本，包括員工及董事之薪金及其他福利；(ii)約2,500,000港元用於辦公室物業之租金開支；(iii)約4,500,000港元用於法律及專業開支，包括核數師及顧問費用；(iv)約8,000,000港元用於本集團中國彩票業務之業務發展；及(v)約2,500,000港元用於其他行政及營運開支，包括海外差旅開支、印刷及其他辦公室開支。

於2017年12月31日，就認購事項所得之款項淨額中：(i)約4,200,000港元用於員工成本，包括員工及董事之薪金及其他福利；(ii)約1,300,000港元用於辦公室物業之租金開支；(iii)約3,500,000港元用於法律及專業開支，包括核數師及顧問費用；(iv)約2,500,000港元用於其他行政及營運開支，包括海外差旅開支、印刷及其他辦公室開支；及(v)除原本擬用於發展中國彩票業務的8,000,000港元外，認購事項所得款項淨額之餘額將用作擬定用途。經重新審視本集團整體彩票業務的表現後，董事認為本集

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of the Group would generate a greater revenue than lottery business. Therefore, the amount of approximately HK\$8.0 million from the Subscription that was originally intended to be used for the development of the Group's China Lottery business will be preferentially utilized in other businesses of the Group, with a view to improve the financial position of the Group.

Save for disclosed above and the Share Option Scheme (as defined below) as disclosed in the below section headed "SHARE OPTION SCHEME", no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the purchases and sales percentage from the major customers and suppliers of the Group is set out below:

	Percentage of total sales 佔銷售總額百分比
(1) Sales 銷售	
– the largest customer – 最大客戶	8%
– the five largest customers combined – 最大客戶(合併)	29%
	Percentage of total purchases 佔採購總額百分比
(2) Purchases 採購	
– the largest supplier – 最大供應商	33%
– the five largest supplier combined – 五大供應商(合併)	62%

As far as the Directors are aware, none of the Directors or any of their close associates, or any Shareholders (which, to the knowledge of the Directors, owns more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers and suppliers for the year.

團其他主要業務將比彩票業務為本集團帶來更大收益。所以，就認購事項所得約8,000,000港元原擬用於本集團中國彩票業務發展之款項將優先用於本集團其他業務，以期改善本集團財務狀況。

除上文所披露者及下文「購股權計劃」一節所披露之購股權計劃(定義見下文)外，本集團於年內概無訂立或存在股票掛鈎協議。

管理合約

年內，並無訂立或存在與本集團整體或任何重要部分業務有關之管理及行政合約。

主要客戶及供應商

年內，本集團主要客戶及供應商佔採購額及銷售額之百分比如下：

據董事所知，董事或彼等之任何緊密聯繫人士或就董事所知擁有本公司已發行股份5%以上權益之任何股東，本年度概無於本集團五大客戶及供應商擁有任何實益權益。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS

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

EXECUTIVE DIRECTORS:

Mr. Sun Haitao (*Chairman*) (appointed on 17 August 2017)
Mr. Zhao Ke (appointed on 17 August 2017)
Mr. Leung Ngai Man (resigned on 17 August 2017)
Ms. Wu Wei Hua (resigned on 17 August 2017)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Song Ke (appointed on 31 August 2017)
Mr. Wu Bo (appointed on 31 August 2017)
Mr. Michael Yu Tat Chi (appointed on 31 August 2017)
Mr. Cai Wei Lun (resigned on 31 August 2017)
Mr. Qi Ji (resigned on 31 August 2017)
Ms. Xuan Hong (resigned on 31 August 2017)

Mr. Leung Ngai Man, Ms. Wu Wei Wa, Mr. Cai Wei Lun, Mr. Qi Ji and Ms. Xuan Hong resigned on 17 and 31 August 2017, respectively. They have confirmed that they had no disagreement with the Board and that there were no matters in relation to their resignation that needed to be brought to the attention of the Shareholders.

In accordance with article 86(3) of the Articles, all of the Directors will retire and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company (the "AGM").

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on page 11 to 12 of this report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事

年內及直至本報告日期在任之董事如下：

執行董事：

孫海濤先生(主席)(於2017年8月17日獲委任)
趙軻先生(於2017年8月17日獲委任)
梁毅文先生(於2017年8月17日辭任)
武衛華女士(於2017年8月17日辭任)

獨立非執行董事：

宋柯先生(於2017年8月31日獲委任)
吳波先生(於2017年8月31日獲委任)
余達志先生(於2017年8月31日獲委任)
蔡偉倫先生(於2017年8月31日辭任)
齊紀先生(於2017年8月31日辭任)
鉉紅女士(於2017年8月31日辭任)

梁毅文先生、武衛華女士、蔡偉倫先生、齊紀先生及鉉紅女士已分別於2017年8月17日及31日辭任。彼等已確認，彼等與董事會並無意見分歧，亦無有關彼等辭任之事宜須促請股東垂注。

根據細則第86(3)條，全體董事將於本公司應屆股東週年大會(「股東週年大會」)上退任，惟合資格並願意膺選連任董事職務。

董事履歷

董事履歷詳情載於本報告第11至12頁。

董事之服務合約

擬於股東週年大會上重選連任之董事概無與本公司訂立本公司不可於一年內免付賠償(法定賠償除外)而予以終止之服務合約。

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which any of the Company's subsidiaries and fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the year.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2017, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings in securities by directors of listed issuer as referred to in rule 5.46 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"), were as follows:

董事於交易、安排或合約之權益

除本報告所披露者外，年內任何時間不存在本公司任何附屬公司及同系附屬公司為訂約一方及董事或董事之關聯實體直接或間接於其中擁有重大權益並對本集團業務而言屬重要之交易、安排或合約。

董事及本公司最高行政人員於本公司 或任何相聯法團的股份、相關股份及 債券中擁有的權益及淡倉

於2017年12月31日，董事及本公司最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（香港法例第571章）（「證券及期貨條例」）第XV部份）之股份、相關股份及債券中，擁有根據證券及期貨條例第352條須登記入所存置之登記冊之權益及淡倉，或根據GEM上市規則第5.46條至5.67條所述上市發行人董事進行證券交易之必守標準（「交易必守標準」）須以其他方式知會本公司及聯交所之權益及淡倉如下：

REPORT OF THE DIRECTORS

董事會報告

LONG POSITION IN THE SHARES

於股份之好倉

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital
董事姓名	股份數目	身份及權益性質類別	佔已發行股份之概約百分比

Mr. Sun Haitao (“ Mr. Sun ”)	1,834,963,213 ⁽¹⁾	Interest in controlled corporation	39.64%
孫海濤 (「孫先生」)		於受控制法團之權益	

Note:

附註：

(1) 51RENPIN.COM INC. is wholly-owned by 上海悟牛網絡科技有限公司 (transliterated as Shanghai Wuniu Network Technology Company Limited) (“**Shanghai Wuniu**”), which is in turn wholly-owned by 杭州恩牛網絡技術有限公司 (transliterated as Hangzhou Enniu Network Technology Co., Ltd.) (“**Hangzhou Enniu**”). Mr. Sun is indirectly interested in approximately 26.55% of the equity interest in Hangzhou Enniu. Further, contractual arrangements are entered into between 杭州振牛信息科技有限公司 (transliterated Hangzhou Zhenniu Information Technology Co., Ltd.) (a company wholly-owned by 51 Credit Card (China) Limited, which is in turn wholly-owned by 51 Credit Card Inc., and ultimately controlled by Mr. Sun) (“**Hangzhou Zhenniu**”) and Hangzhou Enniu so that Hangzhou Zhenniu can control Hangzhou Enniu. By virtue of the SFO, Mr. Sun is deemed to be interested in those shares held by 51RENPIN.COM INC.

(1) 51RENPIN.COM INC.由上海悟牛網絡科技有限公司(「上海悟牛」)全資擁有，上海悟牛則由杭州恩牛網絡技術有限公司(「杭州恩牛」)全資擁有。孫先生於杭州恩牛約26.55%股權中擁有間接權益。此外，杭州振牛信息科技有限公司(「杭州振牛」)(由51信用卡(中國)有限公司全資擁有，而該公司由51信用卡有限公司全資擁有及由孫先生最終控制)與杭州恩牛已訂立合約安排，故杭州振牛能控制杭州恩牛。根據證券及期貨條例，孫先生被視為擁有51RENPIN.COM INC.所持有該等股份權益。

* (The English names have been transliterated from their respective Chinese names and are for identification only)

Save as disclosed above, as at 31 December 2017, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

除上文所披露者外，於2017年12月31日，概無董事及本公司最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部份)之任何股份、相關股份及債券中，擁有根據證券及期貨條例第352條須登記入所存置之登記冊之任何權益或淡倉，或根據交易必守標準須以其他方式知會本公司及聯交所之任何權益或淡倉。

REPORT OF THE DIRECTORS 董事會報告

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2017, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had or deemed to have an interest or a short position in the Shares, underlying shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

主要股東於本公司的股份、相關股份及債券中擁有的權益及淡倉

於2017年12月31日，就董事所知，以下人士或實體（本公司董事或最高行政人員除外）於股份、相關股份及債券中擁有或被視為擁有根據證券及期貨條例第336條規定記入本公司須存置之登記冊之權益或淡倉，或根據證券及期貨條例第XV部第2及第3分部之規定須向本公司披露之權益或淡倉：

Name 名稱	Capacity and Nature of interest 身份及權益性質	Number of Shares directly or indirectly held and category ⁽³⁾ 直接或間接持有的 股份數目及類別 ⁽³⁾	Approximate percentage of issued share capital 佔已發行股份 之概約百分比
51 Credit Card Inc. ⁽¹⁾ 51信用卡有限公司 ⁽¹⁾	Interest in controlled corporation 於受控制法團之權益	1,834,963,213 (L)	39.64%
51 Credit Card (China) Limited ⁽¹⁾ 51信用卡(中國)有限公司 ⁽¹⁾	Interest in controlled corporation 於受控制法團之權益	1,834,963,213 (L)	39.64%
Hangzhou Zhenniu ⁽¹⁾ 杭州振牛 ⁽¹⁾	Interest in controlled corporation 於受控制法團之權益	1,834,963,213 (L)	39.64%
Hangzhou Enniu ⁽¹⁾ 杭州恩牛 ⁽¹⁾	Interest in controlled corporation 於受控制法團之權益	1,834,963,213 (L)	39.64%
Shanghai Wuniu ⁽¹⁾ 上海悟牛 ⁽¹⁾	Interest in controlled corporation 於受控制法團之權益	1,834,963,213 (L)	39.64%
51RENPIN.COM INC. ⁽¹⁾	Beneficial owner 實益擁有人	1,834,963,213 (L)	39.64%
Tiantu International ⁽²⁾ 天圖國際 ⁽²⁾	Beneficial owner 實益擁有人	365,000,000 (L)	7.88%
Mr. Wang Yonghua ⁽²⁾ ("Mr. Wang") 王永華先生(「王先生」) ⁽²⁾	Person having a security interest in shares 對股份持有保證權益的人	1,834,963,213 (L)	39.64%
	Interest in controlled corporation 於受控制法團之權益	365,000,000 (L)	7.88%
		2,199,963,213 (L)	47.52%

REPORT OF THE DIRECTORS

董事會報告

Notes:

- (1) Duplicate with those disclosed in the section "Interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation" above.
 - (2) Mr. Wang is deemed to be interested in an aggregate of 2,199,963,213 Shares, of which 1,834,963,213 Shares are held by 51RENPIN.COM INC. and charged in favour of Mr. Wang, and 365,000,000 Shares are held by Tiantu International, a company wholly-owned by 深圳市天圖投資管理股份有限公司 (Tian Tu Capital Co., Ltd)*, which is owned as to approximately 59.80% by Mr. Wang.
 - (3) (L) – Long Position, (S) – Short Position.
- * (The English names have been transliterated from their respective Chinese names and are for identification only)

Save as disclosed above, so far as was known to the Directors, as at 31 December 2017, there was no person (not being a Director or a chief executive of the Company) who had or deemed to have an interest or a short position in the shares which were recorded in the register required to be kept by the Company under section 336 of the SFO, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the sections "CONNECTED AND RELATED PARTY TRANSACTIONS" and "SHARE OPTION SCHEME" in this report, at no time during the year and at the end of the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 29 June 2007 to replace its previous share option scheme adopted on 19 February 2001 ("**Share Option Scheme**") and refreshed its 10% general limit on the grant of share options on 9 April 2009, 20 April 2010 and 5 May 2014, respectively. The exercise price shall be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant share options; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the relevant share options; and (iii) the nominal value of the Company's shares. The principal purpose of the Share Option Scheme is to motivate and give incentive to the eligible participants as defined in the Share Option Scheme for their contributions to the Group. The Share Option Scheme had a term of 10 years and expired in June 2017.

附註：

- (1) 與上文「董事及本公司最高行政人員於本公司或任何相聯法團的股份、相關股份及債券中擁有的權益及淡倉」一節內所披露之權益相同。
- (2) 王先生被視為於合共2,199,963,213股股份中擁有權益，其中1,834,963,213股股份由51RENPIN.COM INC.持有並抵押予王先生，365,000,000股股份則由深圳市天圖投資管理股份有限公司(由王先生擁有約59.80%權益)全資擁有之公司天圖國際持有。
- (3) (L)–好倉，(S)–淡倉。

於上文所披露者外，就董事所知，於2017年12月31日，概無人士(本公司董事或最高行政人員除外)於股份中擁有或被視為擁有根據證券及期貨條例第336條規定記入本公司須存置之登記冊之權益或淡倉，或根據證券及期貨條例第XV部第2及第3分部之規定須向本公司披露之權益或淡倉。

購買股份或債券的安排

除本報告「關連及有關連人士交易」及「購股權計劃」一節所披露者外，於本年度任何時間內及年底，本公司或其任何控股公司、附屬公司或同系附屬公司概無參與訂立任何安排，以使本公司董事可藉購入本公司或任何其他法人團體的股份或債權證而取得利益。

購股權計劃

本公司於2007年6月29日採納購股權計劃以取代於2001年2月19日採納之原有購股權計劃(「**購股權計劃**」)，並分別於2009年4月9日、2010年4月20日及2014年5月5日更新其授出購股權之10%一般限額。行使價以下列較高者為準：(i)授出有關購股權當日本公司股份在聯交所日報表所載的收市價；(ii)緊接授出有關購股權日期前五個交易日本公司股份在聯交所日報表所載的平均收市價；及(iii)本公司股份面值。購股權計劃之主要目的為激勵購股權計劃所界定之合資格參與者並就彼等對本集團作出之貢獻給予獎勵。購股權計劃年期為十年，已於2017年6月屆滿。

REPORT OF THE DIRECTORS

董事會報告

For the year ended 31 December 2017, detailed movements relating to options granted under the Share Option Scheme were as follows:

截至2017年12月31日止年度，有關根據購股權計劃授出購股權之變動詳情如下：

Movements of share options (adjusted) during the year 年內購股權(經調整)變動										
Name or category of participant	Share Option type	As at 1 January 2017	Granted	Exercised	Lapsed/Cancelled/Forfeited	As at 31 December 2017	Date of grant	Exercise price	Exercise period	Closing price of Shares immediately before the date of grant of options
參與者姓名或類別	購股權類別	於2017年1月1日	已授出	已行使	已註銷/已沒收	於2017年12月31日	授出日期	行使價 HK\$ 港元	行使期	緊接授出購股權日期前股份之收市價 HK\$ 港元
Director										
董事										
Ms. Wu Wai Hua*	2008	2,000,000*	-	-	2,000,000*	-	10 July 2008	1.328*	10 July 2008-29 June 2017	0.258
武衛華女士#	2008年 2014(c) 2014年(c)	20,000,000	-	-	20,000,000	-	2008年7月10日 10 July 2014 2014年7月10日	0.280	2008年7月10日至2017年6月29日 10 July 2014-29 June 2017 2014年7月10日至2017年6月29日	0.270
Sub-total		22,000,000*	-	-	22,000,000*	-				
Other Participants										
其他參與者										
	2007(a)	9,600,000*	-	-	9,600,000*	-	9 July 2007	1.425*	9 July 2007-29 June 2017	0.248
	2007年(a)						2007年7月9日		2007年7月9日至2017年6月29日	
	2007(b)	8,200,000*	-	-	8,200,000*	-	22 August 2007	2.030*	22 August 2007-29 June 2017	0.364
	2007年(b)						2007年8月22日		2007年8月22日至2017年6月29日	
	2008	7,200,000*	-	-	7,200,000*	-	10 July 2008	1.328*	10 July 2008-29 June 2017	0.258
	2008年						2008年7月10日		2008年7月10日至2017年6月29日	
	2013	16,000,000	-	16,000,000	-	-	10 October 2013	0.087	10 October 2013-29 June 2017	0.086
	2013年						2013年10月10日		2013年10月10日至2017年6月29日	
	2014(a)	32,000,000	-	-	32,000,000	-	25 March 2014	0.364	25 March 2014-29 June 2017	0.360
	2014年(a)						2014年3月25日		2014年3月25日至2017年6月29日	
	2014(b)	2,700,000	-	-	2,700,000	-	26 March 2014	0.365	26 March 2014-29 June 2017	0.345
	2014年(b)						2014年3月26日		2014年3月26日至2017年6月29日	
	2015(a)	66,000,000	-	-	66,000,000	-	27 May 2015	0.290	27 May 2015-29 June 2017	0.220
	2015年(a)						2015年5月27日		2015年5月27日至2017年6月29日	
	2015(b)	10,000,000	-	-	10,000,000	-	4 June 2015	0.270	4 June 2015-29 June 2017	0.236
	2015年(b)						2015年6月4日		2015年6月4日至2017年6月29日	
	2016	100,000,000	-	100,000,000	-	-	6 May 2016	0.105	6 May 2016-29 June 2017	0.107
	2016年						2016年5月6日		2016年5月6日至2017年6月29日	
Sub-total		251,700,000*	-	116,000,000	135,700,000*	-				
Total		273,700,000*	-	116,000,000	157,700,000*	-				
Weighted average exercise price		HK\$0.3453港元*	-	HK\$0.1025港元	HK\$0.5239港元	-				
加權平均行使價										

Notes:

* The number of share options granted and the exercise price of the share options was adjusted as a result of the 2012 Share Consolidation.

Resigned on 17 August 2017.

附註：

* 授出購股權數目及購股權行使價因2012年股份合併而作出調整。

於2017年8月17日辭任。

During the year ended 31 December 2017, no share options were granted by the Company. A total of 16,000,000 and 100,000,000 share options granted under the Share Option Scheme were exercised at HK\$0.087 and HK\$0.105 per Share, respectively. All of the remaining share options lapsed in June 2017.

截至2017年12月31日止年度，本公司概無授出任何購股權。根據購股權計劃授出之合共16,000,000份及100,000,000份購股權已分別按每股股份0.087港元及0.105港元獲行使，所有餘下購股權則已於2017年6月失效。

REPORT OF THE DIRECTORS 董事會報告

CONTRACT OF SIGNIFICANCE

During the year, the Group did not enter into any contract of significance with its controlling Shareholders or any of its subsidiaries.

During the year, no contract of significance for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries was made.

CONNECTED AND RELATED PARTY TRANSACTIONS

The connected transaction as disclosed in the section headed "EQUITY-LINKED AGREEMENTS" constituted connected transaction and relevant disclosures had been made by the Company in accordance with chapter 20 of the GEM Listing Rules.

A description of the connected relationship between the parties to the transaction is disclosed in the section headed "INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" and "INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY".

COMPETITION AND CONFLICT OF INTERESTS

During the year under review, none of the Directors or controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) has any interest in a business which causes or may cause any significant competition with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares was at all times held by the public during the year and up to the date of this report. The Company has maintained a sufficient public float in compliance with Rule 11.23(7) of the GEM Listing Rules.

重大合約

於年內，本集團並無與其控股股東或其任何附屬公司訂立任何重大合約。

於年內，控股股東或其任何附屬公司概無就向本集團提供服務訂立任何重大合約。

關連及有關連人士交易

「股票掛鈎協議」一節所披露之關連交易構成關連交易及本公司已根據GEM上市規則第20章作出相關披露。

交易訂約方間之關連關係詳情披露於「董事及本公司最高行政人員於本公司或任何相聯法團的股份、相關股份及債券中擁有的權益及淡倉」及「主要股東於本公司的股份、相關股份及債券中擁有的權益及淡倉」各節。

競爭及利益衝突

於回顧年度，概無董事或控股股東或彼等各自的任何緊密聯繫人士（定義見GEM上市規則）在與本集團業務導致或可能導致競爭之業務中擁有任何權益。

充足公眾持股量

根據本公司從公開途徑所得之資料及就董事所知，公眾人士於本年度及直至本報告刊發日期一直持有本公司已發行股份總額不少於25%。本公司一直維持充足公眾持股量以符合GEM上市規則第11.23(7)條之規定。

REPORT OF THE DIRECTORS

董事會報告

STRUCTURED CONTRACTS

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2017 revision), value-added telecommunications services are subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider (excluding e-commerce) in the PRC.

The Internet Content Provider (“**ICP**”) services belong to a sub-category of value-added telecommunications services. According to the Provisions on the Administration of Foreign-funded Telecommunications Enterprises, foreign investors shall contribute to no more than 50% of the registered capital of a value-added telecommunications services provider (excluding e-commerce) and any such foreign investor shall maintain a good track record and possess relevant operational experience in the value-added telecommunications services industry (the “**Foreign Shareholding Restrictions**”).

Hangzhou Hongmai Information Technology Limited (杭州泓脈信息科技有限公司) (formerly known as Shenzhen Hongmai Information Limited (深圳宏脈信息科技有限公司)) (“**Hangzhou Hongmai**”) is an indirect wholly-owned PRC subsidiary of the Company.

Hangzhou Weizi Assets Management Limited (杭州微資資產管理有限公司) (“**Hangzhou Weizi**”) was incorporated in September 2017. It is currently wholly-owned by Mr. Wang Yongjun. Hangzhou Weizi obtained the ICP license in late 2017.

As company directly held by foreign shareholders is not allowed to engage in the Internet business which Hangzhou Weizi engages in, the Contractual Arrangements (as defined below) are adopted by the Group (as discussed below). The mobile application “Xiaowu Purse” developed and owned by Hangzhou Weizi (“**Xiaowu Purse App**”) acts as the major channel through which Hangzhou Hongmai approaches users and conducts business. Hangzhou Weizi presents information to specific users by connecting Xiaowu Purse App to its cooperating Internet platforms, thereby providing the potential users with financing intentions to Hangzhou Hongmai. At the same time, Hangzhou Hongmai gets access to users application information through Xiaowu Purse App. Therefore, the Contractual Arrangements (as defined below) are crucial to the Group.

結構性合約

根據《外商投資產業指導目錄》(2017年修訂)，增值電信服務受到外商投資限制，外國投資者不得持有中國增值電信服務提供商(不包括電子商務)超過50%股權。

互聯網信息服務提供商(「**ICP**」)服務屬於增值電信服務的子類別。根據《外商投資電信企業管理規定》，外國投資者佔增值電信服務提供商(不包括電子商務)的註冊資本不得超過50%，且任何相關外國投資者須維持良好的往績記錄，並具備增值電信服務業的相關營運經驗(「**外資持股限制**」)。

杭州泓脈信息科技有限公司(前稱「深圳宏脈信息科技有限公司」)(「**杭州泓脈**」)為本公司的間接全資中國附屬公司。

杭州微資資產管理有限公司(「**杭州微資**」)當時於2017年9月註冊成立。現由汪擁軍先生全資擁有。杭州微資於2017年後期取得ICP牌照。

由於外資股東直接持股的公司未獲准從事杭州微資所從事的互聯網業務，所以本集團採用合約安排(定義見下文)，詳情載於下文。杭州微資開發並擁有的「小伍錢包」手機應用程式(「**小伍錢包APP**」)是杭州泓脈獲取用戶並開展業務的主要途徑。杭州微資通過將小伍錢包APP接入合作的互聯網平台向特定互聯網用戶展示信息，為杭州泓脈提供有融資需求的意向用戶；同時杭州泓脈通過小伍錢包APP獲取用戶的申請資料。因此，合約安排(定義見下文)對本集團尤其重要。

REPORT OF THE DIRECTORS 董事會報告

Hangzhou Hongmai entered into: (1) the Exclusive Business Cooperation Agreement with Hangzhou Weizi in late 2017; and further entered into: (2) the Exclusive Option Agreement; (3) the Equity Pledge Agreement; and (4) the Shareholder Voting Rights Entrustment Agreement and supporting documents (collectively referred to as “**Structured Contracts**”) with Hangzhou Weizi and Mr. Wang Yongjun (the “**Nominee Shareholder**”) to enable the Group to obtain the power and ability to control the business of Hangzhou Weizi and acquire economic benefits (“**Contractual Arrangements**”).

The Structured Contracts have an initial term of 10 years commencing from the date of the relevant agreements which is renewable by prior written notice of Hangzhou Hongmai. As security for the payment of service fees under the Exclusive Business Cooperation Agreement and the performance of the Exclusive Option Agreement, the Equity Pledge Agreement executed in favour of Hangzhou Hongmai as pledgee will only be terminated when all the said obligations of the Nominee Shareholder contemplated under the Contractual Arrangements are fulfilled. Similarly, for protection of the Group, the power of attorney executed in favour of Hangzhou Hongmai as pledgee will be valid so long as the Contractual Arrangements are in place. The Company will keep exploring various opportunities in building up its ICP services operations for the purposes of being qualified as early as possible, to acquire the entire equity interest of Hangzhou Weizi if and when the Foreign Shareholding Restrictions are lifted.

Save for the Exclusive Business Cooperation Agreement which involves the payment of a service fee by Hangzhou Weizi to Hangzhou Hongmai, and the nominal purchase consideration to be paid by Hangzhou Hongmai to the Nominee Shareholder under the Exclusive Option Agreement, each of the Contractual Arrangements does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Hangzhou Weizi to be consolidated into the Group, as if it was the Company’s subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment of senior management of Hangzhou Weizi, the Directors believe that Hangzhou Hongmai is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Hangzhou Weizi, and at the same time, ensure due implementation of the Structured Contracts.

杭州泓脈於2017年後期與杭州微資訂立：(1)獨家業務合作協議；及與杭州微資及汪擁軍先生（「**代理人股東**」）進一步訂立：(2)獨家購買權協議；(3)股權質押協議；及(4)股東表決權委託協議及配套文件（統稱「**結構性合約**」）以讓本集團獲得控制杭州微資業務的權力及能力及取得經濟利益（「**合約安排**」）。

結構性合約之初始年期自相關合約日期起計為期十年，可由杭州泓脈發出事先書面通知予以續期。作為根據獨家業務合作協議支付服務費及履行獨家購買權協議的擔保，以杭州泓脈為質權人簽立的股權質押協議將僅會於前述合約安排項下代理人股東所有責任達成後終止。同樣地，為保障本集團，以杭州泓脈為質權人簽立之授權書僅會於合約安排實行期間有效。本公司將繼續探索不同機會拓展ICP服務營運，力求盡快取得資格，於外資持股限制解除後收購杭州微資全部股權。

除獨家業務合作協議涉及杭州微資向杭州泓脈支付服務費，以及杭州泓脈根據獨家購買權協議需支付予代理人股東的名義購買價外，各合約安排不涉及支付任何代價。

整體而言，結構性合約讓杭州微資之業績及財務營運綜合計入本集團，猶如其為本公司之附屬公司，以致其業務所得所有經濟利益流入本公司。董事認為，透過指派杭州微資之高級管理層，杭州泓脈有能力有效監控、管理及經營杭州微資之業務營運、擴充計劃、財務政策及資產，此舉同時亦確保結構性合約獲得妥善落實。

REPORT OF THE DIRECTORS 董事會報告

The Structured Contracts enable the Company to exercise control over and receive economic benefits generated from the business operation of Hangzhou Weizi. The Directors confirm that the Structured Contracts are legal and valid. The validity and legality of the Structured Contracts have also been confirmed by the PRC legal advisor. The Directors are of the view that it is fair and reasonable for Hangzhou Hongmai to be entitled to all the economic benefits generated from Hangzhou Weizi. The Structured Contracts also permit Hangzhou Hongmai to exclusively acquire all or part of the equity interest in Hangzhou Weizi, if and when permitted by the PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Hangzhou Weizi, the Group is able to control the business and financial position of Hangzhou Weizi in substance through the Structured Contracts. As a result of the Contractual Arrangements, Hangzhou Weizi is accounted for as the Company's subsidiary, and its financial position and operating results being consolidated into the Company's consolidated financial statements.

The net loss for the year ended 31 December 2017 and net assets of Hangzhou Weizi as at 31 December 2017, subject to the Contractual Arrangements, amounted to approximately HK\$4.8 million and approximately HK\$13.6 million, respectively. No revenue was generated for the year ended 31 December 2017 from Hangzhou Weizi.

MANNER OF SETTLEMENT OF DISPUTES WHICH MAY ARISE FROM THE CONTRACTUAL ARRANGEMENTS

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the China International Economic and Trade Arbitration Commission with a view to resolving the dispute in accordance with the then prevailing arbitration rules.

ARRANGEMENTS IN THE EVENT OF DEATH, DISABILITY, BANKRUPTCY OR DIVORCE OF THE NOMINEE SHAREHOLDER

The Nominee Shareholder has undertaken in the Exclusive Option Agreement and the Equity Pledge Agreement that, in the event of death, disability, bankruptcy, divorce (or other circumstances affecting his equity interests in Hangzhou Weizi) of himself, there would be no adverse effect or obstacle in enforcing the Exclusive Option Agreement and the Equity Pledge Agreement by his successors.

結構性合約讓本公司可對杭州微資行使控制權並收取其業務營運所得經濟利益。董事確認結構性合約為合法及有效。結構性合約亦已經中國法律顧問確認為有效及合法。董事認為，讓杭州泓脈享有杭州微資產生的所有經濟利益實屬公平合理。在中國法律及法規允許的情況下，結構性合約亦讓杭州泓脈可獨家收購杭州微資全部或部分股權。雖然本集團未持有杭州微資之股本權益，惟本集團可透過結構性合約享有對杭州微資業務及財務狀況的實際控制權。由於合約安排，杭州微資作為本公司附屬公司列賬，其財務狀況及經營業績綜合計入本公司綜合財務報表。

根據合約安排，杭州微資截至2017年12月31日止年度的虧損淨額及於2017年12月31日的資產淨值分別為約4.8百萬港元及約13.6百萬港元。於截至2017年12月31日止年度，杭州微資並沒有任何收益。

解決由合約安排可能產生爭議的方法

根據結構性合約，相關各方之間因結構性合約的解釋及實施而產生的任何爭議，應首先協商解決，倘未能協商解決，則任何一方可將有關爭議提交予中國國際經濟貿易仲裁委員會，以按照屆時有效的仲裁規則解決爭議。

代理人股東身亡、失去行為能力、破產或離婚的安排

代理人股東已於獨家購買權協議及股權質押協議承諾，倘其發生身亡、失去行為能力、破產、離婚（或遇到其他影響其持有杭州微資股權之情況）時，對於由其繼承人執行獨家購買權協議及股權質押協議而言概無不利影響或阻礙。

REPORT OF THE DIRECTORS 董事會報告

UNDERTAKING TO MITIGATE ANY POTENTIAL CONFLICT OF INTERESTS WITH THE NOMINEE SHAREHOLDER

The Nominee Shareholder may have potential conflicts with Hangzhou Hongmai and the Company. To mitigate any potential conflict of interests, the Nominee Shareholder and Hangzhou Weizi have undertaken in the Exclusive Option Agreement that, during the period the Exclusive Option Agreement remains effective, unless otherwise agreed by Hangzhou Hongmai, the Nominee Shareholder: (1) would not sign any document which may have conflict of interests with the legal documents, including the agreements that are entered into and performing by Hangzhou Weizi, Hangzhou Hongmai and their designated persons, or make relevant undertakings, and (2) would not cause any conflict of interests between Nominee Shareholder and Hangzhou Hongmai and its shareholders.

RISK FACTORS

The following are the major risks relating to the Contractual Arrangements: (1) the PRC Government may determine that the documents for the Contractual Arrangements do not comply with applicable regulations; (2) the Contractual Arrangements may not provide control as effective as direct ownership; and (3) the Contractual Arrangements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed.

The Group has consulted the PRC legal advisor specified in this area for provision of professional legal opinion. As advised by the PRC legal advisor, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

INTERNAL CONTROL MEASURES

In order to effectively control and safeguard the assets of Hangzhou Weizi, the Contractual Arrangements have provided, without having obtained the written consent of Hangzhou Hongmai, the Nominee Shareholder and Hangzhou Weizi: (1) shall not sell, transfer, mortgage or otherwise dispose of in any manner any legal assets, legitimate interest or revenue interests of the equity interests in Hangzhou Weizi, or allow any encumbrance thereon of any guarantee interest; and (2) shall not enter into any merger, partnership, joint venture agreement or be in association with any person, or acquire or invest in any person, or separate Hangzhou Weizi, amend the articles of association of Hangzhou Weizi and change registered capital or legal form of the company.

減輕與代理人股東之間任何潛在利益衝突的承諾

代理人股東可能與杭州泓脈及本公司發生潛在衝突。為減輕任何潛在利益衝突，代理人股東及杭州微資在獨家購買權協議中承諾，於獨家購買權協議仍然有效期間，除經杭州泓脈另行同意者外，代理人股東：(1)不會簽署與杭州微資、杭州泓脈及其被指定人簽署之正在履行中之協議等法律文件存在利益衝突中之文件或作出相關承諾，及(2)不得導致代理人股東與杭州泓脈及其股東之間的利益衝突。

風險因素

以下為有關合約安排之主要風險：(1)中國政府可決定合約安排下的文件未能遵守適用法規；(2)合約安排或未能給予直接擁有權股有效之控制權；及(3)合約安排或會受到中國稅務機關的審查並可能被徵收額外稅項。

本集團諮詢專業於該領域的中國法律顧問為合約安排提供專業法律意見。據中國法律顧問告知，合約安排的制訂較為嚴密，藉此降低與相關中國法律及法規出現潛在衝突的風險。

內部監控措施

為有效監控及保障杭州微資的資產，合約安排規定，代理人股東及杭州微資未獲杭州泓脈的書面同意：(1)不得以任何方式出售，轉讓，抵押或以其他方式處置杭州微資的股權的任何合法資產，合法權益或收益權益，或准許在其上設立任何擔保權益之產權負擔；及(2)不得與任何人合併，合夥，合資或聯合，或對任何人進行收購或投資，或分離杭州微資，修改杭州微資章程及變更註冊資本或公司形式。

REPORT OF THE DIRECTORS

董事會報告

NO MATERIAL CHANGE IN THE CONTRACTUAL ARRANGEMENTS

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and their impact on the Group, and the terms of the Contractual Arrangements are on normal commercial terms.

NO UNWINDING OF THE CONTRACTUAL ARRANGEMENTS

The Board also confirmed that there is no unwinding of the Structured Contracts or failure to unwind when the restrictions that led to the adopted Structured Contracts are removed.

EVENT AFTER THE REPORTING PERIOD

On 24 January 2018, the Company received a conversion notice from Mr. Leung to exercise the conversion rights attached to the outstanding convertible bond in the principal amount of HK\$50,000,000. 41,666,666 shares of the Company, representing approximately 0.9% of the issued shares of the Company as at 24 January 2018 and approximately 0.89% of the enlarged issued shares of the Company immediately after the conversion, were allotted and issued to Mr. Leung on 26 January 2018 at the conversion price of HK\$1.2 per share.

CORPORATE GOVERNANCE

A report detailed corporate governance is set out on pages 33 to 46 in this report.

AUDITORS

A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the AGM.

By order of the Board

China Netcom Technology Holdings Limited

Sun Haitao

Chairman and Executive Director

20 March 2018

合約安排概無重大變動

董事會確認，合約安排及／或採納合約安排的情況及其對本集團之影響並無重大變動，且合約安排符合一般商業條款。

合約安排並無解除

董事會亦確認，結構性合約並無解除，亦無出現導致採納結構性合約的限制獲移除後卻無法解除結構性合約的情況。

報告期後之事項

於2018年1月24日，本公司接獲梁先生之轉股通知書，其將行使尚未行使本金為50,000,000港元的可轉換債券所附之轉換權。41,666,666股本公司之股份(相當於本公司於2018年1月24日之已發行股份約0.9%及緊接經轉換後擴大之本公司已發行股份約0.89%)已於2018年1月26日以換股價每股股份1.2港元配發及發行予梁先生。

企業管治

詳述企業管治之報告載於本報告第33至46頁。

核數師

一項續聘國衛會計師事務所有限公司為本公司下屆核數師之決議案將於股東週年大會上提呈。

承董事會命

中彩網通控股有限公司

主席兼執行董事

孫海濤

2018年3月20日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the Shareholders.

During the financial year under review, the Company complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules except for the following:

CODE PROVISION A.2.1

Code provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, the role of the chairman of the Board is performed by Mr. Sun. Mr. Sun has been engaging in Internet business development and financial technology for years. The Board believes that by virtue of the practical experience of Mr. Sun in mobile Internet and financial technology, Mr. Sun is able to provide the Company with strong and consistent leadership, facilitates effective and efficient planning, implementation of business decisions and strategies, and ensures the generation of benefits to the Shareholders.

Although the appointment of the chief executive officer of the Company remains outstanding, the overall management of the Company was performed by Mr. Sun and Mr. Zhao Ke, their respective areas of profession spearheaded the Group’s overall development and business strategies.

The Company is still looking for a suitable candidate to fill the vacancy of the chief executive officer in order to comply with the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors (the “Code”) which is on terms no less exacting than the required standard against which issuers and their directors must measure their conduit regarding transactions in securities of their issuers (the “Required Standard of Dealings”) under GEM Listing Rules 5.48 to 5.67. The Company made specific enquiry with all Directors and has not been notified of any non-compliance with the Required Standard of Dealings and the Code by the Directors during the year.

企業管治常規

董事會致力於維持高標準的企業管治，以提高本集團的透明度及保障股東權益。

於回顧財政年度，本公司已遵守GEM上市規則附錄十五所載之企業管治守則及企業管治報告（「企業管治守則」）之所有守則條文，惟下列情況除外：

守則條文第A.2.1條

企業管治守則之守則條文第A.2.1條規定主席與行政總裁之角色應加以區分，不能由同一人兼任。

目前，董事會主席一職由孫先生擔任。孫先生於互聯網業務發展及金融科技方面創業多年。董事會相信，憑藉孫先生於移動互聯網及金融科技的豐富實踐經驗，孫先生出任主席可為本公司帶來強而貫徹之領導，以及實際高效地策劃及執行商業決定及策略，並確保為股東帶來利益。

儘管本公司行政總裁一職尚未獲委任，本公司之整體管理工作由孫先生及趙軻先生負責，彼等各自之專業領域有助提升本集團之整體發展及業務策略。

本公司仍在物色合適人選以填補行政總裁之空缺，使公司符合企業管治守則之規定。

董事之證券交易

本公司已採納其條款不比GEM上市規則第5.48條至5.67條列載董事於買賣其所屬發行人的證券時用以衡量其本身操守的所需標準（「交易必守標準」）寬鬆之董事進行證券交易之必守標準（「守則」）。本公司已向全體董事作出具體查詢，並不知悉年內任何董事有違反交易必守標準之規定及守則。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD OF DIRECTORS AND MEETINGS

The Board comprises the following Directors during the year and up to the date of this report:

EXECUTIVE DIRECTORS:

Mr. Sun Haitao (*Chairman*) (appointed on 17 August 2017)
Mr. Zhao Ke (appointed on 17 August 2017)
Mr. Leung Ngai Man (resigned on 17 August 2017)
Ms. Wu Wei Hua (resigned on 17 August 2017)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Song Ke (appointed on 31 August 2017)
Mr. Wu Bo (appointed on 31 August 2017)
Mr. Michael Yu Tat Chi (appointed on 31 August 2017)
Mr. Cai Wei Lun (resigned on 31 August 2017)
Mr. Qi Ji (resigned on 31 August 2017)
Ms. Xuan Hong (resigned on 31 August 2017)

The biographical details of the Directors are set out under the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" of this report.

The Board meets regularly (at least four times a year at quarterly intervals) for reviewing and approving the financial and operating performance, considering and approving the overall strategies and policies of the Company. Additional meetings are convened as and when the Board considers necessary. The Directors attended those meetings in person, by phone or through other electronic means of communication. The attendance record of the Directors in 2017 is set out below:

董事會及會議

於年內及截至本報告日期，董事會包括下列董事：

執行董事：

孫海濤先生(主席)(於2017年8月17日獲委任)
趙軻先生(於2017年8月17日獲委任)
梁毅文先生(於2017年8月17日辭任)
武衛華女士(於2017年8月17日辭任)

獨立非執行董事：

宋柯先生(於2017年8月31日獲委任)
吳波先生(於2017年8月31日獲委任)
余達志先生(於2017年8月31日獲委任)
蔡偉倫先生(於2017年8月31日辭任)
齊紀先生(於2017年8月31日辭任)
鉉紅女士(於2017年8月31日辭任)

董事履歷詳情載於本報告「董事及高級管理層履歷詳情」一節。

董事會定期會晤(至少每年按季度會晤四次)，以審閱及批准本公司之財務及營運表現，考慮及批准本公司整體策略及政策。在董事會認為必要時會召開額外會議。董事親身、透過電話或其他電子通訊方式出席該等會議。每位董事於2017年之出席記錄載列如下：

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Attendance/Number of meetings entitled to attend 出席次數/有權出席會議數目

Name of Directors 董事名稱	Board Meeting 董事會會議	Audit Committee Meeting 審核委員會會議	Remuneration Committee Meeting 薪酬委員會會議	Nomination Committee Meeting 提名委員會會議	General Meeting 股東大會
<i>Executive Directors:</i>					
<i>執行董事</i>					
Mr. Sun Haitao 孫海濤先生	1/2	-	0/1	-	-
Mr. Zhao Ke 趙軻先生	2/2	-	-	-	-
Mr. Leung Ngai Man* 梁毅文先生*	12/12	-	2/2	2/2	2/2
Ms. Wu Wei Hua* 武衛華女士*	12/12	-	-	-	2/2
<i>Independent Non-executive Directors:</i>					
<i>獨立非執行董事</i>					
Mr. Song Ke 宋柯先生	1/1	1/1	2/2	-	-
Mr. Wu Bo 吳波先生	1/1	1/1	2/2	-	-
Mr. Michael Yu Tat Chi 余達志先生	1/1	1/1	2/2	-	-
Mr. Cai Wei Lun^ 蔡偉倫先生^	12/12	3/3	2/2	2/2	2/2
Mr. Qi Ji^ 齊紀先生^	12/12	3/3	2/2	2/2	2/2
Ms. Xuan Hong^ 鉉紅女士^	12/12	3/3	2/2	2/2	2/2
* resigned on 17 August 2017				* 於2017年8月17日辭任	
^ resigned on 31 August 2017				^ 於2017年8月31日辭任	

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RESPONSIBILITY OF BOARD AND DELEGATION OF MANAGEMENT FUNCTION

The Board has overall responsibility for the stewardship of the Group, including the responsibilities for the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objective of the Group. Execution of daily operational matters is delegated to the management.

Currently, Mr. Song Ke, Mr. Wu Bo and Mr. Michael Yu Tat Chi are the independent non-executive Directors (“INED”). All of them are under a term of service of three years commencing from the date of their respective appointment or the date of entering into their respective service contract. All Directors, including the INEDs, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles, provided that the appointment may be terminated by the Company or the Director concerned with a written notice pursuant to their service contract.

Save as otherwise disclosed under the section headed “BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT” of this report, there is no other relationship (including financial, business, family or other material/relevant relationships) among members of the Board. All of them are free to exercise their independent judgement during the year. The Company has received annual written confirmations from the INEDs in respect of their independence pursuant to the GEM Listing Rules. The Company considers the INEDs to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In order to comply with the code provision A.6.5 of the CG Code, the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Each member of the Board received training on corporate governance, regulatory developments or other relevant topics during the year ended 31 December 2017, and the Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities.

董事會的責任及管理職能的授權

董事會負有管理本集團之整體責任，包括負責採納長期策略以及委任及監督高級管理層，以確保本集團之運作按本集團之目標而進行。日常營運事項之執行授權予管理層處理。

目前，獨立非執行董事（「獨立非執行董事」）為宋柯先生、吳波先生及余達志先生。全部均有由其各自獲委任日期起或訂立其各自服務合約日起生效，為期三年之服務合約，所有董事包括獨立非執行董事均須根據細則於股東週年大會上輪值告退及膺選連任。惟本公司或有關董事根據其服務合約發出書面通知而終止任命除外。

除本報告「董事及高級管理層履歷詳情」一節之披露外，董事會成員之間並無任何其他關係（包括財務、業務、家庭或其他重大／相關關係）。年內彼等全部均可自由行使其獨立判斷權。本公司已接獲獨立非執行董事根據GEM上市規則規定就彼等獨立性發出之書面年度確認書。本公司認為，根據GEM上市規則所載之獨立性指引，獨立非執行董事均屬獨立人士。

董事持續專業發展

為遵守企業管治守則之守則條文第A.6.5條，本公司鼓勵董事參與持續專業發展，以發展及更新其知識及技能。截至2017年12月31日止年度，各董事會成員均曾接受企業管治、監管發展或其他相關事項的培訓，而董事亦將持續獲得有關法定和監管制度以及業務環境的最新消息，以協助履行彼等的職責。

CORPORATE GOVERNANCE REPORT

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CHAIRMAN AND CHIEF EXECUTIVE

The role of the chief executive is currently taken up by Mr. Sun and the executive Director. The roles of the chairman of the Board and the chief executive are not separate and exercised by Mr. Sun and the executive Director. For further details, please refer to the section headed "Code Provision A.2.1" of this report.

BOARD COMMITTEES

The Board has established the Nomination Committee, the Remuneration Committee and the Audit Committee (collectively, the "Board Committees") in order to maintain high level of corporate governance standard of the Company.

NOMINATION COMMITTEE

The Nomination Committee comprised four members and a majority of the members are INEDs. The committee is chaired by Mr. Sun, the chairman of the Board and executive Director, with Mr. Song Ke, Mr. Wu Bo and Mr. Michael Yu Tat Chi as members.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board at least annually; identify individuals suitably qualified to become members of the Board, to assess the independence of the INEDs and make recommendation to the Board on relevant matters relating to the appointment or reappointment of Directors.

Summary of the work performed by the Nomination Committee during the year:

- reviewed the structure, size and composition and diversity of the Board, and the board diversity policy;
- reviewed the nomination procedures for directorship during the year;
- assessed the independence of the INEDs.

The Nomination Committee held two meetings during the year ended 31 December 2017. Individual attendance records of each member of the Nomination Committee were set out in the table on page 35 of this report.

主席及行政總裁

行政總裁之職責目前由孫先生及執行董事承擔。董事會主席及行政總裁之職責並無區分且由孫先生及執行董事履行。更多詳情請見本報告「守則條文第A.2.1條」一節。

董事委員會

董事會已成立提名委員會、薪酬委員會及審核委員會（統稱「董事委員會」），以保持本公司高水平之企業管治準則。

提名委員會

提名委員會由四名委員組成，大部分委員均為獨立非執行董事。委員會主席為執行董事及董事會主席孫先生，委員包括宋柯先生、吳波先生及余達志先生。

提名委員會之主要職責為每年至少檢討董事會之架構、人數及組成一次；物色具備合適資格可擔任董事會成員的人選，評核獨立非執行董事的獨立性，以及就董事委任或重新委任之有關事宜向董事會提出建議。

於本年度提名委員會的工作概要：

- 檢討董事會之架構、人數及組成及董事會成員多元化，及董事會成員多元化政策；
- 檢討年內董事提名程序；
- 評核獨立非執行董事之獨立性。

於截至2017年12月31日止年度，提名委員會舉行兩次會議。提名委員會各成員之個人出席記錄載列於本報告第35頁之表格內。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Diversity Policy

The Board has adopted a board diversity policy (the “Policy”) and measurable objectives which are set for the purpose of implementing the Policy.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse Board to the quality of its performance. The Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board’s composition, board diversity has been considered from a number of measurable aspects including skills, experience, knowledge, expertise, culture, independence, age and gender. All Board appointments will be based on merit while taking into account diversity (including gender diversity).

Measurable Objectives

The measurable objectives for the purpose of implementation of the Policy including the independence, educational background, professional qualifications and years of experience in the industry he/she is specialised in.

The Nomination Committee has reviewed the Policy to ensure its effectiveness and resolved that the diversity in the Board composition was in the interest of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee comprised four members and a majority of the members are INEDs. The committee is chaired by Mr. Song Ke, with Mr. Sun, executive Director and the chairman of the Board, Mr. Wu Bo and Mr. Michael Yu Tat Chi as members.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for all Directors and senior management remuneration; make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

董事會成員多元化政策

本集團採納董事會成員多元化政策（「政策」）連同為執行政策而制定之可計量目標。

董事會成員多元化政策概要

本公司承認並深信董事會成員多元化對提升公司之表現質素裨益良多。政策旨在列載為達致董事會成員多元化而採取之方針。本公司在設定董事會成員組合時，會從多個可計量方面考慮董事會成員多元化，包括技能、經驗、知識、專長、文化、獨立性、年齡及性別。董事會所有委任均以用人唯才為原則，同時考慮多元化（包括性別多元化）。

可計量目標

為執行政策之可計量目標包括獨立性、教育背景、專業資格及其從業年資。

提名委員已檢討政策以確保其功效及認為董事會成員組合多元化是以本公司利益作為前提。

薪酬委員會

薪酬委員會由四名委員組成，大部分委員均為獨立非執行董事。委員會主席為宋柯先生，委員包括執行董事及董事會主席孫先生、吳波先生及余達志先生。

薪酬委員會之主要職責為就本公司董事及高級管理人員的全體薪酬政策及架構向董事會提出建議；向董事會建議個別執行董事及高級管理人員的薪酬待遇。此應包括非金錢利益、退休金權利及賠償金額（包括喪失或終止職務或委任的賠償）；考慮同類公司支付的薪酬、須付出的時間及職責、以及本集團內其他職位的僱用條件。

CORPORATE GOVERNANCE REPORT 企業管治報告

Summary of the work performed by the Remuneration Committee during the year:

- discussed the remuneration of the Directors;
- approved the terms of executive Directors' services contracts;
- approved the terms of INEDs' letters of appointment;
- made recommendations to the Board on the remuneration packages of individual executive Directors and INEDs.

The Remuneration Committee held four meetings during the year ended 31 December 2017. Individual attendance records of each member of the Remuneration Committee are set out in the table on page 35 of this report.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Audit Committee comprised three members and all members are INEDs. The committee is chaired by Mr. Michael Yu Tat Chi, with Mr. Song Ke and Mr. Wu Bo as members.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors and assessing their independence and performance; review the Group's financial information and compliance; and review the Group's financial reporting system, risk management and internal control systems and their effectiveness.

Summary of the work performed by the Audit Committee during the year:

- reviewed the audited financial statement for the year ended 31 December 2016;
- reviewed the financial statements for the three months, six months and nine months ended 31 March, 30 June and 30 September 2017, respectively;
- reviewed the risk management and internal control system.

於本年度薪酬委員會的工作概要：

- 討論董事之薪酬；
- 批准執行董事之委任合同條款；
- 批准獨立非執行董事之委任函條款；
- 就個別執行董事及獨立非執行董事的薪酬待遇向董事會提出建議。

於截至2017年12月31日止年度，薪酬委員會舉行四次會議。薪酬委員會各成員之個人出席記錄載列於本報告第35頁之表格內。

審核委員會及問責性

審核委員會由三名委員組成，所有委員均為獨立非執行董事。委員會主席為余達志先生，委員包括宋柯先生及吳波先生。

審核委員會之主要職責為負責就外聘核數師的委任、重新委任及罷免向董事會提供建議、批准外聘核數師的薪酬及聘用條款，評估其獨立性及表現；審閱本集團的財務資料及其合規情況；及檢討本集團財務匯報系統，風險管理及內部監控系統及其成效。

於本年度審核委員會的工作概要：

- 審閱截至2016年12月31日止年度之經審核財務報表；
- 審閱分別截至2017年3月31日、6月30日及9月30日止三個月、六個月及九個月之財務報表；
- 審閱風險管理及內部監控系統。

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The Audit Committee held a total of four meetings during the year ended 31 December 2017. Individual attendance records of each member of the Audit Committee are set out in the table on page 35 of this report.

The Board Committees have adopted specific terms of reference clearly defining their respective powers and responsibilities. These committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions. The Board reviews, on a yearly basis, all delegations by the Board to each of the Board Committees to ensure that such delegations are appropriate and continue to be beneficial to the Group as a whole.

AUDITORS' REMUNERATION

During the year ended 31 December 2017, the remuneration payable to the external auditors in respect of the audit and non-audit services are as follows:

Type of services 服務類型

Amount
金額
(HK\$'000)
(千港元)

Audit services	審計服務	1,500
Non-audit services	非審計服務	900

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All Directors acknowledged their responsibility for preparing the accounts for the year ended 31 December 2017 which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the auditors of the Company about their reporting responsibilities on the consolidated financial statements for the year ended 31 December 2017 are set out in the section "INDEPENDENT AUDITORS' REPORT" of this report.

於截至2017年12月31日止年度，審核委員會共舉行四次會議。審核委員會各成員之個人出席記錄載列於本報告第35頁之表格內。

董事委員會已採納清楚區分其權力及職責之指定職權範圍。職權範圍規定該等委員會就其決定、結論或推薦意見向董事會報告，並在若干特定情況下，在採取任何行動前尋求董事會之批准。董事會每年檢討董事會向各委員會之所有授權，以確保該等授權為合適並繼續對本集團整體有所裨益。

核數師酬金

截至2017年12月31日止年度，就本集團外聘核數師提供之核數及非核數服務應付核數師之酬金如下：

董事及核數師之認可

所有董事均確認彼等編製截至2017年12月31日止年度之賬目之責任，而該賬目真實及公平地反映本集團之財務狀況。董事並無察覺到有任何重大不明朗之事件或狀況，而可能引起對本公司是否有能力作為持續經營實體的重大疑問。本公司核數師有關截至2017年12月31日止年度之綜合財務報表之申報責任報告載於本報告「獨立核數師報告」一節。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

Risks arise during the Group's pursuance of its long-term strategy and it is the Board's responsibility to evaluate and determine the nature and extent of risks that it is willing to take. The Board is also responsible for the risk management and internal control systems of the Group including the task of reviewing such systems and ensuring their effectiveness. The Audit Committee assists the Board in carrying out its responsibilities and is also responsible for reviewing and monitoring the effectiveness of the Group's internal audit function.

The Group adopts the "three lines of defence" framework for effective risk management and follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework for the design, implementation and review of internal controls.

The First Line of Defence – Daily Operation

The first line of defence is represented by all functional departments responsible for the day-to-day operation and management of the Group. They are the risk owners that constantly encounter risks during their operation and mitigate them by following the Group's policies and procedures. Risk owners are also responsible for designing and implementing internal controls related to their risks.

The Second Line of Defence – Risk Monitoring

The second line of defence is mainly represented by the internal control team of the Group which takes up the role of risk management and monitoring. They holistically assess and identify the risks of the Group and evaluate the impact, formulate policies and procedures to mitigate those risks, and are also responsible for supervising the first line of defence in the improvement of internal controls.

風險管理及內部監控

本集團於實現其長期策略時面臨不同風險，董事會有責任評估及釐定其願意承擔之風險性質及程度。董事會對本集團之風險管理及內部監控制度負上責任，包括檢討有關制度及確保其成效。審核委員會負責協助董事會履行其職責，並負責檢討及監察本集團內部審核職能之成效。

本集團實行「三道防線」框架以作有效風險管理，並遵守COSO內部監控 – 綜合框架以制定、實行及檢討內部監控。

第一道防線 – 日常運作

第一道防線指負責本集團日常運作及管理之所有職能部門。彼等乃於營運中經常面臨風險及透過遵守本集團政策及程序減輕風險之風險持有者。風險持有者亦負責制定及執行其有關風險之內部監控。

第二道防線 – 風險監察

第二道防線主要指負責風險管理及監察之本集團內部監控團隊。彼等全面評審及識別本集團之風險及評估其影響、制定政策及程序以減輕該等風險，亦負責監督第一道防線如何改善內部監控。

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The Third Line of Defence – Independent Assurance

The third line of defence is represented by the Group's internal audit team which performs regular internal audit. The internal audit team is highly independent and reports to both the Board and the Audit Committee directly. The primary task is to perform independent evaluation on the effectiveness of the Group's risk management and internal control systems.

Outside the organization's structure, the external auditors and other regulatory bodies supplement the three lines of defence to further strengthen the Group's governance and controls.

During the year, the Group had carried out a preliminary risk assessment to identify the risks of the Group for which the Board considers to be significant. Below is a summary of the key risks of the Group to date along with the applicable risk mitigation responses.

1. Market Competition Risk

The Group's businesses face fierce market competition, especially for its financial technology services business segment. China's financial technology services market is a dynamically growing market that is highly competitive. A relatively low barrier of entry allows many large and small players to enter this market to compete. To ensure continual growth, the Group must constantly remain innovative, assess changing consumers' needs and provide in-demand services over its competitors. There is the risk that the Group is unable to maintain its edge and lose market share. The Group has mitigated this risk by carrying out competitor analysis and benchmarking, and also by monitoring the market behavior constantly to timely react to market changes and disruption. Continuous devotion to product innovation and marketing enables the Group to expand its influence and suit the customers' needs.

第三道防線 – 獨立保證

第三道防線指進行定期內部審核之本集團內部審核團隊。內部審核團隊持有高度的獨立性，並直接匯報給董事會及審核委員會。其主要職責為對本集團風險管理及內部監控制度之成效進行獨立的評估。

於組織架構外，外部核數師及其他監管機構為三道防線起補充作用，以進一步加強本集團之管治及監控。

於本年度，本集團進行了初步的風險評估以識別董事會認為對本集團屬於重大之風險。下文概述本集團迄今之主要風險及相關減輕風險對策。

1. 市場競爭風險

本集團業務面對激烈市場競爭，特別是其金融科技服務業務分部。中國之金融科技服務市場為發展蓬勃及競爭激烈之市場。因入行門檻相對較低，可讓一眾大小型公司進入此市場競爭。為確保持續增長，本集團須持續保持創新、評估不斷改變之客戶需求及比其他競爭者更能提供符合需求之服務。因此本集團面對着未能維持其優勢而失去市場份額之風險。為減輕此風險，本集團進行競爭者分析及基準分析、透過實時監察市場行為並及時回應任何市場變化或干擾。並且持續投入產品創新及市場推廣以擴大影響力及迎合客戶需求。

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2. **Government Policies and Regulations Risk**

The Group's financial technology services and lottery businesses belong to industries that are highly regulated by the government of the Peoples Republic of China (the "PRC"). Players in these industries have to adhere to strict regulations. As these industries grow and the regulatory landscape keeps on evolving, the PRC government often promulgates new measures and restrictions which all participants have to cope with. Unable to comply with these rules and regulations will lead to serious consequences including possibly the discontinuation of the businesses. To mitigate this risk, the Group has maintained a strong team of lawyers and compliance advisors to ensure full compliance are in place. The Group also fosters close ties with the PRC government and be vigilant to latest regulatory updates.

3. **Information Security Risk**

The Group's financial technology services and lottery businesses serve the mass consumers and hence collects a lot of customers' confidential information and sensitive data. These data and information must be well secured and protected from theft, leakage and damage. Failure to do so will cause the Group to impair its reputation, lose businesses and even be prosecuted. The Group places a strong emphasis on information security and has a team of information security experts. A series of measures are implemented to ensure customers' data is secured, including regular testing of the Group's data system to eliminate any breaching loopholes, content segregation for sensitive data and access authorization controls.

The Group's system of internal control includes a defined management structure with limits of authority, and standardized workflow procedures designed to help the Group achieve its business objectives, protect its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations.

2. **政府政策及法規風險**

本集團之金融科技服務及彩票業務屬於受中華人民共和國（「中國」）政府嚴格監管之行業。該等行業之參與者須遵守嚴格法規。隨着該等行業持續增長及監管環境不斷演變，中國政府會不時頒佈新措施及限制讓所有參與者去遵從。未能遵守該等法例及法規將導致嚴重後果，包括業務終止的可能。為減輕此風險，本集團已維繫了一強大的律師及合規顧問團隊，以確保全面遵守法例及法規。本集團亦與中國政府維持緊密聯繫及對最新監管發展保持警惕。

3. **資訊安全風險**

本集團之金融科技服務及彩票業務皆為大眾消費者提供服務，因此收集大量客戶機密資料及敏感數據。該等數據及資料須受到妥善保存，以免遭受盜竊、洩漏及損害。未能妥善保護數據資料將導致本集團聲譽的受損、業務的損失甚至受到檢控。本集團強調資訊安全並有信息安全團隊實行一系列措施以確保客戶數據受到保障，包括定期測試本集團之數據系統以消除任何漏洞，並就敏感數據實施內容分隔及存取授權監控。

本集團之內部監控系統包括清晰界定管理架構並嚴格限制職權，且有標準化之工作流程程序，以助本集團實踐業務目標；保障資產不會於未經授權情況下被使用或出售；維持妥善會計記錄，以提供可靠財務資料作內部或公開用途；以及確保符合有關法例及規例。

CORPORATE GOVERNANCE REPORT 企業管治報告

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

With respect to the handling and dissemination of inside information, the Company has formulated its guidelines, with an aim to ensure that the insiders abide by the confidentiality requirement and fulfill the disclosure obligation of the inside information.

The Board performs an annual review to assess the adequacy and effectiveness of its risk management and internal control systems. During the year ended 31 December 2017, there was a change in Board members and controlling shareholder of the Company. A new risk management and internal control systems as described above have been set up by the Board to align with the Group's new businesses and future development. The Board considers such new systems to be adequate but its effectiveness can only be assessed upon further review in 2018.

The Board's annual review for the year ended 31 December 2017 also assessed the adequacy of the Group's resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions. For this aspect, the Board is satisfactory. The Board is also not aware of any material internal control failings or weaknesses.

COMPANY SECRETARY

Ms. Li Hiu Ling is the Company Secretary of the Company. She is a full-time employee of the Group, has day-to-day knowledge of the Company's affairs and has complied with the relevant professional training requirements under Rule 5.15 of the GEM Listing Rules.

然而，本集團之風險管理及內部監控系統旨在管理而非消除不能達成業務目標的風險，並僅可對重大錯誤陳述或損失提供合理但並非絕對之保證。

關於內幕消息之處理及發放，本公司已制定相關指引，以確保內幕人士遵循保密要求及履行內幕消息之披露義務。

董事會每年檢討風險管理及內部監控制度之足夠性及有效性。截至2017年12月31日止年度，董事會成員及本公司控股股東曾出現變動。董事會已設立上文所述之新風險管理及內部監控系統，以符合本集團之新業務及未來發展。董事會認為有關新制度屬充足，惟僅於2018年進一步檢討時方會評估其成效。

董事會於截至2017年12月31日止年度之年度檢討亦評估了本集團資源、員工資格及經驗、培訓計劃及會計預算、內部審核及財務報告職能之充足性。就此方面，董事會對結果滿意。董事會並不知悉內部監控存有任何重大失效或弱點。

公司秘書

李曉玲小姐是本公司之公司秘書。彼為本集團全職僱員，熟知本公司的日常事務，並已遵守GEM上市規則第5.15條有關專業培訓的規定。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHTS

PROCEDURES FOR THE SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to the article 58 of the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR THE SHAREHOLDERS TO PUT THEIR ENQUIRIES TO THE BOARD

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its Shareholders. The Company delivers quarterly, interim and annual reports and publication of the quarterly, interim and annual results announcements and other required disclosure of information on the websites of the Stock Exchange and the Company to all the Shareholders.

股東權利

股東召開股東特別大會之程序

根據細則第58條，任何一位或以上於遞呈要求當日持有不少於有權於本公司股東大會上投票之本公司繳足股本十分之一之股東，均有權隨時透過向董事會或公司秘書發出書面要求，要求董事會召開股東特別大會以處理上述要求中列明之任何事宜。

有關大會須於遞呈要求後兩個月內舉行。倘遞呈後21日內董事會未有召開大會，則遞呈要求之人士可自行以相同方式召開大會，而本公司須向提請要求之人士補償因董事會未有召開大會而產生之所有合理開支。

股東向董事會提出查詢之程序

本公司致力實施與其股東公開及定期交流，並向彼等合理披露資料之政策。本公司向全體股東寄發季度、中期及年度報告，並於聯交所及本公司網站刊登季度、中期及年度業績公告及其他須予披露資料。

CORPORATE GOVERNANCE REPORT 企業管治報告

The Company endeavours to maintain two way communications with the Shareholders through various channels. The Shareholders are encouraged to put their enquiries about the Group through the Company's email at investorrelations@chinanetcomtech.com or by mail to the address of the Company's principal place of business in Hong Kong at Unit 1006, 10th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong. All the enquiries will be dealt with in a timely manner.

The Shareholders are also encouraged to attend AGM and EGM and to put their enquiries to the Board directly. Notices are duly circulated to the Shareholders in order to ensure each Shareholder is informed to attend AGM and EGM. The Shareholders' enquiries will be responded in a prompt manner at the aforesaid meetings. Pursuant to the GEM Listing Rules, voting by poll is mandatory at all general meetings.

The detailed procedures for conducting a poll are set out in the proxy forms and will be explained by the chairman of AGM and EGM orally at the beginning of the aforesaid meetings. The poll results will be posted on the websites of the Stock Exchange and the Company after the AGM and the EGM.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investment public.

The Company regularly updates its Shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The website of the Company (www.irasia.com/listco/hk/chinanetcom) provides an effective communication platform to the public and the Shareholders.

During the year ended 31 December 2017, there is no significant change in the Company's memorandum and articles of association.

本公司致力透過多種渠道與股東維持雙向溝通。歡迎股東向本集團提出查詢，方法為向本公司發出電郵(investorrelations@chinanetcomtech.com)或郵寄至本公司香港主要營業地點香港金鐘道89號力寶中心第1座10樓1006室。所有查詢會得到及時處理。

本公司亦鼓勵股東出席股東週年大會及股東特別大會，並直接向董事會提出查詢。本公司會向股東正式寄發通知，以確保各股東在知情的情況下出席股東週年大會及股東特別大會。股東提出之查詢須於上述大會上獲得迅速答覆。根據GEM上市規則，所有股東大會必須以投票方式進行表決。

進行投票表決之詳細程序載於代表委任表格，並將由股東週年大會及股東特別大會主席於上述大會開始時口頭闡述。投票結果將於股東週年大會及股東特別大會後於聯交所及本公司網站發佈。

投資者關係

本公司相信，維持高透明度是提升投資者關係之關鍵，並致力保持向其股東及公眾投資者公開及適時披露公司資料之政策。

本公司透過其年度、中期及季度報告定期向其股東更新其最新業務發展和財務表現。本公司之網站(www.irasia.com/listco/hk/chinanetcom)已為公眾人士及股東提供一個有效的溝通平台。

截至2017年12月31日止年度，本公司的組織章程大綱及細則並無重大變動。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

The management strives to be responsible and continues to create value to stakeholders with sustainable growth through new business development under agile strategies, stringent policies and regulations. The Group continues to commit to sustainable environmental, social and governance (“ESG”) standards in all of its operations. The Group integrates environmental and social considerations into our business objectives to achieve:

Environmental objectives:

- act environmental friendly in our daily operations and services;
- consume energy and resources wisely and efficiently;
- minimize gases emissions, water and wastes discharges;

Social objectives:

- respect employees’ rights and promote equitable working environment;
- commit to work safety and healthy;
- commit to fair and ethical business practices; and
- support the weak and poor groups and the community.

The Board approves the ESG strategies, guides and polices, and delegates the Executive Directors to oversee the ESG related matters and issues, and execution to ensure conformity to prevailing ESG standards. Operationally, an internal control and specialized personnel that reports directly to the Board has been assigned to monitor and to review the Group’s environmental and social obligations performance on a regular basis. Independent professionals and consultants have been engaged to perform analysis and review on ESG related issues, in order to address the weaknesses and problems, and to recommend changes and improvements.

管理層致力於負責並持續根據靈活的策略、嚴謹的政策及法規透過新業務發展為持份者創造價值，並實現可持續增長。本集團繼續於其所有營運中遵守可持續環境、社會及管治（「環境、社會及管治」）準則。本集團將環境及社會因素納入我們的業務目標，以達致：

環境目標：

- 於日常營運及服務中以環保方式行事；
- 明智且高效地利用資源及能源；
- 減少氣體排放以及水及廢物排放；

社會目標：

- 尊重僱員權利及創造平等的工作環境；
- 確保工作安全及健康；
- 踐行公平及以德為本的營商操守；及
- 支持弱勢、貧困社群及社區。

董事會通過環境、社會及管治策略、指引及政策，並委派執行董事監察及執行環境、社會及管治相關事項，以確保符合現行環境、社會及管治準則。在營運上，已委派一名直接向董事會報告的內部監控專員定期監測及審閱本集團環境及社會責任的履行情況。我們已經委聘獨立專業人士及顧問分析及檢討環境、社會及管治相關事宜，以解決薄弱環節及問題以及提出整改及改進建議。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

(A) ENVIRONMENTAL

Since the production of our manufacturing operation is on outsourcing and subcontracting basis, and other businesses of the Group are management, research and services based which operate under and through normal office environment and do not involve directly in any manufacturing operation, we therefore do not generate any hazardous and polluted solid wastes, water discharges and/or air emissions from our direct offices and operations. However, as a responsible corporation that supports the “Green Global”, the Group has implemented stringent policies and measures to ensure our offices operation environment to be energy, water, paper and other natural resources saving.

A1. Emissions

The Group practices “green” and complies with the environmental laws, rules and regulations in all of our offices without producing any hazardous or polluted air emissions, wastes and water discharges. We only produce greenhouse gases indirectly through the use of electricity in our offices, and an insignificant amount of general office wastes such as used papers. Also, we always encourage staff to reduce flights by teleconferencing, to use public transport and to carpool so as to consume less energy and to produce less greenhouse gas of CO₂.

From the pre-determined KPI of “Emissions, Wastes and Discharges Record”, the amount of indirect greenhouse gas – CO₂ generated from the offices and operations in China, the headquarter office and the table tennis training center in Hong Kong in the year 2017 was 64,017.19, which was 41.9% more than 2016. The increase was reasonable as the Group added a new office and operation in Hangzhou and substantially increased its business sales turnover.

Same as the year 2016, the Group’s operation had no records of penalty or warning related to the air, water and wastes pollution and discharges from any environmental department or alerts from any environmental agencies in Hong Kong or China in the year 2017.

(A) 環境方面

由於製造業務的生產以外判分包生產形式進行，而本集團的其他業務均以管理、研究及服務為主並透過一般辦公環境營運，故並無直接涉及任何製造業務。因此，我們的直屬辦事處及營運點不會產生任何危險及有污染的固體廢棄物、水排放及／或氣體排放。然而，作為支持「綠色全球」的負責任企業，本集團實施嚴格的政策及措施，以確保我們的辦公營運環境節能、節水、省紙及節約其他天然資源。

A1. 排放

本集團所有辦事處均實踐「綠色」理念及遵守環境法、規則及規例，概無產生任何危險或有污染氣體排放、廢棄物及水排放。我們僅透過辦事處用電間接產生溫室氣體及產生少量的一般辦公廢物（如廢紙）。此外，我們經常鼓勵員工舉行電話會議，以減少飛行、使用公共交通工具及拼車方式，以作為降低能源消耗及減少二氧化碳溫室氣體排放的方法。

就預定的「排放、廢物及排放記錄」的關鍵績效指標而言，2017年於中國的辦事處及營運點、於香港的總辦事處及乒乓球訓練中心產生的間接溫室氣體 – 二氧化碳為64,017.19立方米，較2016年增加41.9%。此乃由於本集團於杭州增設新辦事處及營運點，且其業務令銷售營業額大幅增加，故該加幅屬合理。

與2016年相同，本集團於2017年的營運點概無就空氣、水及廢物污染及排放而受到香港或中國任何環境部門罰款或警告或任何環境機構警報的記錄。

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A2. Use of Resources

The consumption of electricity, personal use of water and office stationeries including papers for drafting and printing commensurate with the size of the Group's operation, thus should be regarded as normal and efficient. The Group has constantly reminded the staff to save and to effectively enforce our "Smart Usage of Electricity, Water and Paper Rules" and the Group has not been involved in direct production nor our goods sold requiring much packaging materials, hence, the consumption of raw materials, resources, and packaging materials have been insignificant.

From the pre-determined KPI of "Electricity and Water Consumption Record", due to rapid expansion of the information technology based business, the electricity consumed by the Group's China operation in the year 2017 was 2.15 times higher than that of 2016. Taking into consideration of the multiple increase in sales turnover, the Group has in fact achieved a much lower energy consumption per unit of sales. Furthermore, in the case excluding the in-door table tennis training center which requires good lighting and air ventilation, the Hong Kong and Shenzhen offices in the years 2016 and 2017 only consumed 27,421 kWh and 28,310 kWh of electricity respectively, which shows that these two offices have done well in energy saving.

Similarly, 2,377 CBM of household water was used in the year 2017, which was 2.69 times or 1,496 CBM more than 2016, which again was reasonable given the fact that a new office located in Hangzhou with 10 new employees has been added, and moreover the business turnover and activities has increased significantly.

A2. 資源使用

本集團於電力、個人用水及辦公文具(包括其辦事處營運過程中草擬及打印所需的紙張)之消耗與本集團之營運規模相稱，故均應被視為正常及有效率。本集團持續提醒員工節約及有效執行「明智使用電力、水及紙張規則」且本集團概無涉及直接生產及所售商品概不需要大量包裝材料，因此，其他類別的原材料、能源及包裝材料用量較少。

就預定的「用電及用水記錄」的關鍵績效指標而言，鑒於資訊科技業務迅速擴張，本集團於2017年於中國的營運消耗的電力較2016年增加2.15倍。考慮到銷售營業額增加多倍，本集團實際上已大幅降低每單位銷售能源消耗。此外，排除需要良好燈光及通風的室內乒乓球訓練中心，香港及深圳辦事處於2016年及2017年的耗電量僅分別為27,421千瓦時及28,310千瓦時，顯示兩個辦事處在節能方面表現優越。

同樣地，本集團於2017年的家庭用水量已使用2,377立方米，較2016年增加2.69倍或1,496立方米。鑒於位於杭州的新辦事處新增了10名僱員，及大幅增加的業務營業額及活動，用水量增加亦應屬合理。

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A3. The Environment and Natural Resources

With the mission to operate on “green”, the Group has implemented policies and rules to reduce energy and natural resources consumption. We are also committed to reduce the operation impacts on environment and natural resources. Although the Group’s business activities do not have an adverse impact on the environment and natural resources, we have been striking to be a responsible corporation, not just by consuming less. We advocate to consume environmentally friendly and wisely. In selecting outsourcing sub-contractors to manufacture the smart wearable devices, we require them to manufacture ethically and environmental friendly, which include: not to use the mineral resources and raw materials from countries forbidden by the United Nation on unhuman ground, and toxic mineral resources and raw materials. Finally, we encourage environmental education and advocate our employees be environmental friendly which helps to preserve the environment and natural resources.

(B) SOCIAL RESPONSIBILITY

Working towards a socially responsible corporation, the Group commits to provide a safe, healthy and equitable working environment, and endeavors to build a harmonious relationship with our employees, customers, suppliers and the local communities. We care about the welfare and development of the employees, services and products quality to our customers, and our commitments and contributions to our community growth and development.

EMPLOYMENT AND LABOR PRACTICES

B1. Employment

As an information technology based company, the Group values our employees as the most important asset for our development and growth, and commits to providing equal opportunity to all staff on recruitment, promotion, compensation and benefits, etc.; and promoting a harmonious and equitable working environment. The Group strictly complies with the relevant laws and regulations of the Labor Law of the PRC (《中華人民共和國勞動法》), Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Employees’ Compensation Ordinance (Cap. 282 of the

A3. 環境及天然資源

為踐行「綠色」經營，本集團實施多項政策及規則，以減少能源及天然資源消耗。我們亦致力於減少營運對環境及天然資源的影響。儘管本集團的業務活動不會對環境及天然資源造成不利影響，但我們仍致力成為一間負責任的企業，而並非僅依靠減少消耗。我們倡導環保及明智使用。於選擇外判分包商製作智能穿戴設備時，本集團會要求該等分包商堅守有道德及環保之原則，其中包括：不使用來自由於不人道理由被聯合國禁止國家的礦產資源及原材料，及有毒礦產資源及原材料。最後，我們鼓勵對僱員進行環保教育及宣傳，以令彼等踐行環保，從而有助於保護環境及天然資源。

(B) 社會責任

為成為一間肩負社會責任的企業，本集團致力於提供安全、健康且公平的工作環境，並尋求與我們的僱員、客戶、供應商及當地社區建立和諧關係。我們重視僱員的福利及發展、向客戶提供的服務及商品質量及我們對社區增長及發展的付出與貢獻。

僱傭及勞工常規

B1. 僱傭

作為一間資訊科技為基礎的企業，本集團視僱員為其發展及增長的最重要資產，並承諾於招聘、晉升、薪酬及福利等方面向全體員工提供平等機會；營造和諧及公平的工作環境。本集團嚴格遵守《中華人民共和國勞動法》、《僱傭條例》(香港法例第57章)及《僱員補償條例》(香港法例第282章)的相關法例及

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Laws of Hong Kong) and has totally forbidden recruitment of child labor and forced labor. The Group strives to strengthen our corporate management with humanistic policies to encourage motivation and innovation among employees, effectively protecting the interests of the Group and the legal rights of employees, and achieving a convergence of interests of the Group and our employees. Through the above, the development and growth of the Group and employees individual value can be achieved.

Regarding employment, the Group adopts a hybrid of external recruitment, internal nomination and job rotation to recruit suitable personnel and provides more opportunities to employees. All job vacancies and positions are open to all with equal opportunities, under no discrimination on race, religion, gender, age and disability basis, and selected on skill and competency basis. Proper and standardized written employment contracts are entered into between the respective employees and the Group. Regional offices' managers are delegated with the responsibility to ensure that statutory obligations of the Group are fulfilled and complied with in a timely manner.

In accordance with the requirements of the laws of the PRC and the Hong Kong, where appropriate, the Group provides and maintains statutory benefits to all qualified employees, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays.

Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications and experience. Bonus will be rewarded at the discretion of the top management with consideration on performance. Salary will be paid in cash directly to employees' bank accounts within the prescribed agreed period at the end of the wage period. The Group has honored all obligations including the payment of salaries and wages, holidays and leaves, compensations, insurance and health benefits without disputes with our employees in the year 2017.

Comparing the Group's pre-determined KPI of "Employee Information Record" for the years 2016 and 2017, they showed that:

- (i) the Group had a stable and steady growth in the total number of employees, from 38 to 42;

法規，亦全面禁止僱用童工及強迫勞工。本集團致力於以人道政策加強企業管理，鼓勵員工力求上進及發揮創意，並有效地保障本集團的利益及僱員的法定權利，務求本集團及僱員利益趨同。通過上述，本集團及僱員的個人價值均可得到發展及增長。

聘用僱員方面，本集團採取外部招聘、內部提名及職務輪換的綜合方式招聘合適人才及為僱員提供更多機會。任何人均獲平等機會應徵所有工作崗位，並不存在種族、宗教、性別、年齡及殘疾歧視，並以技術及能力為基準選擇僱員。全體僱員均與本集團訂立適當及標準書面僱傭合約。地區辦事處經理肩負職責，確保本集團的法定義務獲適時履行及遵守。

根據適用之中國及香港法律的規定，本集團向全體合資格員工提供及維持法定福利，包括但不限於強積金、社會保障保險、醫療保險、工傷保險及賠償以及法定假期。

僱員薪酬參考現行市況，以及其能力、資格及經驗釐定。花紅將由最高管理層考慮表現後酌情發放。薪金將於工資期滿時於訂明協定期限內以現金直接存入僱員的銀行賬戶。本集團於2017年履行所有義務，包括支付薪金及工資、假期及休假、賠償、保險及醫療福利，與僱員亦無發生糾紛。

本集團2016年及2017年預定的「僱員資料記錄」的關鍵績效指標比較結果顯示：

- (i) 本集團僱員總人數由38名穩定增長至42名；

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- (ii) in line with the industry trend, the Group recruited more younger staff to perform the Internet-based technology works in 2017, 43.9% at below 30 and 87.6% at below 40 years of age, as compared to the year 2016 at 31.6% at below 30 and 71.1% at below 40 years of age; and
- (iii) the Group maintained a stable gender mix of employees, the male to female ratios were 63.2% : 36.8% and 65.9% : 34.1% for the years 2016 and 2017 respectively.

B2. Health and Safety

The Group is committed to provide a healthy and safe working environment in its offices and operation centers to employees. The Employees' Handbook and Labor Contract for Chinese employees and Employment Contract for Hong Kong employees set out detailed health and safety guidance and measures, which comply with Employment Ordinance, Employees' Compensation Ordinance and labor laws and regulations of the PRC, and employees are required to strictly observe.

The Group has provided National Social Securities and Insurance for all qualified employees in China and Mandatory Provident Funds for employees in Hong Kong in accordance with the statutory requirements of the two places.

The Group has equipped all our offices with all the required safety equipment and facilities, and has passed the relevant governmental safety inspections. In case of accidents, regardless of minor or serious, employees are required by the in-house rules to notify their superiors immediately and without delays, who will then take appropriate measures to ensure safety is not being compromised. In-house rules require all injuries or accidents to be promptly and properly dealt with and reported in accordance with the local or national laws as appropriate. Measures are in place to require corresponding remedial or compensatory actions arising from safety and health issues or work injuries are taken where necessary in accordance with the in-house and national rules.

No claim disputes on compensation or work related injury and fatalities investigation by the government agencies in Hong Kong and in China during 2017.

- (ii) 與行業趨勢一致，本集團於2017年聘用更多年輕員工進行互聯網相關技術工作，年齡為30歲以下者佔43.9%及年齡為40歲以下者佔87.6%；2016年年齡為30歲以下者佔31.6%及年齡為40歲以下者佔71.1%；及
- (iii) 本集團僱員維持穩定的性別比例，2016年及2017年，男女比例分別為63.2% : 36.8%及65.9% : 34.1%。

B2. 健康與安全

本集團致力於其辦事處及營運點為僱員提供健康安全的工作環境。為中國員工提供的僱員手冊及勞動合同以及為香港僱員提供的僱傭合約中載有詳細的健康與安全指引及措施，符合僱傭條例、僱員補償條例及中國勞工法律及法規，而僱員必須嚴格遵守。

本集團根據兩地的法定要求，為全體合資格中國僱員作出國家社會保險供款及為香港僱員作出強積金供款。

本集團於所有辦事處均設有所需安全設備及設施，並通過相關政府安全檢查。倘發生意外，不論輕微或嚴重，僱員均須遵照內部規則及時與無延誤知會其上級，其將採取適當措施確保不影響安全性。內部規則規定所有工傷或意外須即時妥善處理，並根據當地或國家法律（如適用）作出報告。本集團亦根據內部及國家規則制定於必要時就安全及健康事宜或工傷採取相應補救或補償行動的措施。

於2017年，本集團沒有在香港及中國牽涉任何索償糾紛或接受政府機構的工傷調查。

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B3. Development and Training

As the Group's works are technology based which demands mastering of the latest art and technique of modern information technology as well as high innovative ability, the quality and professional skills of our employees are important. The Group is therefore willing to invest on employees training and development. The Group has designed and offered specialized on-the-job training programs to train new employees. The Group has also encouraged employees to attend external trainings related to their works in order to improve their skills and knowledge, and allows reimbursement on the fees.

B4. Labor Standards

To employ and to retain highly qualified and capable employees, the Group has implemented a comprehensive human resources policy in place regarding recruitment, dismissal, promotion, leaves, holidays and benefits to support our works on manpower resources. The Group stringently complies with the PRC and Hong Kong labor laws and employment regulations in the relevant jurisdictions in which it operates, and adopts the respective national standard as its minimum labor standard on labor protection and welfare. The Group also maintains strict compliance with the laws in relation to equal employment opportunities, prevention of child or forced labor such as 《中華人民共和國未成年人保護法》 and 《禁止使用童工規定》. We have honoured all of our obligations towards the employees and have built a safe, healthy and pleasant working environment in all our offices. We had not violated any provisions under the Labor Law of the PRC, Employment Ordinance and Employees' Compensation Ordinance, and no labor infringement charges have been lodged against us in 2017.

B3. 發展與培訓

由於本集團的工作以技術為基礎，要求掌握現代資訊科技的最新技藝以及高度創新能力，故我們的僱員的質素及專業技能至關重要。因此，本集團願意投資在僱員培訓及發展上。本集團已設計及提供專門在職培訓課程以培訓新僱員。本集團亦鼓勵僱員參加與其工作相關的外部培訓以提高其技能及知識水平，並允許報銷有關費用。

B4. 勞工標準

為僱用及挽留高質素及能力強的僱員，本集團已在招聘、解僱、晉升、離職、休假及福利方面制訂全面人力資源政策，以支援旗下人力資源工作。本集團嚴格遵守中國及香港勞工法例以及經營所在相關司法權區之僱傭條例，並採納各地之國家標準作為勞工保護及福利之最低勞工標準。本集團亦繼續嚴格遵守有關平等就業機會、防止童工或強迫勞工之法例，如《中華人民共和國未成年人保護法》及《禁止使用童工規定》。我們已履行對僱員的一切義務，並已在我們所有辦事處營造安全、健康及舒適的工作環境。於2017年，我們概無違反中國《勞動法》、僱傭條例及僱員補償條例的任何條文，亦無面對任何勞工侵權指控。

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OPERATING PRACTICES

B5. Supply Chain Management

The Group has substantially expanded our business, especially in term of locations, transaction volume and types. In order to properly manage procurements, the Group has approved and implemented a more comprehensive "PROCUREMENT MANAGEMENT POLICIES" which contains policies and procedures with respect to procurement including types of purchases, the approval process, and methods of payment. It is designed to ensure that the purchase of all goods and services required for the satisfactory operation of the related office is handled in a timely, efficient and effective manner with due respect to best practices. To support the local economic development, the Group continued the policy of sourcing locally. In 2017, the total number of local suppliers increased from 50 to 73.

B6. Product Responsibility

In this area, 3 major aspects: product quality, intellectual property right and privacy are related and material to address from the sale of our products and services.

- Products Quality

The smart wearable device business made a breakthrough in the first half of 2017. This product now has received the 3C certification issued by China Quality Certification Centre in late March 2017, CE certification and FCC certification issued by the European Union and the United States of America in April and May 2017, respectively. Since then, the Group is able to sell this product in China, Europe and the United States of America. The Group has out-sourced all the manufacturing and assembly works for the smart wearable device to sub-contractors, and we are relying on our product controllers to conduct manufacturing site inspection regularly to perform our "PRODUCT QUALITY ASSURANCE PROCESS" to ensure product complies with the code of conduct and to ensure the quality. We have sold this product through wholesalers, and we have given our warranty for returns and refunds if there is a quality issue. The sale department has been delegated with the responsibility to handle sales and post-sale services. During the year, the Group has not received any request or complaint on the quality of this product.

營運常規

B5. 供應鏈管理

本集團大幅擴張業務，由以位置、交易量及類別為甚。為適當管理採購，本集團已批准及實施更全面的「採購管理制度」，其中包括採購（採購類別、審批程序及付款方式）有關的政策及程序，旨在確保透過實施最佳常規，及時、高效及有效地採購相關辦事處正常運作所需的所有商品及服務。為支持本地經濟發展，本集團將繼續實施本地採購政策。於2017年，本地供應商數目由50個增加至73個。

B6. 產品責任

三個主要方面：產品質量、知識產權及隱私與此相關，及對銷售我們的產品及服務至關重要。

- 產品質量

智能穿戴設備業務於2017年上半年取得突破。該產品於2017年3月末獲得中國質量認證中心頒發的3C認證，及於2017年4月及5月分別獲得歐盟及美國頒發的CE認證及FCC認證。自此，本集團能夠於中國、歐洲及美國銷售該產品。本集團已將智能穿戴設備的所有製造及組裝工作外判予分包商並依賴產品總監定期作出製造基地視察，以進行「產品質量保證程序」審查，確保所製造產品符合操守守則及具質量保證。我們透過批發商銷售該產品，且我們保證退換存在質量問題的產品。銷售及售後服務將由銷售部門負責。於本年度，本集團並未收到與該產品質量有關的任何要求或投訴。

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Intellectual Property Rights

As the Group develops our own software, programs, designs and products, during the research and development phase, the Group insists on the principle and has constantly reminded our software engineers not to infringe other's intellectual property rights. If it is required to use intellectual property rights including software, application, etc. the Group is willing to pay the relevant fees. Since the Group has used our own created proprietary technology to create our own software, it is also important for ourselves to ensure that adequate measures are in place to safeguard our own intellectual property rights against inappropriate use by a third party. The Group has registered and patented our own designs, trademarks and proprietary technology to protect our interests.

The Group respects and strictly complies with laws and rules related to international intellectual property rights, and has no record of any intellectual property right infringement of software and application in 2017.

Privacy

The Group's business operation especially the financial technology services has generated large volumes of private, confidential and sensitive information of the users and the co-operating lending partners including personal detailed background information and financial positions of the users, and the commercial terms offered by the lenders, etc., these types of information are extremely sensitive and important, and by law, we have to cautiously keep and safeguard them.

The Group is fully aware of our obligation, and has taken measures to ensure safe keeping of the information. The possible leakage and loss of the information to outsiders come mainly from two sources – internal careless handling and theft, and external theft through hacking into the information system. For the former, the Group has enforced the "INFORMATION SECURITY COMPREHENSIVE STRATEGY", in which information security protection methods, handling processes and application procedures have been stated, taught and implemented. Coupled with our Employees' Handbook and Employment Contracts,

知識產權

由於本集團開發自主軟件、程序、設計及產品，於研發階段，本集團堅持原則，不斷提醒我們的軟件工程師切勿侵犯其他知識產權。倘其須使用他人之軟件及應用程序等的知識產權，本集團願意支付相關費用。由於本集團已採用我們自行開發的專有技術開發自主軟件，本集團需確保採取適當措施來保護我們的自主知識產權不被第三方不當使用。本集團已註冊自主設計、商標及專有技術，並取得專利，以保護我們的權益。

本集團尊重並嚴格遵守國際知識產權相關法律及法規，且於2017年概無任何侵犯軟件及應用程序方面知識產權的記錄。

隱私

本集團的業務營運（尤其是金融科技服務）已產生用戶及合作借貸夥伴的大量私人、私密及敏感資料（包括個人背景資料詳情及用戶的財務狀況及借款人提供的商業條款等）。該等類型的資料極為敏感及重要，在法律上，我們需審慎保存及保護。

本集團完全知悉其責任，並已採取措施確保安全保存該等資料。可能向外界洩露及丟失該等資料主要來自兩個渠道 – 內部操作失誤及盜竊及透過入侵資料系統的外部盜竊。就前者而言，本集團已執行「訊息安全總體策略」，其中載明、提供及實施資料安全保護方法、處理程序及應用程序。此外，我們的僱員手冊及僱傭合約中保密條文禁止僱員在未經批准的情況下取得及／或洩露資料。本

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告

where the CONFIDENTIAL provisions and employees are prohibited to access without approvals and/or to leak. Legal actions will be taken on any violation. For the latter, to act against the outside information hackers, the Group has authorized the Information Security Division and Operation and Maintenance Division to continuously monitor, maintain and update the hardware, software and security system to prevent hacking at any time. No privacy information leakage was reported in 2017.

集團將就任何違反事項採取法律行動。就後者而言，為針對外界資料黑客採取措施，本集團授權信息安全組及運維組不間斷監測、維護及更新硬件、軟件及安全系統，以隨時防止黑客入侵。於2017年，概無發生隱私資料洩露情況。

B7. Anti-corruption

To be a socially responsible corporation, the Group approved and promulgated the “ANTI-CORRUPTION MANAGEMENT POLICIES” in September 2017, in which (a) “corruptive acts” has been defined, which includes bribery, inappropriate uses of the company assets and rights of the work position, inappropriate acceptance and giving of gifts and considerations, thefts of the company assets, violation of the company rules and regulations for personal and others benefits, etc., and (b) the Group has established an “Internal Whistle-blowing Policy” and the “Corruption Management Procedure” to tackle corruptive acts. Under the process and system, the Audit Committee is authorized by the Board to create an environment of anti-corruption and conduct regular reviews on internal control system so as to regulate the conduct and behaviour of employees, create an atmosphere of integrity and dedication, and prevent the Group’s interest from being harmed.

B7. 反腐敗

為成為一間肩負社會責任的企業，本集團已於2017年9月批准及頒佈「反腐敗管理制度」，其中(a)「腐敗行為」被界定，其中包括受賄、不正當使用公司資產及職位權利、不正當接收及贈予禮物及報酬、竊取公司資產、為個人及他人利益違反公司規則及規例等行為，及(b)本集團制定「內部舉報制度」及「腐敗處理流程」，以處理腐敗行為。根據該程序及制度，審核委員會獲董事會授權建立反腐敗的環境，並定期檢討內部監控制度，以規管僱員操守及行為，營造誠信及忠誠的工作氣氛，防止損害本集團之利益。

B8. Community Investment

The Group continues with our missions to support and to retribute to the society and strongly believes that the future of the society lies with the children. The Group will therefore continue the sponsorship of the Po Leung Kuk monthly table-tennis tournament, Christmas and New Year celebration party for the children. The Group always supports and encourages the employees and their family members to participate in volunteer services.

B8. 社區投資

本集團肩負支持及回饋社會的使命，並堅信孩童是社會的未來。因此，本集團將繼續贊助保良局每月為孩子們開設乒乓球課程，於聖誕節及新年舉辦慶祝聚餐。本集團經常支持及鼓勵僱員及其家庭成員參與義工服務。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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The Landmark
11 Pedder Street
Central
Hong Kong

香港
中環
畢打街11號
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告羅士打大廈31樓

**TO THE MEMBERS OF
CHINA NETCOM TECHNOLOGY HOLDINGS LIMITED**
(Incorporated in Cayman Islands with limited liability)

致中彩網通控股有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

意見

We have audited the consolidated financial statements of China Netcom Technology Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 65 to 179, 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.

本核數師(以下簡稱「我們」)已審核列載於第65至179頁之中彩網通控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，該等綜合財務報表包括於2017年12月31日的綜合財務狀況表與截至該日止年度的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，以及綜合財務報表的附註，包括主要會計政策概要。

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

我們認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒布的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2017年12月31日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露要求妥為編製。

BASIS FOR OPINION

意見的基礎

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *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.

我們根據香港會計師公會頒布的香港審計準則(「香港審計準則」)進行審核。在該等準則下，我們的責任在報告內「核數師就審核綜合財務報表須承擔的責任」一節進一步闡述。根據香港會計師公會的「國際職業會計師道德守則」(「守則」)，我們獨立於 貴集團，並已遵循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

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.

Key audit matter

關鍵審核事項

Impairment assessment on concession rights

特許經營權的減值評估

Refer to Note 15 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

請參閱綜合財務報表附註15及綜合財務報表附註3的會計政策。

The carrying amount of the Group's concession rights as at 31 December 2017 was Nil.

貴集團特許經營權於2017年12月31日的賬面值為零。

關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核於本期間的綜合財務報表中最重要的事項。我們在審核綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。

How our audit addressed the key audit matter

我們在審核中處理關鍵審核事項的方法

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

我們就管理層對特許經營權所作減值評估進行的程序包括：

- Discussing indicators of possible impairment with the management and challenge the validity and completeness of indicators identified, where such indicators were identified, assessing the impairment testing performed by management;
- 倘識別到有跡象顯示可能出現減值，則與管理層就有關跡象進行討論，盤問有關跡象的有效性及其完整性，並評估管理層作出的減值測試；
- Assessing management's identification of CGU(s) based on the Group's accounting policies and our understanding of the Group's business;
- 根據 貴集團的會計政策及我們對 貴集團業務的了解評估管理層所識別的現金產生單位；

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項 (續)

Key audit matter

關鍵審核事項

How our audit addressed the key audit matter

我們在審核中處理關鍵審核事項的方法

Impairment assessment on concession rights (Continued)

特許經營權的減值評估 (續)

The carrying amount of concession rights is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the cash-generating unit(s) ("CGU(s)") to which the rights belong was determined by management based on value-in-use calculations. Estimating the value-in-use of CGU(s) requires management to estimate the expected future cash flows from the CGU(s) and to apply a suitable pre-tax discount rate in order to calculate the present value of those cash flows. Significant estimation is required in determining the future cash flows expected to arise from the lottery business. Where the actual future cash flows are less than expected, a material impairment loss may arise.

倘發生事件或情況變動顯示特許經營權的賬面值未能收回時，其賬面值應進行減值檢討。特許經營權歸屬之現金產生單位的可回收金額乃由管理層根據其使用價值計量結果釐定。估計現金產生單位的使用價值要求管理層估計現金產生單位的預期未來現金流及選擇適當稅前貼現率，以計量該等現金流的現值。於釐定預期產生自彩票業務的未來現金流量時需要作出重大估計。倘未來的實際現金流量少於預期，則可能產生重大減值虧損。管理層認為其他無形資料概無減值。

Management has concluded that, based on the impairment assessment, the Group recognised impairment loss of approximately HK\$58,239,000 in relation to concession rights allocated to the lottery business's cash-generating unit.

管理層認為，根據減值評估，貴集團就彩票業務現金產生單位相關的特許經營權確認減值虧損約58,239,000港元。

- Assessing the value-in-use calculations methodologies adopted by the management;
- 評估管理層於計算使用價值時所採用的方法；
- Engaging a valuation expert in assisting to assess the methodology used and the appropriateness of the key assumptions; and
- 委聘估值專家協助評估所用方法以及關鍵假設的適用性；及
- Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.
- 將輸入數據與支持證據（如核准預算）進行對賬，並考慮該等預算的合理性。

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獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項 (續)

Key audit matter 關鍵審核事項

How our audit addressed the key audit matter 我們在審核中處理關鍵審核事項的方法

Revenue recognition on provision of financial technology services

提供金融科技服務的收益確認

Refer to Note 5 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

請參閱綜合財務報表附註5及綜合財務報表附註3的會計政策。

The Group maintains sophisticated information technology ("IT") systems in financial technology services business in order to track the service provision for each transaction. The calculation of the services charge is performed by the IT systems based on pre-defined key parameters, including service charge rates. Revenue from financial technology services highly rely on the information generated from such IT systems. 貴集團於金融科技服務業務中採用精密的資訊科技(「資訊科技」)系統以追蹤每筆交易的服務提供狀況。服務費由資訊科技系統基於預先設定之主要參數(包括服務費率)計算。來自金融科技服務的收益高度倚賴該等資訊科技系統產生之資料。

We have identified revenue recognition on provision of financial technology services as a key audit matter because a significant portion of the Group's revenue was derived from provision of financial technology services.

我們將提供金融科技服務的收益確認視作關鍵審核事項，原因乃 貴集團絕大部分收益產生自提供金融科技服務。

In addition, due to the significant volume of transactions and heavy reliance on the IT systems, minor errors could, in aggregate, have a material impact to the consolidated financial statements.

此外，由於交易量巨大以及對資訊科技系統的高度倚賴，監控錯誤可能合共對綜合財務報表造成重大影響。

Our procedures in relation to revenue recognition on provision of financial technology services included:

我們就提供金融科技服務的收益確認進行的程序包括：

- Understanding the business process of the financial technology services business;
- 理解金融科技服務業務的程序；
- Inspecting the key terms and conditions of contracts with customers and major business partners to assess if there were any terms and conditions that may have affected the accounting treatment of the related revenue; and
- 檢查與客戶及重大業務夥伴合約的主要條款及條件，以評估是否存在可能影響相關收益的會計處理的任何條款及條件；及
- Performing substantive testing on accounting and financial records.
- 對會計及財務記錄進行大量測試。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("**Other Information**").

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料（「其他資料」），惟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作出的意見並無涵蓋其他資料，而我們不會對其他資料發表任何形式的核證結論。

就我們審核綜合財務報表而言，我們的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若我們基於已進行的工作認為其他資料出現重大錯誤陳述，我們須報告有關事實。就此，我們毋須作出報告。

董事及審核委員會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布的香港財務報告準則及香港公司條例的披露要求，編製真實而公平地反映情況的綜合財務報表，及董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非董事擬將 貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助 貴公司董事履行其監督 貴集團財務報告流程的職責。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

我們的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有我們意見的核數師報告。我們僅向全體股東報告，不作其他用途。我們概不就本報告的內容對任何其他人士負責或承擔任何責任。合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審計的過程中，我們運用專業判斷，保持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，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。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITORS' REPORT 獨立核數師報告

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師就審核綜合財務報表須承擔的 責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘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。倘有關披露不足，則修訂我們意見。我們結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審核意見承擔全部責任。

我們與審核委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現溝通，該等發現包括我們在審計過程中識別的內部監控的任何重大缺失。

我們亦向審核委員會作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

INDEPENDENT AUDITORS' REPORT 獨立核數師報告

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

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

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Lo Kin Kei

Practising Certificate Number: P06413

Hong Kong, 20 March 2018

核數師就審核綜合財務報表須承擔的 責任 *(續)*

從與審核委員會溝通的事項中，我們釐定對本期間綜合財務報表的審計至關重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計項目董事為盧健基。

國衛會計師事務所有限公司

執業會計師

盧健基

執業證書編號：P06413

香港，2018年3月20日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收入表

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

		Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)
Revenue	收益	5	28,303	2,011
Cost of sales and services	銷售及服務成本		(22,231)	(1,733)
Gross profit	毛利		6,072	278
Other income and gain	其他收入及收益	7	3,271	124
Administrative expenses	行政費用		(26,022)	(28,280)
Impairment loss of concession rights	特許經營權減值虧損	15	(58,239)	(8,460)
Gain on early redemption of convertible bonds	提前贖回可換股債券之收益		-	656
Finance costs	財務成本	8	(5,593)	(5,650)
Other operating expenses	其他經營費用		(6,573)	(7,982)
Loss before tax	除稅前虧損		(87,084)	(49,314)
Income tax credit	所得稅抵免	9	15,713	6,170
Loss for the year	本年度虧損	10	(71,371)	(43,144)
Other comprehensive income/(expense) Items that may be reclassified subsequently to profit or loss:	其他綜合收入/(開支) 其後或會重新分類至損益 之項目：			
Exchange differences on translating foreign operations	換算海外業務之匯兌差額		4,595	(4,853)
Other comprehensive income/(expense) for the year	本年度其他綜合 收入/(開支)		4,595	(4,853)
Total comprehensive expense for the year	本年度綜合開支總額		(66,776)	(47,997)
Loss attributable to:	下列人士應佔虧損：			
Owners of the Company	本公司擁有人		(48,293)	(37,043)
Non-controlling interests	非控股權益		(23,078)	(6,101)
			(71,371)	(43,144)
Total comprehensive expense attributable to:	下列人士應佔綜合 開支總額：			
Owners of the Company	本公司擁有人		(45,571)	(39,607)
Non-controlling interests	非控股權益		(21,205)	(8,390)
			(66,776)	(47,997)
Loss per share	每股虧損	13		
Basic and diluted (HK cents per share)	基本及攤薄(每股港仙)		(1.18)	(1.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2017 於2017年12月31日

			2017 HK\$'000 千港元	2016 HK\$'000 千港元
	Notes 附註			
Non-current assets		非流動資產		
Property, plant and equipment	14	物業、廠房及設備	2,713	2,436
Club debenture		會所債券	115	115
Concession rights	15	特許經營權	–	60,580
			2,828	63,131
Current assets		流動資產		
Inventories	16	存貨	1,433	911
Trade and other receivables	17	貿易及其他應收款項	4,992	2,516
Amount due from a related company	18	應收一間關連公司之款項	574	–
Amount due from a non-controlling interest of a subsidiary	19	應收附屬公司之非控股權益之款項	1,500	1,497
Pledged bank deposit	20	抵押銀行存款	–	216
Cash and bank balances	20	現金及銀行結餘	59,173	23,817
			67,672	28,957
Current liabilities		流動負債		
Trade and other payables	21	貿易及其他應付款項	8,845	7,776
Receipt in advance		預收款項	197	126
Amount due to an intermediate holding company	22	應付中間控股公司款項	598	–
Amount due to a non-controlling interest of a subsidiary	22	應付附屬公司之非控股權益之款項	–	472
Current tax liabilities		即期稅項負債	916	–
			10,556	8,374
Net current assets		流動資產淨值	57,116	20,583
Total assets less current liabilities		總資產減流動負債	59,944	83,714
Non-current liabilities		非流動負債		
Convertible bonds	23	可換股債券	49,516	43,923
Deferred tax liabilities	24	遞延稅項負債	3,052	19,120
			52,568	63,043
Net assets		資產淨值	7,376	20,671

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2017 於2017年12月31日

		Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Capital and reserves	資本及儲備			
Share capital – ordinary shares	股本 – 普通股	25	23,147	15,600
Share capital – non-redeemable convertible preferred shares	股本 – 不可贖回可換股 優先股	26	–	5,017
Reserves	儲備		(15,489)	(20,869)
Equity attributable to owners of the Company	本公司擁有人應佔權益		7,658	(252)
Non-controlling interests	非控股權益		(282)	20,923
Total equity	權益總額		7,376	20,671

The consolidated financial statements on pages 65 to 179 were approved and authorised for issue by the board of directors on 20 March 2018 and signed on its behalf by:

第65至179頁之綜合財務報表已於2018年3月20日經董事會批准並授權發佈並由下列董事代表董事會簽署：

Sun Haitao
孫海濤
Director
董事

Zhao Ke
趙軻
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

Attributable to owners of the Company

本公司擁有人應佔

		Share capital – non-convertible									Attributable to non-controlling interests	Total	
		Share ordinary shares	redeemable preferred shares	Share premium account	Capital redemption reserve	Convertible bonds equity reserve	Share options reserve	Foreign currency translation reserve	Other reserve	Accumulated losses			
		股本—普通股	不可贖回可換股優先股	股本—股份溢價賬	股本—購回儲備	可換股債券—權益儲備	外幣—購股權儲備	外幣—匯兌儲備	其他儲備	累計虧損	小計	非控股—權益應佔	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
					(Note (ii))				(Note (iii))				
					(附註(ii))				(附註(iii))				
Balance at 1 January 2016	於2016年 1月1日之結餘	15,600	5,017	3,348,003	1	29,735	32,722	118,256	(49)	(3,501,041)	48,244	29,313	77,557
Loss for the year	本年度虧損	-	-	-	-	-	-	-	-	(37,043)	(37,043)	(6,101)	(43,144)
Other comprehensive expense for the year	本年度其他綜合開支	-	-	-	-	-	-	(2,564)	-	-	(2,564)	(2,289)	(4,853)
Total comprehensive expense for the year	本年度綜合開支總額	-	-	-	-	-	-	(2,564)	-	(37,043)	(39,607)	(8,390)	(47,997)
Recognition of equity-settled share-based payments	確認以股權結算以 股份支付之付款	-	-	-	-	-	4,061	-	-	-	4,061	-	4,061
Redemption of convertible bonds	贖回可換股債券	-	-	-	-	(15,824)	-	-	-	444	(15,380)	-	(15,380)
Deferred tax relating to convertible bonds	可換股債券有關之 遞延稅項	-	-	-	-	2,430	-	-	-	-	2,430	-	2,430
Balance at 31 December 2016	於2016年12月31日之 結餘	15,600	5,017	3,348,003	1	16,341	36,783	115,692	(49)	(3,537,640)	(252)	20,923	20,671

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

Attributable to owners of the Company
本公司擁有人應佔

		Share capital - non-redeemable	Share premium account	Capital contribution reserve	Capital redemption reserve	Convertible bonds equity reserve	Share options reserve	Foreign currency translation reserve	Other reserve	Accumulated losses	Subtotal	Attributable to non-controlling interests	Total	
		股本 - 不可贖回可換	股份溢價賬	注資儲備	股本贖回儲備	可換股債券權益儲備	購股權儲備	外幣匯兌儲備	其他儲備	累計虧損	小計	非控股權益應佔	總計	
		普通股	優先股	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	
				(Note (i))	(Note (ii))				(Note (iii))					
				(附註(i))	(附註(ii))				(附註(iii))					
Balance at 1 January 2017	於2017年1月1日之結餘	15,600	5,017	3,348,003	-	1	16,341	36,783	115,692	(49)	(3,537,640)	(252)	20,923	20,671
Loss for the year	本年度虧損	-	-	-	-	-	-	-	-	(48,293)	(48,293)	(23,078)	(71,371)	
Other comprehensive income for the year	本年度其他綜合收入	-	-	-	-	-	-	2,722	-	-	2,722	1,873	4,595	
Total comprehensive expense for the year	本年度綜合開支總額	-	-	-	-	-	-	2,722	-	(48,293)	(45,571)	(21,205)	(66,776)	
Conversion of non-redeemable convertible preferred shares	兌換不可贖回可換股優先股	5,017	(5,017)	-	-	-	-	-	-	-	-	-	-	
Issue of ordinary shares under share option scheme	根據購股權計劃發行普通股	580	-	15,791	-	-	(4,479)	-	-	-	11,892	-	11,892	
Release of reserve upon share options lapsed	於購股權失效後釋放儲備	-	-	-	-	-	(32,304)	-	-	32,304	-	-	-	
Issue of new ordinary shares under shares subscription	根據股份認購發行新普通股	1,950	-	30,030	-	-	-	-	-	-	31,980	-	31,980	
Transaction cost attributable to issue of new ordinary shares	發行新普通股應佔之交易成本	-	-	(19)	-	-	-	-	-	-	(19)	-	(19)	
Deemed capital contribution by an intermediate holding company	視為中間控股公司注資	-	-	-	9,628	-	-	-	-	-	9,628	-	9,628	
Balance at 31 December 2017	於2017年12月31日之結餘	23,147	-	3,393,805	9,628	1	16,341	-	118,414	(49)	(3,553,629)	7,658	(282)	7,376

Notes:

附註：

- (i) The capital contribution reserve represents capital contribution from an intermediate holding company, please refer to note 31 to the consolidated financial statements for details. (i) 注資儲備指來自一間中間控股公司的注資，詳情請參閱綜合財務報表附註31。
- (ii) The capital redemption reserve represents the nominal value of the share capital of the Company repurchased and cancelled. (ii) 股本贖回儲備指本公司回購及註銷的股本名義值。
- (iii) Other reserve represents the difference between the consideration paid for the additional interest in the subsidiary and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the date of the acquisition of the non-controlling interests. (iii) 其他儲備指於收購非控股權益日期的綜合財務狀況表反映的就附屬公司額外權益支付之代價與非控股權益應佔之資產及負債兩者之差額。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Cash flows from operating activities	經營活動所得現金流量		
Loss for the year	本年度虧損	(71,371)	(43,144)
Adjustments for:	已就下列各項作出調整：		
Income tax credit recognised in profit or loss	於損益中確認之所得稅抵免	(15,713)	(6,170)
Finance costs recognised in profit or loss	於損益確認之財務成本	5,593	5,650
Interest income	利息收入	(18)	(31)
Waiver of other payables	豁免其他應付款項	(3,057)	-
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	102	65
Gain on early redemption of convertible bonds	提前贖回可換股債券之收益	-	(656)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	1,133	1,100
Amortisation of concession rights	特許經營權之攤銷	6,471	7,470
Impairment loss of concession rights	特許經營權之減值虧損	58,239	8,460
Impairment loss on trade receivables	貿易應收款項之減值虧損	666	-
Expense recognised in respect of equity-settled share-based payments	就以股權結算以股份支付之付款確認之支出	-	4,061
		(17,955)	(23,195)
Movements in working capital	營運資金變動		
Increase in inventories	存貨增加	(522)	(911)
(Increase)/decrease in trade and other receivables	貿易及其他應收款項(增加)/減少	(3,142)	7,254
Increase in amount due from a related company	應收一間關連公司款項增加	(570)	-
(Increase)/decrease in amount due from a non-controlling interest of a subsidiary	應收附屬公司之非控股權益之款項(增加)/減少	(3)	730
Increase/(decrease) in trade and other payables	貿易及其他應付款項增加/(減少)	3,888	(108)
Increase in receipt in advance	預收款項增加	71	126
Decrease in amount due to a director	應付董事款項減少	-	(136)
(Decrease)/increase in amount due to a non-controlling interest of a subsidiary	應付附屬公司之非控股權益之款項(減少)/增加	(234)	257
Net cash used in operating activities	經營活動所耗現金淨額	(18,467)	(15,983)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Cash flows from investing activities	投資活動所得現金流量		
Interest received	已收利息	14	31
Withdrawal of pledged bank deposit	提取抵押銀行存款	216	-
Increase in pledged bank deposit	抵押銀行存款增加	-	(1)
Payment for property, plant and equipment	物業、廠房及設備付款	(1,377)	(2,524)
Proceed from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	-	1
Net cash used in investing activities	投資活動所用現金淨額	(1,147)	(2,493)
Cash flows from financing activities	融資活動所得現金流量		
Repayment of convertible bonds	償還可換股債券	-	(36,084)
Proceeds from issue of ordinary shares under share option scheme	根據購股權計劃發行普通股之所得款項	11,892	-
Proceeds from issue of ordinary shares under shares subscription	根據股份認購發行普通股所得款項	31,980	-
Payment for transaction cost attributable to issue of new ordinary shares	支付發行新普通股應佔之交易成本	(19)	-
Advance from an intermediate holding company	中間控股公司墊款	10,755	-
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	54,608	(36,084)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值增加/(減少)淨額	34,994	(54,560)
Cash and cash equivalents at the beginning of year	年初之現金及現金等值	23,817	78,077
Effect of foreign exchange rate changes, net	匯率變動淨影響	362	300
Cash and cash equivalents at the end of year	年終之現金及現金等值	59,173	23,817
Analysis of the balances of cash and cash equivalents	現金及現金等值結餘之分析		
Cash and bank balances	現金及銀行結餘	59,173	23,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

1. GENERAL INFORMATION

China Netcom Technology Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors, its parent company is 51RENPIN.COM INC. (incorporated in the British Virgin Islands) and its ultimate parent company is 51 Credit Card Inc. (incorporated in the Cayman Islands). Its ultimate controlling party is Mr. Sun Haitao, who is also the chairman and executive director of the Company. The addresses of the registered office and principal place of business in Hong Kong of the Company are disclosed in the corporate information section of the annual report.

During the year ended 31 December 2017, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in financial technology services business, smart wearable device business, lottery business and sports training business.

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

Certain comparative amounts have been reclassified to conform with current year’s presentation as the Group has introduced additional segments of (i) financial technology services business segment regarding the provision of financial technology services; (ii) smart wearable device business segment regarding the research, development and sale of smart wearable devices; and (iii) sports training business segment regarding the provision of sports training services. Accordingly, consolidated statement of profit or loss and other comprehensive income and segment information for the year ended 31 December 2016 for comparative purposes have been reclassified to reflect the newly reportable segments. In addition, income and expenses for provision of sports training services for the year ended 31 December 2016, which were previously included in “Other income and gain” and “Administrative expenses”, have been reclassified and presented in “Revenue” and “Cost of sales and services”, respectively, in the consolidated statement of profit or loss and other comprehensive income.

1. 一般資料

中彩網通控股有限公司(「本公司」)根據開曼群島公司法(經修訂)於開曼群島註冊成立為一間受豁免有限公司。本公司之股份於香港聯合交易所有限公司(「聯交所」)GEM上市。董事認為，其母公司為51RENPIN.COM INC. (於英屬處女群島註冊成立)，而其最終母公司為51信用卡有限公司(於開曼群島註冊成立)。其最終控股方為本公司主席兼執行董事孫海濤先生。本公司之註冊辦事處及香港主要營業地點於年報公司資料一節披露。

截至2017年12月31日止年度，本公司及其附屬公司(統稱為「本集團」)從事金融科技服務業務、智能穿戴設備業務、彩票業務及體育訓練業務。

綜合財務報表以本公司之功能貨幣港元(港元)列示。

由於本集團引入新增分類(i)涉及提供金融科技服務之金融科技服務業務分類；(ii)涉及研發及銷售智能穿戴設備之智能穿戴設備業務分類；及(iii)涉及提供體育訓練服務之體育訓練業務分類，故若干比較數字經已重新分類以符合本年度之呈列。故此，用作比較用途之截至2016年12月31日止年度之綜合損益及其他全面收入表以及分類資料經已重新分類，以反映該等新增可呈報分類。此外，於截至2016年12月31日止年度提供體育訓練服務的收入及開支(先前納入「其他收入及收益」及「行政開支」)已於綜合損益及其他全面收入表內分別重新分類及呈列為「收益」及「銷售及服務成本」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

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

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

Amendments to 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.

2. 應用新增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之修訂

本集團已於本年度首次應用香港會計師公會（「香港會計師公會」）頒佈之以下新增及經修訂香港財務報告準則。

香港會計準則第7號 之修訂	<i>披露計劃</i>
香港會計準則 第12號之修訂	<i>就未變現虧損確認遞 延稅項資產</i>
香港財務報告準則 12號之修訂	<i>作為香港財務報告準 則2014年至2016年 期間年度改進之一 部分</i>

除下文所述者外，於本年度應用香港財務報告準則之修訂並無對本集團本年度及過往年度之財務表現及狀況及／或該等綜合財務報表所載披露造成重大影響。

香港會計準則第7號之修訂披露計劃

本集團已於本年度首次應用此等修訂。有關修訂規定實體須披露所需資料令財務報表使用者得以衡量融資活動所產生負債變動（包括現金及非現金變動）。此外，有關修訂亦規定，倘來自金融資產的現金流或未來現金流將列作融資活動的現金流，則須披露有關金融資產的變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (Continued)

Amendments to HKAS 7 Disclosure Initiative (Continued)

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 30. Consistent with the transition provision of the amendments, the Group has not disclosed comparative information for the prior year. Apart from additional disclosure in note 30, the application of these amendments has had no impact on the Group’s consolidated financial statements.

2. 應用新增及經修訂香港財務報告準則（「香港財務報告準則」）（續）

於本年度強制生效之香港財務報告準則之修訂（續）

香港會計準則第7號之修訂披露計劃（續）

具體而言，有關修訂規定須披露以下事項：(i) 融資現金流的變動；(ii) 因取得或喪失附屬公司控制權或其他業務而出現的變動；(iii) 匯率變動的影響；(iv) 公平值的變動；及(v) 其他變動。

有關該等項目期初及期末結餘之對賬載於附註30。根據修訂版之過渡條文，本集團並無披露上一年度的比較資料。除附註30的額外披露外，應用該等修訂並無對本集團綜合財務報表造成影響。

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綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 9	<i>Financial Instruments</i> ¹
HKFRS 15	<i>Revenue from Contracts with Customers and the related Amendments</i> ¹
HKFRS 16	<i>Leases</i> ²
HKFRS 17	<i>Insurance Contracts</i> ⁴
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ²
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ¹
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ²
Amendments to HKAS 28	<i>As part of the Annual Improvements to HKFRSs 2014-2016 Cycle</i> ¹
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ¹
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i> ²

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

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

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

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

2. 應用新增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增及經修訂香港財務報告準則

本集團並無提早採納以下已頒佈但尚未生效之新增及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	來自客戶合約的收益及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第17號	保險合約 ⁴
香港財務報告詮釋委員會詮釋第22號	外幣交易及墊付代價 ¹
香港財務報告詮釋委員會詮釋第23號	所得稅處理之不確定性 ²
香港財務報告準則第2號之修訂	股份付款交易的分類及計量 ¹
香港財務報告準則第4號之修訂	應用香港財務報告準則第9號金融工具及香港財務報告準則第4號保險合同 ¹
香港財務報告準則第9號之修訂	具有負補償之提前還款特性 ²
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ³
香港會計準則第28號之修訂	於聯營公司及合營公司之長期權益 ²
香港會計準則第28號之修訂	作為香港財務報告準則2014至2016年期間年度改進之一部分 ¹
香港會計準則第40號之修訂	轉移投資物業 ¹
香港財務報告準則之修訂	香港財務報告準則2015年至2017年期間年度改進 ²

¹ 於2018年1月1日或之後開始的年度期間生效。

² 於2019年1月1日或之後開始的年度期間生效。

³ 於將予釐定之日期或之後開始的年度期間生效。

⁴ 於2021年1月1日或之後開始的年度期間生效。

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綜合財務報表附註

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (Continued)

Except as mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements.

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 requirement of HKFRS 9 which is relevant to the Group is 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 loss are recognised.

Based on the Group's financial instruments and risk management policies, application of HKFRS 9 in the future may have an impact on the Group's financial assets. The expected credit loss model may result in early provision of the credit losses which have not yet incurred in relation to the Group's financial assets measured at amortised cost. The directors of the Company anticipate that the adoption of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on the analysis of the Group's financial instruments as at 31 December 2017.

2. 應用新增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增及經修訂香港財務報告準則（續）

除下文所述者外，本公司董事預計，應用其他新增及經修訂香港財務報告準則及詮釋不會對綜合財務報表產生重大影響。

香港財務報告準則第9號 金融工具

香港財務報告準則第9號引入分類及計量金融資產、金融負債、一般對沖會計法之新規定及金融資產之減值規定。

香港財務報告準則第9號中與本集團相關之主要規定為金融資產之減值。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將於各報告日期之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。

根據本集團之金融工具及風險管理政策，日後應用香港財務報告準則第9號可能對本集團之金融資產產生影響。預期信貸虧損模式可能引致就本集團以攤銷成本計量之金融資產提早作出尚未發生之信貸虧損撥備。根據對本集團於2017年12月31日之金融工具之分析，本公司董事預期，日後採用香港財務報告準則第9號可能不會對就本集團金融資產及金融負債報告之金額產生其他重大影響。

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綜合財務報表附註

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (Continued)

HKFRS 15 Revenue from Contracts with Customers

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

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

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

2. 應用新增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增及經修訂香港財務報告準則(續)

香港財務報告準則第15號 來自客戶合約的收益

香港財務報告準則第15號經已頒佈，其制定一項單一全面模式供實體用作將來自客戶合約所產生的收益入賬。於香港財務報告準則第15號生效後，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號的核心原則為實體所確認描述向客戶轉讓承諾貨品或服務的收益金額，應為能反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收益的五個步驟：

- 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

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綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

NEW AND REVISED HKFRSs 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 of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate 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. 應用新增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增及經修訂香港財務報告準則（續）

香港財務報告準則第15號 來自客戶合約的收益 (續)

根據香港財務報告準則第15號，實體於完成履約責任時確認收益，例如，當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號要求更詳盡的披露。

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

本公司董事預期，未來應用香港財務報告準則第15號可能導致更多披露。然而，本公司董事預期，應用香港財務報告準則第15號不會對於各報告期間確認之收益之時間及金額產生重大影響。

香港財務報告準則第16號 租賃

香港財務報告準則第16號為識別出租人及承租人之租賃安排及會計處理引入一個綜合模式。香港財務報告準則第16號於生效時將取代香港會計準則第17號*租賃*及相關詮釋。

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

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (Continued)

HKFRS 16 Leases (Continued)

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

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

2. 應用新增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增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，而其後乃按成本（若干例外情況除外）減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債初步按並非於該日支付之租賃付款現值計量。其後，租賃負債會就利息及租賃付款以及（其中包括）租賃修訂之影響而作出調整。就現金流量分類而言，本集團現時將經營租約付款呈列為營運現金流量。於應用香港財務報告準則第16號後，有關租賃負債之租賃付款將分配為本金及利息部分（呈列為本集團融資現金流量）。

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號之出租人會計規定，及繼續要求出租人將租賃分類為經營租賃或融資租賃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (Continued)

HKFRS 16 Leases (Continued)

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HK\$3,007,000 as disclosed in note 32. 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 such leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK\$459,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

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

2. 應用新增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增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）

誠如附註32所披露，本集團於2017年12月31日擁有不可撤銷經營租約承擔約3,007,000港元。初步評估顯示，該等安排將符合項下租賃之定義。於應用香港財務報告準則第16號後，本集團將就該等租賃確認使用權資產及相應之負債，除非有關租賃符合低價值或短期租賃。

此外，本集團目前將約459,000港元之已付可退還租金按金視作租賃資產及負債（應用香港會計準則第17號）。根據香港財務報告準則第16號項下租賃付款之釋義，該等按金並非有關使用權資產之付款，因此，該等按金之賬面值可調整至攤銷成本，而該調整被視作額外租賃付款。已付可退還租金按金之調整納入使用權資產之賬面值。

此外，應用新規定可能引致計量、呈列及披露出現變動（如上文所指明）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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 set out below.

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, 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. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有聯交所GEM證券上市規則（「GEM上市規則」）及香港公司條例（「公司條例」）所規定之適用披露。

綜合財務報表乃按歷史成本基準編製，惟若干金融工具乃於各報告期末按公平值計量（如下文所載會計政策所闡釋）。

歷史成本一般按貨品及服務交換之代價之公平值計算。

公平值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港財務報告準則第2號以股份支付範圍的以股份為基礎之付款交易、屬於香港會計準則第17號範圍內的租賃交易，以及與公平值有部份相若地方但並非公平值的計量，譬如香港會計準則第2號存貨內的可變現淨額或香港會計準則第36號資產減值的使用價值除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

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

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

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

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

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

3. 主要會計政策 (續)

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第二級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（第一級內包括的報價除外）；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

下文載列主要會計政策。

綜合基準

綜合財務報表包括本公司及本公司及其附屬公司控制的實體的財務報表。當本公司符合以下條件時，即取得控制權：

- 可對被投資方行使權力；
- 自參與被投資方獲得或有權獲得可變回報；及
- 有能力藉行使其權力而影響其回報。

倘有事實及情況顯示上列三項控制權條件之其中一項或多項有變，本集團會重新評估其是否控制被投資方。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

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 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.

3. 主要會計政策 (續)

綜合基準 (續)

倘本集團於被投資方之投票權未能佔大多數，但只要投票權足以賦予本集團實際能力可單方面掌控被投資方之相關業務時，本公司即對被投資方擁有權力。在評估本集團於被投資方之投票權是否足以賦予其權力時，本集團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較其他投票權持有人所持投票權之規模及分散度；
- 本集團、其他投票權持有人或其他人士持有之潛在投票權；
- 其他合約安排產生之權利；及
- 可顯示於需要作出決定時，本集團當前能否掌控相關活動之任何其他事實及情況（包括於過往股東大會上之投票方式）。

當本集團取得附屬公司之控制權，便將該附屬公司綜合入賬；當本集團失去附屬公司之控制權，便停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收入表，直至本集團對該附屬公司之控制權終止當日為止。

損益及其他綜合收入各項目可獲分配至本公司擁有人及非控股權益內。附屬公司之全面收入總額獲分可配至本公司擁有人及非控股權益內，儘管這導致非控股權益產生虧絀結餘。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

BASIS OF CONSOLIDATION (Continued)

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to 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.

3. 主要會計政策 (續)

綜合基準 (續)

於有需要時就附屬公司財務報表作出調整，以使其會計政策與本集團所採用者符合一致。

所有集團內公司間之資產及負債、權益、收入、支出及與本集團成員公司間的交易有關的現金流量均於綜合賬目時悉數對銷。

本集團於現有附屬公司之擁有權權益變動

本集團於現有附屬公司之擁有權權益變動若無導致本集團失去對有關附屬公司之控制權，則按權益交易入賬。本集團權益相關成份及非控股權益之賬面值作出調整，以反映其於附屬公司之相關權益變動，包括根據本集團及非控股權益所佔權益百分比，於本集團及非控股權益之間重新歸屬相關儲備。

非控股權益經調整之金額與已付或已收代價之公平值間之任何差額直接於權益確認，並歸屬於本公司擁有人。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

CHANGES IN THE GROUP'S OWNERSHIP INTERESTS IN EXISTING SUBSIDIARIES

(Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (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 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 HKFRSs). 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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. 主要會計政策 (續)

本集團於現有附屬公司之擁有權權益變動 (續)

當本集團失去一間附屬公司之控制權時，該附屬公司之資產及負債以及非控股權益（如有）將終止確認。盈虧於損益內確認，並按：(i)已收代價公平值及任何保留權益公平值總額與(ii)本公司擁有人應佔附屬公司資產（包括商譽）及負債之賬面值之差額計算。所有先前於其他全面收入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平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平值，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。

業務合併

收購業務採用收購法入賬。業務合併之收購代價按公平值計量，而計算方法為本集團所轉讓之資產、本集團向被收購方原股東產生之負債及本集團於交換被收購方之控制權發行之股權於收購日期之公平值之總額。有關收購之費用通常於產生時確認於損益中。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

BUSINESS COMBINATIONS (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. 主要會計政策 (續)

業務合併 (續)

於收購日期，所收購之可識別資產及所承擔之負債乃於按公平值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排所產生之資產或負債分別按香港會計準則第12號*所得稅*及香港會計準則第19號*僱員福利*確認及計量；
- 與被收購方以股份為基礎之付款安排有關或以所訂立本集團以股份為基礎之付款安排取代被收購方以股份為基礎之付款安排有關之負債或權益工具，乃於收購日期按香港財務報告準則第2號計量（見下文會計政策）；及
- 根據香港財務報告準則第5號*持作出售之非流動資產及已終止經營業務*分類為持作出售之資產（或出售組別）根據該準則計量。

商譽是以所轉撥之代價、非控股權益於被收購方中所佔金額、及本集團以往持有之被收購方股權之公平值（如有）之總和，減所收購之可識別資產及所承擔之負債於收購日期之淨值後，所超出之差額計值。倘經過重新評估後，所收購之可識別資產與所承擔負債之淨額高於轉撥之代價、非控股權益於被收購方中所佔金額以及本集團以往持有之被收購方股權之公平值（如有）之總和，則差額即時於損益內確認為議價收購收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

BUSINESS COMBINATIONS (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

3. 主要會計政策 (續)

業務合併 (續)

屬現時擁有權權益且於清盤時讓持有人有權按比例分佔相關附屬公司資產淨額之非控股權益，初步以非控股權益應佔被收購方可識別資產淨額之已確認金額比例或以公平值計量。計量基準按逐項交易基準作出選擇。

倘本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債，或然代價按其收購日期公平值計量並納入於業務合併中所轉撥代價之一部份。或然代價之公平值變動如適用計量期間調整則回顧調整，並根據商譽或議價收購收益作出相應調整。計量期間調整為於「計量期間」（自收購日期起計不超過一年）就於收購日期存在之事實及情況獲得之其他資料產生之調整。

或然代價之隨後入賬如不適用計量期間調整，則取決於或然代價如何分類。分類為權益之或然代價並無於隨後報告日期重新計量，而其隨後結算於權益內入賬。分類為資產或負債之或然代價於隨後報告日期按公平值重新計量，而相應之收益或虧損於損益賬中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

BUSINESS COMBINATIONS (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. 主要會計政策 (續)

業務合併 (續)

倘業務合併分階段完成，本集團先前於被收購方持有之股權重新計量至收購日期(即本集團獲得控制權當日)之公平值，而所產生之收益或虧損(如有)於損益賬中確認。過往於收購日期前於其他綜合收入確認之被收購方權益所產生款額重新分類至損益(倘有關處理方法適用於出售權益)。

倘業務合併之初步會計處理於合併發生之報告期間結算日尚未完成，則本集團報告未完成會計處理之項目臨時數額。該等臨時數額會於計量期間(見上文)予以調整，及確認額外資產或負債，以反映於收購日期已存在而據所知可能影響該日已確認款額之事實與情況所取得之新資訊。

於附屬公司之投資

附屬公司乃指本集團有權控制其財務及營運政策以自其業務取得利益之公司。於評估本集團是否控制另一實體時，會考慮是否存在即時可行使或可換股之潛在投票權及其影響。附屬公司於控制權轉移至本集團當日起全數與本集團綜合，並自控股權終止當日起不再與本集團綜合。

於本公司財務狀況表中，附屬公司投資以成本減任何減值虧損列賬。本公司按照已收及應收股息額將附屬公司業績入賬。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in 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 associate or 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 associate or joint venture.

3. 主要會計政策 (續)

於聯營公司及合營企業之投資

聯營公司指本集團對其行使重大影響力之實體。重大影響力乃指可參與被投資方之財務及營運決策之權力，惟對該等政策並無控制權或共同控制權。

合營企業指一項共同安排，對安排擁有共同控制權之訂約方據此對合營安排資產淨值擁有權利。共同控制是指按照合約約定對某項安排所共有之控制，共同控制僅在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與資產及負債，乃按權益會計法列入綜合財務報表或合營企業。聯營公司及合營企業用於權益會計法之財務報表乃按與本集團於同類情況下就同類交易及事件所遵循者一致之會計政策編製。根據權益法，於聯營公司或合營企業之投資初步在綜合財務狀況表按成本確認，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綜合收入而作出調整。聯營公司／合營企業除損益及其他全面收益以外之變動不會入賬，惟該等變動會導致本集團擁有權權益發生變化者除外。當本集團應佔一間聯營公司或合營企業之虧損超出本集團佔該聯營公司或合營企業之權益時（包括任何實際上構成本集團於聯營公司或合營企業投資淨值其中部分之長遠權益），本集團會終止確認其應佔之進一步虧損。當本集團產生法定或推定責任或代表該聯營公司或合營企業付款時，方會確認額外虧損。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (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 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. 主要會計政策 (續)

於聯營公司及合營企業之投資 (續)

於一間聯營公司或合營企業之投資使用權益法自被投資公司成為聯營公司或合營企業日期起入賬。在收購於聯營公司或合營企業之投資時，投資成本超出本集團分佔有關被投資公司可予識別資產及負債公平淨值之差額，確認為商譽。有關商譽計入該投資之賬面值。本集團應佔可識別資產及負債之公平淨值超出投資成本之任何差額，於重新評估後即時於收購投資期間的損益確認。

香港會計準則第39號之規定予以應用，以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。於需要時，該項投資之全部賬面值（包括商譽）會根據香港會計準則第36號以單一資產的方式進行減值測試，方法是比較其可收回金額（即使用價值與公平值減出售成本之較高者）與賬面值，任何已確認之減值虧損構成該項投資之賬面值一部份。於該項投資之可收回金額其後增加時根據香港會計準則第36號確認該減值虧損之任何撥回。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (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.

3. 主要會計政策 (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對合營企業擁有聯合控制權，則按出售被投資者全部權益作會計處理，產生之損益於損益內確認。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號範圍內之金融資產時，則本集團於當日按公平值計量保留權益，而公平值則被視為首次確認時之公平值。聯營公司或合營企業之賬面值與任何保留權益之公平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，乃計入釐定出售聯營公司或合營企業之損益。此外，倘該聯營公司或合營企業直接出售相關資產或負債，則本集團可能需要按相同基準計入有關該聯營公司或合營企業的以往於其他全面收入確認的所有金額。因此，倘聯營公司或合營企業以往於其他全面收入確認之損益重新分類為出售相關資產或負債之損益賬，則本集團將於出售／部分出售相關聯營公司或合營企業時將權益盈虧重新分類至損益（列作重新分類調整）。

當於聯營公司之投資成為對合營企業之投資或於合營企業之投資成為對聯營公司之投資時，本集團繼續使用權益法。於發生該等擁有權益變動時，不會對公平值進行重新計量。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

When the Group reduces its ownership interest 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.

When a group entity transacts with an associate or a joint venture of the Group, 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.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. 主要會計政策 (續)

於聯營公司及合營企業之投資 (續)

當本集團削減於聯營公司或合營企業之擁有權權益但繼續使用權益法時，倘以往於其他全面收入確認有關削減擁有權權益之盈虧部分將於出售相關資產或負債時重新分類至損益，則本集團會將該盈虧重新分類至損益。

當集團實體與本集團之聯營公司或合營企業進行交易時，則與聯營公司或合營企業交易所產生之損益僅於聯營公司或合營企業之權益與本集團無關時，方於本集團之綜合財務報表確認。

收益確認

收益按已收或應收代價之公平值計量。收益已就估計客戶退貨、折扣及其他類似備抵作出扣減。

來自銷售貨品之收益於交付貨品及擁有權轉移時下列條件達成時確認：

- 本集團已向買方轉讓貨品擁有權之重大風險及回報；
- 本集團並無對售出貨品保留程度一般與擁有權相關之持續管理參與，亦無保留售出貨品之實際控制權；
- 收益金額能可靠地計量；
- 與交易有關之經濟利益很有可能流入本集團；及
- 就交易產生或將予產生之成本能可靠地計量。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

REVENUE RECOGNITION (Continued)

Revenue from provision of management, marketing and operating services for lottery system and lottery halls is recognised when the services are rendered.

Revenue from the sale of smart wearable devices is recognised when the products are delivered and titles have passed.

Revenue from provision of sports training services is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

LEASING

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

3. 主要會計政策 (續)

收益確認 (續)

來自提供彩票系統及彩票大廳提供管理、市場推廣及營運服務之收益於提供服務時確認。

來自銷售智能穿戴設備之收益於交付產品及所有權轉移時確認。

來自提供體育訓練服務之收益於提供服務時確認。

金融資產之利息收入於經濟利益有可能流入本集團且收益金額能可靠計量時確認。利息收入按時間基準，參考尚未償還本金額以適用實際利率計算。適用實際利率指將估計日後所得現金按金融資產估計可使用年期確切折讓至資產於初次確認時賬面淨值之利率。

租賃

凡租賃條款規定將擁有權之絕大部份風險及回報轉讓予承租人之租賃均列作融資租賃。所有其他租賃則列作經營租賃。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

LEASING (Continued)

The Group as lessee

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

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

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 on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人

經營租約租金按有關租期以直線法確認為開支。經營租約所產生之或然租金於產生期間確認為開支。

倘訂立經營租約時收取租賃優惠，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。

外幣

於編製各個別集團實體之財務報表時，倘交易貨幣與該實體之功能貨幣不同（外幣），則按交易日期適用之匯率換算確認。於報告期間末，以外幣列值之貨幣項目按該日適用之匯率重新換算。以外幣列值並按公平值計量之非貨幣項目按釐定公平值當日適用之匯率重新換算，惟以外幣列值並按歷史成本計量之非貨幣項目不予重新換算。

結算貨幣項目及換算貨幣項目產生之匯兌差額乃於產生期間內於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FOREIGN CURRENCIES (Continued)

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

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.

3. 主要會計政策 (續)

外幣 (續)

就呈列綜合財務報表而言，本集團海外業務之資產與負債乃按於各報告期間末之匯率換算為本集團之呈報貨幣（即港元）。收支乃按期內之平均匯率進行換算，除非匯率於該期間內出現大幅波動則另作別論，於該情況下，則採用交易當日之即時匯率。所產生之匯兌差額（如有）乃於其他綜合收入確認，並於權益下以匯兌儲備累計（於適當時撥作非控股權益）。

借貸成本

收購、建造或生產合資格資產所直接產生之借貸成本乃撥充該等資產之成本，直至有關資產大致上可作擬定用途或銷售為止，而合資格資產為需較長時間預備以用於擬定用途或銷售之資產。

特定借貸於撥作合資格資產之支出前用作短期投資所賺取之投資收入，會從可撥充資本之借貸成本中扣除。

所有其他借貸成本於產生期間在損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

RETIREMENT BENEFIT COSTS

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Pursuant to the relevant regulations of the government of the PRC, subsidiaries of the Company operating in the PRC participate in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiaries are required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to the consolidated statement of profit or loss and other comprehensive income as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

3. 主要會計政策 (續)

退休福利成本

強制性公積金計劃之付款於僱員提供服務以享有有關供款時確認為開支。

根據中國政府之有關規定，本公司在中國經營業務之附屬公司須參與當地市政府之退休公積金計劃（「中國計劃」）。據此，該等附屬公司須根據中國當地之有關政府機關之規則計算就此須對中國計劃作出之貢獻，作為僱員退休福利。當地市政府承諾負責該附屬公司之一切現時及將來退休僱員之退休福利承擔。本集團對中國計劃所須負之唯一責任為根據上述中國計劃持續供款。根據中國計劃作出之供款在作出後於綜合損益及其他全面收入表內扣除。中國計劃並無有關被沒收之供款可用作減少未來供款之規定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

SHARE-BASED PAYMENT ARRANGEMENTS

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

3. 主要會計政策 (續)

以股份為基礎之付款安排

以股本結算以股份為基礎之付款交易

向僱員授出購股權

向僱員及提供類似服務的其他人士支付按股本結算以股份為基礎之付款之款項乃以股本工具於授出日期的公平值計量。

於按股本結算以股份為基礎之付款授出日期釐定之公平值(不計及所有非市場歸屬條件)會於歸屬期內根據本集團對將會最終歸屬之股本工具之估計,按直線法支銷,而權益則相應增加(購股權儲備)。於各報告期間末,本集團修訂其基於對所有相關非市場歸屬條件之評估對預期歸屬之股權工具數目之估計。修訂原先估計之影響(如有)在損益確認(累積開支反映經修訂估計),並對購股權儲備作出相應調整。就於授出日期即時歸屬之購股權而言,已授出購股權之公平值隨即於損益內支銷。

購股權行使時,先前於購股權儲備中確認之金額會轉撥至股份溢價。當購股權於歸屬日期後被沒收或到屆滿日期仍未被行使,先前於購股權儲備中確認之金額會轉撥至累計虧損。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

SHARE-BASED PAYMENT ARRANGEMENTS

(Continued)

Equity-settled share-based payment transactions

(Continued)

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).

TAXATION

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

Current 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 income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. 主要會計政策 (續)

以股份為基礎之付款安排 (續)

以股本結算以股份為基礎之付款交易 (續)

向供應商／承包商授出購股權

與僱員以外人士進行之按股本結算以股份為基礎之付款交易乃按所收商品或所接受服務之公平值計量，惟倘公平值未能可靠地計量，則彼等按所授出股本工具於實體取得商品或對手方提供服務當日計量之公平值計量。已收取貨品或服務之公平值確認為開支，除非貨品或服務符合資格確認為資產。

稅項

所得稅開支指即期應付稅項及遞延稅項之總和。

即期稅項

即期應付稅項乃按本年度應課稅溢利計算。由於其他年度之應課稅收入或可扣稅開支及從未課稅或扣稅之項目不同，應課稅溢利與綜合損益及其他全面收入表中所報「除稅前虧損」不同。本集團之即期稅項負債乃使用於報告期間未實施或實質上已實施之稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

TAXATION (Continued)

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries 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.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項

於綜合財務報表之資產及負債賬面值與用作計算應課稅溢利之相應稅基兩者之暫時差額確認為遞延稅項。本公司一般將會就所有應課稅暫時差額確認遞延稅項負債。遞延稅項資產一般於可能有應課稅溢利以動用所有可扣減暫時差額時就該等可扣稅暫時差額確認。倘暫時差額因初步確認(業務合併除外)因一項不影響應課稅溢利或會計溢利之交易之資產及負債而產生，則有關遞延稅項資產及負債不予確認。

遞延稅項負債就與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予以確認，惟倘本集團可控制其撥回及差額有可能不會於可見將來撥回則除外。因與有關投資及權益相關之可扣減暫時差額而產生之遞延稅項資產僅於可能產生足夠應課稅溢利以動用暫時差額溢利並預期可於可見將來撥回時確認。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

TAXATION (Continued)

Deferred tax (Continued)

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

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

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

Current and deferred tax for the year

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.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項 (續)

遞延稅項資產之賬面值於各報告期間末作檢討，並於可能無足夠應課稅溢利恢復全部或部分資產價值時作調減。

遞延稅項資產及負債以變現資產或清償負債期間預期之適用稅率計算，根據於報告期間末已實施或實質上已實施之稅率（及稅法）計算。

遞延稅項負債和資產之計量反映在報告期間末本集團預期將來能收回或支付有關資產和負債賬面金額之稅務影響。

年內即期或遞延稅項

年內即期或遞延稅項於損益確認，惟當其與在其他綜合收入中確認或直接在權益中確認之項目相關，則即期及遞延稅項亦分別於其他綜合收入或直接於權益中確認。倘因業務合併之初步會計方法而產生即期或遞延稅項，有關稅務影響會計入業務合併之會計處理內。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method as follows:

Furniture, fixtures and fittings	3-5 years
Computer and office equipment	3-5 years
Leasehold improvements	Over the shorter of term of lease or 3 years

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.

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.

3. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備乃按成本減其後累計折舊及其後累計減值虧損(如有)列入綜合財務狀況表。

折舊乃按資產之估計可使用年期以直線法確認以撇銷其成本(減去其剩餘價值)如下:

傢俬、設備及裝置	3至5年
電腦及辦公室設備	3至5年
租賃物業裝修	租賃期或3年 (以較短者為準)

估計可使用年期、剩餘價值及折舊方法於各報告期間末檢討,估計變動之影響按預提基準入賬。

物業、廠房及設備項目於出售或當預期持續使用該資產不再帶來未來經濟利益時終止確認。出售或廢棄物業、廠房及設備項目產生之任何收益或虧損按出售所得款項與資產賬面值間之差額計算,並於損益內確認。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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. 主要會計政策 (續)

無形資產

於業務合併中收購之無形資產

於業務合併時收購之無形資產，與商譽分開確認及初步按其於收購日期之公平值確認，而有關公平值被視為其成本。

於初步確認後，於業務合併中收購具有有限使用年期之無形資產按成本減累計攤銷及累計減值虧損入賬。業務合併所收購具有無限使用年期之無形資產按成本減任何其後累計減值虧損列賬。

無形資產於出售或當預期使用或出售該資產不會帶來未來經濟利益時終止確認。終止確認無形資產產生之收益及虧損按出售所得款項淨額與資產賬面值間之差額計算，並於終止確認資產時在損益內確認。

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綜合財務報表附註

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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 relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. 主要會計政策 (續)

有形及無形資產之減值

於報告期間末，本集團檢討其可使用年期有限之有形及無形資產之賬面值，以釐定是否有跡象顯示該等資產出現減值虧損。倘出現任何有關跡象，則須估計資產之可收回金額，以釐定減值虧損之程度（如有）。

倘無法估計個別資產之可收回金額，則本集團估計該項資產所屬之現金產生單位之可收回金額。倘有可識別之合理一致分配基準，企業資產亦會分配至個別現金產生單位，或分配至有可識別之合理一致分配基準之現金產生單位之最小組別。

可收回金額乃公平值減出售成本與使用價值之較高者。在評估使用價值時，估計未來現金流量使用稅前貼現率貼現至其現值，該貼現率反映貨幣時間價值之當前市場估計及未來現金流量預期未經調整之資產（或現金產生單位）有關風險。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

IMPAIRMENT ON TANGIBLE AND INTANGIBLE ASSETS (Continued)

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

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

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a 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.

3. 主要會計政策 (續)

有形及無形資產之減值 (續)

倘估計資產(或現金產生單位)之可收回金額少於其賬面值，資產(或現金產生單位)之賬面值被削減至其可收回金額。於分配減值虧損時，會先行分配減值虧損，以削減任何商譽之賬面值(倘適用)，然後以該單位內各資產賬面值為基準，按比例削減該單位內其他資產之任何商譽賬面值。資產之賬面值不得削減至下列各項中之最高者：其公平值減出售成本(倘可計量)；其使用價值(倘可確定)；及零。另行分配至資產之減值虧損金額乃按該單位內其他資產所佔比例予以分配。減值虧損即時於損益確認。

倘減值虧損其後撥回，則該資產(或現金產生單位)之賬面值將增至重新估計之可收回金額，但所增加之賬面值不得超過資產(或現金產生單位)於過去數年若未確認減值虧損所釐定之賬面值。減值虧損撥回會即時於損益確認。

存貨

存貨乃以成本與可變現淨值兩者中較低者列賬。存貨成本以加權平均法計算。可變現淨值乃指存貨之估計售價減除所有估計完成成本及必要銷售成本。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

PROVISIONS

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

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

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.

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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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.

3. 主要會計政策 (續)

撥備

倘本集團因過往事件而須承擔現有法律責任或推定責任，且本集團很可能須履行該責任，並能可靠地估計所須承擔之金額，則須確認撥備。

確認為撥備之金額乃對於報告期間末履行現時責任所需代價作出之最佳估計，並計及有關責任之風險及不確定因素。當撥備按履行現時責任估計所需之現金流量計量時，其賬面值為有關現金流量之現值（如貨幣時間價值之影響重大）。

倘預期可自第三方收回用於償還撥備之部分或全部經濟利益，則當實質上肯定可獲補償且能可靠計量應收款項金額時，應收款項可確認為資產。

現金及現金等值

就綜合現金流量表而言，現金及現金等值包括手頭現金及活期存款，以及可即時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期之短期高流動性投資，減須按要求償還之銀行透支，並構成本集團現金管理一部份。

就綜合財務狀況表而言，現金及現金等值包括手頭現金及銀行存款，其中包括定期存款及性質類似現金而用途不受限制之資產。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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 or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: “financial assets at fair value through profit or loss” (“FVTPL”), “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.

3. 主要會計政策 (續)

金融工具

金融資產及金融負債於集團實體訂立金融工具之合約條文時予以確認。

金融資產及金融負債初步均按照公平值計量。收購或發行金融資產及金融負債(按公平值計入損益之金融資產或金融負債除外)直接應佔之交易成本，於初步確認時加入或從金融資產或金融負債(如適用)之公平值扣除。收購按公平值計入損益之金融資產或金融負債直接應佔之交易成本，即時於損益確認。

金融資產

金融資產分類為以下特定類別：「按公平值計入損益」(「按公平值計入損益」)之金融資產、「可供出售」(「可供出售」)金融資產及「貸款及應收款項」。有關分類取決於金融資產之性質及目的，並於初步確認時釐定。所有正常購買或銷售之金融資產，按交易日之基準確認及解除確認。正常購買或銷售之金融資產是指按照市場規定或慣例須在一段期限內交付資產之金融資產買賣。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Effective interest method

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

實際利率法

實際利率法乃計算債務工具之攤銷成本及於相關期間分配利息收入之方法。實際利率乃按債務工具之預計年期或適用之較短期間，將估計日後現金收入（包括構成實際利率不可或缺部份之一切已付或已收費用及利率差價、交易成本及其他溢價或折讓）確切折讓至初步確認時之賬面淨值之利率。

債務工具之利息收入乃按實際利率基準確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including financial assets included in trade and other receivables, amount due from a related company, amount due from a non-controlling interest of a subsidiary, pledged bank deposit and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

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 each 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 financial assets have been affected.

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項

貸款及應收款項為有固定或可釐定付款且並未於交投活躍之市場內報價之非衍生金融資產。於初步確認後，貸款及應收款項(包括計入貿易及其他應收款項之金融資產、應收一間關連公司款項、應收附屬公司之非控股權益之款項、抵押銀行存款及現金及銀行結餘等金融資產)使用實際利率法按攤銷成本減任何減值計算。

利息收入透過採用實際利率確認，如短期應收款項之利息確認金額不大則另作處理。

金融資產減值

金融資產(按公平值計入損益之金融資產除外)於各報告期間末就減值指標進行評估。倘有客觀證據顯示因於初步確認金融資產後發生之一項或多項事件而引致金融資產之估計未來現金流量受到影響，則金融資產被視為出現減值。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For 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
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

就金融資產而言，減值之客觀證據可包括：

- 發行人或對手方出現嚴重財政困難；或
- 違約，如逾期支付或拖欠利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 因出現財政困難導致該金融資產失去活躍市場。

若干不會個別減值之金融資產類別（如貿易應收款項）將整體作減值評估。應收款項組合出現減值之客觀證據可包括本集團過往收款經驗、組合中款項平均信貸期過後仍未還款之次數增加，以及可影響應收款項拖欠情況之國家或地方經濟狀況出現明顯變動。

就以攤銷成本列賬之金融資產而言，確認之減值虧損金額為資產賬面值與估計未來現金流量之現值（按金融資產之原實際利率折讓）之間之差額。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

按成本列賬之金融資產之減值虧損金額按資產之賬面值與就換取類似金融資產以現行市場利率貼現估計未來現金流量現值間之差額計算。有關減值虧損不會於往後期間撥回。

就所有金融資產而言，減值虧損會直接於金融資產之賬面值中作出扣減，惟貿易及其他應收款項除外，其賬面值會透過撥備賬作出扣減。撥備賬之賬面值變動於損益中確認。當貿易及其他應收款項被視為不可收回時，其將於撥備賬內撇銷。其後收回先前註銷之金額計入損益。

就以攤銷成本計量之金融資產而言，倘減值虧損額於往後期間減少，且該減少與於確認減值後所發生之事件存在客觀關係，則之前確認之減值虧損會於損益中撥回，惟於減值被撥回當日該投資之賬面值不得超過倘無確認減值之已攤銷成本。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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.

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.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本工具

分類為債務或股本

由集團實體發行之債務及股本工具乃根據合同安排之性質以及金融負債及股本工具之定義分類為金融負債或股本。

股本工具

股本工具為證明實體資產經扣除其全部負債後尚有殘餘利益之任何合約。由本集團發行之股本工具按已收所得款項(扣除直接發行成本)確認。

購回本公司自身股本工具直接於股本中予以確認及扣減。購置、出售、發行或註銷本公司自身股本工具時，概無於損益中確認任何溢利或虧損。

實際利率法

實際利率法為計算金融負債攤銷成本及於相關期間分配利息開支之方法。實際利率乃按金融負債之預計年期或適用之較短期間，將估計日後現金付款(包括構成實際利率不可或缺部份之一切已付或已收費用及利率差價、交易成本及其他溢價或折讓)確切折讓至初步確認時之賬面淨值之利率。

利息開支乃按實際利率基準確認。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A 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 an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

可換股債券

可換股債券之組成部分按照合約安排之本質以及金融負債及股本工具之定義區分為金融負債及權益。以固定金額現金或另一金融資產交換固定數目之本公司本身股本工具結算之轉換期權屬於股本工具。

於發行日期，負債部分（包括任何嵌入非股本衍生工具特徵）之公平值透過計量並無相關權益部分之類似負債之公平值估算。

分類為權益之轉換期權乃透過從整項複合工具之公平值中扣除負債部分金額後釐定，並於權益確認及計算（扣除所得稅影響），且不會於往後重新計量。此外，分類為權益之轉換期權將於權益保留，直至轉換期權獲行使為止，在此情況下，已於權益確認之餘額將轉撥至股份溢價。倘轉換期權於可換股票據到期日仍未獲行使，則已於權益確認之結餘將轉撥至累計虧損。於轉換期權獲轉換或屆滿時概不會於損益確認任何收益或虧損。

與發行可換股債券有關之交易成本按分配所得款項總額之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金額，並使用實際利率法於可換股債券年內攤銷。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to an intermediate holding company, amount due to a non-controlling interest of a subsidiary and convertible bonds) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

按攤銷成本計量之金融負債

金融負債(包括貿易及其他應付款項、應付中間控股公司之款項、應付附屬公司之非控股權益之款項、應付聯營公司款項及可換股債券)乃隨後採用實際利率法按攤銷成本計量。

財務擔保合約

財務擔保合約為規定發行人作出指定付款以補償持有人因特定債務人未能按照債務工具條款在到期時付款所招致之損失之合約。

本集團所發出之財務擔保合約初步按公平值計量，而倘其並非指定以按公平值計入損益處理，則隨後按下列之較高者計量：

- (i) 合約下之責任金額，乃按照香港會計準則第37號撥備、或然負債及或然資產釐定；及
- (ii) 初步確認之金額減去(倘適合)於擔保期內確認之累計攤銷。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

FINANCIAL INSTRUMENTS (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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, 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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 主要會計政策 (續)

金融工具 (續)

終止確認

本集團僅於自資產獲取現金流之合約權利到期時，或本集團將金融資產及資產所有權之絕大部份風險及回報轉讓予另一實體時終止確認金融資產。倘本集團未轉讓亦無保留所有權之絕大部份風險及回報，而是繼續控制已轉讓資產，則本集團將於資產確認保留溢利及可能須支付之相關負債款項。倘本集團保留已轉讓金融資產所有權之絕大部份風險及回報，則本集團繼續確認該金融資產，亦會就已收取之所得款項確認擔保借貸。

全面終止確認金融資產時，資產賬面值與已收及應收代價以及累計損益（已於其他綜合收入確認並於權益累積）總和間之差額，於損益確認。

本集團只有在責任獲免除、取消或終止時，方會終止確認金融負債。獲終止確認之金融負債之賬面值與已付及應付代價間差額會於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

3. 主要會計政策 (續)

關連人士

在下列情況下，一方將被視為與本集團有關：

- (a) 該方為個體人士或該人士家族近親同該人士，
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司之主要管理層成員；

或

- (b) 該方為實體且以下條件適用於該方：
 - (i) 實體與本集團為同一集團之成員公司；
 - (ii) 實體為另一實體（或另一實體之母公司、附屬公司或同系附屬公司）之聯營公司或合營企業；
 - (iii) 實體及本集團為同一第三方之合營企業；
 - (iv) 實體為第三方實體之合營企業且另一實體為第三方之聯營公司；
 - (v) 實體為本集團或與本集團有關實體為其僱員利益而設立終止僱用後福利計劃；
 - (vi) 實體受(a)所界定人士控制或共同控制；

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

RELATED PARTIES (Continued)

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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, management is 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. 主要會計政策 (續)

關連人士 (續)

(vii) (a)(i)所界定人士對實體有重大影響或為實體(或實體之母公司)之主要管理層成員；及

(viii) 實體或其為一方之集團之任何成員向本集團或本集團母公司提供主要管理層人員服務。

該名人士之近親為可能被預期於與實體進行交易時影響該名人士或受該名人士影響之該等家族成員。

4. 重大會計判斷及估計不肯定因素之主要來源

於應用附註3所述之本集團會計政策時，管理層須對尚無法從其他渠道確認之資產及負債賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及被認為有關之其他因素作出。實際結果可能有別於估計數額。

管理層會不斷審閱各項估計和相關假設。倘會計估計之修訂只影響某一期間，其影響便會在作出修訂之期間確認；倘修訂對當前及未來期間均有影響，則在作出修訂之期間及未來期間確認。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of concession rights

The carrying amount of concession rights is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of these assets, or, where appropriate, the cash-generating unit(s) ("CGU(s)") to which they belong, is calculated as the higher of its fair value less costs of disposal and value in use. Estimating the value in use requires the Group to estimate the expected future cash flows from the CGU(s) and to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 15).

As at 31 December 2017, the carrying amount of concession rights related to lottery business is Nil (2016: HK\$60,580,000), after deducting the accumulated amortisation and impairment of approximately HK\$2,416,528,000 (2016: HK\$2,193,518,000) as detailed in note 15.

Significant estimation is required in determining the future cash flows expected to arise from the lottery business. Where the actual future cash flows are less than expected, a material impairment loss may arise.

4. 重大會計判斷及估計不肯定因素之主要來源 (續)

估計不肯定因素之主要來源

以下為報告期間末對未來之主要假設及估計不肯定因素之其他主要來源，很可能導致下一個財政年度之資產及負債賬面值須作出重大調整。

估計特許經營權減值

倘發生事件或情況變動顯示特許經營權之賬面值未能收回時，其賬面值應進行減值檢討。該等資產之可回收金額或(如適用)其所屬現金產生單位(「現金產生單位」)乃按其公平值減出售成本與使用價值之較高者計量。估計使用價值要求本集團估計現金產生單位之預期末來現金流及選擇適當貼現率，以計量該等現金流之現值(附註15)。

於2017年12月31日，有關彩票業務之特許經營權之賬面值為零(2016年：60,580,000 港元)，已扣除累計攤銷及減值約2,416,528,000 港元(2016年：2,193,518,000 港元)(詳載於附註15)。

於釐定預期產生自彩票業務之日後現金流量時需要作出重大估計。若日後的實際現金流量較預期為少，則可能產生重大減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment loss on trade and other receivables

The Group's policy for doubtful receivables is based on the on-going evaluation of the collectability and ageing analysis of the trade and other receivables and on management's judgements. Considerable judgements is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss on trade and other receivables may be required.

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. 重大會計判斷及估計不肯定因素 之主要來源 (續)

估計不肯定因素之主要來源 (續)

貿易及其他應收款項之減值虧損

本集團對應收呆壞賬之政策乃根據貿易及其他應收賬款可收回情況之持續評估、賬齡分析及管理層之判斷而制訂。在估計該等應收款項之最終可變現數額時需要作出大量判斷，包括各債務人現時之信貸狀況及過往付款記錄。倘本集團債務人之財務狀況轉差，削弱其付款能力，則可能需要作出額外之應收貿易賬款及其他應收款項減值虧損。

物業、廠房及設備估計可使用年期

管理層負責釐定物業、廠房及設備之估計可使用年期以及相關折舊開支。該等估計乃根據性質及功能相近之物業、廠房及設備實際使用年期之過往經驗而作出。其可能由於技術革新及競爭對手應對嚴峻行業週期而大幅變化。倘可使用年期較之前之估計為短，則管理層會提高折舊開支，或將已報廢或出售之技術上過時或非戰略性資產撇銷或撇減。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

5. 收益

本年度本集團之收益分析如下：

		2017	2016
		HK\$'000	HK\$'000
		千港元	千港元
			(Restated)
			(經重列)
Provision of financial technology services	提供金融科技服務	17,296	–
Sale of smart wearable devices	銷售智能穿戴設備	8,556	–
Sale of lottery equipment	銷售彩票設備	79	72
Provision of management, marketing, and operating services for lottery system and lottery halls	就彩票系統及彩票大廳提供管理、市場推廣及營運服務	144	264
Provision of sports training services	提供體育訓練服務	2,228	1,675
		28,303	2,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

6. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the board of directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- (a) Financial technology services business – provision of financial technology services (including credit facilitation services, post-origination services and financial guarantee services);
- (b) Smart wearable device business – research, development and sale of smart wearable devices;
- (c) Lottery business – development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the PRC and development and provision of operation system sector of the PRC lottery market; and
- (d) Sports training business – provision of sports training services.

6. 分類資料

本集團之經營分類乃根據向本公司董事會（即主要經營決策者（「主要經營決策者」））呈報以進行資源分配之資料釐定，分類表現評估專注所交付或提供商品或服務的種類。

具體而言，本集團根據香港財務報告準則第8號經營分類之可呈報及經營分類如下：

- (a) 金融科技服務業務－提供金融科技服務（包括信貸撮合服務、貸后服務及財務擔保服務）；
- (b) 智能穿戴設備業務－研發及銷售智能穿戴設備；
- (c) 彩票業務－在中國開發電腦軟件、硬件及應用系統、銷售自主開發之技術或成果、提供相關技術諮詢服務，以及開發中國博彩市場及在此提供營運系統；及
- (d) 體育訓練業務－提供體育訓練服務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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6. SEGMENT INFORMATION (Continued)

SEGMENT REVENUE AND RESULTS

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

		Financial technology services business 金融科技服務業務		Smart wearable device business 智能穿戴設備業務		Lottery business 彩票業務		Sports training business 體育訓練業務		Total 總計	
		2017 HK\$'000 千港元	2016 HK\$'000 千港元	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)
Segment revenue:	分類收益:										
Revenue from external customers	來自外部客戶之收益	17,296	-	8,556	-	223	336	2,228	1,675	28,303	2,011
Segment loss	分類虧損	(2,249)	-	(1,261)	(5,360)	(72,249)	(26,139)	(47)	(12)	(75,806)	(31,511)
Interest on bank deposits, other income and gain	銀行存款利息, 其他收入及收益									3,271	124
Central administration costs	中央行政成本									(14,549)	(17,927)
Loss before tax	除稅前虧損									(87,084)	(49,314)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by each segment without allocation of interest on bank deposits, other income and gain and central administration costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

6. 分類資料(續)

分類收益及業績

以下乃按可呈報分類劃分之本集團收益及業績分析：

上述呈報之分部收益指來自外部客戶之收益。於本年度並無分類間銷售(2016年：無)。

經營分類之會計政策與附註3所述本集團之會計政策一致。分類虧損指各分類產生之虧損(並無於銀行存款、其他收入及收益及中央行政成本分配利息)。此乃就資源分配及評估分類表現而向主要經營決策者匯報之政策。

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6. SEGMENT INFORMATION (Continued)

6. 分類資料 (續)

SEGMENT ASSETS AND LIABILITIES

分類資產及負債

		Financial technology services business 金融科技服務業務		Smart wearable device business 智能穿戴設備業務		Lottery business 彩票業務		Sports training business 體育訓練業務		Total 總計	
		2017 HK\$'000 千港元	2016 HK\$'000 千港元	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)
Segment assets	分類資產	13,412	-	7,842	5,545	4,162	63,263	2,795	2,789	28,211	71,597
Corporate and unallocated assets	企業及未分配資產									42,289	20,491
Consolidated assets	綜合資產									70,500	92,088
Segment liabilities	分類負債	2,573	-	884	243	57,213	69,282	212	193	60,882	69,718
Corporate and unallocated liabilities	企業及未分配負債									2,242	1,699
Consolidated liabilities	綜合負債									63,124	71,417

For the purposes of monitoring segment performance and allocating resources between segments:

為監控分類表現及與分類間分配資源：

- all assets are allocated to operating segments other than pledged bank deposit and other unallocated head office and corporate assets. Concession rights are allocated to operating segments; and
- all liabilities are allocated to operating segments other than other unallocated head office and corporate liabilities.
- 所有資產均分配至經營分類而非抵押銀行存款及其他未分配總部及公司資產。特許經營權分配至經營分類；及
- 所有負債均分配至經營分類而非其他未分配總部及公司負債。

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6. SEGMENT INFORMATION (Continued)

6. 分類資料 (續)

OTHER SEGMENT INFORMATION

其他分類資料

		Financial technology services business 金融科技服務業務		Smart wearable device business 智能穿戴設備業務		Lottery business 彩票業務		Sports training business 體育訓練業務		Total 總計	
		2017 HK\$'000 千港元	2016 HK\$'000 千港元	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)	2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)
Depreciation	折舊	-	-	746	644	218	449	2	1	966	1,094
Unallocated depreciation	未分配折舊									167	6
Total depreciation	折舊總額									1,133	1,100
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	-	-	-	-	102	65	-	-	102	65
Effective interest on convertible bonds	可換股債券之實際利率	-	-	-	-	5,593	5,650	-	-	5,593	5,650
Gain on early redemption of convertible bonds	有關提前贖回可換股債券之收益	-	-	-	-	-	(656)	-	-	-	(656)
Impairment loss on trade receivables	貿易應收款項減值虧損	666	-	-	-	-	-	-	-	666	-
Amortisation of concession rights	特許經營權攤銷	-	-	-	-	6,471	7,470	-	-	6,471	7,470
Impairment loss of concession rights	特許經營權減值虧損	-	-	-	-	58,239	8,460	-	-	58,239	8,460
Additions to non-current assets	新增非流動資產	-	-	4	2,384	-	125	8	4	12	2,513
Unallocated	未分配									1,365	11
Total additions to non-current assets	非流動資產增加總額									1,377	2,524

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

6. SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

The Group operates in two principal geographical areas – the PRC and Hong Kong.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

6. 分類資料 (續)

地區資料

本集團之業務主要位於兩個地區－中國及香港。

本集團按業務地區劃分之來自外部客戶之收益及按資產地區劃分之非流動資產資料詳情如下：

		Revenue from external customers		Non-current assets	
		來自外部客戶之收益		非流動資產	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元 (Restated) (經重列)	千港元	千港元
PRC	中國	26,075	336	1,493	62,999
Hong Kong	香港	2,228	1,675	1,335	132
		28,303	2,011	2,828	63,131

INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 31 December 2017, none of the customer with revenue was accounted for more than 10% of the total revenue of the Group.

For the year ended 31 December 2016, none of the customer (Restated) with revenue was accounted for more than 10% of the total revenue of the Group.

主要客戶之資料

截至2017年12月31日止年度，概無客戶之收益佔本集團總收益之10%以上。

截至2016年12月31日止年度，概無（經重列）客戶之收益佔本集團總收益之10%以上。

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

7. OTHER INCOME AND GAIN

7. 其他收入及收益

		2017 HK\$'000 千港元	2016 HK\$'000 千港元 (Restated) (經重列)
Bank interest income	銀行利息收入	14	31
Interest income	利息收入	4	-
Waiver of other payables	豁免其他應付款項	3,057	-
Sundry income	雜項收入	154	93
Net foreign exchange gain	匯兌收益淨額	42	-
		3,271	124

8. FINANCE COSTS

8. 財務成本

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Effective interest on convertible bonds	可換股債券之實際利率	5,593	5,650

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

9. INCOME TAX CREDIT

9. 所得稅抵免

INCOME TAX RECOGNISED IN PROFIT OR LOSS

於損益確認之所得稅

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Current tax	即期稅項		
PRC Enterprise Income Tax	中國企業所得稅	355	-
Overprovision in prior years	過往年度超額撥備		
PRC Enterprise Income Tax	中國企業所得稅	-	(1)
Deferred tax (Note 24)	遞延稅項(附註24)	(16,068)	(6,169)
Total income tax credit recognised in profit or loss	於損益確認之所得稅抵免總額	(15,713)	(6,170)

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits arising in or derived from Hong Kong for both years.

上述兩年香港利得稅乃根據估計應課稅溢利按稅率16.5%(2016年: 16.5%)計算。由於上述兩年本集團並無於香港產生或賺取應課稅溢利,故並無對香港利得稅作出撥備。

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the PRC subsidiaries is 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

根據中國現行稅法,中國附屬公司於兩個年度之企業所得稅稅率為25%。其他司法權區產生之稅項乃按相關司法權區之現行稅率計算。

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

9. INCOME TAX CREDIT (Continued)

INCOME TAX RECOGNISED IN PROFIT OR LOSS (Continued)

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

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Loss before tax	除稅前虧損	(87,084)	(49,314)
Tax at the Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	根據香港利得稅稅率16.5%計算之稅項(2016年: 16.5%)	(14,369)	(8,137)
Tax effect of expenses not deductible for tax purpose	不可扣除開支之稅項影響	3,253	2,135
Tax effect of income not taxable for tax purpose	不課稅收入之稅項影響	(1)	(127)
Overprovision in prior years	過往年度超額撥備	-	(1)
Tax effect of tax losses not recognised	未確認之稅項虧損之稅項影響	3	2,601
Utilisation of tax losses previously not recognised	動用過往未確認之稅項虧損	(684)	-
Tax effect on different tax rate of group entities operating in other jurisdictions	於其他司法區域營運之集團實體不同稅率之影響	(3,915)	(2,641)
Income tax credit for the year	本年度所得稅抵免	(15,713)	(6,170)

9. 所得稅抵免 (續)

於損益確認之所得稅 (續)

本年度之稅項抵免與綜合損益及其他全面收入表中除稅前虧損之對賬如下：

INCOME TAX RECOGNISED DIRECTLY IN EQUITY

直接於權益確認之所得稅

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
PRC Enterprise Income Tax: Waiver of amount due to an intermediate holding company	中國企業所得稅：豁免應付中間控股公司款項	(529)	-

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10. LOSS FOR THE YEAR

10. 本年度虧損

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Loss for the year has been arrived at after charging:	本年度虧損乃經扣除下列各項後得出：		
Cost of inventories recognised as an expense (included in cost of sales and services)	已確認為開支之存貨成本（計入銷售及服務成本）	5,228	29
Auditors' remuneration	核數師酬金	1,500	960
Employee benefits expense (excluding directors' emoluments)	僱員福利費用（不包括董事酬金）		
– Salaries and other benefits in kind	– 薪金及其他實物福利	6,247	5,262
– Contributions to retirement benefits schemes	– 退休福利計劃供款	295	286
– Equity-settled share-based payments	– 以股權結算以股份支付之付款	–	406
Directors' emoluments	董事酬金	2,655	7,352
Total staff costs	總員工成本	9,197	13,306
Minimum lease payments paid under operating leases in respect of land and buildings	有關土地及樓宇經營租賃之已付最低租金	2,518	2,086
Net foreign exchange loss	匯兌虧損淨額	–	143
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	1,133	1,100
Expense in relation to share options granted to consultants	有關授予顧問之購股權之開支	–	3,655
Financial guarantee loss (included in cost of sales and services)	財務擔保虧損（計入銷售及服務成本）	14,061	–
Amortisation of concession rights (included in other operating expenses)	特許經營權攤銷（計入其他經營費用）	6,471	7,470
Provision for impairment loss on trade receivables (included in cost of sales and services)	貿易應收款項之減值虧損撥備（計入銷售及服務成本）	666	–
Loss on disposal of property, plant and equipment (included in other operating expenses)	出售物業、廠房及設備之虧損（計入其他經營費用）	102	65

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

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the five (2016: five) directors were as follows:

11. 董事酬金

向五名(2016年: 五名)董事支付或應付之酬金如下:

		Salaries and other benefits in kind 袍金 其他實物福利 HK\$'000 千港元	Contributions to retirement benefits schemes 退休福利 計劃供款 HK\$'000 千港元	Equity-settled share-based payments 以股權結算以 股份支付之付款 HK\$'000 千港元	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Total 總計 HK\$'000 千港元
2017	2017年					
Executive directors	執行董事					
Sun Haitao (Note (i))	孫海濤(附註(i))	-	30	2	-	32
Zhao Ke (Note (i))	趙軻(附註(i))	-	30	2	-	32
Leung Ngai Man (Note (ii))	梁毅文(附註(ii))	-	2,000	6	-	2,006
Wu Wei Hua (Note (ii))	武衛華(附註(ii))	-	400	8	-	408
Independent non-executive directors	獨立非執行董事					
Song Ke (Note (iii))	宋柯(附註(iii))	50	-	-	-	50
Wu Bo (Note (iii))	吳波(附註(iii))	50	-	-	-	50
Michael Yu Tat Chi (Note (iii))	余達志(附註(iii))	50	-	-	-	50
Xuan Hong (Note (iv))	鉉紅(附註(iv))	-	-	-	-	-
Qi Ji (Note (iv))	齊紀(附註(iv))	-	-	-	-	-
Cai Wei Lun (Note (iv))	蔡偉倫(附註(iv))	27	-	-	-	27
		177	2,460	18	-	2,655

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綜合財務報表附註

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

11. DIRECTORS' EMOLUMENTS (Continued)

11. 董事酬金 (續)

		Salaries and other benefits	Contributions to retirement benefits	Equity-settled share-based payments	Discretionary bonuses	Total
	Fees	in kind	schemes	with		
	袍金	薪金及 其他實物福利	退休福利 計劃供款	以股權結算以 股份支付之付款	酌情花紅	總計
	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
2016	2016年					
Executive directors	執行董事					
Leung Ngai Man (Note (ii))	梁毅文 (附註(ii))	-	6,500	18	-	6,518
Wu Wei Hua (Note (iii))	武衛華 (附註(iii))	-	746	18	-	764
Independent non-executive directors	獨立非執行董事					
Xuan Hong (Note (iv))	鉉紅 (附註(iv))	-	-	-	-	-
Qi Ji (Note (iv))	齊紀 (附註(iv))	-	-	-	-	-
Cai Wei Lun (Note (iv))	蔡偉倫 (附註(iv))	70	-	-	-	70
		70	7,246	36	-	7,352

Notes:

- (i) Appointed on 17 August 2017.
- (ii) Resigned on 17 August 2017.
- (iii) Appointed on 31 August 2017.
- (iv) Resigned on 31 August 2017.

During the years ended 31 December 2017 and 2016, since the appointment of chief executive officer of the Company remains outstanding, no emoluments were paid to the chief executive officer of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

附註：

- (i) 於2017年8月17日獲委任。
- (ii) 於2017年8月17日辭任。
- (iii) 於2017年8月31日獲委任。
- (iv) 於2017年8月31日辭任。

於截至2017年及2016年12月31日止年度，由於本公司尚未委任行政總裁，故並無支付本公司行政總裁酬金。

於年內並無作出安排以致董事豁免或同意豁免任何酬金(2016年：零)。

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

12. EMPLOYEES' EMOLUMENTS

EMPLOYEE BENEFITS EXPENSE (EXCLUDING DIRECTORS' EMOLUMENTS)

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Salaries and other benefits in kind	薪金及其他實物福利	6,180	5,262
Contributions to retirement benefits schemes	退休福利計劃供款	295	286
Equity-settled share-based payments	以股權結算以股份支付之付款	-	406
Discretionary bonuses	酌情花紅	67	-
		6,542	5,954

FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, two (2016: two) were directors of the Company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2016: three) individuals were as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Salaries and other benefits in kind	薪金及其他實物福利	1,481	1,587
Contributions to retirement benefits schemes	退休福利計劃供款	34	32
Equity-settled share-based payments	以股權結算以股份支付之付款	-	406
Discretionary bonuses	酌情花紅	56	-
		1,571	2,025

12. 僱員酬金

僱員福利費用(董事酬金除外)

五名最高薪僱員

於本集團五名最高薪僱員中，兩名(2016年：兩名)為本公司之董事，彼等之酬金載於上文附註11之披露內。餘下三名(2016年：三名)最高薪僱員之酬金詳情如下：

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12. EMPLOYEES' EMOLUMENTS (Continued)

FIVE HIGHEST PAID INDIVIDUALS (Continued)

Their emoluments fell within the following bands:

Emolument bands	酬金範圍
Nil – HK\$1,000,000	無 – 1,000,000港元
HK\$1,000,001 – HK\$1,500,000	1,000,001港元 – 1,500,000港元

During the year ended 31 December 2017, approximately HK\$150,000 was paid by the Group to one of the five highest paid individuals as an inducement to join or upon joining the Group and approximately HK\$292,000 was paid by the Group to two of the five highest paid individuals as compensation for loss of office, of which approximately HK\$140,000 was paid to Wu Wei Hua (former director of the Company) and included in the disclosure in note 11.

During the year ended 31 December 2016, no emoluments were paid by the Group to any of the five highest paid individuals including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

12. 僱員酬金 (續)

五名最高薪僱員 (續)

彼等之酬金介乎以下範圍：

Number of individuals 僱員數目

2017	2016
3	2
–	1

截至2017年12月31日止年度，本集團向五名最高薪僱員中的一名支付酬金約150,000港元作為鼓勵加入本集團或於加入本集團時之獎勵，及本集團向五名最高薪酬僱員中的兩名支付約292,000港元作為離職補償，其中約140,000港元支付予武衛華（本公司前董事）並納入附註11的披露。

於截至2016年12月31日止年度，本集團概無向任何五名最高薪僱員（包括董事）支付酬金作為鼓勵加入本集團或加入本集團時之獎勵或作為離職補償。

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13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

13. 每股虧損

本公司擁有人應佔每股基本及攤薄虧損乃按下列數據計算：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Loss	虧損		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	就計算每股基本及攤薄虧損而言之本年度本公司擁有人應佔虧損	(48,293)	(37,043)
		2017 '000 千股	2016 '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	就計算每股基本及攤薄虧損而言之普通股之加權平均數	4,098,660	3,120,035

The computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme, non-redeemable convertible preferred shares and convertible bonds since their exercise and conversion would have an anti-dilutive effect.

計算每股攤薄虧損時，假設根據本公司購股權計劃授出之本公司潛在普通股、不可贖回可換股優先股及可換股債券未獲行使，因為有關行使及兌換具有反攤薄影響。

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

		Furniture, fixtures and fittings 傢俬、設備 及裝置 HK\$'000 千港元	Computer and office equipment 電腦及 辦公室設備 HK\$'000 千港元	Leasehold improvements 租賃 物業裝修 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost	成本				
Balance at 1 January 2016	於2016年1月1日 之結餘	715	4,197	220	5,132
Additions	添置	253	711	1,560	2,524
Disposals	出售	(26)	(181)	(214)	(421)
Effect of foreign currency exchange differences	匯兌差額影響	(47)	(260)	(72)	(379)
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日 及2017年1月1日之結餘	895	4,467	1,494	6,856
Additions	添置	-	103	1,274	1,377
Disposals	出售	(373)	(1,010)	-	(1,383)
Effect of foreign currency exchange differences	匯兌差額影響	41	244	107	392
Balance at 31 December 2017	於2017年 12月31日之結餘	563	3,804	2,875	7,242
Accumulated depreciation and impairment	累計折舊及減值				
Balance at 1 January 2016	於2016年1月1日 之結餘	(688)	(3,009)	(220)	(3,917)
Eliminated on disposals of assets	出售資產後對銷	24	117	214	355
Depreciation expense	折舊開支	(36)	(544)	(520)	(1,100)
Effect of foreign currency exchange differences	匯兌差額影響	37	178	27	242
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日 及2017年1月1日之結餘	(663)	(3,258)	(499)	(4,420)
Eliminated on disposals of assets	出售資產後對銷	372	909	-	1,281
Depreciation expense	折舊開支	(53)	(415)	(665)	(1,133)
Effect of foreign currency exchange differences	匯兌差額影響	(26)	(176)	(55)	(257)
Balance at 31 December 2017	於2017年 12月31日之結餘	(370)	(2,940)	(1,219)	(4,529)
Carrying amounts	賬面值				
Balance at 31 December 2017	於2017年 12月31日之結餘	193	864	1,656	2,713
Balance at 31 December 2016	於2016年 12月31日之結餘	232	1,209	995	2,436

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15. CONCESSION RIGHTS

15. 特許經營權

HK\$'000
千港元

Cost	成本	
Balance at 1 January 2016	於2016年1月1日之結餘	2,411,981
Effect of foreign currency exchange differences	匯兌差額影響	(157,883)
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日之結餘	2,254,098
Effect of foreign currency exchange differences	匯兌差額影響	162,430
Balance at 31 December 2017	於2017年12月31日 之結餘	2,416,528
Accumulated amortisation and impairment	累計攤銷及減值	
Balance at 1 January 2016	於2016年1月1日之結餘	(2,330,455)
Amortisation expense	攤銷開支	(7,470)
Impairment loss recognised in profit or loss	於損益確認之減值虧損	(8,460)
Effect of foreign currency exchange differences	匯兌差額影響	152,867
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日之結餘	(2,193,518)
Amortisation expense	攤銷開支	(6,471)
Impairment loss recognised in profit or loss	於損益確認之減值虧損	(58,239)
Effect of foreign currency exchange differences	匯兌差額影響	(158,300)
Balance at 31 December 2017	於2017年12月31日 之結餘	(2,416,528)
Carrying amounts	賬面值	
Balance at 31 December 2017	於2017年12月31日 之結餘	—
Balance at 31 December 2016	於2016年12月31日 之結餘	60,580

Note:

The amount of concession rights represents the value in use of contractual rights stated in the cooperation agreements that 深圳環彩普達科技有限公司 (transliterated as Shenzhen Huancai Puda Technology Company Limited) ("Huancai Puda") entered into with several lottery issuing centres for providing software system and technical services. At the end of each reporting period, the concession rights are measured at cost less accumulated amortisation and impairment.

English name for identification purpose only

附註：

特許經營權之金額乃深圳環彩普達科技有限公司(「環彩普達」)就提供軟件系統及技術服務與多間彩票發行中心訂立之合作協議所載合約權利之使用價值。於各報告期間末，特許經營權按成本減累計攤銷及減值計量。

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15. CONCESSION RIGHTS (Continued)

Note: (Continued)

The carrying amount of concession rights is amortised on a straight-line method over the period over three to eight years in accordance with the terms of the cooperation agreements.

During the year ended 31 December 2017, the management of the Group has performed an impairment assessment on the lottery business's CGU which has reflected the reassessment of the management as well as the latest business environment and market conditions in the PRC in which the lottery business's CGU operates. As at 31 December 2017, the recoverable amount of the concession rights was assessed by the directors with reference to the professional valuation as at 31 December 2017 performed by an independent professionally qualified valuer. The recoverable amount of the lottery business's CGU has been determined based on value in use calculation. That calculation uses cash flow projections based on most recent financial budgets approved by the management after taking into account the operation environment and market conditions at that point of time covering a five-year period with zero growth rate (2016: 10% per annum), and pre-tax discount rate of 21% (2016: 33.15%). The key assumptions for the value in use calculation are those regarding the discount rate, growth in revenue and direct costs during the periods. The management estimates discount rate that reflects current market assessments of the time value of money and the risk specific to the CGU. In performing the impairment testing, the directors of the Company have made reference to a valuation performed by an independent professionally qualified valuer. During the year ended 31 December 2017, the Group recognised impairment loss of approximately HK\$58,239,000 (2016: HK\$8,460,000) in relation to concession rights allocated to the CGU associated with the lottery business.

16. INVENTORIES

Raw materials	原材料
Work in progress	在建工程
Finished goods	製成品

15. 特許經營權 (續)

附註：(續)

特許經營權之賬面值根據合作協議之條款按直線法以三至八年之期限攤銷。

截至2017年12月31日止年度，本集團管理層已對反映管理層之重新評估以及中國(彩票業務之現金產生單位經營所在地)最新商業環境及市場狀況之彩票業務之現金產生單位進行減值評估。於2017年12月31日，特許經營權之可收回金額經董事參考由獨立專業合資格估值師於2017年12月31日進行之專業估值而作出評估。彩票業務現金產生單位可收回金額乃根據使用價值計算法釐定。該計算法使用基於管理層所批准經參考當時(涵蓋五年期間)的經營環境及市況而編製之最近財務預算的現金流量預測，增長率為零(2016年：每年10%)及稅前貼現率為21%(2016年：33.15%)。計算使用價值之主要假設乃與有關期間之貼現率、收益增長及直接成本相關。管理層將會估計貼現率，該貼現率反映出貨幣時間價值之當前市場評估以及現金產生單位之特定風險。進行減值測試時，本公司董事已參考獨立專業合資格估值師作出之估值。於截至2017年12月31日止年度，本集團就分配至與彩票業務有關之現金產生單位特許經營權確認減值虧損約58,239,000港元(2016年：8,460,000港元)。

16. 存貨

	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Raw materials	991	853
Work in progress	326	58
Finished goods	116	—
	1,433	911

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17. TRADE AND OTHER RECEIVABLES

17. 貿易及其他應收款項

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Trade receivables	貿易應收款項	714	-
Less: allowance for doubtful debts for trade receivables	減：貿易應收款項呆賬撥備	(666)	-
		48	-
Deposits and other receivables	按金及其他應收款項	4,199	3,403
Less: allowance for doubtful debts for deposits and other receivables	減：按金及其他應收款項呆賬撥備	-	(2,000)
		4,199	1,403
Prepayments	預付款項	745	1,113
Total trade and other receivables	貿易及其他應收款項	4,992	2,516

Trade receivables comprise of provision of financial technology services, sale of lottery equipment and provision of management, marketing, and operating services for lottery system and lottery halls.

The credit terms granted to customers are varied and are generally the result of negotiation between individual customer and the Group. 1% per day is charged on overdue trade receivables in respect of provision of financial technology services and no interest is charged on overdue trade receivables in respect of sale of smart wearable devices, sale of lottery equipment, provision of management, marketing, and operating services for lottery system and lottery halls and provision of sports training services.

貿易應收款項包括提供金融科技服務、銷售彩票設備及提供彩票系統管理、營銷服務及彩票銷售大廳營運服務。

授予客戶之信貸期不同且通常乃個別客戶與本集團之協商結果。提供金融科技服務之逾期貿易應收款項收取每日1%之利息，而銷售智能穿戴設備、銷售彩票設備、提供彩票系統管理、營銷服務及彩票銷售大廳營運服務及提供體育訓練服務之逾期貿易應收款項不收取利息。

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17. TRADE AND OTHER RECEIVABLES

(Continued)

The following is an analysis of trade receivables by age, presented based on the respective revenue recognition dates:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
0 – 30 days	0至30日	27	–
31 – 60 days	31至60日	11	–
61 – 90 days	61至90日	6	–
Over 90 days	90日以上	4	–
		48	–

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Neither past due nor impaired	既無逾期亦無減值	–	–
Past due but not impaired	已逾期但未減值		
– overdue by 1 – 30 days	–逾期1至30日	27	–
– overdue by 31 – 60 days	–逾期31至60日	11	–
– overdue by 61 – 90 days	–逾期61至90日	6	–
– overdue 90 days or above	–逾期90日或以上	4	–
		48	–

Trade receivables that are neither past due nor impaired relate to customers for whom there is no recent history of default.

Trade receivables disclosed above include amounts (see above for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the balances are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparties.

17. 貿易及其他應收款項 (續)

以下乃按賬齡劃分之貿易應收款項之分析，乃按各收益確認日期呈列：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
0 – 30 days	0至30日	27	–
31 – 60 days	31至60日	11	–
61 – 90 days	61至90日	6	–
Over 90 days	90日以上	4	–
		48	–

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Neither past due nor impaired	既無逾期亦無減值	–	–
Past due but not impaired	已逾期但未減值		
– overdue by 1 – 30 days	–逾期1至30日	27	–
– overdue by 31 – 60 days	–逾期31至60日	11	–
– overdue by 61 – 90 days	–逾期61至90日	6	–
– overdue 90 days or above	–逾期90日或以上	4	–
		48	–

既無逾期亦無減值之貿易應收款項與近期並無違約記錄之客戶有關。

上文披露之貿易應收款項包括於報告期末已逾期而本集團尚未確認呆賬撥備(原因乃信貨質素並無重大變化且餘額仍被視作可收回)之金額(賬齡分析參見上文)。本集團並未就該等餘額持有任何抵押品或其他增強信貸措施，亦無以本集團結欠對手方之任何金額作抵銷之合法權利。

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17. TRADE AND OTHER RECEIVABLES

(Continued)

MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS FOR TRADE RECEIVABLES

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
1 January	1月1日	-	-
Impairment loss recognised on trade receivables	就貿易應收款項確認之減值虧損	666	-
31 December	12月31日	666	-

During the year ended 31 December 2017, an impairment loss was made on trade receivables based on a review of outstanding amounts on regular basis when collection of the amount is in doubt. Trade receivable of approximately HK\$666,000 was impaired as the balance was past due and the collection of the amount was in doubt. The trade receivable was in relation to the provision of financial technology services. The Group does not hold any collateral or other credit enhancements over this balance.

MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS FOR DEPOSITS AND OTHER RECEIVABLES

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
1 January	1月1日	2,000	2,000
Amount written off as uncollectible	撇銷為無法收回之金額	(2,000)	-
31 December	12月31日	-	2,000

17. 貿易及其他應收款項 (續)

貿易應收款項呆賬撥備之變動

截至2017年12月31日止年度，當金額之可收回性不確定時，根據對未償還金額之定期審查就貿易應收款項作出減值虧損。貿易應收款項約666,000港元已減值，原因為結餘已逾期而金額之可收回性不確定。該貿易應收款項與提供金融科技服務有關。本集團並無就該結餘持有任何抵押或其他增強信貸措施。

按金及其他應收款項呆賬撥備之變動

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18. AMOUNT DUE FROM A RELATED COMPANY

Name of Company
公司名稱

北京雅酷時空信息交換技術有限公司

The amount due is unsecured, interest bearing 10% per annum and repayable on demand.

Note:

Mr. Sun Haitao, a substantial shareholder, the chairman and executive director of the Company has beneficial interests in 北京雅酷時空信息交換技術有限公司.

19. AMOUNT DUE FROM A NON-CONTROLLING INTEREST OF A SUBSIDIARY

The amount due is unsecured, interest-free and repayable on demand.

20. CASH AND BANK BALANCES/PLEDGED BANK DEPOSIT

Cash at banks and in hand
Less: Pledged bank deposit

Cash and cash equivalents

銀行結餘及手頭現金
減：已抵押銀行存款

現金及現金等值

18. 應收一間關連公司之款項

Highest balance outstanding during the year 年內最高未償還餘額	2017	2016
	HK\$'000 千港元	HK\$'000 千港元
	574	—

該款項乃無抵押、每年計息10%及須按要求償還。

附註：

本公司主要股東、主席兼執行董事孫海濤先生於北京雅酷時空信息交換技術有限公司擁有實益權益。

19. 應收附屬公司之非控股權益之款項

該款項乃無抵押、免息及須按要求償還。

20. 現金及銀行結餘／抵押銀行存款

2017	2016
HK\$'000	HK\$'000
千港元	千港元
59,173	24,033
—	(216)
59,173	23,817

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20. CASH AND BANK BALANCES/PLEDGED BANK DEPOSIT (Continued)

Pledged bank deposit represents deposit pledged to bank for obtaining the corporate card services as at 31 December 2016.

Bank balances carry interest at floating rates based on daily bank deposit rates. The pledged bank deposit carried fixed interest rate of 0.40% per annum for the year ended 31 December 2016.

Included in cash at banks and in hand of the Group is approximately HK\$12,172,000 (2016: HK\$612,000) of bank balances denominated in Renminbi ("RMB") and placed with banks in the PRC. RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

20. 現金及銀行結餘／抵押銀行存款 (續)

於2016年12月31日，抵押銀行存款指為取得企業卡服務而向銀行抵押之存款。

銀行結餘以每日銀行儲蓄利率賺取浮動利率利息。截至2016年12月31日止年度，抵押銀行存款之固定年利率為0.40%。

本集團之銀行結餘及手頭現金中，有約12,172,000港元(2016年：612,000港元)之銀行結餘是以人民幣(「人民幣」)計值並存放於中國之銀行。人民幣不得自由兌換為其他貨幣，惟依據中國外匯管制及結算管理條例及外匯買賣規定，本集團可通過獲准從事外匯業務之銀行將人民幣兌換為其他貨幣。

21. TRADE AND OTHER PAYABLES

21. 貿易及其他應付款項

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Trade payables	貿易應付款項	98	3
Other payables and accruals	其他應付款項及應計費用	7,683	7,489
Accrued salaries and other benefits in kind	應計薪酬及其他實物福利	1,064	284
Total trade and other payables	貿易及其他應付款項總額	8,845	7,776

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21. TRADE AND OTHER PAYABLES (Continued)

The following is an ageing analysis of trade payables based on invoice date at the end of the reporting period:

0 – 30 days	0至30日
31 – 60 days	31至60日
61 – 90 days	61至90日
Over 90 days	超過90日

21. 貿易及其他應付款項 (續)

於報告期間末，貿易應付款項基於發票日期之賬齡分析如下：

2017 HK\$'000 千港元	2016 HK\$'000 千港元
24	–
5	–
6	–
63	3
98	3

22. AMOUNTS DUE TO AN INTERMEDIATE HOLDING COMPANY/A NON-CONTROLLING INTEREST OF A SUBSIDIARY

The amounts due are unsecured, interest-free and repayable on demand.

22. 應付中間控股公司／附屬公司之非控股權益之款項

該應付款項乃無抵押、免息及須按要求償還。

23. CONVERTIBLE BONDS

In August 2010, the Company issued approximately 664,580,000 (after adjusted for the share consolidation as effected on 27 February 2012) zero-coupon HK dollar denominated convertible bonds to Mr. Leung Ngai Man ("Mr. Leung"), a former substantial shareholder, former chairman and former executive director of the Company. The convertible bonds have a maturity period of 5 years from the issue date and can be convertible into one ordinary share of the Company at HK\$0.005 each for every HK\$1.20 convertible bonds at the holder's option (after adjusted for the share consolidation as effected on 27 February 2012). Conversion may occur at any time between 27 August 2010 and 26 August 2015.

23. 可換股債券

於2010年8月，本公司向本公司前主要股東、前主席兼前執行董事梁毅文先生（「梁先生」）發行約664,580,000份（於2012年2月27日生效之股份合併調整後）港元計值零息可換股債券。可換股債券自發行日期起計為期五年，可由持有人選擇就每份1.20港元可換股債券按每股0.005港元之價格兌換為本公司一股普通股（經於2012年2月27日生效之股份合併所調整）。持有人可於2010年8月27日至2015年8月26日期間之任何時間進行兌換。

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23. CONVERTIBLE BONDS (Continued)

The convertible bonds contain two components: liability and equity elements. The equity element on initial recognition was presented in equity as part of the “convertible bonds equity reserve”. The effective interest rate of the liability component for the convertible bonds on initial recognition was 17.35% per annum.

The Company entered into a supplemental deed (the “Supplemental Deed”) dated 24 August 2015 executed between the Company and Mr. Leung, pursuant to which the Company and Mr. Leung agreed to extend the maturity date of the convertible bonds for 5 years from the date falling on the fifth year to the date falling on the tenth year from the date of issue of the convertible bonds. The Supplemental Deed was approved by independent shareholders at the extraordinary general meeting of the Company held on 3 November 2015.

The convertible bonds contain two components upon the extension: liability and equity elements. The equity element on recognition was presented in equity as part of the “convertible bonds equity reserve”. The effective interest rate of the liability component for the convertible bonds on recognition is 12.73% per annum.

In January 2016, the Company early redeemed 8,400,000 convertible bonds (after adjusted for the share consolidation as effected on 27 February 2012) at a total consideration of HK\$10,080,000 from Mr. Leung, pursuant to the terms and conditions of the convertible bonds. The difference between the redemption amount and the total carrying amounts of liability component and equity component amounting to approximately HK\$389,000 has been credited to the consolidated statement of profit or loss and other comprehensive income and amounting to approximately HK\$258,000 has been debited to the accumulated losses, respectively.

23. 可換股債券 (續)

可換股債券由兩部份組成：負債及權益項目。初步確認時權益項目於權益內列作「可換股債券權益儲備」之一部份。初步確認時可換股債券負債部份之實際利率為年息17.35%。

本公司訂立補充契據（「補充契據」，本公司與梁先生於2015年8月24日簽署），據此，本公司及梁先生同意將可換股債券之到期日由自可換股債券發行日期計滿五年當日延長五年至滿十年當日。補充契據獲獨立股東於2015年11月3日舉行之本公司股東特別大會上批准。

可換股債券於延期後由兩部份組成：負債及權益項目。初步確認時權益項目於權益內列作「可換股債券權益儲備」之一部份。初步確認時可換股債券負債部份之實際利率為年息12.73%。

於2016年1月，根據可換股債券之條款及條件，本公司向梁先生提早贖回8,400,000份可換股債券股（經於2012年2月27日生效之股份合併所調整），總代價為10,080,000港元。贖回金額與負債部份及權益部份總賬面值之差額約389,000港元已計入綜合損益及其他全面收入表及約258,000港元已計入累計虧損中。

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23. CONVERTIBLE BONDS (Continued)

In April 2016, the Company early redeemed 12,500,000 convertible bonds (after adjusted for the share consolidation as effected on 27 February 2012) at a total consideration of HK\$15,000,000 from Mr. Leung, pursuant to the terms and conditions of the convertible bonds. The difference between the redemption amount and the total carrying amounts of liability component and equity component amounting to approximately HK\$257,000 has been credited to the consolidated statement of profit or loss and other comprehensive income and amounting to approximately HK\$192,000 has been credited to the accumulated losses, respectively.

In June 2016, the Company early redeemed 9,170,000 convertible bonds (after adjusted for the share consolidation as effected on 27 February 2012) at a total consideration of HK\$11,004,000 from Mr. Leung, pursuant to the terms and conditions of the convertible bonds. The difference between the redemption amount and the total carrying amounts of liability component and equity component amounting to approximately HK\$10,000 has been credited to the consolidated statement of profit or loss and other comprehensive income and amounting to approximately HK\$510,000 has been credited to the accumulated losses, respectively.

Imputed interest expenses of approximately HK\$5,593,000 (2016: HK\$5,650,000) has been recognised in the consolidated statement of profit or loss and other comprehensive income in respect of the convertible bonds during the year ended 31 December 2017. No convertible bonds were converted during the years ended 31 December 2017 and 2016.

As at 31 December 2017, the outstanding principal amount of the convertible bonds amounted to approximately HK\$68,016,000 (2016: HK\$68,016,000), which could be convertible into 56,680,000 (2016: 56,680,000) ordinary shares of the Company.

23. 可換股債券 (續)

於2016年4月，根據可換股債券之條款及條件，本公司向梁先生提早贖回12,500,000份可換股債券股（經於2012年2月27日生效之股份合併所調整），總代價為15,000,000港元。贖回金額與負債部份及權益部份總賬面值之差額約257,000港元已計入綜合損益及其他全面收入表及約192,000港元已計入累計虧損中。

於2016年6月，根據可換股債券之條款及條件，本公司向梁先生提早贖回9,170,000份可換股債券股（經於2012年2月27日生效之股份合併所調整），總代價為11,004,000港元。贖回金額與負債部份及權益部份總賬面值之差額約10,000港元已計入綜合損益及其他全面收入表及約510,000港元已計入累計虧損中。

截至2017年12月31日止年度，有關可換股債券之計息開支約5,593,000港元（2016年：5,650,000 港元）已於綜合損益及其他全面收入表確認。於截至2017年及2016年12月31日止年度，概無可換股債券獲兌換。

於2017年12月31日，可換股債券的未償還本金總額約為68,016,000港元（2016年：68,016,000港元），可轉換為56,680,000股（2016年：56,680,000股）本公司普通股。

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24. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities balances recognised and movements thereon during the current and prior years:

		Concession rights 特許經營權 HK\$'000 千港元	Convertible bonds 可換股債券 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2016	於2016年1月1日	20,381	7,338	27,719
Recognised directly to equity	直接計入權益	–	(2,430)	(2,430)
Credit to profit or loss	計入損益	(5,236)	(933)	(6,169)
At 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日	15,145	3,975	19,120
Credit to profit or loss	計入損益	(15,145)	(923)	(16,068)
At 31 December 2017	於2017年12月31日	–	3,052	3,052

Under the PRC Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 31 December 2017 and 2016, no deferred tax liabilities for withholding tax have been recognised as the Group's PRC subsidiaries incurred accumulated losses for the period since 1 January 2008.

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK\$13,764,000 (2016: HK\$15,261,000) arising from subsidiaries operating outside Hong Kong which is available for setting off against future taxable profit of that subsidiary is due to expire within one to five years and estimated unused tax losses of approximately HK\$51,069,000 (2016: HK\$51,053,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams.

24. 遞延稅項負債

以下為於當前及過往年度確認之主要遞延稅項負債結餘及其變動：

		Concession rights 特許經營權 HK\$'000 千港元	Convertible bonds 可換股債券 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2016	於2016年1月1日	20,381	7,338	27,719
Recognised directly to equity	直接計入權益	–	(2,430)	(2,430)
Credit to profit or loss	計入損益	(5,236)	(933)	(6,169)
At 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日	15,145	3,975	19,120
Credit to profit or loss	計入損益	(15,145)	(923)	(16,068)
At 31 December 2017	於2017年12月31日	–	3,052	3,052

根據中國企業所得稅法，自2008年1月1日起，就中國附屬公司賺取之溢利所宣派之股息須繳納預扣稅。於2017年及2016年12月31日，由於本集團之中國附屬公司自2008年1月1日起期間內產生累積虧損，故並無就預扣稅確認遞延稅項負債。

於報告期間末，本集團有源自多間在香港以外地區經營之附屬公司之估計未動用稅項虧損約13,764,000港元（2016年：15,261,000港元），可供抵銷該附屬公司之未來應課稅溢利，於一至五年內屆滿，而本集團有估計未動用稅項虧損約51,069,000港元（2016年：51,053,000港元），可供抵銷可無限期結轉之未來溢利。由於未能預計未來溢利來源，故並無就估計未動用稅項虧損確認遞延稅項資產。

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25. SHARE CAPITAL – ORDINARY SHARES

25. 股本－普通股

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 千港元
Authorised:	法定：		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017, ordinary shares of HK\$0.005 each	於2016年1月1日、2016年12月 31日、2017年1月1日及 2017年12月31日，每股面值 0.005港元之普通股	20,000,000	100,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2016, 31 December 2016 and 1 January 2017, ordinary shares of HK\$0.005 each	於2016年1月1日、2016年12月 31日及2017年1月1日，每股 面值0.005港元之普通股	3,120,035	15,600
Conversion of non-redeemable convertible preferred shares (Note (i))	兌換不可贖回可換股優先股 (附註(i))	1,003,333	5,017
Exercise of share options (Note (ii))	行使購股權(附註(ii))	116,000	580
Issue of new ordinary shares (Note (iii))	發行新普通股(附註(iii))	390,000	1,950
At 31 December 2017, ordinary shares of HK\$0.005 each	於2017年12月31日，每股面值 0.005港元之普通股	4,629,368	23,147

Notes:

- (i) On 11 April 2017, Mr. Leung and 51RENPIN.COM INC. ("51RENPIN") had entered into a convertible preferred share purchase agreement pursuant to which Mr. Leung agreed to sell, and 51RENPIN agreed to acquire, 1,003,333,333 convertible preferred shares at the consideration of HK\$82,273,333.31, being HK\$0.082 per convertible preferred share. It was further stated in the convertible preferred share purchase agreement that 51RENPIN shall, immediately upon completion of the sale and purchase of the convertible preferred shares, exercise its conversion rights attaching to the convertible preferred shares to convert all the convertible preferred shares into ordinary shares. Completion of the convertible preferred share purchase agreement took place on the same day.

Immediately after the completion of the sale and purchase of the convertible preferred shares and pursuant to the terms of the convertible preferred share purchase agreement, the Company received a notice of conversion from 51RENPIN in respect of the exercise of conversion rights attaching to all the convertible preferred shares of the Company. As a result of the exercise of the conversion rights attaching to the 1,003,333,333 convertible preferred shares, 1,003,333,333 ordinary shares of HK\$0.005 each in the capital of the Company were allotted and issued to 51RENPIN on 12 April 2017 (Note 26).

附註：

- (i) 於2017年4月11日，梁先生及51RENPIN.COM INC. (「51RENPIN」) 訂立可換股優先股收購協議，據此，梁先生同意出售而51RENPIN同意收購1,003,333,333股可換股優先股，代價為82,273,333.31港元，即每股可換股優先股0.082港元。可換股優先股收購協議進一步載述，於緊隨買賣可換股優先股完成後，51RENPIN將行使可換股優先股附帶之兌換權，以將全部可換股優先股兌換為普通股。可換股優先股收購協議已於同日完成。

於緊隨買賣可換股優先股完成後並根據可換股優先股收購協議之條款，本公司接獲51RENPIN之兌換通知，指其行使本公司全部可換股優先股附帶之兌換權。由於行使1,003,333,333股可換股優先股附帶之兌換權，本公司股本中每股面值0.005港元之1,003,333,333股普通股已於2017年4月12日配發及發行予51RENPIN(附註26)。

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25. SHARE CAPITAL – ORDINARY SHARES

(Continued)

Notes: (Continued)

- (ii) During the year ended 31 December 2017, subscription rights attaching to the share options to subscribe for 16,000,000 and 100,000,000 shares of the Company were exercised at the subscription price of HK\$0.087 per share and HK\$0.105 per share respectively (Note 27), resulting in the issuance of 116,000,000 ordinary shares of HK\$0.005 each for a total cash consideration of approximately HK\$11,892,000.
- (iii) On 12 April 2017, the Company and 51RENPIN entered into a subscription agreement (as amended by a side letter dated 23 April 2017 and a second side letter dated 16 June 2017) (the "Subscription Agreement") pursuant to which the Company had conditionally agreed to allot and issue, and 51RENPIN had conditionally agreed to subscribe for 390,000,000 shares at the consideration of HK\$31,980,000, being HK\$0.082 per share (the "Subscription").

The resolution proposed at the extraordinary general meeting of the Company held on 14 July 2017 (the "EGM") regarding the Subscription and the granting of the specific mandate was duly passed by the independent shareholders of the Company by way of poll at the EGM.

On 19 July 2017, 390,000,000 ordinary shares of HK\$0.005 each in the capital of the Company were allotted and issued to 51RENPIN at HK\$0.082 per share. The exercise gave rise to an aggregate net proceed of approximately HK\$31,961,000.

25. 股本－普通股 (續)

附註：(續)

- (ii) 於截至2017年12月31日止年度，購股權所附之認購本公司16,000,000股及100,000,000股份之認購權以每股股份0.087港元及每股股份0.105港元之認購價分別獲行使(附註27)，致令發行116,000,000股每股0.005港元之普通股，總代價約為11,892,000港元。
- (iii) 於2017年4月12日，本公司與51RENPIN訂立認購協議(經日期為2017年4月23日之附函及日期為2017年6月16日之第二份附函加以修訂)(「認購協議」)，據此，本公司有條件同意配發及發行而51RENPIN有條件同意認購390,000,000股股份，代價為31,980,000港元，即每股股份0.082港元(「認購事項」)。

本公司於2017年7月14日舉行之股東特別大會(「股東特別大會」)上提呈有關認購事項及授出特別授權之決議案已於股東特別大會上獲本公司獨立股東以投票表決方式正式通過。

於2017年7月19日，本公司股本中390,000,000股每股面值0.005港元之普通股已按每股0.082港元配發及發行予51RENPIN。該項行使產生所得款項淨額合共約為31,961,000港元。

26. SHARE CAPITAL – NON-REDEEMABLE CONVERTIBLE PREFERRED SHARES

26. 股本－不可贖回可換股優先股

		Number of shares 股份數目 '000 千股	Share capital 股本 HK\$'000 千港元
Authorised:	法定：		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017 preferred shares of HK\$0.005 each	於2016年1月1日、2016年12月31日、2017年1月1日及2017年12月31日，每股面值0.005港元之優先股	2,000,000	10,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2016, 31 December 2016 and 1 January 2017, preferred shares of HK\$0.005 each	於2016年1月1日、2016年12月31日及2017年1月1日，每股面值0.005港元之優先股	1,003,333	5,017
Conversion of non-redeemable convertible preferred shares (Note 25)	兌換不可贖回可換股優先股(附註25)	(1,003,333)	(5,017)
At 31 December 2017, preferred shares of HK\$0.005 each	於2017年12月31日，每股面值0.005港元之優先股	-	-

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易

The Company's share option scheme (the "Scheme") was adopted on 29 June 2007 for employee compensation.

The directors may at their absolute discretion, invite any person belonging to any of the following classes of participants ("Eligible Participants") to take up options to subscribe for shares:

- any employee (whether full time or part time, including any directors) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;
- any directors (including non-executive directors and independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- any supplier of goods or services to any member of the Group or any Invested Entity;
- any customer of any member of the Group or any Invested Entity;
- any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the directors of the Company has contributed or will contribute to the growth and development of the Group;
- any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and
- for the purposes of the Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

本公司於2007年6月29日採納一項購股權計劃(「計劃」)作為僱員薪酬。

董事可全權酌情邀請屬於以下任何類別之人士(「合資格參與者」)參加購股權計劃，藉接納購股權以認購股份：

- 本公司、其任何附屬公司或本集團任何成員公司持有股本權益之任何實體(「投資實體」)之任何僱員(無論全職或兼職，包括任何董事)；
- 本公司、任何附屬公司或任何投資實體之任何董事(包括非執行董事及獨立非執行董事)；
- 本集團任何成員公司或任何投資實體之任何貨品或服務供應商；
- 本集團任何成員公司或任何投資實體之任何客戶；
- 向本集團任何成員公司或任何投資實體提供研究、發展或其他技術支援之任何人士或實體；
- 本集團任何成員公司或任何投資實體之任何股東或本集團任何成員公司或任何投資實體所發行之任何證券之任何持有人；
- 本公司董事認為對本集團之增長及發展曾作出貢獻或將作出貢獻之任何顧問(專業或其他種類)、諮詢人、個體或實體；
- 透過合營企業、業務聯盟或其他業務安排對本集團之發展及增長已作出貢獻或可能作出貢獻之任何其他組別或類別參與者；及
- 就計劃而言，可向任何由一名或多名合資格參與者全資擁有之公司提出要約。

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

The share option scheme became effective on 2 July 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from its date of adoption on 29 June 2007.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under the Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit being exceeded. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the Company's shares in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options excluding, options which have lapsed in accordance with the terms of this Scheme and any other option schemes of the Group must not in aggregate exceed 10% of the shares in issue as at the date of passing the relevant resolution adopting the Scheme without prior approval from the Company's shareholders.

除非計劃被取消或修訂，購股權計劃已於2007年7月2日生效，並將由其採納日期（即2007年6月29日）起計十年期間內有效。

根據計劃，因計劃及本集團採納之任何其他購股權計劃授出之所有已發行但未行使之購股權，於行使時可予發行之最高股份數目不得超過本公司不時已發行股本之30%。倘授出有關購股權將導致超出限額，則不得根據計劃或本集團採納之任何其他購股權計劃授出購股權。除非得到本公司股東批准，否則根據計劃及本公司之任何其他購股權計劃授出之所有已發行但尚未行使購股權獲行使時可予發行之本公司股份總數不得超過本公司不時已發行股份之30%。

根據此計劃及本集團任何其他購股權計劃之條款授出之所有購股權（不包括已失效者）獲行使時可配發及發行之股份總數合共不得超過通過有關採納計劃決議案當日已發行股份之10%，而無須事先獲得本公司股東之批准。

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a grantee under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Scheme and any other share option schemes of the Group 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, such further grant must be separately approved by shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

The maximum number of shares issued and to be issued upon exercise of the options granted under the share option scheme and any other share option schemes of the Company to each of any eligible persons (including those cancelled, exercised and outstanding options), in any twelve months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive directors or substantial shareholders of the Company or any of their respective associates in the twelve months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting in accordance with the requirements of the GEM Listing Rules.

在任何十二個月期間內，因購股權及根據本集團任何其他購股權計劃授予各承授人之購股權（包括已行使或尚未行使之購股權）獲行使而發行及可能發行之股份總數不得超過本公司當時已發行股本之1%。倘根據計劃向承授人進一步授出購股權，將導致在截至進一步授出購股權日期止（包括該日）十二個月期間，因根據計劃及本集團任何其他購股權計劃授予及建議授予該名人士之所有購股權（包括已行使、已註銷及尚未行使之購股權）獲行使而已發行及將予發行之股份數目合共超過已發行股份之1%，則有關授權必須於股東大會上另行取得本公司股東同意，惟該承授人及其聯繫人士須放棄投票。

在任何十二個月期間至最後授出日期，根據購股權計劃及本公司任何其他購股權計劃而向任何一位合資格人士授出之購股權（包括已註銷、已行使及尚未行使之購股權）獲行使而發行及將予發行之股份最高數目，不得超過本公司已發行股份之1%，惟根據於截至授出購股權日期止十二個月期間向本公司任何一位獨立非執行董事或主要股東或任何彼等各自之聯繫人士授出及將予授出之所有購股權獲行使而發行及將予發行之股份數目超逾本公司已發行股份0.1%及價值超過5,000,000港元者，須取得本公司獨立股東之事先批准。任何再授出超逾該限額之購股權須根據GEM上市規則之規定在股東大會上之另外取得股東批准。

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27. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

The offer of a grant of share options might be accepted in writing within 21 days from the date of the offer. The exercise period of the share options granted is determinable by the directors, and should not be later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The subscription price is equal to the higher of (i) the nominal value of the shares of the Company; (ii) the closing price per share of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The fair value of share options granted is recognised in the statement of profit or loss and other comprehensive income taking into account the probability that the options will vest over the vesting period. Upon the exercise of the options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. 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 forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses. Options which lapsed, if any, prior to their exercise date are deleted from the outstanding options.

All equity-settled share-based payments will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

27. 以股份支付之交易 (續)

授出購股權之要約可自要約日期起計21日內以書面形式接受。所授購股權行使期間可由董事釐定，惟不得遲於購股權要約日期起計十年或計劃屆滿日期（以較早者為準）。

認購價相等於以下三者之最高者：(i)本公司股份面值；(ii)於授出日期本公司股份於聯交所每日報價表所報每股收市價；及(iii)緊接授出日期前五個營業日於聯交所每日報價表所報每股平均收市價。

經計及購股權於歸屬期內將歸屬之可能性，已授出購股權之公平值於損益及其他全面收入表確認。因購股權獲行使而予以發行之股份由本公司按股份面值計入為額外股本，而每股行使價超出股份面值之餘額由本公司計入股份溢價賬。購股權行使時，先前於購股權儲備中確認之金額會轉撥至股份溢價。當購股權被沒收或到屆滿日期仍未被行使，先前於購股權儲備中確認之金額會轉撥至累計虧損。於行使日期前已失效之購股權（如有）自未行使購股權中刪除。

所有以股權結算以股份支付之款項將以權益償付。本集團並無法律或推定責任須購回或償付購股權。

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

Details of specific categories of share options are as follows:

購股權之具體類別詳情如下：

Option type	Date of grant	Exercise period	Exercise price	Weighted average fair value at grant date
購股權類別	授出日期	行使期間	行使價 HK\$ 港元	於授出日期 之加權平均 公平值 HK\$ 港元
2007 (a)	9 July 2007	9 July 2007 to 29 June 2017	1.4250*	0.4540*
2007年(a)	2007年7月9日	2007年7月9日至2017年6月29日		
2007 (b)	22 August 2007	22 August 2007 to 29 June 2017	2.0300*	0.6375*
2007年(b)	2007年8月22日	2007年8月22日至2017年6月29日		
2008	10 July 2008	10 July 2008 to 29 June 2017	1.3280*	0.3555*
2008年	2008年7月10日	2008年7月10日至2017年6月29日		
2013	10 October 2013	10 October 2013 to 29 June 2017	0.0870	0.0261
2013年	2013年10月10日	2013年10月10日至2017年6月29日		
2014 (a)	25 March 2014	25 March 2014 to 29 June 2017	0.3640	0.2171
2014年(a)	2014年3月25日	2014年3月25日至2017年6月29日		
2014 (b)	26 March 2014	26 March 2014 to 29 June 2017	0.3650	0.2048
2014年(b)	2014年3月26日	2014年3月26日至2017年6月29日		
2014 (c)	10 July 2014	10 July 2014 to 29 June 2017	0.2800	0.0726
2014年(c)	2014年7月10日	2014年7月10日至2017年6月29日		
2015 (a)	27 May 2015	27 May 2015 to 29 June 2017	0.2900	0.1484
2015年(a)	2015年5月27日	2015年5月27日至2017年6月29日		
2015 (b)	4 June 2015	4 June 2015 to 29 June 2017	0.2700	0.1210
2015年(b)	2015年6月4日	2015年6月4日至2017年6月29日		
2016	6 May 2016	6 May 2016 to 29 June 2017	0.1050	0.0406
2016年	2016年5月6日	2016年5月6日至2017年6月29日		

The Company measures the fair value of share options granted to consultant by reference to the fair values of services received.

本公司於參考所獲得服務之公平值後計量授予顧問之購股權之公平值。

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

The fair value of the share options granted to employees during the year ended 31 December 2016 were determined using the Black-Scholes Option Pricing Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical volatility of the Company's share price and comparable companies' share price, adjusted for any expected changes to future volatility based on publicly available information.

100,000,000 share options were granted under the Scheme during the year ended 31 December 2016.

The variables and assumptions used in computing the fair value of the share options granted during the year ended 31 December 2016 are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

INPUTS INTO THE MODEL

		Option type 2016 購股權類別 2016年
Grant date share price	授出日期股價	HK\$0.1040港元
Exercise price	行使價	HK\$0.1050港元
Expected volatility	預期波幅	98.696%
Exercise multiple	行使倍數	2.719
Risk-free interest rate	無風險利率	0.314%
Expected dividend yield	預期股息率	Nil零

於截至2016年12月31日止年度授予僱員之購股權之公平值乃使用柏力克-舒爾斯股權估值模式釐定。在適用情況下，已根據管理層之最佳估計而調整該模式所用之預計年期，以反映不可轉讓、行使限制(包括達致購股權所附市場條件之可能性)及行為考慮因素之影響。預期波幅乃基於本公司股價及可資比較公司股價歷史波動而計算，並依據公開資料就未來波動之任何預期變化作出調整。

截至2016年12月31日止年度，根據計劃授出100,000,000份購股權。

計算截至2016年12月31日止年度授出之購股權公平值時使用之變量及假設均基於董事之最佳估計。購股權之價值因若干主觀假設之不同變量而異。

用於模式之項目

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

The following table discloses movements of the Company's share options during the year:

下表披露年內本公司購股權之變動：

Option type	Outstanding at 1/1/2017 於2017年 1月1日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	Outstanding at 31/12/2017 於2017年 12月31日 尚未行使
購股權類別					
2007 (a)					
2007年(a)	9,600,000*	-	-	(9,600,000)*	-
2007 (b)					
2007年(b)	8,200,000*	-	-	(8,200,000)*	-
2008					
2008年	9,200,000*	-	-	(9,200,000)*	-
2013					
2013年	16,000,000	-	(16,000,000)	-	-
2014 (a)					
2014年(a)	32,000,000	-	-	(32,000,000)	-
2014 (b)					
2014年(b)	2,700,000	-	-	(2,700,000)	-
2014 (c)					
2014年(c)	20,000,000	-	-	(20,000,000)	-
2015 (a)					
2015年(a)	66,000,000	-	-	(66,000,000)	-
2015 (b)					
2015年(b)	10,000,000	-	-	(10,000,000)	-
2016					
2016年	100,000,000	-	(100,000,000)	-	-
	273,700,000	-	(116,000,000)	(157,700,000)	-
Exercisable at the end of the year 於年末可行使					-
Weighted average exercise price 加權平均行使價	HK\$0.3453港元	-	HK\$0.1025港元	HK\$0.5239港元	-

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

The following table discloses movements of the Company's share options during prior year:

下表披露去年本公司購股權之變動：

Option type	Outstanding at 1/1/2016 於2016年 1月1日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	Outstanding at 31/12/2016 於2016年 12月31日 尚未行使
購股權類別					
2007 (a)					
2007年(a)	9,600,000*	-	-	-	9,600,000*
2007 (b)					
2007年(b)	8,200,000*	-	-	-	8,200,000*
2008					
2008年	9,200,000*	-	-	-	9,200,000*
2013					
2013年	16,000,000	-	-	-	16,000,000
2014 (a)					
2014年(a)	32,000,000	-	-	-	32,000,000
2014 (b)					
2014年(b)	2,700,000	-	-	-	2,700,000
2014 (c)					
2014年(c)	20,000,000	-	-	-	20,000,000
2015 (a)					
2015年(a)	66,000,000	-	-	-	66,000,000
2015 (b)					
2015年(b)	10,000,000	-	-	-	10,000,000
2016					
2016年	-	100,000,000	-	-	100,000,000
	173,700,000	100,000,000	-	-	273,700,000
Exercisable at the end of the year 於年末可行使					273,700,000
Weighted average exercise price 加權平均行使價	HK\$0.4836港元	HK\$0.1050港元	-	-	HK\$0.3453港元

116,000,000 (2016: Nil) share options have been exercised under the Scheme during the year ended 31 December 2017.

於截至2017年12月31日止年度，根據計劃行使116,000,000份(2016年：無)購股權。

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27. SHARE-BASED PAYMENT TRANSACTIONS 27. 以股份支付之交易 (續)

(Continued)

Options granted are fully vested at the date of grant. During the year ended 31 December 2016, approximately HK\$406,000 of equity-settled share-based payments to employees has been included in the consolidated statement of profit or loss and other comprehensive income, the corresponding amount of which has been credited to share options reserve. No liabilities were recognised on the equity-settled share-based payment transactions.

The fair value of the share options granted to suppliers of service amounted to approximately HK\$3,655,000 has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016, the corresponding amount of which has been credited to share options reserve.

The total consideration received during the year ended 31 December 2016 from grant of share options amounted to HK\$4.

All share options have been accounted for under HKFRS 2. No share option was outstanding at the end of the year (2016: outstanding share options had weighted average remaining contractual life of 0.5 year).

* The above information has been adjusted to reflect the effect of the share consolidation on 27 February 2012 pursuant to which every 5 of the existing issued and unissued shares of HK\$0.001 each in the share capital of the Company were consolidated into 1 consolidated share of HK\$0.005 each. Every 5 of the options were consolidated into 1 consolidated option and the exercise prices were adjusted accordingly.

授出之購股權於授出日期全數歸屬。截至2016年12月31日止年度，給予僱員以股權結算以股份支付之付款約406,000港元已計入綜合損益及其他全面收入表，相應金額已計入購股權儲備。並無就以股權結算以股份支付之交易確認負債。

截至2016年12月31日止年度，向服務供應商授予之購股權之公平值約3,655,000港元已計入綜合損益及其他全面收入表，相應金額已計入購股權儲備。

於截至2016年12月31日止年度，從授出購股權收到的總代價為4港元。

所有購股權已根據香港財務報告準則第2號入賬。於年末並無尚未行使之購股權（2016年：尚未行使之購股權加權平均剩餘合約年期為0.5年）。

* 上述資料已予調整，以反映於2012年2月27日之股份合併之影響，據此，本公司股本中每五股每股面值0.001港元之現有已發行及未發行股份合併為一股每股面值0.005港元之合併股份。每五份購股權合併為一份合併購股權，且行使價亦作出相應調整。

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28. CAPITAL MANAGEMENT

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares to reduce its debt level.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings are calculated as current and non-current borrowings as shown in the consolidated statement of financial position and total capital is calculated as "total equity", as shown in the consolidated statement of financial position.

GEARING RATIO

The gearing ratio at the end of the reporting period was as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Total borrowings	借貸總額	49,516	43,923
Total equity	權益總額	7,376	20,671
Gearing ratio	資本負債比率	671%	212%

28. 資本管理

本集團之資本管理目標如下：

- 確保本集團能夠持續經營；
- 為股東帶來充足回報；及
- 維持最佳資本架構以降低資本成本。

為保持或調整其資本架構，本集團可能會調整派發予股東之股息、回撥資本予股東及發行新股以減低負債債務水平。

本集團根據資本負債比率監控其資本。該資本負債比率按借貸總額除以總資本計算。如綜合財務狀況表所示，借貸總額按綜合財務狀況表列示之流動及非流動借貸計算；總資本則按「權益總額」計算。

資本負債比率

於報告期間末，資本負債比率如下：

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29. FINANCIAL INSTRUMENTS

29. 金融工具

29.1 CATEGORIES OF FINANCIAL INSTRUMENTS

29.1 金融工具之種類

Financial assets

金融資產

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Loans and receivables:	貸款及應收款項：		
Financial assets included in trade and other receivables	計入貿易及其他應收款項之金融資產	4,247	1,403
Amount due from a related company	應收一間關連公司款項	574	-
Amount due from a non-controlling interest of a subsidiary	應收附屬公司之非控股權益之款項	1,500	1,497
Cash and bank balances (including pledged bank deposit)	現金及銀行結餘(包括抵押銀行存款)	59,173	24,033

Financial liabilities

金融負債

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Financial liabilities at amortised cost:	按攤銷成本列值之金融負債：		
Financial liabilities included in trade and other payables	計入貿易及其他應付款項之金融負債	8,845	7,776
Amount due to an intermediate holding company	應付中間控股公司款項	598	-
Amount due to a non-controlling interest of a subsidiary	應付附屬公司之非控股權益之款項	-	472
Convertible bonds	可換股債券	49,516	43,923

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29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

29.2 財務風險管理目標及政策

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

本集團因於日常營運過程及投資活動中使用金融工具而面對財務風險。財務風險包括市場風險(包括外匯風險、利率風險及其他價格風險)、信貸風險及流動資金風險。

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

本集團總部與董事會緊密合作，協調管理財務風險。財務風險管理旨在將本集團於金融市場之風險減至最低，以穩定其短期至中期現金流量。本集團在承受可接受之風險水平之情況下，透過控制長期金融投資以產生長遠回報。

It is not the Group's policy to actively engage in the trading of financial instruments for speculative purposes. The treasury department works under the policies approved by the board of directors. It identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the board of directors.

本集團不主張積極參與投機性質之金融工具交易。財資部按董事會批准之政策工作，其識別進入金融市場之方法，並監察本集團面對之財務風險。有關報告將定期向董事會提交。

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.

本集團金融工具所面對之風險類型或本集團管理及衡量風險之方式並無變動。

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綜合財務報表附註

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

29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

29.2 財務風險管理目標及政策 (續)

29.2.1 Market risk

29.2.1 市場風險

Foreign currency risk management

外匯風險管理

Transactional currency exposures arise from revenue or cost of sales by operating units in currencies other than the unit's functional currency. Substantially all the Group's revenue and cost of sales are denominated in the functional currency of the operating units making the revenue, and substantially all the cost of sales are denominated in the operating unit's functional currency. Accordingly, the directors consider the Group is not exposed to significant foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

交易性貨幣風險乃產生自以營運單位功能貨幣以外貨幣計值之營運單位之收益或銷售成本。本集團絕大多數收益及銷售成本以產生收入之營運單位之功能貨幣列值，且絕大多數銷售成本以營運單位之功能貨幣列值。因此，董事認為本集團並無面臨重大外匯風險。本集團現時並無外幣對沖政策。然而，管理層會監察外匯風險，並於有需要時，考慮對重大外幣風險作出對沖。

In virtue of exposures on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

鑒於外匯風險敞口微不足道，故並無編製相關定量披露。

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綜合財務報表附註

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

29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

29.2 財務風險管理目標及政策 (續)

29.2.1 Market risk (Continued)

29.2.1 市場風險 (續)

Interest rate risk management

利率風險管理

The Group does not have material exposure to interest rate risk. A reasonably possible change in interest rate in the twelve months is assessed; which could have immaterial change in the Group's loss after tax and accumulated losses. Changes in interest rates have no material impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expenses.

本集團並無重大利率風險。本集團已評估十二個月內利率之合理可能變動，其對本集團之除稅後虧損及累計虧損可能造成之變動不大。利率變動對本集團其他權益部份不會造成重大影響。本集團於現金及財務管理採取中央財政政策，並集中於減低本集團的整體利息開支。

The directors are of the opinion that the Group's sensitivity to the change in interest rate is relatively low.

董事認為，本集團對利率變動的敏感度屬低。

Other price risk

其他價格風險

As the Group has no significant investments in financial assets at FVTPL, the Group is not exposed to significant other price risk.

由於本集團於按公平值計入損益之金融資產並無重大投資，故本集團並無其他重大價格風險。

29.2.2 Credit risk management

29.2.2 信貸風險管理

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

於2017年12月31日，因交易對手未能履行責任而使本集團蒙受財務虧損之本集團最高信貸風險，產生自於綜合財務狀況表所列之各類已確認金融資產之賬面值。

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綜合財務報表附註

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

29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

29.2 財務風險管理目標及政策 (續)

29.2.2 Credit risk management (Continued)

29.2.2 信貸風險管理 (續)

In order to minimise the credit risk, the 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 and debt investment at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

為減低信貸風險，本集團管理層已委派小組負責控制信用額度、進行信用審批，並執行其他監控程序，以確保採取跟進措施收回逾期債項。此外，本集團於報告期末檢討個別貿易應收款項及債務投資的可收回數額，以確保就未能收回的數額確認足夠的減值虧損。就此而言，本公司董事認為本集團的信貸風險已大幅減少。

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

流動資金之信貸風險有限，原因是交易對方乃獲國際信貸評級機構給予高度信貸評級之銀行。

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

除主要集中於存放在多家具高信貸評級之銀行之流動資金之信貸風險外，本集團沒有任何其他信貸風險高度集中的情況。

29.2.3 Liquidity risk management

29.2.3 流動資金風險管理

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements.

董事會對流動資金風險管理負最終責任，並已設立合適之流動資金風險管理架構，以滿足本集團之短期、中期及長期資金及流動資金管理需求。

The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

本集團透過維持充足之儲備及持續監控預測及實際現金流量，並致力令金融資產與負債之到期情況匹配，藉此管理流動資金風險。

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綜合財務報表附註

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

29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

29.2 財務風險管理目標及政策 (續)

29.2.3 Liquidity risk management (Continued)

29.2.2 信貸風險管理 (續)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

於報告期間末，本集團按合約未貼現付款計算之金融負債到期情況如下：

		On demand or less than 1 year 按要求或一年內 HK\$'000 千港元	1-5 years 一至五年 HK\$'000 千港元	Total contractual undiscounted cash flows 合約未貼現現金流量總額 HK\$'000 千港元	Total carrying amounts 賬面總值 HK\$'000 千港元
At 31 December 2017	於2017年12月31日				
Non-derivative financial liabilities	非衍生金融負債				
Trade and other payables	貿易及其他應付款項	8,845	–	8,845	8,845
Amount due to an intermediate holding company	應付中間控股公司款項	598	–	598	598
Convertible bonds	可換股債券	–	68,016	68,016	49,516
		9,443	68,016	77,459	58,959
		On demand or less than 1 year 按要求或一年內 HK\$'000 千港元	1-5 years 一至五年 HK\$'000 千港元	Total contractual undiscounted cash flows 合約未貼現現金流量總額 HK\$'000 千港元	Total carrying amounts 賬面總值 HK\$'000 千港元
At 31 December 2016	於2016年12月31日				
Non-derivative financial liabilities	非衍生金融負債				
Trade and other payables	貿易及其他應付款項	7,776	–	7,776	7,776
Amount due to a non-controlling of a subsidiary	應付附屬公司之非控股權益之款項	472	–	472	472
Convertible bonds	可換股債券	–	68,016	68,016	43,923
		8,248	68,016	76,264	52,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.3 FAIR VALUE MEASUREMENTS

29.3 公平值計量

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

並非按經常性基準以公平值計量之金融資產與金融負債的公平值(但必須作出公平值披露)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

除下表所詳述者外，董事認為於綜合財務報表確認之金融資產及金融負債之賬面值與其公平值相若：

		2017		2016	
		Carrying amount	Fair value	Carrying amount	Fair value
		賬面值	公平值	賬面值	公平值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Financial liabilities	金融負債				
Convertible bonds (Note)	可換股債券(附註)	49,516	51,170	43,923	45,261

Note:

The fair value of the liability component of convertible bonds has been calculated by using effective interest rate of 11.32% (2016: 11.79%) per annum with reference to the Hong Kong Sovereign Curve and credit risk margin.

附註：

可換股債券負債部份之公平值乃使用年息11.32厘(2016年：11.79厘)之實際利率並參考香港主權債曲線及信貸風險利率而計算。

Fair value hierarchy as at 31 December 2017

於2017年12月31日之公平值等級

Liabilities for which fair values are disclosed:

已披露公平值之負債：

		Level 1	Level 2	Level 3	Total
		第一級	第二級	第三級	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Convertible bonds	可換股債券	-	-	51,170	51,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

29. FINANCIAL INSTRUMENTS (Continued)

29. 金融工具 (續)

29.3 FAIR VALUE MEASUREMENTS (Continued)

29.3 公平值計量 (續)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) (Continued)

並非按經常性基準以公平值計量之金融資產與金融負債的公平值(但必須作出公平值披露)(續)

Fair value hierarchy as at 31 December 2016

於2016年12月31日之公平值等級

Liabilities for which fair values are disclosed:

已披露公平值之負債：

	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
Convertible bonds 可換股債券	-	-	45,261	45,261

The fair value of the financial liability included in the Level 3 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

上述計入第三級類別之金融負債之公平值已根據基於貼現現金流量分析之公認定價模型釐定。

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綜合財務報表附註

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

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES 30. 融資活動產生之負債對賬

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.

下表詳列本集團融資活動產生之負債變動，包括現金及非現金變動。融資活動產生之負債即現金流量已經或未來現金流量將會於本集團之綜合現金流量表中分類為融資活動之現金流量之負債。

		Amount due to an intermediate holding company 應付 中間控股 公司款項 HK\$'000 千港元	Convertible bonds 可換股債券 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2017	於2017年1月1日	-	43,923	43,923
Cash inflow:	現金流量：			
Advance from an intermediate holding company	中間控股公司墊款	10,755	-	10,755
Non-cash transactions:	非現金交易：			
Effective interest on convertibles bonds	可換股債券之實際利息	-	5,593	5,593
Deemed capital contribution by an intermediate holding company (Note 31)	視為中間控股公司注資 (附註31)	(10,157)	-	(10,157)
At 31 December 2017	於2017年12月31日	598	49,516	50,114

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綜合財務報表附註

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31. MAJOR NON-CASH TRANSACTION

In December 2017, gross amount of approximately HK\$10,157,000 was waived by 杭州恩牛網絡技術有限公司 (transliterated as Hangzhou Enniu Network Technology Company Limited[#]) (an intermediate holding company of the Group) through capitalisation of the amount due, before taking into account the PRC Enterprise Income Tax effect of approximately HK\$529,000 (Note 9). The net amount was recognised in the consolidated statement of changes in equity accordingly.

[#] English name for identification purpose only

32. OPERATING LEASES COMMITMENTS

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

Within one year	於一年內
In the second to fifth years inclusive	二至五年(包括首尾兩年)

Operating leases relate to rented premises and equipment with lease terms of between 1 to 5 years (2016: 1 to 5 years), with no option to renew the lease terms at the expiry date. The lease does not include contingent rental.

31. 主要非現金交易

於2017年12月，透過資本化到期金額，杭州恩牛網絡技術有限公司(本公司的中間控股公司)豁免款項總額約10,157,000港元，並無計及中國企業所得稅影響約529,000港元(附註9)。該款項淨額相應於綜合權益變動表中確認。

32. 經營租賃承擔

於報告期間末，本集團就於以下期間到期之不可撤銷經營租賃之未來最低租金還款承擔如下：

	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Within one year	2,394	1,530
In the second to fifth years inclusive	613	1,669
	3,007	3,199

經營租賃指租期為一至五年(2016年：一至五年)之租賃物業及設備，到期後不可續約。該項租約並不包含或然租金。

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33. CAPITAL COMMITMENTS

At 31 December 2017, the Group had the following commitments which were not provided for in the consolidated financial statements:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Authorised and contracted for:	法定及已訂約：		
Purchase of property, plant and equipment	購買物業、廠房及設備	35	144

33. 資本承擔

於2017年12月31日，本集團擁有以下未於綜合財務報表撥備之承擔：

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties during the year:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Early redemption of convertible bonds (Note 23)	提前贖回可換股債券(附註23)	-	36,084
Interest income from a related company (Note)	來自一間關連公司之利息收入(附註)	4	-

Note:

The interest income is from 北京雅酷時空信息交換技術有限公司 in which Mr. Sun Haitao, a substantial shareholder, the chairman and executive director of the Company, has beneficial interests.

附註：

利息收入乃來自北京雅酷時空信息交換技術有限公司，本公司主要股東、主席兼執行董事孫海濤先生於該公司擁有實益權益。

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34. RELATED PARTY TRANSACTIONS (Continued)

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management during the year was as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Short-term benefits	短期福利	2,637	7,316
Post-employment benefits	終止僱用後福利	18	36
		2,655	7,352

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period in January 2018, convertible bonds with aggregate principal amount of HK\$50,000,000 were converted into ordinary shares of HK\$0.005 each of the Company at the conversion price of HK\$1.20 per share. Accordingly, a total of 41,666,666 ordinary shares at HK\$0.005 each were issued to the holder of convertible bonds. Please refer to note 23 to the consolidated financial statements for details of the convertible bonds.

34. 有關連人士交易 (續)

主要管理人員薪酬

年內，董事及主要管理層其他成員之酬金如下：

35. 報告期後事項

報告期末後，於2018年1月，本金總額50,000,000港元之可換股債券以每股1.20港元之轉換價轉換為本公司每股0.005港元之普通股。相應發行合共41,666,666股每股0.005港元之普通股予可換股債券之持有人。有關可換股債券的詳情，請參閱綜合財務報表附註23。

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綜合財務報表附註

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36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2017 are as follows:

36. 本公司之主要附屬公司詳情

於2017年12月31日本公司之主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/operations 註冊成立/註冊/ 經營地點	Particulars of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊資本詳情	Proportion of ownership interest held by the Company 本公司持有 所有權益百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
E-silkroad.net Corporation	British Virgin Islands ("BVI") 英屬處女群島	1 ordinary share of 1 United States dollar ("US\$") 1股每股面值1美元 (「美元」)之普通股	100%	-	Investment holding 投資控股
Easywin International Holdings Limited 順風國際控股有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 1股每股面值1美元 之普通股	100%	-	Investment holding 投資控股
Pearl Sharp Limited 寶光有限公司	BVI 英屬處女群島	1 ordinary share of US\$1 1股每股面值1美元 之普通股	-	100%	Investment holding 投資控股
E-silkroad.net Online Exhibition Limited	Hong Kong 香港	Ordinary shares HK\$10,000 10,000港元之普通股	-	100%	Provision of administrative services 提供行政服務
Greatest Profit Investment Limited	Hong Kong 香港	Ordinary share HK\$1 1港元之普通股	-	100%	Investment holding 投資控股
Hui So Hung Table Tennis Sports Centre Limited 許素虹乒乓球體育中心有限公司	Hong Kong 香港	Ordinary shares HK\$5,000,000 5,000,000港元之普通股	-	60%	Provision of sports training services 提供體育訓練服務

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36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

36. 本公司之主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/operations 註冊成立/註冊/ 經營地點	Particulars of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊資本詳情	Proportion of ownership interest held by the Company 本公司持有 所有權益百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
Huancai Puda*	PRC	RMB41,819,548 (2016: RMB41,819,548)	-	51%	Development of computer software, hardware and application system, sale of self-developed technology or results and provision of relevant technical consultancy services
環彩普達*	中國	人民幣41,819,548元 (2016年: 人民幣41,819,548元)			開發電腦軟件、硬件及應用系統、銷售自主開發之技術或成果、提供相關技術諮詢服務
深圳脈康穿戴設備科技有限公司**	PRC	HK\$7,500,000 (2016: HK\$5,500,000)	-	100%	Development, production, wholesale, retail and provision of relevant supporting services in related to wearable devices, smart glasses, smart watches, smart bracelets, communication equipment, electronic components and electronic products; sale and development of communication devices, computer software, hardware, data terminal technology, mobile digital data communication devices; development and provision of gaming and animation creation technology and services; and import and export and provision of relevant supporting services
	中國	7,500,000港元(2016年: 5,500,000港元)			開發、生產、批發、零售及提供可穿戴設備、智能眼鏡、智能手錶、智能手環、通訊設備、電子配件及電子產品；銷售及開發通訊設備、電腦軟件、硬件、數據終端技術、移動數字數據通訊設備；開發及提供遊戲與動畫創作技術及服務；及進出口及提供相關支持服務

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綜合財務報表附註

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

36. 本公司之主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/operations 註冊成立/註冊/ 經營地點	Particulars of issued and fully paid share capital/registered capital 已發行及繳足股本/ 註冊資本詳情	Proportion of ownership interest held by the Company 本公司持有 所有權權益百分比		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
杭州泓脈信息科技有限公司 (formerly known as 深圳宏脈信息 科技有限公司)** (前稱深圳宏脈信息科技有限公司)**	PRC	HK\$5,000,000 (2016: HK\$1,500,000)	-	100%	Development of computer hardware and software technology, private data terminal technology, data processing and database technology and mobile network; development and technology transfer of digital mobile communication network equipment; development and provision of gaming and animation creation technology services; provision of financial technology services; and wholesale, import and export of office automation system equipment and communication equipment and provision of relevant supporting services
	中國	5,000,000港元(2016年: 1,500,000港元)			開發電腦硬件及軟件技術、私人數據終端技術、數據處理及數據庫技術及移動網絡; 數碼移動通訊網絡設備之開發及技術轉讓; 開發及提供遊戲與動畫創作技術及服務; 提供金融科技服務; 及批發及進出口辦公自動系統設備及通訊設備, 以及提供相關支持服務
杭州微資產管理有限公司***	PRC	RMB10,000,000	-	100%	Provision of asset management, industrial investment, investment management, investment consulting services; development, provision of consultation and result transfer on network technology, computer software and hardware and computer network engineering; provision of second category value-added telecommunications services; and other legal projects that do not require approval
	中國	人民幣10,000,000元			提供資產管理、行業投資、投資管理、投資諮詢服務; 開發、提供諮詢及網絡技術、電腦軟件及硬件及電腦網絡工程成果轉讓; 提供第二類別增值電訊服務, 及其他無需批准之法律項目

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

- * Huancai Puda is a Sino-foreign equity joint venture established in the PRC.
- ** 杭州泓脈信息科技有限公司 and 深圳脈康穿戴設備科技有限公司 are wholly-foreign-owned enterprises established in the PRC.
- *** 杭州微資資產管理有限公司 is a limited liability company established in the PRC. The equity interest is held by an individual nominee on behalf of the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and principal place of business 註冊成立／成立地點 及主要營業地點	Proportion of ownership interests held by the non-controlling interests 非控股權益 所持擁有權權益百分比		Loss allocated to non-controlling interests 分配至非控股 權益之虧損		Accumulated non-controlling interests 累積非控股權益	
		2017	2016	2017	2016	2017	2016
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
Huancai Puda 環彩普達	PRC 中國	49%	49%	(23,073)	(6,098)	(2,271)	18,930
Individually immaterial subsidiary with non-controlling interest 擁有非控股權益之個別 非重大附屬公司						1,989	1,993
						(282)	20,923

36. 本公司之主要附屬公司詳情 (續)

- * 環彩普達乃於中國成立之中外合資經營公司。
- ** 杭州泓脈信息科技有限公司及深圳脈康穿戴設備科技有限公司乃於中國成立之外商獨資企業。
- *** 杭州微資資產管理有限公司乃一間於中國成立之有限公司。該等股權由一名個人代名人代表本集團持有。

上表所列之本公司附屬公司，乃董事認為對本集團業績或資產構成重大影響之附屬公司。董事認為，詳列其他附屬公司會令致內容過於冗長。

擁有重大非控股權益之非全資附屬公司之詳情

下表載列本集團有重大非控股權益之非全資附屬公司之詳情：

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綜合財務報表附註

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

36. 本公司之主要附屬公司詳情(續)

DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

擁有重大非控股權益之非全資附屬公司之詳情(續)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

有關本集團有重大非控股權益之附屬公司之財務資料概要載列如下。以下財務資料概要指集團間對銷前的數額。

Huancai Puda

環彩普達

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Current assets	流動資產	509	948
Non-current assets	非流動資產	385	61,231
Current liabilities	流動負債	(4,564)	(7,437)
Non-current liabilities	非流動負債	–	(15,145)
		Year ended 31 December 2017 截至 2017年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2016 截至 2016年 12月31日 止年度 HK\$'000 千港元
Revenue	收益	181	336
Other income and gain	其他收入及收益	3,312	352
Expenses	開支	(50,581)	(12,859)
Loss for the year	本年度虧損	(47,088)	(12,171)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

Huancai Puda (Continued)

Loss attributable to owners of the Company	本公司擁有人應佔虧損
Loss attributable to the non-controlling interests	非控股權益應佔虧損
Loss for the year	本年度虧損
Other comprehensive expense for the year	本年度其他綜合開支
Total comprehensive expense attributable to owners of the Company	本公司擁有人應佔綜合開支總額
Total comprehensive expense attributable to the non-controlling interests	非控股權益應佔綜合開支總額
Total comprehensive expense for the year	本年度綜合開支總額
Dividends paid to non-controlling interests	支付予非控股權益之股息

36. 本公司之主要附屬公司詳情 (續)

擁有重大非控股權益之非全資附屬公司之詳情 (續)

環彩普達 (續)

Year ended 31 December 2017 截至 2017年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2016 截至 2016年 12月31日 止年度 HK\$'000 千港元
(24,015)	(6,073)
(23,073)	(6,098)
(47,088)	(12,171)
3,821	(4,674)
(22,066)	(8,458)
(21,201)	(8,387)
(43,267)	(16,845)
–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

36. 本公司之主要附屬公司詳情(續)

DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

擁有重大非控股權益之非全資附屬公司之詳情(續)

Huancai Puda (Continued)

環彩普達(續)

		Year ended 31 December 2017 截至 2017年 12月31日 止年度 HK\$'000 千港元	Year ended 31 December 2016 截至 2016年 12月31日 止年度 HK\$'000 千港元
Net cash inflow/(outflow) from operating activities	經營業務現金流入/(流出)淨額	193	(556)
Net cash inflow from investing activities	投資業務現金流入淨額	-	1
Net cash inflow from financing activities	融資活動現金流入淨額	-	-
Net increase/(decrease) in cash and cash equivalents	現金及現金等值增加/(減少)淨額	193	(555)

FINANCIAL INFORMATION OF SUBSIDIARY IN WHICH THE EQUITY INTEREST IS HELD BY INDIVIDUAL NOMINEE ON BEHALF OF THE GROUP

股權由一名個人代名人代表本集團持有之附屬公司之財務資料

The summarised financial information below represents amounts before intragroup eliminations.

以下財務資料概要指集團間對銷前的數額。

		2017 HK\$'000 千港元
Revenue	收益	-
Loss for the year	本年度虧損	(4,811)
Net assets	資產淨值	13,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

37. 本公司之財務狀況及儲備

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	80	–
Investments in subsidiaries	於附屬公司之投資	–	–
		80	–
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	236	–
Amounts due from subsidiaries	應收附屬公司款項	55,137	104,540
Bank balances	銀行結餘	34,414	19,666
		89,787	124,206
Current liabilities	流動負債		
Other payables and accruals	其他應付款項及應計費用	1,937	825
Amounts due to subsidiaries	應付附屬公司款項	28,773	55,727
		30,710	56,552
Net current assets	流動資產淨額	59,077	67,654
Total assets less current liabilities	總資產減流動負債	59,157	67,654
Non-current liabilities	非流動負債		
Convertible bonds	可換股債券	49,516	43,923
Deferred tax liabilities	遞延稅項負債	3,052	3,975
		52,568	47,898
Net assets	資產淨值	6,589	19,756
Capital and reserves	資本及儲備		
Share capital – ordinary shares	股本 – 普通股	23,147	15,600
Share capital – non-redeemable convertible preferred shares	股本 – 不可贖回可換股優先股	–	5,017
Reserves	儲備	(16,558)	(861)
Total equity	權益總額	6,589	19,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

37. 本公司之財務狀況及儲備 (續)

MOVEMENT IN THE COMPANY'S RESERVES

本公司之儲備變動

		Share premium account	Capital redemption reserve	Convertible bonds equity reserve	Share options reserve	Accumulated losses	Total
		股份溢價賬	股本 贖回儲備	可換股債券 權益儲備	購股權儲備	累計虧損	總計
		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
		(Note (i))	(Note (ii))				
		(附註(i))	(附註(ii))				
Balance at 1 January 2016	於2016年1月1日之結餘	3,348,003	1	29,735	32,722	(3,353,852)	56,609
Loss for the year	本年度虧損	-	-	-	-	(48,581)	(48,581)
Total comprehensive expense for the year	本年度綜合開支總額	-	-	-	-	(48,581)	(48,581)
Recognition of equity- settled share-based payments	確認以股權結算以股份支付之付款	-	-	-	4,061	-	4,061
Redemption of convertible bonds	贖回可換股債券	-	-	(15,824)	-	444	(15,380)
Deferred tax relating to convertible bonds	可換股債券之遞延稅項	-	-	2,430	-	-	2,430
Balance at 31 December 2016 and 1 January 2017	於2016年12月31日及2017年1月1日之結餘	3,348,003	1	16,341	36,783	(3,401,989)	(861)
Loss for the year	本年度虧損	-	-	-	-	(57,020)	(57,020)
Total comprehensive expense for the year	本年度綜合開支總額	-	-	-	-	(57,020)	(57,020)
Issue of ordinary shares under share option scheme	根據購股權發行普通股	15,791	-	-	(4,479)	-	11,312
Release of reserve upon share options lapsed	於購股權失效後釋放儲備	-	-	-	(32,304)	32,304	-
Issue of new ordinary shares	發行新普通股	30,030	-	-	-	-	30,030
Transaction cost attributable to issue of new ordinary shares	發行新普通股應佔之交易成本	(19)	-	-	-	-	(19)
Balance at 31 December 2017	於2017年12月31日之結餘	3,393,805	1	16,341	-	(3,426,705)	(16,558)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

MOVEMENT IN THE COMPANY'S RESERVES

(Continued)

Notes:

- (i) The share premium account of the Company arises on shares issued at a premium. In accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.
- (ii) The capital redemption reserve of the Company represents the nominal value of the share capital of the Company repurchased and cancelled.

37. 本公司之財務狀況及儲備 (續)

本公司之儲備變動 (續)

附註：

- (i) 本公司股份溢價賬於按溢價發行股份時產生。根據開曼群島公司法第22章（1961年第3條法例，經綜合及修訂），股份溢價賬可分派給本公司股東，惟於緊隨建議派發股息日期後，本公司須能夠於日常業務中支付到期債務。股份溢價賬亦可以繳足紅股方式分派。
- (ii) 本公司之資本贖回儲備指本公司回購及註銷的股本名義值。

FIVE-YEAR FINANCIAL SUMMARY 五年財務資料概要

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

		2013年	2014年	2015年	2016年 (Restated) (經重列)	2017年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
RESULTS	業績					
Revenue	收益	1,731	3,533	964	2,011	28,303
Loss for the year	本年度虧損	(118,816)	(330,081)	(60,326)	(43,144)	(71,371)
Loss attributable to:	下列人士應佔虧損：					
Owners of the Company	本公司擁有人	(75,325)	(186,051)	(54,679)	(37,043)	(48,293)
Non-controlling interests	非控股權益	(43,491)	(144,030)	(5,647)	(6,101)	(23,078)
		(118,816)	(330,081)	(60,326)	(43,144)	(71,371)

At 31 December
於12月31日

		2013年	2014年	2015年	2016年	2017年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	533,508	167,824	173,145	92,088	70,500
Total liabilities	總負債	(247,232)	(131,427)	(95,588)	(71,417)	(63,124)
		286,276	36,397	77,557	20,671	7,376
Equity attributable to owners of the Company	本公司擁有人應佔權益	105,501	1,103	48,244	(252)	7,658
Non-controlling interests	非控股權益	180,775	35,294	29,313	20,923	(282)
		286,276	36,397	77,557	20,671	7,376



中彩網通控股有限公司
China Netcom Technology Holdings Limited