

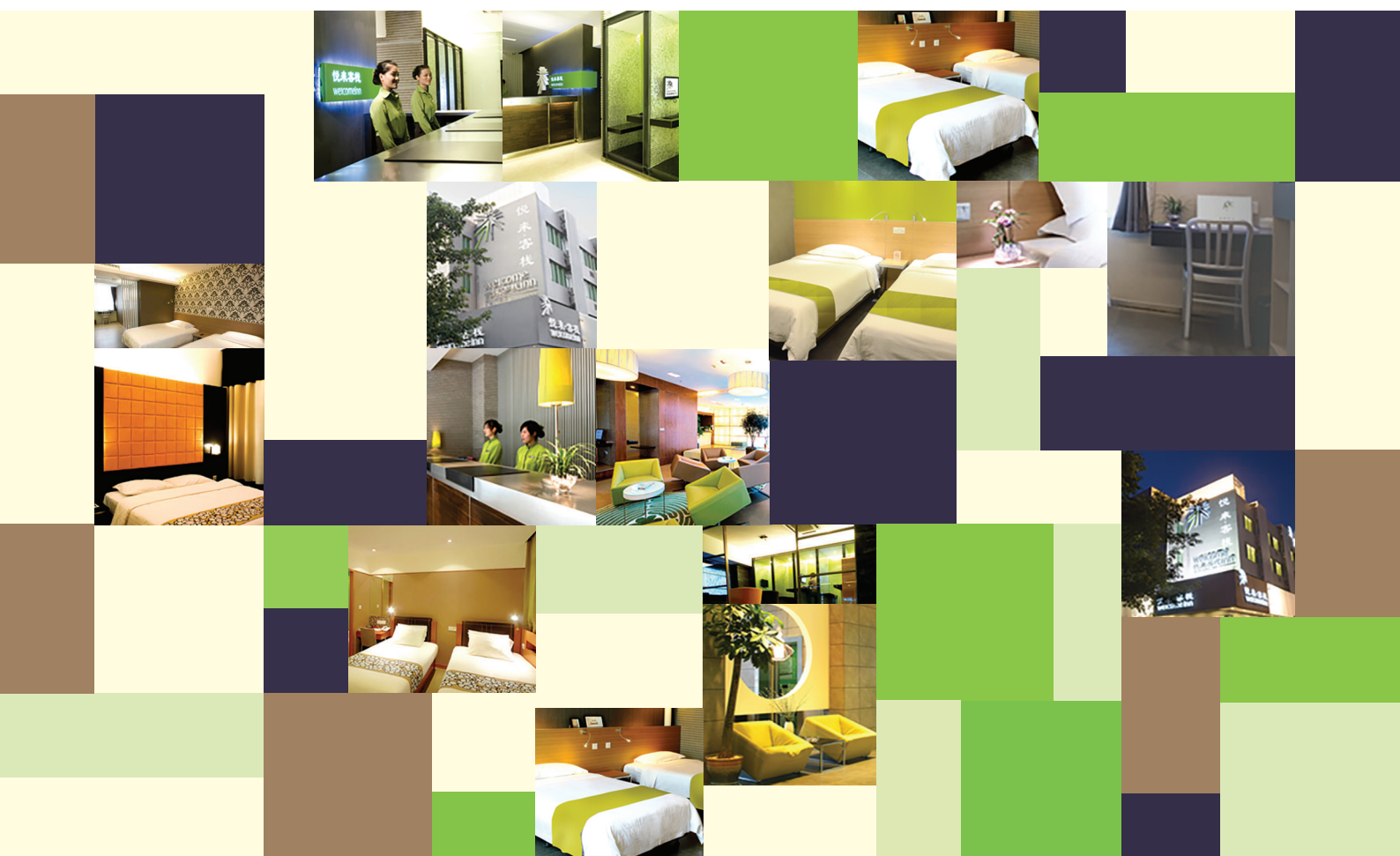
Legend Strategy International Holdings Group Company Limited
枋濬國際集團控股有限公司

(a company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 1355

LegendStrategy 枋濬國際

2017 Annual Report 年報



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Corporate Information

公司資料

DIRECTORS

Executive Directors

Mr. Ye Shusheng (Appointed with effect from 15 December 2017)
Mr. Huang Yun
Mr. Dai Lifeng
Mr. Min Zhi Dong (Appointed with effect from 1 April 2017 and resigned with effect from 1 March 2018)
Mr. Wu Li Xin (Resigned with effect from 30 November 2017)

Non-executive Directors

Mr. Lu Zefeng
Mr. Chung Wai Man (Appointed with effect from 13 February 2017 and resigned with effect from 30 November 2017)

Independent Non-executive Directors

Mr. Cheng Chai Fu (Appointed with effect from 9 March 2017)
Mr. Tso Hon Sai Bosco
Mr. Wong Yiu Kit Ernest
Mr. Leung Siu Hong (Resigned with effect from 9 March 2017)

COMPANY SECRETARY

Mr. Chung Tin Yan (Appointed with effect from 13 February 2017)
Mr. Chung Wai Man (Resigned with effect from 13 February 2017)

AUTHORISED REPRESENTATIVES

Mr. Chung Tin Yan (Appointed with effect from 13 February 2017)
Mr. Huang Yun

AUDIT COMMITTEE

Mr. Wong Yiu Kit Ernest (Chairman)
Mr. Cheng Chai Fu (Appointed with effect from 9 March 2017)
Mr. Tso Hon Sai Bosco
Mr. Leung Siu Hong (Resigned with effect from 9 March 2017)

董事

執行董事

叶樹生先生(自二零一七年十二月十五日起獲委任)
黃雲先生
戴立峰先生
閔志東先生(自二零一七年四月一日起獲委任及自二零一八年三月一日起辭任)
吳立新先生(自二零一七年十一月三十日起辭任)

非執行董事

陸澤峰先生
鍾偉文先生(自二零一七年二月十三日起獲委任及自二零一七年十一月三十日起辭任)

獨立非執行董事

鄭濟富先生(自二零一七年三月九日起獲委任)
曹漢璽先生
黃耀傑先生
梁兆康先生(自二零一七年三月九日起辭任)

公司秘書

鍾天昕先生(自二零一七年二月十三日起獲委任)
鍾偉文先生(自二零一七年二月十三日起辭任)

授權代表

鍾天昕先生(自二零一七年二月十三日起獲委任)
黃雲先生

審核委員會

黃耀傑先生(主席)
鄭濟富先生(自二零一七年三月九日起獲委任)
曹漢璽先生
梁兆康先生(自二零一七年三月九日起辭任)

Corporate Information 公司資料

NOMINATION COMMITTEE

Mr. Tso Hon Sai Bosco (Chairman)
Mr. Cheng Chai Fu (Appointed with effect from 9 March 2017)
Mr. Wong Yiu Kit Ernest
Mr. Leung Siu Hong (Resigned with effect from 9 March 2017)

REMUNERATION COMMITTEE

Mr. Cheng Chai Fu (Chairman)
(Appointed with effect from 9 March 2017)
Mr. Wong Yiu Kit Ernest
Mr. Tso Hon Sai Bosco
Mr. Leung Siu Hong (Resigned with effect from 9 March 2017)

PRINCIPAL BANKS

PRC

Industrial Bank Co. Ltd

Hong Kong

Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

AUDITORS

ZHONGHUI ANDA CPA Limited

LEGAL ADVISERS

Chiu & Partners

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

提名委員會

曹漢璽先生(主席)
鄭濟富先生(自二零一七年三月九日起獲委任)
黃耀傑先生
梁兆康先生(自二零一七年三月九日起辭任)

薪酬委員會

鄭濟富先生(主席)
(自二零一七年三月九日起獲委任)
黃耀傑先生
曹漢璽先生
梁兆康先生(自二零一七年三月九日起辭任)

主要往來銀行

中國

興業銀行股份有限公司

香港

恒生銀行有限公司
中國銀行(香港)有限公司

核數師

中匯安達會計師事務所有限公司

法律顧問

趙不渝馬國強律師事務所

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Corporate Information 公司資料

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3006–10, 30/F.
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

COMPANY'S WEBSITES

www.legend-strategy.com
www.welcomeinn.com.cn

STOCK CODE

1355

總部及香港主要營業地點

香港
灣仔
港灣道26號
華潤大廈
30樓3006–10室

開曼群島主要股份過戶登記處

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

香港股份過戶登記分處

聯合證券登記有限公司
香港
北角
英皇道338號
華懋交易廣場2期
33樓3301–04室

公司網站

www.legend-strategy.com
www.welcomeinn.com.cn

股份代號

1355

Chairman's Statement

主席報告

On behalf of the board (the "Board") of directors (the "Directors") of Legend Strategy International Holdings Group Company Limited (the "Company" together with its subsidiaries (the "Group")), I am pleased to present the annual results of the Group for the year ended 31 December 2017 (the "Year").

BUSINESS REVIEW

During the Year, the Group was principally engaged in the budget hotel operations, hotel consultations and management services in China. The financial performance of hotel operations of the Group during the Year remains comparable to that of previous year. However, as the amount of impairment of assets of the Group during the Year recorded a significant year-on-year decrease, the net loss of the Group narrowed during the Year. In addition, benefiting from the increase in market demand resulted from the commencement of operation of the Nanshan section of Shenzhen Metro in the third quarter of 2016, together with the increasingly fierce competition in the hotel market in the vicinity of Nanshan, in response to the market changes, the Group began the renovation work of Nanshan Hotel last year, which was completed in the third quarter of the Year. Although the Group recorded a year-on-year decrease in revenue during the Year due to renovation, the renovation is expected to bring long-term growth in earnings of the Group, thereby enhancing the Group's performance.

During the Year, the management continued to carry out cautious measures to manage the Group's business. In respect of principal businesses, most of the lease agreements of hotel properties were renewed during the Year, the Group will continue to monitor its needs and consider renovation for the other remaining hotels if the project investment returns are greater than costs, in order to provide strong support for sustainable business development of the Group. Furthermore, apart from hotel renovation projects disclosed before and enhancement in development of financial business through acquisitions, the management continues to broaden the principal business streams of the Group during the Years, such as strengthening the development of hotel consultation and management and other services, to increase revenue of the Group, so as to maximize revenue of the Group.

本人謹代表枋濬國際集團控股有限公司(「本公司」)，連同其附屬公司(「本集團」)董事(「董事」)會(「董事會」)欣然呈報本集團截至二零一七年十二月三十一日止年度(「本年度」)之全年業績。

業務回顧

本集團於本年度主要於中國從事經濟型酒店經營、酒店顧問和管理服務。本年度集團酒店營運之表現跟上一年度差別不算明顯，但由於本年度本集團之淨資產減值金額較上年大幅減少，本集團之淨虧損已於年內收窄。另受惠於深圳地鐵南山段於二零一六年第三季開通令市場需求增加，加上南山附近地區之酒店市場競爭轉趨激烈，為回應市場的變化，本集團於上年度在南山店開始翻新計劃，並已於本年度第三季完成，雖然翻新工程使本集團之收益於年內較上年減少，但工程應會為本集團之盈利帶來長期增長，從而提高本集團的表現。

於年內，管理層繼續採取審慎措施管理本集團的業務，在主營業務方面，大部份酒店物業之租賃合約已於年內續期，本集團將繼續檢視所需，若項目投資回報大於成本，本集團會考慮翻新剩餘的其他酒店，為本集團業務持續發展提供有力保障。另外，除了之前所披露的酒店翻新計劃及透過收購項目加強發展金融業務外，管理層亦於年內繼續深化本集團之主營業務來源，如提升酒店顧問及管理服務方面的發展，為本集團提高收入，以達致公司收益最大化。

Chairman's Statement

主席報告

PROSPECTS

Despite keen competition in the domestic hotel market, with the domestic economic growth and changes in the macroeconomic structure, the service industry has been improving year by year. It is expected that the domestic hotel service industry will maintain its good performance in the foreseeable future. In the next few years, the Group will ride on this wave to consolidate its existing operation and continue to develop its hotel-related principal business to strive for enhancement in service standards of the Group. The Group will conduct optimization in internal procedures and enhance management efficiency to regulate and plan for future development strategies with innovative thinking, so as to fully stimulate and enhance the potential and intrinsic values of corporate resources. In the coming year, the Group will continue to develop its hotel business operation and actively seek for other investment and business development opportunities to expand the streams of principal business, in the hope of bringing greater value to the shareholders of the Company.

ACKNOWLEDGMENTS

Finally, I would like to thank our employees for their dedication, independent directors for their guidance and suggestions, hotel customers of the Group for their patronage, and shareholders for their confidence in the management and their support. I am grateful to everyone who contributes to the success of the Group.

Ye Shusheng

Executive Director and Chief Executive Officer
On Behalf of the Board

7 March 2018

展望未來

雖然國內酒店市場競爭依然激烈，但隨著國內經濟增長，宏觀經濟結構產生變化，服務業得到逐年向好的發展，預計在可見的將來國內酒店服務業也會維持向好的表現。本集團在未來幾年將乘著這個趨勢，在鞏固現有營運的基礎上，繼續發展酒店相關的主營業務並致力提升本集團的服務水準，同時本集團亦將從優化內部流程及提升管理效率，以創新的思維規範及規劃企業未來的發展戰略，為達致全面激發並提升企業資源的潛能和內在價值。新的一年本集團除了繼續發展酒店業務經營外，還會積極尋求其他投資及業務發展機會，以拓展主營業務來源，為公司股東創造更高價值。

致謝

最後，我要感謝所有為本集團的成功作出貢獻的各方：勤奮工作的員工、提供指導及意見的獨立董事、光顧本集團酒店的客戶，以及相信管理層能力及給予支持的股東們。

叶樹生

執行董事及行政總裁
代表董事會

二零一八年三月七日

Management Discussion and Analysis

管理層討論及分析

BUSINESS AND OPERATIONAL REVIEW

Business and operational review

The Group is principally engaged in budget hotel operations and provision of hotel consultancy and hotel management services. For the financial year ended 31 December 2017, the Group has 3 leased-and-operated hotels under operation. Apart from hotel operations business, the Group is also developing comprehensive licensed financial services and asset management business in line with our existing development strategy.

Hotel Operations

Revenue from hotel operations mainly included hotel room rentals and revenue from sales of hotel membership cards. Revenue was HK\$16,281,691 for the financial year ended 31 December 2017, representing a decrease of approximately 7.8% as compared with revenue of HK\$17,654,630 for the same period of last financial year. The decrease in revenue was mainly due to the hotel renovation carried out by the Group during the period, resulting in a decrease in the number of available rooms and occupancy rate. The renovation has been substantially completed in the third quarter of the Year. In the fourth quarter of the Year and the foreseeable future, revenue from hotel operations will increase with the gradual recovery in the number of available rooms, improvement in room services and adjustment in room rates.

On the other hand, as mentioned in the Company's announcements in the last financial year dated 21 April 2016 and 20 October 2016 respectively, the Group entered into a memorandum of understanding in relation to the proposed acquisition of 51% interests in a five star hotel which is located in Sichuan Province, the PRC. This potential acquisition will be in line with the Group's intention to achieve breakthroughs amid the long term depression of budget hotel business and eventually bring returns to shareholders, in the event it materializes. As at the end of the Year, the Group was still in negotiation of the proposed acquisition, no legally binding agreement had been entered into. Should there be further progress, the Group will release announcement thereon as and when appropriate.

The Group will continue to look for investment and enhancement opportunities and explore new high-class hotel business in the PRC, Hong Kong or overseas, so as to optimize the overall hotel assets structure and improve efficiency.

業務及營運回顧

業務及營運回顧

本集團主要從事經濟型酒店營運及提供酒店顧問與酒店管理服務。截至二零一七年十二月三十一日止財政年度，本集團擁有三家營運中之租賃經營酒店。另外，按集團既有的發展方針，除了酒店營運業務，本集團也正在發展全牌照金融和資產管理業務。

酒店營運

酒店營運之收益主要包括出租酒店客房及銷售酒店會員卡之收益。截至二零一七年十二月三十一日止財政年度，收益為16,281,691港元，較上個財政年度同期的收益17,654,630港元下降約7.8%。收益下降的主要原因是本集團於期間開始酒店翻新計劃，令可出租房間數量和入住率降低。翻新已在本年度第三季大致完成，於本年度第四季及於可見將來隨著酒店可出租房間數量的逐步回升、客房服務的改善和房價的調整，酒店營運收益望可以有所提升。

另外，誠如本公司於上一財政年度，日期分別為二零一六年四月二十一日及二零一六年十月二十日之公告所述，本集團訂立一份諒解備忘錄，內容有關建議收購一間位於中國四川省之五星級酒店的51%權益。此項潛在收購（倘落實）將符合本集團實現突破經濟型酒店業務長期低迷境況並最終回饋股東之目標。於本年度末，本集團仍在商議建議收購事項，尚無訂立任何具法律約束力之協議。若再有進展，本集團會就此作出適時公佈。

本集團將繼續尋求投資及優化機會及於中國、香港或海外地區開拓新高端酒店業務，以優化整體酒店資產結構並提升其效益。

Management Discussion and Analysis

管理層討論及分析

HOTELS UNDER OPERATIONS

Nanshan Hotel

Nanshan Hotel is located at Nanshan Road with 192 rooms and is a flagship hotel of the Group. It contributed most of the revenue of the Group. For the financial year ended 31 December 2017, the revenue of Nanshan Hotel has decreased by approximately 7.6%. During the current financial year, comprehensive renovation works were carried out in Nanshan Hotel and were completed in September 2017. During the renovation period, revenue of Nanshan Hotel was affected to some extent. However, as the renovation works have been completed, the Group believes Nanshan Hotel's service quality will be upgraded, thus this would attract more customers and bring greater revenue to the Group.

Luohu Hotel

Luohu Hotel is located at the thriving financial center of Luohu District in Shenzhen, which enjoys convenient transport access (only about 5 minutes' driving distance to Luohu Checkpoint and Convention and Exhibition Center). The major part of its revenue is based on domestic travellers making short trips to Hong Kong. The aged decoration of the hotel brings a negative impact of the attractiveness of the hotel on the customers and thus revenue of the hotel decreased by approximately 3.1% during the financial year. As the prime location of Luohu Hotel will provide us a good customer base, the Group will actively review the operation strategies and policies of Luohu Hotel including considering small decoration or renovation to increase revenue.

Baoan Hotel

Baoan Hotel is located in Baoan District of Shenzhen, which, on a geographical and environmental basis, is situated at a less prime location. During the Year, internal decoration of the hotel showed signs of aging which affected the possibility of leasing and some rooms had to terminate leasing for refurbishments. The revenue of Baoan Hotel decreased by approximately 16.7% as compared with the last financial year. In addition, as some new hotels nearby have been completed and put into operation successively, the Group expects Baoan Hotel will continue to be faced with significant challenges in the foreseeable future. In view of this, the Group has reached agreement with the owner to renew the lease with a relatively longer lease term, providing an important fundamental condition for the Group to consider comprehensive renovation for Baoan Hotel shortly, so as to enhance its competitiveness and bring considerable returns for the long-term investments.

營運中的酒店

南山店

南山店位於南山大道，擁有192間客房，為本集團的旗艦店。其為本集團貢獻了大部分的收入。截至二零一七年十二月三十一日止財政年度，南山店的收益減少約7.6%。於本財政年度，南山店進行全面的翻新工程，且於二零一七年九月完成相關工程。於裝修期間，南山店的收益受到一定程度的影響，但由於工程已完成，本集團預期該酒店服務水平亦能提高，吸引更多客源，為本集團帶來更大收益。

羅湖店

羅湖店位於深圳市羅湖區繁華金融中心區，交通非常方便，距離羅湖口岸及會展中心亦只需約五分鐘車程。該酒店之大部分收入乃依賴往來香港及內地的短途游客。因酒店裝修配置開始殘舊，故此對房客的吸引力造成負面影響，酒店於財政年度收益下降約3.1%。由於羅湖店位處黃金地段，可提供良好的客戶基礎，本集團將積極重新檢閱羅湖店的經營戰略和方針，包括考慮進行小型裝修或更新配置，以提高收益。

寶安店

位於深圳市寶安區的寶安店，就地理和環境上屬次級地段。於本年度由於酒店內部裝修開始出現老化現象，影響客房的可出租性，部分客房需要停止出租以作修整，其收益較上個財政年度減少約16.7%。此外，由於區內附近新酒店相繼落成及投入服務，本集團預期該酒店經營於可見將來會繼續面臨重大挑戰。有見於此，本集團已跟業主達成協議，成功以較長年期續租，按此給予本集團一個重要的基本條件來考慮於短期內為寶安店進行全面翻新，以提升競爭力，為長期投資帶來更可觀的回報。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL SERVICES AND ASSET MANAGEMENT BUSINESS

The Group is developing the financial services and asset management business to seize the respective promising business opportunities, and to achieve the potential synergy of the hotel operations and asset management business as soon as possible.

The Group obtained a Money Lenders Licence last year which has been renewed for a term until the end of 2018. The Group have also submitted an application to the Securities and Futures Commission for the licences of Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO"), which is still pending approval.

Moreover, the Group is now seeking to acquire suitable financial institutions, asset or fund management corporations, with a view to expanding the financial services segment of the Group. As mentioned in the announcements dated 24 May 2017, 8 August 2017, 29 August 2017, 29 September 2017, 24 October 2017 and 22 November 2017, Perfect Peace Global Limited, which is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with ZhongHua Financial Holdings Limited, the vendor, in relation to the purchase of the entire issued share capital of ZhongHua Finance Asset Management Co., Limited, a company incorporated in Hong Kong licensed to conduct Type 9 regulated activities under the SFO, subject to independent shareholders' approval. This potential acquisition will be in line with the Group's intention to achieve breakthroughs in the long-term depression of budget hotel business and eventually bring reasonable returns to shareholders, in the event it materializes.

FINANCIAL REVIEW

The Group has recorded a revenue of HK\$16,281,691, compared with HK\$17,654,630 of last financial year, representing a decrease of approximately 7.8%. Due to the decreases in provisions and write-offs, the Group recorded a total comprehensive loss of HK\$46,610,214 for the financial year ended 31 December 2017, representing a decrease of HK\$52,232,046 or approximately 52.8% as compared with the total comprehensive loss of HK\$98,842,260 for the last financial year.

金融和資產管理業務

本集團正發展金融和資產管理業務以把握這個大有可為的商機，把酒店經營及資產管理方面所潛在的協同效益盡快體現。

本集團於上年度取得放債人牌照並已續期至二零一八年底，本集團亦已經向證券及期貨事務監察委員會遞交關於香港法例第571章證券及期貨條例(「證券及期貨條例」)下第1類(證券交易)、第2類(期貨合約交易)及第4類(就證券提供意見)受規管活動牌照的申請，目前還在審批階段。

再者，本集團現正物色及收購合適金融機構、資產或基金管理公司等金融業務，以充實本集團之金融服務板塊。誠如二零一七年五月二十四日、二零一七年八月八日、二零一七年八月二十九日、二零一七年九月二十九日、二零一七年十月二十四日及二零一七年十一月二十二日之公告所述，佳怡環球有限公司(本公司之全資附屬公司)與賣方中華金融控股有限公司訂立買賣協議，內容有關購買中華金融資產管理有限公司(一間於香港註冊成立並持有牌照可從事證券及期貨條例下第9類受規管活動之公司)之全部已發行股本，惟須待獨立股東批准後，方可作實。此項潛在收購(倘落實)將符合本集團實現突破經濟型酒店業務長期低迷境況並最終為股東帶來合理回報之目標。

財務回顧

本集團錄得收益16,281,691港元，較上個財政年度之17,654,630港元減少約7.8%。由於撥備及撇銷減少，本集團於截至二零一七年十二月三十一日止財政年度錄得全面虧損總額46,610,214港元，較上個財政年度之全面虧損總額98,842,260港元下降52,232,046港元或約52.8%。

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The following table shows the key information of the total of the Group's leased-and-operated hotels for the financial years ended 31 December 2016 and 2017 respectively.

下表載列本集團全部租賃經營酒店分別於截至二零一六年及二零一七年十二月三十一日止財政年度之主要資料。

		Year ended 31 December		
		截至十二月三十一日止年度		
		2017	2016	% change
		二零一七年	二零一六年	百分比變動
Total	總計			
Total available room nights	總可出租客房晚數	103,929	113,008	(8.0%)
Average occupancy rate	平均入住率	70.87%	74.85%	(5.3%)
ARR (RMB)*	平均房租(人民幣元)*	200.7	177.8	12.8%
RevPAR (RMB)#	平均每間客房收入(人民幣元)#	142.2	133.1	6.8%

* ARR: the total room revenue of all hotels divided by the total occupied room nights

* 平均房租：所有酒店之總客房收入除以總入住客房晚數

RevPAR: the total room revenue of all hotels divided by the total available room nights

平均每間客房收入：所有酒店之總客房收入除以總可出租客房晚數

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Operating Costs

The total operating costs decreased by HK\$55,404,263, or approximately 49.0%, from HK\$113,139,018 for the same period of last year to HK\$57,734,755 for the financial year ended 31 December 2017. The decrease in operating expenses was due to several write-offs in prior year. Operating lease expenses increased by HK\$2,871,971, or approximately 24.4%, due to the reversal of the effective rental payable accrued for previous years upon the termination of the leases in Buji Hotel and Huizhou Hotel in prior year. Depreciation of property, plant and equipment increased by HK\$562,966 due to depreciation of leasehold improvements upon completion of renovation projects of Nanshan Hotel.

經營成本

截至二零一七年十二月三十一日止財政年度，總經營成本由去年同期之113,139,018港元減少55,404,263港元或約49.0%至57,734,755港元。經營開支減少乃由於上年度數項撇銷項目所致。經營租賃開支增加2,871,971港元或約24.4%，此乃由於在去年度因終止租賃布吉店和惠州店，因而回撥以前年度的應計實際租金款項所引致。而物業、廠房及設備折舊增加562,966港元及由於完成南山店翻新工程的租賃物業裝修項目折舊所致。

		Year ended 31 December		
		截至十二月三十一日止年度		
		2017	2016	% change
		二零一七年	二零一六年	百分比變動
Operating lease expenses	經營租賃開支	14,724,858	11,832,887	24.4%
Depreciation of property, plant and equipment	物業、廠房及設備折舊	4,773,982	4,211,016	13.4%
Employee benefit expenses	僱員福利開支	21,604,443	21,591,413	0.1%
Utilities	公用設施	1,202,004	1,317,288	(8.8%)
Other operating expenses	其他經營開支	13,029,468	73,706,414	(82.3%)
Amortisation of other assets	其他資產攤銷	2,400,000	480,000	400%
		57,734,755	113,139,018	

FINANCE COST

The finance costs increased by HK\$1,384,682 as compared with the last financial year. It mainly represented the interest expenses for the convertible bonds and shareholders' loans.

融資成本

融資成本較上一財政年度增加1,384,682港元，其主要部份為可換股債券及股東貸款之利息開支。

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LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2017, the Group mainly financed its operations and expansion with its own working capital generated internally, shareholders' loans of a principal amount of HK\$16,500,000 which were unsecured and interest-bearing at 8% per annum and would be repayable in 2020, and fund raising activities.

As at 31 December 2017, the Group had bank balances and cash of HK\$7,877,594 (31 December 2016: HK\$10,100,000). Gearing ratio is calculated as the amount of interest-bearing borrowings divided by total equity. The gearing ratio, which is calculated by dividing total borrowing by total equity, as of 31 December 2017 was 76.5% (31 December 2016: 414.4%).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As mentioned in the Company's announcements dated 21 April 2016 and 20 October 2016 respectively, during the last financial year, the Group has entered into a memorandum of understanding in relation to the proposed acquisition of 51%-interests in a hotel located in Sichuan Province, the PRC. The Group has made the first deposit payment of approximately HK\$23,988,000 in mid-May 2016. After the reporting period, the Group demanded refund and the deposit was refunded in February 2018. The Group is still in negotiation on the proposed acquisition, and no legally binding agreement has been entered into.

流動資金、財務資源及資本結構

於二零一七年十二月三十一日，本集團主要以其內部產生之本身營運資金，股東貸款(本金額16,500,000港元，無抵押、按每年8%計息並須於二零二零年償還)及融資活動為其營運及擴展撥付資金。

於二零一七年十二月三十一日，本集團之銀行結餘及現金為7,877,594港元(二零一六年十二月三十一日：10,100,000港元)。資本負債比率乃按附息借貸除以總權益計算。截至二零一七年十二月三十一日之資本負債比率(按總借貸除以總權益計算)為76.5%(二零一六年十二月三十一日：414.4%)。

所持重大投資、附屬公司及聯屬公司之重大收購或出售以及未來重大投資或資本資產計劃

誠如本公司日期分別為二零一六年四月二十一日及二零一六年十月二十日之公告所述，本集團已於上一財政年度訂立一份諒解備忘錄，內容有關建議收購一間位於中國四川省之酒店的51%權益。本集團已於二零一六年五月中旬支付首筆按金約23,988,000港元。報告期間後，本集團要求退款而按金於二零一八年二月退回。本集團仍在就建議收購進行磋商，尚未訂立任何具有法律約束力的協議。

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Moreover, as mentioned in the Company's announcement dated 24 May 2017, Perfect Peace Global Limited ("Perfect Peace"), which is a wholly owned subsidiary of the Company, entered into a memorandum of understanding in relation to the proposed acquisition of two licensed corporations, which are licensed to conduct Type 6 and Type 9 regulated activities under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") respectively. The consideration of the proposed acquisition shall be satisfied by issuance of new ordinary share(s) of HK\$0.01 each in the share capital of the Company (the "Shares") at an issue price to be determined between the parties. On 8 August 2017, Perfect Peace entered into a sale and purchase agreement with, among others, ZhongHua Financial Holdings Limited in relation to the purchase of the entire issued share capital of ZhongHua Finance Asset Management Co., Limited, a company incorporated in Hong Kong licensed to conduct Type 9 regulated activities under the SFO, subject to independent shareholders' approval. Please refer to the announcement of the Company dated 24 May 2017, 8 August 2017, 29 August 2017, 29 September 2017, 24 October 2017 and 22 November 2017 for further details.

Save as disclosed above, during the year ended 31 December 2017, there was no significant investment held or material acquisition or disposal of subsidiaries or affiliated companies by the Company, and the Company had no future plan for material investments or capital assets.

FOREIGN EXCHANGE RISK

As at 31 December 2017, the Group's majority of the assets and liabilities, and income and expenses were denominated in Renminbi and Hong Kong Dollar. The Group had no significant exposure to fluctuations in exchange rates or under foreign exchange contracts, interest, currency swaps or other financial derivatives.

CAPITAL STRUCTURE

Amount of HK\$51,000,000 of convertible bonds of the Group were converted into 54,838,708 Shares during the year ended 31 December 2017. The total number of the issued Shares of the Company was 448,363,708 as at 31 December 2017 (2016: 393,525,000).

DIVIDENDS

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

此外，誠如本公司日期為二零一七年五月二十四日之公告所述，本公司之全資附屬公司佳怡環球有限公司(「佳怡」)已就建議收購兩間持牌法團訂立諒解備忘錄，該兩間持牌法團分別持有牌照可從事香港法例第571章證券及期貨條例(「證券及期貨條例」)下第6類及第9類受規管活動。建議收購事項之代價將透過發行本公司股本中每股0.01港元的普通股(「股份」)支付，發行價將由訂約方釐定。於二零一七年八月八日，佳怡與(其中包括中華金融控股有限公司)訂立買賣協議，內容有關購買中華金融資產管理有限公司(一間於香港註冊成立並持有牌照可從事證券及期貨條例下第9類受規管活動之公司)之全部已發行股本，惟須待獨立股東批准後，方可作實。進一步詳情請參閱本公司日期為二零一七年五月二十四日、二零一七年八月八日、二零一七年八月二十九日、二零一七年九月二十九日、二零一七年十月二十四日及二零一七年十一月二十二日之公告。

除上文所披露者外，截至二零一七年十二月三十一日止年度，本公司概無持有重大投資或附屬公司或聯屬公司之重大收購或出售，本公司並無未來重大投資或資本資產計劃。

外匯風險

於二零一七年十二月三十一日，本集團大部分資產、負債、收入及開支乃以人民幣及港元計值。本集團概無因匯率波動或外匯合約、利率、貨幣掉期或其他金融衍生工具而面臨重大風險。

資本結構

截至二零一七年十二月三十一日止年度，本集團有51,000,000港元之可換股債券轉換成54,838,708股股份。於二零一七年十二月三十一日，本公司已發行股份總數為448,363,708股(二零一六年：393,525,000股)。

股息

董事不建議就截至二零一七年十二月三十一日止年度派付任何股息(二零一六年：無)。

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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 share capital was held by the public as at 7 March 2018, being the latest practicable date prior to the issue of this annual report for the purpose of ascertaining information contained herein (the "Latest Practicable Date").

EMPLOYEE AND REMUNERATION POLICIES

The Group had 56 employees as at 31 December 2017 (31 December 2016: 78 employees). Remuneration is determined with reference to market terms and performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to retirement scheme. Regarding the determination of emoluments payable to Directors, the basis has been set out in the Corporate Governance Report of this Annual Report.

CHARGES ON ASSETS

As at 31 December 2017, the Group did not have any charges on its assets (2016: Nil).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

OPERATING LEASE COMMITMENTS

As at 31 December 2017, the Group had total operating lease commitments of approximately HK\$28,988,593 (31 December 2016: HK\$31,368,933). The operating lease commitments are mainly related to the rental for hotel operations and headquarter. For the year ended 31 December 2017, there was no significant movement in operating lease contracts of the Group, and the operating lease commitments decreased as they were fulfilled by operating lease expenses.

足夠公眾持股量

根據本公司可查閱之公開資料及據董事所知，本公司已發行股本總額之至少25%於二零一八年三月七日（即本年報發行前就確定本年報所載資料的最後實際可行日期（「最後實際可行日期」））乃由公眾持有。

僱員及薪酬政策

於二零一七年十二月三十一日，本集團擁有56名僱員（二零一六年十二月三十一日：78名僱員）。薪酬乃參考市場條款與個別僱員之表現、資歷及經驗釐定。本集團亦向僱員支付基於個人表現之酌情花紅，以表揚及獎勵彼等作出之貢獻。其他福利包括退休計劃供款。有關釐定應付董事酬金，基準已載於本年報企業管治報告。

資產抵押

於二零一七年十二月三十一日，本集團並無任何資產抵押（二零一六年：無）。

資本承擔及或然負債

於二零一七年十二月三十一日，本集團並無重大資本承擔（二零一六年：無）。於二零一七年十二月三十一日，本集團並無重大或然負債（二零一六年：無）。

經營租賃承擔

於二零一七年十二月三十一日，本集團擁有經營租賃承擔總額約28,988,593港元（二零一六年十二月三十一日：31,368,933港元）。經營租賃承擔主要與用於酒店經營及總部的租賃有關。截至二零一七年十二月三十一日止年度，隨著經營租賃承擔兌現成為經營租賃費用，經營租賃承擔相應減少。

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 31 December 2017. For details of the amendment to the terms and conditions of convertible bonds issued by the Company, please refer to the announcements of the Company dated 14 June 2017 and 15 June 2017 respectively. An aggregate amount of HK\$51,000,000 of convertible bonds of the Group were converted into 54,838,708 Shares during the year ended 31 December 2017.

Save as the above, neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the year ended 31 December 2017.

USE OF PROCEEDS IN FUND RAISING ACTIVITIES

Pursuant to the open offer of the Company which had become unconditional on 9 October 2015 (the "Open Offer"), the Company had allotted and issued 78,704,999 Shares at the subscription price of HK\$0.80 each, with the net proceeds raised being approximately HK\$63,000,000. The proceeds raised were expected to be applied as investment funds and general working capital of the Group. As at 31 December 2017, the net proceeds from the Open Offer had been fully utilised. The following table sets forth the application of the net proceeds from the Open Offer:

		2016 二零一六年 HK\$ 港元
General working capital	一般營運資金	36,130,000
Investing activities	投資項目	26,870,000
Total	總計	63,000,000

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於截至二零一七年十二月三十一日止年度概無購買、出售或贖回本公司任何上市證券。有關對本公司所發行可換股債券條款及條件之修訂之詳情，請參閱本公司日期分別為二零一七年六月十四日及二零一七年六月十五日之公告。截至二零一七年十二月三十一日止年度，本集團總價為51,000,000港元的可換股債券，已成功轉換成54,838,708股股份。

除上述者外，於截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司概無發行或授出任何可換股證券、購股權、認股權證或類似權利或根據任何可換股證券、購股權、認股權證或類似權利行使任何換股權或認購權。

融資活動所得款項用途

根據本公司於二零一五年十月九日成為無條件的公開發售（「公開發售」），本公司已按認購價每股0.80港元配發及發行78,704,999股股份，並籌得所得款項淨額約63,000,000港元。所籌得款項預期用作本集團的投資資金及一般營運資金。於二零一七年十二月三十一日，公開發售之所得款項淨額已獲悉數動用。下表載列公開發售所得款項淨額之用途：

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管理層討論及分析

In addition, on 25 May 2016, the Company entered into a placing agreement with Sheng Yuan Securities Limited (the “Placing Agent”), pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for the convertible bonds with an aggregate principal amount of up to HK\$51,000,000 at the placing price, being the face value of the principal amount of such convertible bonds. Pursuant to the terms of the convertible bonds, for so long as any convertible bond remains outstanding, if Mr. Ding Yifan ceases to own and/or control directly or indirectly or in combination (through controlled entities) at least 30% of the voting rights of the Company (after taking into account any dilution effect by issuance of any new Shares by the Company, including but not limited to the issuance of the conversion Shares), the majority bondholders will be entitled to demand immediate repayment of the convertible bonds held by all holders at its principal amount then outstanding, together with any accrued and unpaid interest and premium under the terms and conditions of the convertible bonds calculated up to and excluding the date of payment. The placing was completed on 14 June 2016. On 14 June 2017, the Company and all of the holders of the convertible bonds have entered into a supplemental deed, such that the outstanding principal amount of the convertible bonds shall be automatically redeemed on the 2nd anniversary of the date of the issue of the convertible bonds. On 15 September 2017 and 29 November 2017 respectively, all convertible bonds have been fully converted into Shares. The proceeds raised would be applied as general working capital and used for the operation of the money lending business of the Company until the Company has identified suitable acquisition target(s). For details, please refer to the announcements of the Company dated 25 May 2016, 14 June 2016, 13 February 2017, 14 June 2017 and 15 June 2017 respectively and the next day disclosure return submitted by the Company on 15 September 2017 and 29 November 2017 respectively.

此外，於二零一六年五月二十五日，本公司與盛源證券有限公司（「配售代理」）訂立配售協議，據此，本公司已有條件同意發行及配售代理已有條件同意按竭誠盡力基準促使不少於六名承配人按配售價認購本金額合共最多為51,000,000港元之可換股債券（即可換股債券本金賬面值）。根據可換股債券的條款，只要尚有任何可換股債券仍未獲兌換，倘丁一凡先生停止直接或間接或合共（透過受控制實體）擁有及／或控制本公司至少30%之投票權（經考慮本公司發行任何新股份（包括但不限於發行換股股份）之任何攤薄影響），大多數債券持有人將有權要求即時償還全部持有人持有之可換股債券當時未獲兌換之本金額連同根據可換股債券之條款及條件計至付款當日（不包括該日）止之任何應計未付利息及溢價。配售事項已於二零一六年六月十四日完成。於二零一七年六月十四日，本公司與所有可換股債券持有人訂立一份補充契據，據此，可換股債券之未獲兌換本金額可於可換股債券發行日期後第二週年當日自動贖回。且分別於二零一七年九月十五日及二零一七年十一月二十九日，所有可換股債券已全悉轉為股份。所籌得款項將用作一般營運資金及用於經營本公司之放債業務，直至本公司確定了合適的收購目標為止。詳情請參閱本公司日期分別為二零一六年五月二十五日、二零一六年六月十四日、二零一七年二月十三日、二零一七年六月十四日及二零一七年六月十五日之公告及本公司分別於二零一七年九月十五日及二零一七年十一月二十九日提交的翌日披露報表。

Management Discussion and Analysis

管理層討論及分析

The following is a summary of the actual use of proceeds for the amounts of approximately HK\$50,000,000 (after deduction of 2% for the commission for the placing agent) after the placing of the convertible bonds:

以下為配售可換股債券後所得款項約50,000,000港元(經扣除2%的配售代理佣金)之實際用途概要：

2017
二零一七年
HK\$
港元

General working capital	一般營運資金	
– Operation (Hotel operations and financial services business)	– 營運(酒店營運及金融服務業務)	36,590,000
– Hotel investment and enhancement	– 酒店投資及優化	8,000,000
– Interest paid on convertible bonds due	– 到期可換股債券之已付利息	5,410,000
		50,000,000

Up to the date of this report, suitable borrower of the sum is yet to be found. No money has yet to be spent in the money lending business.

直至本報告日期，有關金額的合適借款人尚未出現。尚未有金錢花費於放債業務。

NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

報告期後未調整事項

There is no non-adjusting event after the reporting period which would have material impact to the Group.

概無任何對本集團造成重大影響的報告期後未調整事項。

COMPLIANCE CONFIRMATION

遵例確認

The Board of Directors confirms that throughout the year, the Group has conformed in all material respects with all the requirements under relevant statutes, rules, standards, codes, licences in respect of its operation, financial reporting, or disclosures in Hong Kong or other applicable jurisdictions.

董事會確認，於本年度，本集團已就其營運、財務報告或披露而在所有重大方面均符合於香港或其他適用司法管轄區的相關法規、規則、準則、守則、牌照下的所有規定。

ENVIRONMENTAL PROTECTION AND STAKEHOLDERS' RIGHTS

環保與利益相關者權利

The Group recognises and respects: (i) the importance of environmental protection; (ii) the lawful rights of stakeholders, broadly to be categorised as employees, customers, suppliers, members of communities, and (iii) corporate social responsibilities of the Group as a member of the society. A specific report on these issues is covered in the Environmental, Social and Governance Report of this Annual Report.

本集團明白並尊重：(i)環保極為重要；(ii)利益相關者(廣義而言涵蓋僱員、客戶、供應商、社區成員)的合法權利；及(iii)本集團身為社會一分子所肩負的企業社會責任。有關上述事宜的特定報告乃載於本年報中的「環境、社會及管治報告」。

Biographical Details of Directors and Senior Management

董事及高級管理層之履歷詳情

The following set forth the biographical details of the Directors and the members of the senior management of the Company as at the Latest Practicable Date.

EXECUTIVE DIRECTORS

Ye Shusheng (叶樹生)

Mr. Ye Shusheng (“Mr. Ye”), aged 43, was appointed as an executive Director and the chief executive officer with effect from 15 December 2017. Mr. Ye graduated with a master’s degree in applied economics from Xian Jiaotong University of China in 2004.

Upon graduation, Mr. Ye worked as the vice head of the Shenzhen Metro Group Company Limited. Mr. Ye also served as the deputy finance controller of Shenzhen Tempus Global Travel Holding Limited, a company listed on the Shenzhen Stock Exchange (the “SZSE”) (stock code: 300178) and the vice president and the financial controller of Tempus Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 6880). Mr. Ye is currently a director of Suzhou China Create Special Material Company Limited (蘇州中科創新型材料股份有限公司), a company listed on the SZSE (stock code: 002290).

Huang Yun (黃雲)

Mr. Huang Yun (“Mr. Huang”), aged 56, was appointed as an executive Director with effect from 25 June 2015. Mr. Huang is a director and owns 10% equity interest of China Medical Overseas Limited, a substantial shareholder of the Company. He is also the chairman of 新傑致遠(北京)投資有限責任公司 (transliterated as “Xin Jie Zhi Yuan (Beijing) Investment Co., Ltd.”), an investment holding company holding interest in a chain of restaurants in the PRC. Mr. Huang has over 18 years of business experience, including investments on real estate, finance and securities, major chain catering enterprises and extensive experience in operation and investment management.

Dai Lifeng (戴立峰)

Mr. Dai Lifeng (“Mr. Dai”), aged 34, was appointed as an executive Director with effect from 12 April 2016. He has about twelve years of experience in investment management. He is currently the chairman of Udcon International Health Technology (Beijing) Limited (優道康國際健康科技(北京)有限公司), an executive director and the chief executive officer of UniNova (Tianjin) Limited (聯合諾華(天津)有限公司), and a vice president of Oxford MESTar Ltd.

以下載列於最後實際可行日期本公司董事及高級管理層成員的履歷詳情。

執行董事

Ye Shusheng(叶樹生)

叶樹生先生(「叶先生」)，43歲，自二零一七年十二月十五日起獲委任為執行董事及行政總裁。叶先生於二零零四年畢業於中國西安交通大學應用經濟學專業並取得碩士學位。

叶先生畢業後曾任深圳市地鐵集團有限公司擔任副部長。叶先生亦曾為深圳市騰邦國際商業服務股份有限公司(深圳證券交易所(「深交所」)上市公司(股份代號：300178))的財務副總監及騰邦控股有限公司(香港聯合交易所有限公司上市公司(股份代號：6880))的副總裁兼財務總監。叶先生現為蘇州中科創新型材料股份有限公司(深交所上市公司(股份代號：002290))的董事。

Huang Yun(黃雲)

黃雲先生(「黃先生」)，56歲，自二零一五年六月二十五日起獲委任為執行董事。黃先生為中華醫學海外有限公司(本公司主要股東)董事並持有10%的股權。彼亦為新傑致遠(北京)投資有限責任公司(為投資控股公司，於中國一連鎖餐廳持有權益)董事長。黃先生擁有逾18年從業經驗，包括投資房地產，金融與證券，大型連鎖餐飲企業及在經營及投資管理方面擁有豐富經驗。

Dai Lifeng(戴立峰)

戴立峰先生(「戴先生」)，34歲，自二零一六年四月十二日起獲委任為執行董事。彼擁有約12年投資管理經驗。戴先生現為優道康國際健康科技(北京)有限公司董事長、聯合諾華(天津)有限公司執行董事兼行政總裁，及Oxford MESTar Ltd副總裁。

Biographical Details of Directors and Senior Management 董事及高級管理層之履歷詳情

NON-EXECUTIVE DIRECTORS

Lu Zefeng (陸澤峰)

Mr. Lu Zefeng (“Mr. Lu”), aged 51, was appointed as a non-executive Director with effect from 15 December 2016. Mr. Lu obtained a bachelor’s degree in law from East China University of Political Science and Law in 1988. Mr. Lu also obtained a master’s degree in law and a doctorate degree in law from Wuhan University in 1995 and 1998 respectively.

Mr. Lu taught at Zhejiang University during the period from 1988 to 1992. Mr. Lu also served as a postdoctoral researcher in the area of international finance at the Postdoctoral Program of Applied Economics in Fudan University during the period from 1998 to 2000. During the period from October 2000 to May 2016, Mr. Lu worked at the China Securities Regulatory Commission and held several positions including, the head of legal department and the head of institution regulatory department. Mr. Lu also worked as an assistant to director and deputy director of the Shandong branch and a deputy officer of the listed company regulatory department.

非執行董事

Lu Zefeng (陸澤峰)

陸澤峰先生(「陸先生」)，51歲，自二零一六年十二月十五日起獲委任為非執行董事。陸先生於一九八八年獲華東政法大學法學學士學位，陸先生亦分別於一九九五年及一九九八年獲武漢大學法學碩士學位及法學博士學位。

陸先生自一九八八年至一九九二年於浙江大學任教。陸先生亦自一九九八年至二零零零年於復旦大學應用經濟學博士後流動站從事國際金融專業博士後研究。自二零零零年十月至二零一六年五月，陸先生任職於中國證券監督管理委員會並擔任多項職務，包括法律部處長及機構監管部處長。陸先生亦曾於山東監管局擔任局長助理及副局長及於上市公司監管部擔任副主任。

Biographical Details of Directors and Senior Management 董事及高級管理層之履歷詳情

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tso Hon Sai Bosco (曹漢璽)

Mr. Tso Hon Sai Bosco (“Mr. Tso”), aged 53, was appointed as an independent non-executive Director of the Company with effect from 25 June 2015. He is currently a partner with Messrs. Tso Au Yim & Yeung, Solicitors and has been a Hong Kong practising solicitor since 1990. Mr. Tso received his Bachelor of Laws degree from King’s College London.

From November 2000 to September 2004, Mr. Tso worked as an independent non-executive director of Emperor Entertainment Group Limited (stock code: 8078) which was later renamed as Dragonlott Entertainment Group Limited in April 2010 and China 3D Digital Entertainment Limited in September 2010. From July 2003 to November 2012, Mr. Tso worked as an independent non-executive director of Fortuna International Holdings Limited (stock code: 530) which was later renamed as Goldin Financial Holdings Limited in May 2009. From May 2005 to September 2005, Mr. Tso worked as an independent non-executive director of Magician Industries (Holdings) Limited (stock code: 526) which was later renamed as Lisi Group (Holdings) Limited in August 2010. In December 2006, he worked as an executive director of Tiger Tech Holdings Limited; from December 2006 to June 2007, he worked as an executive director and the company secretary of Tiger Tech Holdings Limited (stock code: 8046) which was later renamed as Heng Xin China Holdings Limited in November 2008. From August 2007 to August 2012, Mr. Tso worked as an independent non-executive director of Rising Development Holdings Limited (stock code: 1004) which was later renamed as China Smarter Energy Group Holdings Limited in February 2015. From May 2007 to July 2015, Mr. Tso worked as an independent non-executive director of Neolink Cyber Technology (Holding) Limited (stock code: 8116), which was later renamed as Global Resources Development (Holding) Limited in May 2009, China Public Healthcare (Holding) Limited in December 2009 and China Fortune Investments (Holdings) Limited in June 2012. Mr. Tso has also been an independent non-executive director of First Natural Foods Holdings Limited, which was later renamed as Imperial Pacific International Holdings Limited in May 2014 (stock code: 1076) since November 2013.

獨立非執行董事

Tso Hon Sai Bosco(曹漢璽)

曹漢璽先生(「曹先生」)，53歲，自二零一五年六月二十五日起獲委任為本公司獨立非執行董事。彼現為曹歐嚴楊律師行之合夥人，並自一九九零年起一直為香港執業律師。曹先生獲倫敦國王學院頒授法律學士學位。

自二零零零年十一月至二零零四年九月，曹先生於英皇娛樂集團有限公司(後分別於二零一零年四月及二零一零年九月更名為龍彩娛樂集團有限公司及中國3D數碼娛樂有限公司)(股份代號：8078)擔任獨立非執行董事。自二零零三年七月至二零一二年十一月，曹先生於廣益國際集團有限公司(後於二零零九年五月更名為高銀金融(集團)有限公司)(股份代號：530)擔任獨立非執行董事。自二零零五年五月至二零零五年九月，曹先生於通達工業(集團)有限公司(後於二零一零年八月更名為利時集團(控股)有限公司)(股份代號：526)擔任獨立非執行董事。於二零零六年十二月，彼於老虎科技(控股)有限公司(後於二零零八年十一月更名為恒芯中國控股有限公司)(股份代號：8046)擔任執行董事，並於二零零六年十二月至二零零七年六月擔任執行董事及公司秘書。自二零零七年八月至二零一二年八月，曹先生於麗盛集團控股有限公司(後於二零一五年二月更名為中國智慧能源集團控股有限公司)(股份代號：1004)擔任獨立非執行董事。自二零零七年五月至二零一五年七月，曹先生於優能數碼科技(控股)有限公司(後分別於二零零九年五月、二零零九年十二月及二零一二年六月更名為大地資源發展(控股)有限公司、中國公共醫療(控股)有限公司及中國幸福投資(控股)有限公司)(股份代號：8116)擔任獨立非執行董事。自二零一三年十一月，曹先生亦於第一天然食品有限公司(後於二零一四年五月更名為博華太平洋國際控股有限公司)(股份代號：1076)擔任獨立非執行董事。

Biographical Details of Directors and Senior Management 董事及高級管理層之履歷詳情

Wong Yiu Kit Ernest (黃耀傑)

Mr. Wong Yiu Kit Ernest (“Mr. Wong”), aged 50, was appointed as an independent non-executive Director with effect from 1 November 2016. Mr. Wong has over 27 years of experience in venture capital, corporate finance, business development and general management. Mr. Wong is the president and group chief financial officer of KVB Kunlun Holdings Limited (“KVB”) and is the chief financial officer and the company secretary of KVB’s group company, KVB Kunlun Financial Group Limited, the shares of which are listed on the Stock Exchange (stock code: 6877). Mr. Wong is also an independent non-executive director of Renheng Enterprise Holdings Limited (stock code: 3628), HongDa Financial Holding Limited (stock code: 1822), Progressive Path Group Holdings Limited (stock code: 1581), China Regenerative Medicine International Limited (stock code: 8158) and Common Splendor International Health Industry Group Limited (stock code: 286), whose shares are listed on the Stock Exchange.

Mr. Wong has served as the board director at Adamas Finance Asia Limited since 2008, a company listed on the London Stock Exchange (LSE stock code: ADAM), and served as its chief financial officer from May 2008 to October 2011. Mr. Wong also served as the chief financial officer of the Hong Kong Applied Science and Technology Research Institute and the vice president of Vertex Management (HK) previously.

Mr. Wong obtained a bachelor’s degree in business administration from The University of Hong Kong, a master’s degree of science in investment management from The Hong Kong University of Science and Technology and a master’s degree of science in electronic engineering from The Chinese University of Hong Kong.

Mr. Wong is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and Institute of Chartered Accountants in England and Wales. He is also the charter-holder of the Institute of Chartered Financial Analysts. He is now the president of the Hong Kong University Graduates Association, the deputy chairman of the HKU Convocation, the court member of The University of Hong Kong, a committee member of the Association of Chartered Certified Accountants Hong Kong, and the member of the Twelfth Shandong Province Committee of Chinese people’s Political Consultative Conference in Shandong Province.

Wong Yiu Kit Ernest(黃耀傑)

黃耀傑先生(「黃先生」)，50歲，自二零一六年十一月一日起獲委任為獨立非執行董事。黃先生於創業投資、企業財務、業務發展及一般管理方面擁有逾27年經驗。黃先生為KVB Kunlun Holdings Limited(「KVB」)的總裁及集團財務總監，並為KVB的集團公司昆侖國際金融集團有限公司(其股份於聯交所上市，股份代號：6877)的財務總監及公司秘書。黃先生亦為仁恒實業控股有限公司(其股份於聯交所上市，股份代號：3628)、弘達金融控股有限公司(其股份於聯交所上市，股份代號：1822)、進昇集團控股有限公司(其股份於聯交所上市，股份代號：1581)、中國再生醫學國際有限公司(其股份於聯交所上市，股份代號：8158)及同佳國際健康產業集團有限公司(其股份於聯交所上市，股份代號：286)的獨立非執行董事。

黃先生自二零零八年起於Adamas Finance Asia Limited(一間於倫敦證券交易所上市的公司，倫敦證券交易所股份代號：ADAM)擔任董事會成員，並自二零零八年五月至二零一一年十月擔任其財務總監。過往黃先生亦曾擔任香港應用科技研究院財務總監及Vertex Management (HK)副總裁。

黃先生獲得香港大學工商管理學學士學位、香港科技大學投資管理學理學碩士學位及香港中文大學電子工程理學碩士學位。

黃先生為英國特許公認會計師公會、香港會計師公會以及英格蘭及威爾斯特許會計師協會資深會員。彼為特許財務分析師學會的特許財務分析師。彼現時為香港大學畢業同學會會長、香港大學畢業生議會副主席、香港大學校董、特許公認會計師公會香港分會委員會會員及中國人民政治協商會議第十二屆山東省委員會委員。

Biographical Details of Directors and Senior Management 董事及高級管理層之履歷詳情

Cheng Chai Fu (鄭濟富)

Mr. Cheng Chai Fu (“Mr. Cheng”), aged 55, was appointed as an independent non-executive Director with effect from 9 March 2017. Mr. Cheng graduated from Victoria University of Wellington, New Zealand with a bachelor’s degree in commerce and administration in 1990 and obtained a Master of Business Administration from Murray State University, Kentucky of the United States of America in 2000. Mr. Cheng has been an associate member of The Hong Kong Institute of Chartered Secretaries, Hong Kong Institute of Certified Public Accountants and Institute of Chartered Accountants of New Zealand. Mr. Cheng has extensive experience in the areas of auditing, accounting and company secretarial work.

From March 2010 to January 2015, Mr. Cheng worked as the company secretary of Hanergy Thin Film Power Group Limited (stock code: 566). He also worked as an in-house company secretary of HongDa Financial Holding Limited (stock code: 1822) from January 2015 to December 2015. Mr. Cheng has also served as the company secretary of China Regenerative Medicine International Limited (stock code: 8158) since January 2016.

SENIOR MANAGEMENT

Chung Tin Yan (鍾天昕)

Mr. Chung Tin Yan (“Mr. Chung”), aged 34, was appointed as the financial controller and the company secretary with effect from 13 February 2017. Mr. Chung graduated from the Hong Kong Polytechnic University with a degree of bachelor of arts in accountancy in 2005. He has over 11 years of experience in corporate finance, investment, auditing and accounting. Prior to joining the Company, Mr. Chung held various senior positions in the management team of the Chief Operating Officer with Hutchison Telecommunications Hong Kong Holdings Limited (stock code: 0215). He has also worked as an audit manager at Deloitte Touche Tohmatsu. Mr. Chung also has extensive experience in fund raising activities in Hong Kong and in the United States.

Cheng Chai Fu (鄭濟富)

鄭濟富先生(「鄭先生」)，55歲，自二零一七年三月九日起獲委任為獨立非執行董事。鄭先生於一九九零年畢業於新西蘭威靈頓維多利亞大學並取得商業及行政學士學位，及於二零零零年獲美國肯德基州Murray State University頒授工商管理學碩士學位。鄭先生為香港特許秘書公會會員、香港會計師公會會員及新西蘭特許會計師公會會員。鄭先生有豐富的審核、會計及公司秘書工作經驗。

鄭先生自二零一零年三月至二零一五年一月，擔任漢能薄膜發電集團有限公司(股份代號：566)的公司秘書。彼亦於二零一五年一月至二零一五年十二月在弘達金融控股有限公司(股份代號：1822)擔任內部公司秘書。鄭先生亦自二零一六年一月起於中國再生醫學國際有限公司(股份代號：8158)擔任公司秘書。

高級管理層

Chung Tin Yan(鍾天昕)

鍾天昕先生(「鍾先生」)，34歲，自二零一七年二月十三日起獲委任為本公司的財務總監及公司秘書。鍾先生於二零零五年畢業於香港理工大學並取得會計學文學士學位。彼擁有超過11年企業財務、投資、審計及會計方面的經驗。在加入本公司前，鍾先生曾於和記電訊香港控股有限公司(股份代號：0215)首席營運官之管理團隊擔任要職。彼亦曾於德勤會計師事務所任職審計經理。鍾先生亦在香港和美國的集資活動方面有豐富的經驗。

Corporate Governance Report

企業管治報告

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the financial year ended 31 December 2017, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Company and its subsidiaries (collectively the “Group”). At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely the audit committee, the remuneration committee and the nomination committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Group had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”) as its own code of conduct for securities transactions by Directors and relevant employees who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Company’s securities. The Company had made specific enquiry to all the directors (the “Directors”) and such-relevant employees and they confirmed compliance with the Model Code throughout the period from 1 January 2017 to 31 December 2017. No incident of non-compliance was noted by the Company during this period.

本公司致力推行高標準之企業管治，以保障股東權益，並盡力維持高水準的商業操守及企業管治常規。

企業管治常規

於截至二零一七年十二月三十一日止財政年度，本公司已遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治守則及企業管治報告（「企業管治守則」），惟下文解釋之若干已闡明原因之偏離除外。董事會將繼續不時檢討及更新該等常規，以確保符合法律及商業準則。

企業管治架構

董事會主要負責本公司及其附屬公司（統稱「本集團」）之策略制定、表現監控及風險管理。同時，董事會亦有責任提升本集團企業管治常規效力。董事會轄下有三個董事委員會，即審核委員會、薪酬委員會及提名委員會。所有該等委員會均根據彼等各自之職權範圍履行其各自職責，並協助董事會監督高級管理層之若干職能。

遵守進行證券交易之標準守則

本集團已採納上市規則附錄十所載上市發行人董事進行證券交易之標準守則（「標準守則」）作為其董事（「董事」）及有關僱員（因職務或職位而可能取得有關本公司證券之尚未發佈內幕消息）進行證券交易的操守守則。本公司已向全體董事及該等有關僱員作出具體查詢，而彼等已確認於二零一七年一月一日至二零一七年十二月三十一日期間內一直遵守標準守則。本公司於該期間內並無發現任何不合規的事宜。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS

As at the Latest Practicable Date, the Board comprises seven Directors as follows:

Executive Directors

Mr. Ye Shusheng
(Appointed with effect from 15 December 2017)
Mr. Huang Yun
Mr. Dai Lifeng

Non-executive Directors

Mr. Lu Zefeng

Independent Non-executive Directors

Mr. Cheng Chai Fu (Appointed with effect from 9 March 2017)
Mr. Tso Hon Sai Bosco
Mr. Wong Yiu Kit Ernest

List of directors and their roles and functions are available on the websites of Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Biographical details of the Directors as at the Latest Practicable Date are set out in the section of "Biographical Details of Directors and Senior Management" on pages 18 to 22. There are no family or other material relationships among members of the Board.

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Apart from the regular board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required.

During the year ended 31 December 2017, management provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

Day-to-day operational responsibilities are specifically delegated by the Board to the management under the leadership of the chief executive officer. Major matters include implementation of the strategies and decisions approved by the Board and the management assumes full responsibility to the Board for operations of the Group.

According to code provision A.1.3 of the CG Code, a notice of at least 14 days should be given for a regular board meeting to give all directors an opportunity to attend. Due to the practical scheduling issues and with no objections from any Director, a shorter reasonable notice was given to the Directors for a number of regular meetings held in 2017.

Meanwhile, according to code provision A.6.7 of the CG Code, independent non-executive Directors and non-executive Directors should attend general meetings. At the annual general meeting held on 26 May 2017, all the independent non-executive Directors and non-executive Directors were presented to enable the Board to develop a balanced understanding of the views of the shareholders of the Company, except, Mr. Min Zhi Dong, Mr. Lu Zefeng and Mr. Tso Hon Sai Bosco who were unable to attend due to their other business commitments.

董事會

於最後實際可行日期，董事會由以下七名董事組成：

執行董事

叶樹生先生
(自二零一七年十二月十五日起獲委任)
黃雲先生
戴立峰先生

非執行董事

陸澤峰先生

獨立非執行董事

鄭濟富先生(自二零一七年三月九日起獲委任)
曹漢璽先生
黃耀傑先生

董事名單及彼等之職責及職能於本公司及香港聯合交易所有限公司(「聯交所」)網站可供查閱。各董事於最後實際可行日期，履歷詳情載於第18至22頁「董事及高級管理層之履歷詳情」一節。董事會成員之間概無親屬或其他重大關係。

董事會定期舉行會議，以檢討及通過財務及經營業績以及審議及批准本公司總體策略及政策。除年內之董事會例會外，董事會亦會就需由董事會層面作出決定的特別事項於其他時候舉行會議。

截至二零一七年十二月三十一日止年度，管理層每月向董事會全體成員提供最新資料，當中載列詳盡內容，以公正及易於理解的角度評估本公司的表現、狀況及前景。

董事會特別授權管理層在行政總裁的領導下，履行日常營運責任。主要事務包括執行經董事會批准的策略及決定，且管理層就本集團的業務營運向董事會承擔全部責任。

根據企業管治守則之守則條文A.1.3條，董事會定期會議須於會議召開前不少於十四日發出通知，以讓全體董事有機會出席。由於實際安排關係且並無任何董事反對，本公司曾就二零一七年舉行之多次常規會議向董事發出提前時間較短的合理通知。

同時，根據企業管治守則之守則條文A.6.7，全體獨立非執行董事及非執行董事須出席股東大會。於二零一七年五月二十六日舉行之股東週年大會上，除閔志東先生、陸澤峰先生及曹漢璽先生因其他事務而未能出席外，全體獨立非執行董事及非執行董事均已出席該大會，以使董事會對本公司股東之意見有公正的了解。

Corporate Governance Report

企業管治報告

The Company will arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule that all Directors can attend the general meetings in order to develop a balanced understanding of the views of shareholders.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code.

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

本公司將安排向全體董事提供所有股東大會之適用資料，並採取一切合理措施以安排時間表，確保全體董事能夠出席股東大會以對股東意見有公正的了解。

董事會將繼續不時檢討本公司的企業管治情況，並作出任何必要變動以符合企業管治守則。

各董事於截至二零一七年十二月三十一日止年度有關董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東大會之出席記錄載於下表：

Name of directors 董事姓名	Board Meetings 董事會會議 (attendance/total no. of meetings held) (出席次數/ 舉行會議總次數)	Audit Committee 審核委員會會議 (attendance/total no. of meetings held) (出席次數/ 舉行會議總次數)	Remuneration Committee Meeting 薪酬委員會會議 (attendance/total no. of meetings held) (出席次數/ 舉行會議總次數)	Nomination Committee Meeting 提名委員會會議 (attendance/total no. of meetings held) (出席次數/ 舉行會議總次數)	General Meeting 股東大會 (attendance/total no. of meetings held) (出席次數/ 舉行會議總次數)
Executive Directors 執行董事					
Mr. Ye Shusheng (appointed with effect from 15 December 2017)	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Huang Yun	5/5	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. Dai Lifeng	6/7	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. Min Zhi Dong (appointed with effect from 1 April 2017 and resigned with effect from 1 March 2018)	3/3	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Mr. Wu Li Xin (resigned with effect from 30 November 2017)	5/6	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Non-executive Directors 非執行董事					
Mr. Lu Zefeng	6/7	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Mr. Chung Wai Man (appointed with effect from 13 February 2017 and resigned with effect from 30 November 2017)	5/6	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Independent Non-executive Directors 獨立非執行董事					
Mr. Tso Hon Sai Bosco	6/6	2/2	7/8	3/3	0/1
Mr. Cheng Chai Fu (appointed with effect from 9 March 2017)	7/7	2/2	7/7	2/2	1/1
Mr. Wong Yiu Kit	7/7	2/2	9/9	4/4	1/1
Mr. Leung Siu Hong (resigned with effect from 9 March 2017)	N/A 不適用	N/A 不適用	2/2	2/2	N/A 不適用

Corporate Governance Report 企業管治報告

All Directors were provided with details of agenda items for decisions making with reasonable notice and invited to raise any matters in the agenda of Board Meeting. Directors have access to the advice and services of the company secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Minutes of Board meetings and meetings of the Board committees are kept by the company secretary and are opened for inspection as requested by the Directors. During the year, the Board was given sufficient time to review and approve minutes of Board meetings and meetings of Board Committees. The Directors were also provided with access to independent professional advice, where necessary, in carrying out their obligations as the Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

All Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through, interim and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's Articles of Association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

During the financial year ended 31 December 2017, the Company had arranged appropriate insurance cover in respect of legal action against the Directors.

全體董事均獲合理通知以獲得各項議程之詳細資料以便作出決定並受邀於董事會會議議程上提出任何事項。董事均可獲得公司秘書提供之意見及服務，公司秘書負責確保遵守董事會程序及就合規事宜向董事會提供意見。董事會會議及董事委員會之會議記錄由公司秘書保管並可應董事要求提供查閱。年內，董事會已獲充足時間審閱及確認董事會會議及董事委員會之會議記錄。董事在履行彼等作為本公司董事之義務時，如有需要亦可獲提供獨立專業意見，費用由本公司承擔。被視為於建議交易或將予討論事項中涉及利益衝突或擁有重大利益的董事，不得計入該次會議之法定人數，並須就相關決議案放棄投票。

全體董事就本公司穩健發展與成功向本公司股東負責。彼等知悉彼等應以誠信態度及在符合本公司最佳利益之情況下履行職務。

董事會有責任保存完備之會計記錄，以便董事監察本公司整體財務狀況。董事會透過中期及全年業績公佈以及根據有關規則及規例之規定就其他事項適時刊發之公佈，向股東提供本集團營運及財務狀況之最新資料。

本公司擁有三名獨立非執行董事，且為符合上市規則，其中至少一名獨立非執行董事具備適當之財務管理專業知識。本公司已接獲各獨立非執行董事根據上市規則第3.13條就其獨立性作出的年度確認。本公司認為，全體獨立非執行董事均符合上市規則第3.13條所載獨立性指引，且根據指引條款屬獨立人士。

根據本公司之組織章程細則，最近獲委任之董事將任職至下屆股東大會為止，並於該大會上合資格膺選連任。每名董事（包括擁有特定任期之董事）須至少每三年輪值退任一次。

於截至二零一七年十二月三十一止財政年度，本公司已安排適當保險，使董事面對法律訴訟時有所保障。

Corporate Governance Report

企業管治報告

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision of A.2.1. of the CG Code, the roles of the chairman of the Company (the “Chairman”) and the chief executive officer of the Company (the “Chief Executive Officer”) should be separated and should not be performed by the same individual. The roles of Chairman and Chief Executive Officer should be separated to ensure a clear division between the Chairman’s responsibility to manage the Board and the Chief Executive Officer’s responsibility to manage the Company’s business. The separation ensures a balance of power and authority so that power is not concentrated.

During the year ended 31 December 2017, Mr. Wu Li Xin and Mr. Ye Shusheng were appointed as the Chief Executive Officer and their role is to oversee the overall management of the Company for the period from 1 January 2017 to 30 November 2017 and from 15 December 2017 to 31 December 2017 respectively.

During the year ended 31 December 2017, no individual was appointed as the Chairman. The role of the Chairman has been performed collectively by all executive Directors of the Company.

The Board considers this arrangement allows contributions from all Directors with different expertise and is beneficial to the continuity and implementation of the Company’s policy and strategies and in the interest of the shareholders of the Company as a whole.

Nevertheless, the Company will continue to look for suitable candidate to fill the role of the Chairman and will make necessary arrangement pursuant to the requirement under A.2.1 of the CG Code as and when necessary.

NON-EXECUTIVE DIRECTORS

Under the code provision A.4.1 of the CG Code, all the non-executive Directors should be appointed for a specific term, subject to re-election. Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company for a specific term of one year or three years but subject to termination in certain circumstance as stipulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being (if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every one year or three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

主席及行政總裁

根據企業管治守則之守則條文第A.2.1.條，本公司主席（「主席」）與本公司行政總裁（「行政總裁」）之角色應有區分，不應由一人同時兼任。將主席與行政總裁之角色劃分，可確保主席管理董事會之責任與行政總裁管理本公司業務之責任得到清晰分工。該劃分將確保權力及授權分佈均衡，令權力不會集中於任何個人。

截至二零一七年十二月三十一日止年度，吳立新先生及叶樹生先生已獲委任為行政總裁，及彼等責任為分別於二零一七年一月一日至二零一七年十一月三十日期間及二零一七年十二月十五日至二零一七年十二月三十一日期間監察本公司全體管理層。

截至二零一七年十二月三十一日止年度，概無其他人士獲委任為主席。主席職責由本公司全體執行董事共同履行。

董事會認為該項安排可使各董事發揮各自所長，為公司作出貢獻，有利於本公司政策及策略的連貫性及執行，符合本公司股東的整體利益。

然而，本公司將繼續尋求合適候選人以填補主席職位，並將於必要時根據企業管治守則第A.2.1條的規定作出必要安排。

非執行董事

根據企業管治守則之守則條文第A.4.1條，所有非執行董事之委任應有特定任期，並須接受重選。各非執行董事及獨立非執行董事已與本公司訂立一年或三年特定任期之服務合約，惟該等合約可於有關服務合約所訂明之若干情況下予以終止。在每屆股東週年大會上，當時三分之一的董事（若其人數並非三的倍數，則以當時最接近但不少於三分之一的人數）將輪值退任，前提是各董事須至少每年或每三年在股東週年大會上退任一次。任何獲委任以填補臨時空缺的董事的任期須直至彼獲委任後首屆股東大會並於該會上重選，而現有董事會中任何增任董事的任期僅至本公司下屆股東週年大會為止，隨後符合資格可膺選連任。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing corporate governance duties and has adopted the written terms of reference on its corporate governance functions. The duties of the Board in respect of the corporate governance functions include:

- (i) developing and reviewing the Company's policies and practices on corporate governance;
- (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Since 2017 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

BOARD DIVERSITY POLICY

During the year ended 31 December 2017, the Board adopted a board diversity policy (the "Policy") setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contributions that the selected candidates will bring to the Board.

企業管治職能

董事會負責履行企業管治職責，並已採納其企業管治職能之書面職權範圍。董事會有關企業管治職能之職責包括：

- (i) 制定及檢討本公司之企業管治政策及常規；
- (ii) 檢討及監察董事及高級管理層之培訓及持續專業發展；
- (iii) 檢討及監察本公司在遵守法律及監管規定方面之政策及常規；
- (iv) 制定、檢討及監察適用於僱員及董事之操守守則及合規手冊(如有)；及
- (v) 檢討本公司對企業管治守則之遵守情況及在企業管治報告之披露。

由二零一七年及直至本報告日期，董事會已根據其職權範圍履行企業管治職責。

董事會成員多元化政策

於截至二零一七年十二月三十一日止年度，董事會已採納董事會成員多元化政策(「該政策」)，其中載有實現董事會成員多元化之方法。本公司認為可透過多方面考慮實現董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。董事會所有委任將用人唯才，並在考慮候選人時以客觀準則充分顧及董事會成員多元化的裨益。

候選人的甄選將基於一系列多元化角度，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。最終決定將按所選候選人的優點及其將為董事會帶來的貢獻而作出。

Corporate Governance Report

企業管治報告

REMUNERATION COMMITTEE

A remuneration committee of the Board was set up on 22 June 2011 (the “Remuneration Committee”) to oversee the remuneration policy and structure for all Directors and senior management. The terms of reference is available on the websites of the Company and the Stock Exchange.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and determining the remuneration packages of all Directors and senior management. The Remuneration Committee is also responsible for ensuring that no Director or any of his associates will participate in deciding his/her own remuneration, which will be determined with reference to the performance of the individual and the Company as well as market practice and conditions. Members are provided with sufficient resources, including but not limited to, the access to independent professional advice, where necessary, in carrying out their obligations, at the expense of the Company.

The Remuneration Committee held nine meetings during the year ended 31 December 2017 for reviewing the remuneration package of the Directors and the senior management, assessing performance of executive Directors, approving the terms of executive Directors’ service contracts and making recommendations to the Board as to the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee comprises three members as at the date of this report namely:

Mr. Cheng Chai Fu (Chairman)
(Appointed with effect from 9 March 2017)

Mr. Wong Yiu Kit Ernest

Mr. Tso Hon Sai Bosco

All of the current members are independent non-executive Directors.

薪酬委員會

本公司已於二零一一年六月二十二日成立董事會薪酬委員會(「薪酬委員會」)，以監察全體董事及高級管理層之薪酬政策及架構。有關職權範圍於本公司及聯交所網站可供查閱。

薪酬委員會之主要目標包括就董事及高級管理層之薪酬政策及架構向董事會作出推薦建議，以及釐定全體董事及高級管理層之薪酬方案。薪酬委員會亦負責確保概無董事或其任何聯繫人將參與決定其自身薪酬。有關薪酬將參考個人表現及本公司業績以及市場慣例及狀況釐定。各成員獲提供充足資源(包括但不限於在必要時獲得獨立專業建議)以履行彼等之責任，費用由本公司承擔。

薪酬委員會於截至二零一七年十二月三十一日止年度舉行九次會議以檢討各董事及高級管理層之薪酬方案、評估執行董事之表現、批准執行董事服務合約之條款及就個別執行董事及高級管理層之薪酬方案向董事會作出推薦建議。

於本報告日期，薪酬委員會由以下三名成員組成：

鄭濟富先生(主席)
(自二零一七年三月九日起獲委任)

黃耀傑先生

曹漢璽先生

全體現任成員均為獨立非執行董事。

Corporate Governance Report 企業管治報告

In addition, pursuant to the code provision B.1.5 of the CG Code, an analysis of annual remuneration payable to the members of the senior management by band for the year ended 31 December 2017 is set out below:

此外，根據企業管治守則守則條文第B.1.5條，應付高級管理層成員截至二零一七年十二月三十一日止年度之年度薪酬按薪酬等級分析載列如下：

		2017 二零一七年 Number of persons 人數	2016 二零一六年 Number of persons 人數
Above HK\$1,000,000	1,000,000港元以上	5	4
HK\$Nil to HK\$1,000,000	零港元至1,000,000港元	9	10

NOMINATION COMMITTEE

The Company has established a nomination committee of the Board on 22 June 2011 (the "Nomination Committee") for making recommendations to the Board on appointment of the Directors and succession planning of the Directors.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of the Directors, assessing the independence of the independent non-executive Directors and reviewing the Policy. Members are provided with access to independent professional advice, where necessary, in carrying their obligations at the expense of the Company.

During the financial year ended 31 December 2017, the Nomination Committee held four meetings. The members reviewed the current composition of the Board and discussed about the Board structure to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company pursuant to its terms of reference (available on the websites of the Company and the Stock Exchange) and the Policy.

During the year ended 31 December 2017, the Company appointed two executive Directors namely Mr. Ye Shusheng and Mr. Min Zhi Dong and one independent non-executive Director namely Mr. Cheng Chai Fu. The Nomination Committee has reviewed the appointed Directors' background, including but not limited to independence, gender, age, cultural and education background, professional experience, skills and knowledge. The Nomination Committee considered current Board Composition has achieved the objectives of the Policy.

提名委員會

本公司已於二零一一年六月二十二日成立董事會提名委員會(「提名委員會」)，以就委任董事及董事的繼任人選規劃向董事會作出推薦建議。

提名委員會之主要職責包括檢討董事會組成、就董事委任及繼任人選規劃向董事會作出推薦建議、評估獨立非執行董事之獨立性以及檢討該政策。各成員在必要時獲提供獨立專業建議，以履行彼等之責任，費用由本公司承擔。

提名委員會於截至二零一七年十二月三十一日止財政年度舉行四次會議。提名委員會成員檢討董事會之現時組成並討論調整董事會之架構，確保董事會根據其職權範圍(於本公司及聯交所網站可供查閱)及該政策在適合本公司業務需要之專業知識、技能及經驗各方面取得平衡。

於截至二零一七年十二月三十一日止年度，本公司委任兩名執行董事(即叶樹生先生及閔志東先生)及一名獨立非執行董事(即鄭濟富先生)。提名委員會已審閱獲委任董事的背景，包括但不限於獨立性、性別、年齡、文化及教育背景、專業經驗、技能及知識。提名委員會認為董事會現時的組成已達致該政策的目標。

Corporate Governance Report 企業管治報告

In accordance with the Company's Articles of Association, Mr. Ye Shusheng, Mr. Huang Yun and Mr. Tso Hon Sai Bosco shall retire and are eligible to offer themselves for re-election at the forthcoming annual general meeting.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Nomination Committee comprises three members as at the date of this report namely:

Mr. Tso Hon Sai Bosco (Chairman)

Mr. Cheng Chai Fu (Appointed with effect from 9 March 2017)

Mr. Wong Yiu Kit Ernest

All of the current members are independent non-executive Directors.

AUDIT COMMITTEE

The Company has established an audit committee of the Board on 22 June 2011 (the "Audit Committee") with written terms of reference (available on the websites of the Company and the Stock Exchange) that set out the authorities and duties of the Audit Committee adopted by the Board. The Audit Committee performs, amongst others, the following functions:

- reviewing the financial information of the Group;
- reviewing the relationship with and the terms of appointment of the external auditors; and
- overseeing the Company's financial reporting system, internal control system and risk management system.

The Audit Committee is given sufficient resources to oversee the internal control system of the Group, reports to the Board on any material issues, and makes recommendations to the Board. During the year under review, the Audit Committee reviewed the Group's annual results and annual report for the year ended 31 December 2016, and the interim results and interim report for the six months ended 30 June 2017 the accounting principles and policies adopted by the Group, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, the effectiveness of Company's internal audit function and the re-appointment of the external auditors.

根據本公司之組織章程細則，叶樹生先生、黃雲先生及曹漢璽先生須於應屆股東週年大會上退任並合資格膺選連任。

提名委員會建議於本公司應屆股東週年大會上重新委任待重選之董事。

於本報告日期，提名委員會由以下三名成員組成：

曹漢璽先生(主席)

鄭濟富先生(自二零一七年三月九日起獲委任)

黃耀傑先生

所有現任成員均為獨立非執行董事。

審核委員會

本公司已於二零一一年六月二十二日成立董事會審核委員會(「審核委員會」)，其書面職權範圍(於本公司及聯交所網站可供查閱)載有董事會所採納之審核委員會之權力及職責。審核委員會履行(其中包括)以下職能：

- 審閱本集團財務資料；
- 檢討與外聘核數師的關係及其委任年期；及
- 監察本公司之財務申報系統、內部監控系統及風險管理系統。

審核委員會具有充足資源監督本集團之內部監控系統、向董事會報告任何重大問題，並向董事會作出推薦建議。於回顧年度，審核委員會已審閱本集團截至二零一六年十二月三十一日止年度之全年業績及年報及截至二零一七年六月三十日止六個月的中期業績及中期報告、本集團採納之會計原則及政策、財務申報及合規程序、本公司之內部監控及風險管理系統及流程、本公司內部審核職能的效能，以及外聘核數師之續聘。

Corporate Governance Report

企業管治報告

The Audit Committee held two meetings during the year ended 31 December 2017.

The Audit Committee comprises three members as at the date of this report namely:

Mr. Wong Yiu Kit Ernest (Chairman)

Mr. Tso Hon Sai Bosco

Mr Cheng Chai Fu (Appointed with effect from 9 March 2017)

All the members are independent non-executive Directors. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, maintaining sound systems of risk management and internal controls and reviewing their effectiveness to safeguard interests of the Group as a whole. However, such systems are designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group, they can only provide reasonable assurance but not absolute assurance against material misstatement or loss.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes enhancing the systems of risk management and internal control in view of the changes to the business environment or regulatory guidelines.

Management assists the Board in the implementation of the Group's policies, procedures and controls by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The adequacy and effectiveness of the systems of risk management and internal controls of the Group are annually reviewed by the Board. The review covers all material controls including financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Company and the Group. The Board also reviews the adequacy of resources, employees' qualifications and experience, their training programmes, and budget of the Group's accounting, internal audit and financial reporting functions. The Board has conducted and completed such review in respect of the year ended 31 December 2017 and considers the risk management and internal control systems of the Group effective and adequate.

審核委員會於截至二零一七年十二月三十一日止年度舉行兩次會議。

於本報告日期，審核委員會由以下三名成員組成：

黃耀傑先生(主席)

曹漢璽先生

鄭濟富先生(自二零一七年三月九日起獲委任)

所有成員均為獨立非執行董事。概無審核委員會成員為本公司現任外聘核數師之前合夥人。

內部監控及風險管理

董事會負責整體評估及確定為達致本集團策略目標而願意承擔風險的性質及程度，以及維持風險管理及內部監控的穩健系統，並檢討該等系統對保障本集團整體利益的有效性。然而，該等系統僅可將本集團風險控制在可接受範圍內，而無法消除不能達致本集團業務目標的風險，且僅可提供合理保證而非絕對保證不會出現重大失實陳述或損失。

董事會已建立程序，以持續地識別、評估及管理本集團所面對的重大風險。程序包括針對營商環境或監管指引的變更而不時加強風險管理及內部監控系統。

管理層透過識別及評估所面對的風險，協助董事會執行本集團的政策及程序以及監控並參與設計、運作及監察合適的內部監控措施，以減少及控制此等風險。董事會每年檢討本集團的風險管理及內部監控系統是否充足及有效。檢討範圍涵蓋所有重大監控，包括財務、營運及合規監控，以及本公司及本集團所面對的重大風險的識別、評估及管理的過程。董事會亦檢討資源的充足性、本集團負責會計、內部審核及財務報告職能僱員的資格及經驗及彼等的培訓計劃及預算。董事會已進行及完成就截至二零一七年十二月三十一日止年度的有關審閱，認為本集團的風險管理及內部監控系統有效及充足。

Corporate Governance Report

企業管治報告

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purposes of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Company has in place a policy on handling and dissemination of inside information (“Policy”) which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to price the listed securities of the Company with the latest available information. This Policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

EXTERNAL AUDITOR AND AUDITORS’ REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities and opinion on the Group’s financial statements for the year ended 31 December 2017 is set out in the section headed “Independent Auditor’s Report” in this annual report.

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

During the year ended 31 December 2017, the Group has incurred an aggregate fee of approximately HK\$1,330,000 to the external auditor and its affiliate. Among such fee, the amount of approximately HK\$1,150,000 was paid for the final audit purposes including interim review and HK\$180,000 was paid to its affiliate for non-audit purposes, the non-audit services mainly consist of consulting services in relation to the environmental, social and governance reporting, risk assessment and review on financing reporting procedures and internal control system.

DIRECTORS’ RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial year which gives a true and fair view. In preparing the financial statements, appropriate accounting policies and standards are selected and applied consistently.

處理及發佈內幕消息

就根據上市規則及香港法例第571章證券及期貨條例處理及發佈內幕消息而言，本公司已訂立處理及發佈內幕消息的政策（「政策」），當中載有處理及發佈內幕消息的程序及內部監控，使內幕消息得以適時處理及發佈，而不會導致任何人士在證券交易上處於佔優的地位，亦讓市場有時間定出能反映最新現有實況的本公司上市證券價格。該政策亦為本公司員工提供指引，確保設有適當措施以預防本公司違反法定披露規定。該政策亦載有適當的內部監控及匯報制度，以識別及評估潛在的內幕消息。根據上市規則規定，本公司內幕消息之發佈方法乃於聯交所及本公司網站刊載相關消息。

外聘核數師及核數師酬金

本公司外聘核數師有關其申報責任的聲明及對於本集團截至二零一七年十二月三十一日止年度之財務報表的意見，載於本年報「獨立核數師報告」一節。

審核委員會負責考慮外聘核數師之委聘及審查外聘核數師進行之任何非核數工作，包括有關非核數工作會否對本公司構成任何潛在重大不利影響。

於截至二零一七年十二月三十一日止年度，本集團已產生支付予外聘核數師及其聯屬公司的費用總額約1,330,000港元。有關費用中，約1,150,000港元為作年度審核用途包括中期審閱而支付及180,000港元為作非審核用途而支付予其聯屬公司。非審核服務主要包括有關環境、社會及管治報告、風險評估及有關財務申報程序及內部監控系統審閱之諮詢服務。

董事對財務報表應負的責任

董事負責就各財政年度編製真實兼公平地反映意見之財務報表。在編製財務報表時，董事選擇及貫徹地應用適當之會計政策及準則。

Corporate Governance Report

企業管治報告

COMPANY SECRETARY

The company secretary is responsible for ensuring that the Board procedures are followed and facilitating communications among the Directors as well as with shareholders and management.

During 2017, Mr. Chung Tin Yan ("Mr. Chung") has attended relevant professional training to update their skills and knowledge. He met the training requirements as required under Rule 3.29 of the Listing Rules.

INVESTOR RELATIONS

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

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports.

The website of the Company (www.legend-strategy.com) has provided an effective communication platform to the public and the shareholders.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENT

The Company has not made any change to its constitutional documents during the year ended 31 December 2017. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Stock Exchange.

公司秘書

公司秘書負責確保遵守董事會程序及促進董事之間以及與股東及管理層的溝通。

於二零一七年期間，鍾天昕先生（「鍾先生」）已出席相關專業培訓以提升其技能及知識。彼符合上市規則第3.29條所要求之培訓規定。

投資者關係

本公司相信，維持高透明度是鞏固投資者關係的關鍵。本公司致力奉行向其股東及大眾公開及適時披露公司資料的政策。

本公司透過其年度及中期報告向其股東提供其最新的業務發展及財務表現資料。

本公司的網站(www.legend-strategy.com)為大眾及股東提供一個有效的溝通平台。

章程文件之重大變動

於截至二零一七年十二月三十一日止年度，本公司並無對其章程文件作出任何變動。本公司章程文件之綜合版本可於本公司網站及聯交所網站查閱。

Corporate Governance Report

企業管治報告

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant training materials to the Directors. Directors participated in continuous development relating to their roles, functions and duties of a listed company director or further enhancement of their professional development by the way of attending training courses or reading relevant materials. All Directors had provided the Company their training records for the year under review. The Directors and officers are indemnified under a Directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

入職指引及持續專業發展

每名新委任之董事均於首次獲委任時獲提供正式、全面及度身制訂的入職指引，確保新委任之董事可適當掌握本公司之業務及營運，並充分了解其於上市規則及相關法規項下之責任與義務。

本公司鼓勵全體董事參與持續專業發展，以發展及更新彼等之知識及技能。本公司持續向董事提供有關培訓材料。董事透過參加培訓課程或閱讀有關材料，參與與上市公司董事之角色、職能及職責或進一步增強彼等專業發展相關之持續發展。全體董事已向本公司提供彼等於回顧年度之培訓記錄。董事及高級職員於擔任本公司董事及高級職員期間，因彼等履行其職責而引致之任何責任均受到董事及高級職員責任保險之彌償，惟倘證實董事及高級職員存在任何欺詐、失職或失信行為，則彼等將不獲彌償。

Directors		Attending Seminar(s)	Reading regulatory updates
董事		出席講座	閱讀監管規定的最新資料
Mr. Ye Shusheng	叶樹生先生	✓	✓
Mr. Huang Yun	黃雲先生	✓	✓
Mr. Dai Lifeng	戴立峰先生	✓	✓
Mr. Min Zhi Dong	閔志東先生	✓	✓
Mr. Lu Zefeng	陸澤峰先生	✓	✓
Mr. Tso Hon Sai Bosco	曹漢璽先生	✓	✓
Mr. Wong Yiu Kit Ernest	黃耀傑先生	✓	✓
Mr. Cheng Chai Fu	鄭濟富先生	✓	✓

SHAREHOLDER COMMUNICATION

The Company has adopted a shareholders communication policy with objectives to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company would review the shareholders communication policy on a regular basis.

與股東之溝通

本公司已採納與股東溝通之政策，旨在向股東提供有關本公司的詳細資料，使彼等能在知情的情況下行使彼等身為股東的權利。本公司將定期檢討股東溝通政策。

Corporate Governance Report 企業管治報告

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives, including annual general meeting, annual report, various notices, announcements and circulars. Procedures for demanding a poll have been included in circulars accompanying notice convening a general meeting and such procedures have been read out by the chairman of the general meeting. The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the annual general meeting held on 26 May 2017 (the "2017 AGM"), a separate resolution was proposed by the chairman in respect of each separate issue, including re-election of the Directors.

At the 2017 AGM, the executive Directors, the chairmen of the Audit, Remuneration and Nomination Committees and representatives from the auditor of the Company, ZhongHui Anda CPA Limited, were present for questions from shareholders. There was one general meeting held during the year ended 31 December 2017.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 58 of the Articles of Association of the Company, general meetings shall be convened on the written requisition of 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 secretary to the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to 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.

本公司使用多種溝通渠道，以確保股東及時獲悉主要業務須知，包括股東週年大會、年報、各項通告、公佈及通函。以投票方式表決之程序已載入隨附召開股東大會通告的通函內，而股東大會主席已於會上宣讀有關程序。本公司的股東週年大會及其他股東大會為本公司與其股東溝通的主要平台。本公司應按照上市規則及時向股東提供在股東大會上提呈的決議案的相關資料。所提供的資料應是合理所需的資料，以便股東能夠就提呈的決議案作出知情決定。於二零一七年五月二十六日舉行之股東週年大會（「二零一七年股東週年大會」）上，主席就各項獨立事宜（包括重選董事）提呈獨立決議案。

於二零一七年股東週年大會上，執行董事、審核委員會、薪酬委員會及提名委員會各自之主席以及本公司核數師中匯安達會計師事務所有限公司之代表均已出席回答股東之提問。截至二零一七年十二月三十一日止年度內，本公司共舉行一次股東大會。

股東召開股東特別大會的程序

開曼群島公司法（二零一二年修訂本）並無條文允許股東於股東大會上提呈新決議案。然而，股東須遵從本公司組織章程細則第58條細則，即任何一位或以上於提請要求當日持有不少於本公司繳足股本（賦予權利在本公司股東大會上投票）十分之一的股東，可隨時向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求所指明的任何事項；有關大會須於提請該要求後兩(2)個月內舉行。倘提請後二十一(21)日內董事會未有召開有關大會，則提請要求的人士可自行以相同方式召開大會，而本公司須向提請要求的人士補償其因董事會未有召開大會而產生的所有合理開支。

Corporate Governance Report

企業管治報告

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a Director of the Company are laid down under article 85 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the registration office. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgment of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSAL

If a shareholder wishes to make any proposal at any general meeting of the Company, the shareholder should deposit a written notice of the proposal to the company secretary of the Company within 7 days commencing from the date of the notice of the general meeting of the Company (or such other period as may be determined and announced by the Director from time to time).

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of the company secretary, by email: info@lsih.com.hk, or mail to Room 3006-10, 30/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

股東提名人選參選為董事的程序

有關股東提名人選參選為本公司董事的規定載列於本公司組織章程細則第85條細則。除非獲董事會推薦參選，否則任何人士（將於大會上退任之董事除外）應無資格在任何股東大會上參選董事職位，除非本公司總辦事處或註冊辦事處收到一份由正式合資格出席大會並可於會上投票的一名股東（被提名參選董事之人士除外）所簽署，表明彼擬提名該人士參選為董事之書面通知，及收到一份由該被提名人士所簽署，表示其願意接受推選之書面通知。作出該等通知的期間必須不少於七(7)天，提交該等通知之期間須由不早於指定進行該推選之股東大會通告寄發翌日起計，及不遲於該股東大會舉行日期前七(7)天結束。股東提名人選參選為董事的程序詳情於本公司網站刊載。

股東提出建議的程序

倘股東欲於本公司任何股東大會上提呈任何建議，股東須自本公司股東大會通告日期起計七日內（或由董事不時決定及公佈的其他期間）向本公司的公司秘書就有關建議遞交書面通知。

向董事會發出查詢的程序

股東可透過以下方式向本公司（註明公司秘書為收件人）發出書面查詢：發電郵至 info@lsih.com.hk，或郵寄至香港灣仔港灣道26號華潤大廈30樓3006-10室。

Corporate Governance Report

企業管治報告

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

CONCLUSION

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

資料披露

本公司遵從上市規則披露資料，及根據相關法律及法規向公眾定期刊發報告及公佈。本公司盡力確保及時披露資料，而有關資料為公正、準確、真實及完整，務求使股東、投資者及公眾能作出合理知情決定。

總結

本公司堅信良好的企業管治可保證資源之有效分配及保障股東權益。高級管理層將繼續致力維持、加強及提升本集團之企業管治水平及質素。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group hereby presents this Environmental, Social and Governance report (“ESG report”) for the year ended 31 December 2017, in order to comply with the requirements set forth in Appendix 27 Environmental, Social and Governance (“ESG”) Reporting Guide of the Listing Rules. This covers the environmental and social performance of the core business of the Group in the PRC during the period from 1 January 2017 to 31 December 2017 (the “Year”).

The Board is responsible for our ESG strategy and reporting including evaluating and determining our ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. We have engaged Zhonghui Anda Risk Services Limited to identify relevant ESG issues and to assess their materiality to our business as well as our stakeholders, through reviewing our Group’s operations and holding internal discussions. Our management has provided a confirmation to the Board on the effectiveness of our ESG risk management and internal control systems. Pursuant to the general disclosure requirements of the ESG Guide, disclosures relating to the material ESG issues identified have been included in this ESG Report which aims to provide a balanced representation of our Group’s ESG performance in the environmental and social areas, and covers our Group’s operations.

EMISSIONS

As stated above, the Group is principally engaged in budget hotel operations and hence the emission relating to air, greenhouse gas emissions and discharge into the water and land, as well as generation of hazardous and non-hazardous waste are minimal in the Year.

During the Year, the major greenhouse gases emission of the Nanshan Hotel, Luohu Hotel and Baoan Hotel were the greenhouse gas generated by the electricity consumption and the waste paper disposal at landfills. In order to minimise the energy consumption and waste paper of Nanshan Hotel, Luohu Hotel and Baoan Hotel, various sustainable development measures have been enforced to address environmental responsibilities within normal operating procedures, including but not limited to (i) Compact fluorescent lamp were installed as much as possible in the Nanshan Hotel, Luohu Hotel and Baoan Hotel as at 31 December 2017; (ii) switch on and off sensors were installed in the corridors; (iii) staff were encouraged to switch off the electronic devices, lights and air-conditioners after the use of a room or leaving office for a period of time such as lunch hour; (iv) air-conditioners with low efficiency or malfunction were replaced in the Year; (v) refrigerators were kept away from sunlight; and (vi) staff was encouraged to print only when necessary and use recycle papers in first priority for printing so far as practicable.

為符合上市規則附錄二十七環境、社會及管治（「環境、社會及管治」）報告指引（「環境、社會及管治指引」）所載的規定，本集團謹此呈列截至二零一七年十二月三十一日止年度之本環境、社會及管治報告（「環境、社會及管治報告」）。本報告涵蓋本集團於二零一七年一月一日至二零一七年十二月三十一日期間（「本年度」）於中國核心業務的環境及社會表現。

董事會負責我們的環境、社會及管治策略及報告，包括評估及確定環境、社會及管治相關風險，並確保已設有適當及有效的環境、社會及管治風險管理及內部監控系統。我們已委聘中匯安達風險管理有限公司透過檢討本集團的營運及舉行內部討論，以識別相關環境、社會及管治事宜及評估有關事宜對我們的業務及持份者的重要性。管理層已對環境、社會及管治風險管理及內部監控系統的有效性向董事會作出確認。根據環境、社會及管治指引的一般披露規定，有關已識別重大環境、社會及管治事宜的披露事項已載入本環境、社會及管治報告，旨在以平衡的原則呈列本集團營運中的環境、社會及管治之表現。

排放物

誠如上文所示，本集團主要從事經濟型酒店經營，因此於本年度並無重大空氣排放物、溫室氣體排放、向水及土地的排污以及產生有害及無害廢物。

於本年度，南山店、羅湖店及寶安店的主要溫室氣體排放來自電力消耗及堆填區棄置的廢紙。為盡量減少南山店、羅湖店及寶安店的能源消耗及廢紙，本集團已採取若干可持續發展措施，在日常經營過程中承擔環境責任，包括但不限於(i)於二零一七年十二月三十一日於南山店、羅湖店及寶安店盡可能安裝節能燈；(ii)於走廊安裝開關感應器；(iii)鼓勵員工在使用房間後或離開辦公室一段時間（如午餐時段）時關閉電子設備、燈源及空調；(iv)於本年度更換低效或出現故障的空調；(v)冰箱遠離日光放置；及(vi)鼓勵員工僅於必要時打印並在切實可行範圍內優先使用再生紙打印。

Environmental, Social and Governance Report

環境、社會及管治報告

Emission data from the hotel operations of the Group are set out as follows: 本集團酒店營運產生的排放數據載列如下：

Environmental Performance 環境表現	Unit 單位	Nanshan Hotel 南山店	Luohu Hotel 羅湖店	Baoan Hotel 寶安店	Total 總額
Electricity consumption 電力消耗	KWh 千瓦時	489,601	277,690	88,891	856,182
Carbon dioxide ("CO ₂ ") equivalent emission for electricity consumption* 就電力消耗的二氧化碳 (「二氧化碳」)當量排放	Ton 噸	150.3	85.3	27.3	262.9
Electricity Intensity 用電強度	KWh per guest night 千瓦時／住客每晚	8.1	14.2	9.5	9.6
Water Consumption 水耗	M ³ 立方米	11,237	6,994	4,685	22,916
CO ₂ equivalent emission for water used 就用水的二氧化碳當量排放	Ton 噸	7.9	4.9	3.3	16.1
Water Intensity 水密度	M ³ per guest night 立方米／住客每晚	0.2	0.4	0.5	0.3
Paper 紙張	Ton 噸	0.0	0.1	0.1	0.2
CO ₂ equivalent emission for paper used 就紙的二氧化碳當量排放	Ton 噸	0.2	0.2	0.3	0.7
Paper Intensity 紙張密度	Ton per quest right 噸／住宿每晚	0.0	0.0	0.0	0.0
Non-hazardous waste disposal 非有害廢物排放	Ton 噸	17.0	7.0	4.2	28.2
Non-hazardous waste intensity 非有害廢物密度	Kg per guest night 公斤／住客每晚	0.3	0.4	0.5	0.3

* emission factor is sourced from the China Southern Power Grid in 2016. The figures are calculated in accordance with the "Reporting Guidance on Environmental KPIs".

* 排放因素乃來自二零一六年中國南方電網。數據乃根據「環保關鍵績效指標報告指引」計算。

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

No hazardous waste is generated from the operations of hotel business. Non-hazardous waste generated from the operations in Nanshan Hotel, Luohu Hotel and Baoan Hotel are mainly office and hotel room consumables. The hotel staff has promoted separation of waste such as cartons and plastic bottles, which are placed in certain areas assigned to recycled suppliers for collection. For the hotel consumables such as cans and used plastic bottles of water, the building management offices of landlords have separated them from other waste for recycling purposes.

Compliance with relevant laws and regulations

The Group is not aware of any non-compliance with the relevant laws and regulations that has an impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste of the Group in the Year.

No fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the Year.

USE OF RESOURCES

The Group is committed to minimising the impact of business activities on the environment and supporting environmental protection programmes. In particular, a number of initiatives, which are designed to conserve resources, were introduced to promote employee awareness of the need to achieve efficient utilisation of resources.

As mentioned in the above "Emissions" section, the Group has a series of policies and procedures to minimise the electricity used by the employees in Nanshan Hotel, Luohu Hotel and Baoan Hotel. In order to increase the electricity consumption efficiency, a number of new air-conditioners and compact fluorescent lamp were installed in the Year. Other than the above, solar water heaters and heat pumps have been installed in Nanshan Hotel to generate daily hot water supply in order to reduce gas or electricity consumption. In addition, shower sprinklers with low water pressure were installed in all bathrooms of Nanshan Hotel, Luohu Hotel and Baoan Hotel to reduce water consumption and water intensity.

As the Group is principally engaged in budget hotel operations, no packing material was used in the Year.

酒店業務經營並無產生任何有害廢物。南山店、羅湖店及寶安店經營產生的無害廢物主要為辦公室及酒店客房的消耗品。酒店員工推行廢物分類，如紙箱及塑料瓶存放在分配予回收供應商的若干區域以便回收。就易拉罐及已用飲用水塑料瓶等酒店消耗品而言，業主樓宇管理辦事處已進行分類以便回收再用。

遵守相關法律及法規

本集團並不知悉任何不遵守相關法律及法規而具有有關本年度本集團空氣及溫室氣體排放、向水及土地的排污及產生有害及無害廢物的影響。

本年度並無呈報就不遵守相關法律及法規的罰款或非貨幣處罰。

資源使用

本集團致力減低業務活動對環境的影響，以及支持環境保護項目，並推出各種節約資源的措施，提高員工對需要有效利用資源的意識。

誠如上文「排放物」一節所述，本集團於南山店、羅湖店及寶安店設有多項政策及程序以減少僱員用電量。為提高用電能效，於本年度共安裝多台新空調及節能燈。除上述以外，南山店亦已安裝太陽能熱水器及熱水泵，以滿足日常熱水供應，減少燃氣及電力消耗。此外，我們亦已於南山店、羅湖店及寶安店的全部浴室安裝較低水壓的淋浴噴頭，藉此減少水耗及水密度。

由於本集團主要從事經濟型酒店經營，於本年度並無使用包裝材料。

Environmental, Social and Governance Report

環境、社會及管治報告

Regarding the hotel operations, the Group closely monitors the level of energy consumption and greenhouse gas emissions of its hotels. Every year, Nanshan Hotel, Luohu Hotel and Baoan Hotel are required to set their respective energy and carbon reduction targets, and come up with feasible measures to achieve them. The details and results achieved are listed as follows:

就本集團酒店經營而言，本集團密切監測其酒店的能源消耗及溫室氣體排放水平。南山店、羅湖店及寶安店每年均須訂立彼等各自的能源及碳減排目標，並制定可行措施以達成目標。所達至的詳情及結果載列如下：

Projects

項目

Details and results achieved

所達至的詳情及結果

Compact fluorescent lamp

慳電膽

Lightings in the Nanshan Hotel, Luohu Hotel and Baoan Hotel have been installed compact fluorescent lamps which have saved up much electricity as compared with incandescent light lamp.

南山店、羅湖店及寶安店已安裝慳電膽照明裝置，相比非慳電膽節省更多電力。

Shower heads

蓮蓬頭

Using water savings shower heads in the bathroom of the Nanshan Hotel, Luohu Hotel and Baoan Hotel since 2016, consumption of water is saved after installation.

自二零一六年起於南山店、羅湖店及寶安店浴室使用省水蓮蓬頭，安裝後能節省用水。

Solar water heaters and heat pumps

太陽能熱水器及電熱泵

Solar water heaters and heat pumps have been installed in Nanshan Hotel to generate daily hot water supply in order to reduce gas or electricity consumption. The consumption of electricity is saved in the Nanshan Hotel for water heating.

已於南山店安裝太陽能熱水器及電熱泵產生每日熱水供應，以減少氣體或電力消耗。南山店於節省熱水供應方面預期可減少電力消耗。

Air-conditioners

空調

A number of new air-conditioners have been upgrading from old air-conditioners in 2017, the relevant consumption of electricity would be reduced.

於二零一七年已將若干舊空調升級至新空調，相關電力消耗能相應減少。

Non-Hazardous Waste

非有害廢物

Non-hazardous waste from the Nanshan Hotel, Luohu Hotel and Baoan Hotel includes packaging materials of hotel guest supplies, paper for office use and kitchen waste from restaurants of hotels. The hotels made their best effort to minimising the impact on the environment by using biodegradable material for packaging materials of hotel guest supplies. The hotels promoted separation of waste such as cartons and plastic bottles, which are placed in certain areas assigned to recycled suppliers for collection.

南山店、羅湖店及寶安店的非有害廢物包括酒店房客用品包裝物料、辦公室用紙及酒店餐廳廚餘廢物。酒店透過酒店房客用品包裝物料採用可生物降解物料，盡量減少環境影響。酒店推動廢物(如紙箱及塑膠瓶)分類，放置於分派予回收供應商的若干區域供其收集。

Environmental, Social and Governance Report

環境、社會及管治報告

THE ENVIRONMENT AND NATURAL RESOURCES 環境及天然資源

The Group always raise energy-saving awareness among the staff of Nanshan Hotel, Luohu Hotel and Baoan Hotel, reminding them to switch off all lighting and electronic devices after use. On the other hand, hotel guests are encouraged energy reduction by providing energy-saving tips in hotel lobbies and written reminders in guest rooms.

本集團亦提升南山店、羅湖店及寶安店員工對節能的意識，提醒員工於使用後關閉所有燈光及電子設備。另一方面，透過於酒店大堂提供節能建議及於酒店房間提供書面節能提示，鼓勵酒店住客節約能源。

The impact on the environment and natural resources from the hotel operations of the Group in PRC is minimal in the Year.

本年度，本集團於中國的酒店經營對環境及自然資源造成的影響極為微弱。

EMPLOYMENT 僱傭

The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. Employees are entitled to benefits such as annual leave, sick leave, maternity leave, marriage leave, funeral leave and medical coverage in accordance with local regulations.

本集團高度重視發展人力資本並提供具競爭力的薪酬及福利組合，且會根據員工個人表現提供晉升機遇及作出薪資調整。僱員可根據當地法規享有年假、病假、產假、婚假、喪假以及醫療保險等多種福利。

Distribution of work force classified by difference catalogues as follows:

按不同類別分類的勞動力分佈如下：

Social Performance 社會表現	Unit 單位	Nanshan Hotel 南山店	Luohu Hotel 羅湖店	Baoan Hotel 寶安店	Total 總額
By Gender 按性別劃分					
Male 男性	People 人	2(10%)	4(33%)	1(14%)	7(18%)
Female 女性	People 人	19(90%)	8(67%)	6(86%)	33(82%)
Total 總計	People 人	21(100%)	12(100%)	7(100%)	40(100%)
By Age Group 按年齡組別劃分					
Under 30 years old 30歲以下	People 人	5(24%)	5(42%)	3(43%)	13(33%)
30–50 years old 30至50歲	People 人	13(62%)	7(58%)	4(57%)	24(60%)
Over 50 years old 50歲以上	People 人	3(14%)	–	–	3(7%)
Total 總計	People 人	21(100%)	12(100%)	7(100%)	40(100%)

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

The Group places emphasis on equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The Group is committed to providing a working environment which is free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation.

The Group has a wide diversity of cultures including the employees with different genders, ages, skills, educational backgrounds, industry experiences and other qualifications in order to achieve the most suitable composition and balance.

The Group has enhanced its employee handbook with effect from January 2015 which is applicable for all three leased-and-operated hotels operated by the Group. Such employee handbook is developed in accordance with the Labour Law of PRC and has been distributed to all employees since they commence working for the Group.

The remuneration and position of the employees of the hotel operations will be adjusted which are based on the results of individual working performance and efficiency. Staff bonus are based on the performance appraisal and operating results.

Treatment of employee's misconduct must be fair and reasonable in all of the circumstances. Misconduct may lead to a warning and even a dismissal. Any acts of misconduct are to be reported to the human and administration department. In the Year, no incident of serious misconduct was identified.

Employees' wages, overtime payments and related benefits are made not less than the local government's minimum requirements. The normal working hours for general employees are normally 8 hours a day and 40 hours a week. Integrated computation of working hours is implemented with reference to the requirements of the PRC Labour Law.

Compliance with relevant laws and regulations

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

No non-compliance with law that resulted in significant fines or sanctions had been reported in the Year.

本集團注重在招聘、薪酬比率、培訓及發展、晉升及其他就業待遇方面為全體職員提供平等機遇。本集團致力提供一個不存在種族、性別、宗教、年齡、殘疾或性取向等任何歧視的工作環境。

本集團文化架構多元，聘有不同性別、年齡、技能、教育背景、行業經驗及其他質素的員工，並就此達致最適合之結構和平衡。

本集團已更新其員工手冊，該手冊自二零一五年一月起生效，適用於本集團經營的全部三間租賃經營酒店的全體僱員。該員工手冊乃根據中國勞動法編製，並已於各員工入職本集團時向其作出分派。

酒店經營僱員薪酬及狀況將根據個人工作表現及效率結果進行調整。員工花紅乃基於表現評估及經營業績。

僱員如有不當行為，於所有情況下均須本著公平合理的態度對待，一經發現，將給予警告，甚至予以解僱。任何不當行為將上報人力及行政部門。本年度，並無發現情節嚴重的不當行為。

僱員薪資、加班工資及相關福利不得少於當地政府的最低規定。一般僱員的正常工作時間通常為每天8小時，每週40小時。工作時間乃經參考中國勞動法規定綜合計算。

遵守相關法律及法規

本集團並無任何不遵守相關法律及法規而具有有關本年度本集團賠償及解僱、招聘及晉升、工作時數、休息時間、平等機會、多元化、反歧視及其他權益及福利的影響。

本年度並不知悉呈報導致重大罰款或處罰的法律不合規。

Environmental, Social and Governance Report

環境、社會及管治報告

HEALTH AND SAFETY

The Group adopts non-discriminatory employment practices and provides a healthy and safe workplace. All employees are strictly required to follow the operating procedures, which include but not limited to (i) pay attention to whether there is a dangerous work situation, if found, should immediately report to the superior; (ii) use both hands to handle the carts; (iii) use a ladder or chair to take items from a height or ask for colleagues to help; (iv) erase the slippery or oily working areas immediately in order to prevent slipping; (v) do not use damaged machines or appliances to avoid accidents; (vi) maintain a variety of tools and safety equipment; and (vii) strictly enforce the industry norms and professional operation.

Smoking is prohibited in all indoor areas of Nanshan Hotel, Luohu Hotel and Baoan Hotel. First aid, fire extinguishing, evacuation, leakage and escape exercises are regularly performed. Two fire drills were conducted in the Year for Nanshan Hotel, Luohu Hotel and Baoan Hotel.

For electrical works, Nanshan Hotel, Luohu Hotel and Baoan Hotel have employed two electrical technicians who have valid licences granted by relevant government officials.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to provide a safety working environment and protecting employees from occupational hazards in the Year.

No non-compliance with law that resulted in significant fines or sanctions had been reported in the Year.

健康與安全

本集團採用非歧視僱傭常規並提供健康安全的工作場所。所有僱員均須嚴格遵守經營程序，包括但不限於(i)留意工作中是否存在危險情況，一經發現，應立即向上級部門報告；(ii)雙手推車；(iii)利用梯子或椅子從高處拿取物件或請求同事幫助；(iv)即時清除濕滑或油膩工作區域，防止滑倒；(v)禁止使用損壞機器或電器，避免事故發生；(vi)維持各種工具及安全設備；及(vii)嚴格執行行業規範及專業操作。

南山店、羅湖店及寶安店所有室內區域禁止吸煙。定期安排急救、消防、疏散、洩漏及逃生演習。南山店、羅湖店及寶安店於本年度進行兩次消防操練。

電氣工程方面，南山店、羅湖店及寶安店已僱用兩名電氣技術人員，彼等均獲相關政府部門授予有效許可證。

遵守相關法律及法規

本集團並不知悉任何不遵守相關法律及法規而具有有關本年度本集團提供安全工作環保及保護僱員免受職業傷害的重大影響。

本年度並無呈報導致重大罰款或處罰的法律不合規。

Environmental, Social and Governance Report

環境、社會及管治報告

DEVELOPMENT AND TRAINING

The Group has been committed to providing on-the-job training of its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise. During the Year, quarterly training courses were provided to the employees including but not limited to customer check-in and check-out procedures, room services techniques, disinfection techniques for hotel rooms, fire safety, handling customers' complaint, handling of items left by customers and so on. The employees participated actively in the training courses. For certain external training courses recommended by the Group, such fees of training course are borne by the Group in accordance with the specific guidelines of reimbursement stated in the employee handbook.

For recreation activities, the Group often organises a variety of physical and mental health or sports activities, such as various sports competitions, outdoor picnic and employees' birthday party.

LABOUR STANDARDS

The Group fully understands that the exploitation of child and forced labour are universally condemned, and therefore take the responsibility against child and forced labour very seriously. The Group complies with all laws and regulations against child labour and forced labour strictly for the three leased-and-operated hotels.

For entry registration, all employees must present valid documents and copies to the Group as follows: (i) identity card, academic proof such as diploma or degree certificate, title certificate, vocational qualification certificate, English grade certificate; (ii) social security card; (iii) medical or health certificate; (iv) recent photos; and (v) other relevant information and documents required by the Group. The above procedures can ensure no child labour will be employed in the hotel operations.

All Employees are entitled to have sick leave, injury leave and maternity leave with medical proof in accordance with the Labour Law of PRC. In addition, all employees work normally 8 hours daily and are not encouraged to work overtime. But if overtime work is required, the relevant employees and superior will agree mutually in written form. The compensation for overtime work is in accordance with the provisions of Labour Law of PRC.

發展及培訓

本集團承諾為其僱員提供在職培訓，以提高彼等的知識和技能。本集團鼓勵所有僱員抓緊每一個機會提升技能及知識，以更有效及高效執行當前的工作，及做好準備迎接職業機遇。於本年度，本集團向其僱員提供季度培訓課程，包括但不限於客戶入住和退房程序，客房服務技巧，酒店客房消毒技術，消防安全，客戶投訴處理，客戶遺漏物品處理等。僱員積極參與培訓課程。有關本集團建議的若干外部培訓課程，該等培訓課程的費用則由本集團根據僱員手冊中所述的具體補償指引承擔。

娛樂活動方面，本集團經常組織各種身心健康活動或體育活動，例如各種體育比賽、戶外野餐及僱員生日會等。

勞工準則

本集團深知僱用童工及強制勞工嚴重違反普世價值觀，因此竭力反對一切僱用童工及強制勞工的行為。本集團的三間租賃經營酒店遵守禁用童工及強制勞工的所有法律及法規。

為進行登記，所有僱員須向本集團提交以下有效文件及副本：(i)身份證、文憑或學位證書等學歷證明、職稱證書、職業資格證書、英語等級證書；(ii)社會保險卡；(iii)醫療或健康證明；(iv)近期相片；及(v)本集團所需之其他相關資料及文件。上述程序可確保在酒店營運不會僱用童工。

根據中國勞動法，所有員工有權享有帶有醫療證明的病假、工傷假及產假。此外，所有員工每天正常工作8小時，不鼓勵加班。倘需要加班工作，相關僱員及上司將雙方書面同意。加班補償符合中國勞動法的規定。

Environmental, Social and Governance Report

環境、社會及管治報告

Compliance with relevant laws and regulations

The Group is not aware of any non-compliance with the relevant laws and regulations relating to preventing child or forced labour on the Group in the Year.

No non-compliance with law that resulted in significant fines or sanctions had been reported in the Year.

SUPPLY CHAIN MANAGEMENT

The Group has set up strict supply chain management system to ensure high quality of service to our hotel customers. Specific attentions have been paid to promote the health and safety consumables and services of all three hotels.

The Group adheres to the principle of transparency and implements the values of honesty, integrity and fairness in the supply chain management. When selecting suppliers, the Group takes into account the factors such as quality of services and products, past performance and reputation of the suppliers. When dealing with suppliers of goods and services, the approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management. The Group expects major suppliers to observe the same environmental, social, health and safety and governance policies in their operating practices as those adopted by the Group.

The major suppliers for hotel operations are supply of bottles of water, washing of bed linings and pest control. For drinking water provided to customers, the Group places orders to acquire bottles of water from a well-known brand which has a series of green production procedures. For washing of bed linings, the Group requires the supplier to provide hygiene licence and environmental protection certificate prior to placing any order. For pest control, the Group requires the supplier to use pest control materials or consumables which fulfil the required standards of local laws and regulations.

PRODUCT RESPONSIBILITY

A high priority for the Group is to ensure customer satisfaction in terms of our products and services. Strenuous efforts are made to ensure compliance with the laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which we operate. The Group requires its employees to comply with applicable governmental and regulatory laws, rules, codes and regulations.

遵守相關法律及法規

本集團並不知悉任何不遵守有關本年度本集團防止童工及強制勞工的相關法律及法規。

本年度並無呈報導致重大罰款或處罰的法律不合規。

供應鏈管理

本集團已建立嚴格的供應鏈管理系統，確保向酒店客戶提供高質量的服務，並特別注重加強所有三間酒店的衛生及消耗品的安全性，並提升服務質量。

在供應鏈管理方面，本集團秉持透明、誠實、正直及公平的原則。本集團在甄選供應商時會考慮多項因素，如服務及產品質素、過往表現及供應商聲譽。本集團在採用貨品及服務供應商時執行審批程序以確保供應商委聘受到適當的管理層監控與審批。本集團要求主要供應商於其經營常規中在環境、社會、健康、安全以及企業管治方面採納與本集團一致的標準。

酒店營運的主要供應商為供應瓶裝水，洗滌床套和蟲害防治。客戶飲用水供應方面，本集團向知名品牌(擁有一系列綠色生產程序)下達訂單採購瓶裝水。洗滌床套方面，本集團於下達任何訂單前要求供應商提供衛生許可證和環境保護證書。在蟲害防治方面，本集團要求供應商使用符合本地法律法規要求的防蟲材料或消耗品。

產品責任

確保顧客滿意我們的產品和服務是本集團的重要宗旨。我們致力確保本集團在產品健康、安全、廣告、標籤以及私隱權方面遵守我們經營所在地的法律和法規。本集團亦要求員工遵守相關的政府規定、法律、規則、守則及規例。

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

The Group deals with lots of private and confidential information of its hotel customers. Hence, the Group has set up strict code of conduct requirements for their employees. In addition, the employees are required to maintain all reasonable methods to safeguard the information of the Group and the customers as stated in employee handbook and working practices.

As mentioned above, smoking is prohibited in all indoor areas of Nanshan Hotel, Luohu Hotel and Baoan Hotel. First aid, fire extinguishing, evacuation, leakage and escape exercises are regularly performed. Daily hotel room cleaning services and regular hygiene inspection are maintained from time to time. If a customer complains on initially assigned hotel room, the front line staff will arrange another hotel room until it is satisfied by the customer.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to health and safety, labelling and privacy matters relating to products and services provided and methods of redress on the Group in the Year.

No significant fines had been reported in the Year.

ANTI-CORRUPTION

Corruption, bribery, extortion, fraud and money laundering in any form are strictly prohibited. The Group's anti-corruption policies set out standards of conduct to which all employees are required to adhere in order to promote the integrity environment in the workplace. Any employee is prohibited from giving and accepting of advantages, by using the excuse of work or the authority granted from the Group. The advantages include but not limited to money, gifts, loans, rewards, contracts, services and entertainment.

All employees are required to strictly follow the guidelines stated in the employee handbook, which includes but is not limited to (i) protection of customer information, business decision and private documents; (ii) report and contribute to the Group for any gifts, commission, rebate exceeding RMB100; (iii) prohibit to use the name or authority of the Group for personal benefit; and (iv) prohibit to negotiate business separately such as signing of contract, purchase of equipment or goods without obtaining approval from relevant superiors.

本集團業務接觸大量酒店客戶私密資料。因此，本集團制定嚴格的員工行為守則。此外，我們要求員工按照員工手冊及工作準則要求採取一切合理方法對本集團及客戶資料保密。

誠如上文所述，南山店、羅湖店及寶安店所有室內區域嚴禁吸煙。急救、消防、疏散、洩漏及逃生演練定期舉行。日常酒店客房清潔服務及常規衛生檢查按部就班開展。如客戶對原先安排的客房不滿意，當班人員會安排更換另一間客房，直至客戶滿意。

遵守相關法律及法規

本集團並不知悉任何重大不遵守相關法律及法規而具有有關本年度本集團所提供產品及服務的健康及安全、標籤及私隱事宜以及糾正方法的重大影響。

本年度並無呈報重大罰款。

反貪污

任何形式的腐敗、賄賂、勒索、舞弊或洗黑錢行為一律嚴令禁止。本集團的反貪污政策訂有明確行為準則，並要求全體員工嚴格遵守，以營造公正的職場環境。所有員工嚴禁利用工作便利或本集團授予的權力提供或收受利益，包括但不限於現金、禮品、貸款、獎勵、合約、服務及款待。

全體員工須嚴格遵守員工手冊規定的守則，包括但不限於(i)對客戶資料、商業決策及私密檔案保密；(ii)將任何超過人民幣100元的禮品、佣金、返利上報並交還本集團；(iii)禁止使用本集團名義或權力謀取私利；及(iv)禁止在未經上級批准的情況下私下進行商業談判，例如簽訂合同、採購設備或商品等。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group encourages the reporting of dishonest acts by the employees. The human resources department may terminate the employment contract with the employee who carries out dishonest acts as stated in the employee handbook. The content of the complaint should be clear to the fact that it is forbidden to fabricate the facts without any factual basis or vent their anger. The criteria for a valid complaint includes (i) the individual is unfairly treated in which relevant superior handling of the problem is not fair, abuse of power or combat retaliation; and (ii) the behaviour of individual causes damage to the interests of the Group. All employees can raise their complaint by putting a written letter into a complaint box located at reception of the hotel, by mail to human resources department or even by verbal presentation.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact on the issuer relating to bribery, extortion, fraud and money laundering in the Year.

There was no legal case concerning corruption brought against the Group or its employees in the Year.

COMMUNITY INVESTMENT

The Group is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders, particularly to maintain the relationship with interest groups which are relevant to business operation. This is realised by first meeting the needs of the hotel employees and then further extending the caring and services to their families and to the surrounding community.

Although the Group has not established and documented a specific community policy, social care is deep-seated in the Group's corporate culture. Employees are encouraged to participate in various charitable events and community service.

本集團鼓勵舉報員工舞弊行為。人事部有權終止行為不檢(如僱員手冊所述)員工的僱傭合同。舉報內容應有理有據，嚴禁憑空捏造事實或純粹發洩怨憤。有效舉報應符合以下標準(i)個人因有關上司處理問題偏倚、濫用職權或報復而受到不公正對待；及(ii)個人行為損害本集團利益。所有員工可通過向酒店前台的舉報信箱投遞書面函件、向人事部寫信或口頭面陳等形式進行舉報。

遵守相關法律及法規

本集團並不知悉任何重大不遵守相關法律及法規而具有對發行人有關本年度賄賂、勒索、欺詐及洗黑錢的重大影響。

本年度並無對本集團或其僱員有關貪污的法律案件。

社區投資

本集團致力創造可持續繁榮為所有持份者帶來長期社會及經濟利益，尤其維持與業務營運相關的利益團體的關係，需首先滿足酒店僱員的需求，隨後進一步延伸關懷及服務至彼等家庭及周圍社區。

儘管本集團並未建立及記錄特定社區政策，但社會關懷深深植根於本集團的企業文化。本集團鼓勵僱員參與不同慈善活動及社區服務。

Report of the Directors

董事會報告

The directors of the Company (the “Directors”) are pleased to submit their report together with the audited consolidated financial statements of the Company, and its subsidiaries (collectively the “Group”) for the year ended 31 December 2017.

BUSINESS REVIEW

Details of business review are set out in the section of “Management Discussion and Analysis” on pages 7 to 17.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the budget hotel operations and provision of hotel consultancy and hotel management services in the People’s Republic of China (the “PRC”).

SEGMENT INFORMATION

An analysis of the Group’s performance for the year by business segments is set out in Note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated financial statements on page 66 of this annual report. The Directors do not recommend payment of any dividend in respect of the year ended 31 December 2017.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

PROPERTIES

The Group did not own any major property or property interests as at 31 December 2017.

SHARE CAPITAL

Details of the movements in the Company’s Share capital during the year are set out in Note 24 to the consolidated financial statements.

本公司董事(「董事」)欣然呈報其報告以及本公司及其附屬公司(統稱「本集團」)截至二零一七年十二月三十一日止年度的經審核綜合財務報表。

業務回顧

業務回顧的詳情載於第7至17頁之「管理層討論及分析」一節。

主要業務

本公司之主要業務為投資控股。本集團主要於中華人民共和國(「中國」)從事經營經濟酒店業務及提供酒店顧問與酒店管理服務。

分部資料

本集團年內按業務分部劃分之業績分析載於綜合財務報表附註6。

業績及股息

本集團截至二零一七年十二月三十一日止年度的業績載於本年報第66頁之綜合財務報表。董事不建議派付截至二零一七年十二月三十一日止年度之任何股息。

物業、廠房及設備

本集團之物業、廠房及設備於本年度的變動詳情載於綜合財務報表附註15。

物業

於二零一七年十二月三十一日，本集團並無任何主要物業或物業權益。

股本

本公司股本於本年度的變動詳情載於綜合財務報表附註24。

Report of the Directors 董事會報告

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company had no reserve available for distribution to shareholders including share premium account and accumulated losses.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 26 to the consolidated financial statements and in the consolidated statement of changes in the equity on page 70 respectively.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The diversity and nature of the Group's activities are such that the percentage of sales attributable to the Group's five largest customers contributed approximately 23.8% (2016: 36.2%) of the total and the Directors do not consider any one customer to be influential to the Group.

The main suppliers of the Group comprise of suppliers of disposable amenities, bed linings cleaning, laundry services, supply of bottles of water and pest control. For the financial year ended 31 December 2017, the Group's five largest suppliers in aggregate accounted for approximately 50.0% (2016: 78.0%) of the total purchases and purchases from the largest supplier accounted for approximately 28.6% (2016: 30.3%) of total purchases.

None of the Directors, their close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Share capital) had any interest in the Group's five largest customers or five largest suppliers during the financial year ended 31 December 2017.

可供分派儲備

於二零一七年十二月三十一日，本公司並無可供分派予股東之儲備包括股份溢價賬加保留虧損。

儲備

本公司及本集團之儲備於本年度的變動詳情分別載於綜合財務報表附註26及第70頁之綜合權益變動表。

稅務寬免及豁免

董事並不知悉股東因持有本公司證券可獲任何稅務寬免及豁免。

優先購買權

本公司組織章程細則或開曼群島法例並無有關優先購買權的條文，規定本公司須按比例向現有股東提呈發售新股。

主要客戶及供應商

由於本集團業務多元化及其性質關係，本集團五大客戶佔本集團銷售的比率約為23.8%（二零一六年：36.2%）。董事認為，並無任何單一客戶對本集團有重要影響。

本集團主要的供應商包括提供一次性消耗品、床套清潔、洗衣服務以及供應瓶裝水及進行蟲害防治的供應商。截至二零一七年十二月三十一日止財政年度，本集團五大供應商合共佔採購總額約50.0%（二零一六年：78.0%），而向最大供應商的採購則佔採購總額約28.6%（二零一六年：30.3%）。

截至二零一七年十二月三十一日止財政年度，概無董事、彼等之緊密聯繫人或任何本公司股東（據董事所深知，擁有本公司已發行股本5%以上者）於本集團的五大客戶或五大供應商擁有任何權益。

Report of the Directors 董事會報告

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2017, the Group had a loan of HK\$16,935,781 from China Medical Overseas Limited, controlling shareholder of the Company. The loan is unsecured, carries interest at the rate of 8% per annum and is repayable on 1 June 2020. Save for the loan, the Group did not have any outstanding bank borrowings (2016: nil).

Moreover, on top of the above Shareholder's loan, China Medical Overseas Limited has also made available a credit facility up to the amount of HK\$20,000,000 to the Company under substantially the same terms with the Shareholder's loan which the Company may request for drawdown at any time prior to 31 March 2018.

INTEREST CAPITALISATION

The Group had HK\$1,349,160 capitalised interest during the year ended 31 December 2017 (2016: HK\$95,973).

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for year ended 31 December 2017 is set out on page 128 of this annual report.

銀行借貸及其他借款

於二零一七年十二月三十一日，本集團擁有來自中華醫學海外有限公司(本公司控股股東)之借貸16,935,781港元。借貸為無抵押、按年利率8%計息及應於二零二零年六月一日償還，除此之外，本集團並無任何未償還銀行借貸(二零一六年：無)。

此外，除上述股東貸款外，中華醫學海外有限公司亦已根據與股東貸款大致相同的條款向本公司提供金額最多為20,000,000港元的信貸融資額度，可由本公司於二零一八年三月三十一日前隨時要求提取。

利息資本化

截至二零一七年十二月三十一日止年度，本集團擁有資本化利息1,349,160港元(二零一六年：95,973港元)。

本集團財務概要

本集團截至二零一七年十二月三十一日止年度的業績概要載於本年報第128頁。

Report of the Directors

董事會報告

DIRECTORS

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

Executive Directors:

Mr. Ye Shusheng
(Appointed with effect from 15 December 2017)
Mr. Huang Yun
Mr. Dai Lifeng
Mr. Min Zhi Dong (Appointed with effect from 1 April 2017
and resigned with effect from 1 March 2018)
Mr. Wu Lixin (Resigned with effect from 30 November 2017)

Non-executive Directors

Mr. Lu Zefeng
Mr. Chung Wai Man (Appointed with effect from 13 February 2017 and
resigned with effect from 30 November 2017)

Independent Non-executive Directors

Mr. Cheng Chai Fu (Appointed with effect from 9 March 2017)
Mr. Tso Hon Sai Bosco
Mr. Wong Yiu Kit Ernest
Mr. Leung Siu Hong (Resigned with effect from 9 March 2017)

Mr. Wu Lixin resigned as an executive Director and the chief executive officer with effect from 30 November 2017. Mr. Chung Wai Man resigned as a non-executive Director with effect from 30 March 2017. Mr. Leung Siu Hong resigned as an independent non-executive Director with effect from 9 March 2017. Mr. Min Zhi Dong resigned as an executive Director with effect from 1 March 2018. Mr. Wu Lixin, Mr. Chung Wai Man, Mr. Leung Siu Hong and Mr. Min Zhi Dong have confirmed that they have no disagreement with the Board and they are not aware of any matter regarding their resignation that need to be brought to the attention of the shareholders of the Company. The Board would like to express its sincere gratitude to Mr. Wu Lixin, Mr. Chung Wai Man, Mr. Leung Siu Hong and Mr. Min Zhi Dong for their valuable contributions to the Company during their tenure of office.

The terms of office of each Director are subject to retirement by rotation in accordance with the Company's Articles of Association.

董事

於本年度直至本報告日期，本公司之董事如下：

執行董事：

叶樹生先生
(自二零一七年十二月十五日起獲委任)
黃雲先生
戴立峰先生
閔志東先生(自二零一七年四月一日起獲委任
並自二零一八年三月一日起辭任)
吳立新先生
(自二零一七年十一月三十日起辭任)

非執行董事：

陸澤峰先生
鍾偉文先生(自二零一七年二月十三日起獲
委任並自二零一七年十一月三十日起辭任)

獨立非執行董事：

鄭濟富先生(自二零一七年三月九日起獲委任)
曹漢璽先生
黃耀傑先生
梁兆康先生(自二零一七年三月九日起辭任)

吳立新先生自二零一七年十一月三十日起辭任執行董事及行政總裁。鍾偉文先生自二零一七年三月三十日起辭任非執行董事。梁兆康先生自二零一七年三月九日起辭任獨立非執行董事。閔志東先生自二零一八年三月一日起辭任執行董事。吳立新先生、鍾偉文先生、梁兆康先生及閔志東先生已確認彼等與董事會並無意見分歧，彼等亦不知悉有關彼等辭任的任何事項需提請本公司股東垂注。董事會謹此衷心感謝吳立新先生、鍾偉文先生、梁兆康先生及閔志東先生於任職期間對本公司作出的寶貴貢獻。

各董事須根據本公司組織章程細則輪席退任。

Report of the Directors

董事會報告

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out from pages 18 to 22 of this annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the 2017 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.

PERMITTED INDEMNITY PROVISION

The service agreements entered into by the Company with each of the executive Directors, which are currently in force and were in force during the year ended 31 December 2017, contain indemnity provisions which are permitted indemnity provisions under section 467 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the benefit of the executive Directors. Pursuant to such provisions, the Company shall indemnify any executive Director against any liability attaching to him in connection with any legal proceedings in which he is involved by reason of being a Director, and in which the judgment is given in his favour or in which he is acquitted.

TERMS OF OFFICE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors were appointed for a specific term of one year to three years, but subject to the relevant provisions of the Articles of Associations or any other applicable laws whereby the directors shall vacate or retire from their office.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group are set out in Note 8 to the consolidated financial statements, respectively. Remuneration packages of the Directors are recommended by the Remuneration Committee and approved by the Board.

董事及高級管理層之履歷

本公司董事及本集團高級管理層之履歷詳情載於本年報第18至22頁。

董事之服務合約

本公司概無與任何擬於二零一七年股東週年大會上膺選連任之董事訂立不可由本公司於一年內終止而毋須作出賠償(法定賠償除外)之服務合約。

獲准許彌償條文

本公司與各執行董事訂立的服務協議(目前具有效力及於截至二零一七年十二月三十一日止年度內具有效力)就執行董事的利益載有彌償條文(為根據香港法例第622章公司條例第467條的獲准許彌償條文)。根據有關條文,倘任何執行董事因以董事身份涉及任何法律程序而附加任何責任,並獲判勝訴或無罪,則本公司應就任何該等責任彌償有關執行董事。

獨立非執行董事之任期

所有獨立非執行董事之指定任期為一至三年,惟董事的離任或退任須受組織章程細則或任何其他適用法例的有關條文所規限。

董事薪酬及五名最高薪酬人士

本公司董事之薪酬及本集團五名最高薪酬人士之詳情乃分別載於綜合財務報表附註8。董事之薪酬方案由薪酬委員會提出並由董事會審批。

Report of the Directors 董事會報告

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

董事及主要行政人員於本公司及其
相關法團股份、相關股份及債權證
之權益及淡倉

As at 31 December 2017, so far as was known to the Directors, the following Director had interest in the shares of the Company as notified to the Company and the Stock Exchange pursuant to the Model Code and as recorded in the register required to be kept by the Company under section 352 of the SFO:

就董事所知，於二零一七年十二月三十一日，以下董事於本公司股份中擁有根據標準守則須知會本公司及聯交所及須登記於本公司根據證券及期貨條例第352條存置之登記冊之權益：

Name of Director	Capacity/Nature of interest	Number and class of shares	Approximately percentage of the issued share capital (Note) 佔已發行股本概約百分比(附註)
董事姓名	身份／權益性質	股份數目及類別	
Dai Lifeng 戴立峰	Beneficial owner 實益擁有人	8,060,000 Shares 8,060,000股	1.80% 1.80%

Note: The approximate shareholding percentage is based on the number of Shares in issue as at 31 December 2017 of 448,363,708.

附註：概約股權百分比乃基於二零一七年十二月三十一日已發行股份448,363,708股。

Save as disclosed above, as at 31 December 2017, so far as was known to the Directors, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，就董事所知，於二零一七年十二月三十一日，概無本公司董事及主要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)的任何股份、相關股份或債權證內擁有須登記於本公司根據證券及期貨條例第352條存置之登記冊或根據標準守則須知會本公司及聯交所的任何權益及淡倉。

Report of the Directors 董事會報告

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

主要股東及其他人士於本公司股份、相關股份及債權證之權益及淡倉

As at 31 December 2017, so far as was known to the Directors, the following substantial shareholders (as defined in the Listing Rules) of the Company, not being Directors or the chief executive of the Company, had interests in the Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

就董事所知，於二零一七年十二月三十一日，以下本公司主要股東（定義見上市規則）（並非本公司董事或主要行政人員）於股份中擁有須登記於本公司根據證券及期貨條例第336條存置之登記冊之權益：

Name 姓名	Capacity 身份	Number of shares 股份數目	Aggregate percentage of Shareholding (Note 1) 總股權百分比 (附註1)
China Medical Overseas Limited (formerly known as China Angel Investments Holding Limited) (Note 2) 中華醫學海外有限公司(前稱中國天使投資控股有限公司) (附註2)	Beneficial owner 實益擁有人	259,417,060	57.86%
Ding Yifan (Note 2) 丁一凡(附註2)	Beneficial owner 實益擁有人	16,770,000	
	Interest of a controlled corporation 受控制法團之權益	259,417,060	
		276,187,060	61.60%
Central China International Investment Company Limited (Note 3) 中州國際投資有限公司(附註3)	Person having a security interest in Shares 於股份擁有保證權益之人士	201,503,082	44.94%
Central China Securities Co. Ltd. (Note 3) 中原證券股份有限公司(附註3)	Interest of a controlled corporation 受控制法團之權益	201,503,082	44.94%
Central China International Financial Holdings Company Limited (Note 3) 中州國際金融控股有限公司 (附註3)	Interest of a controlled corporation 受控制法團之權益	201,503,082	44.94%
Lyu Na (Note 4) 呂娜(附註4)	Interest of spouse 配偶權益	276,187,060	61.60%
China Dragon Asia Champion Fund Series SPC	Investment manager 投資經理	41,378,071	9.23%

Report of the Directors

董事會報告

Note 1: The approximate shareholding percentages are based on the number of Shares in issue as at 31 December 2017 of 448,363,708.

Note 2: As at 31 December 2017, the equity interests in China Medical Overseas Limited were owned by Mr. Ding Yifan and Mr. Huang Yun as to 90% and 10% respectively. Mr. Ding Yifan was therefore deemed to be interested in the 259,417,060 Shares in which China Medical Overseas Limited was interested under the SFO.

Note 3: As at 31 December 2017, the 201,503,082 shares were subject to a share charge executed by China Medical Overseas Limited (as charger) in favour of Central China International Investment Company Limited (as chargee).

As at 31 December 2017, Central China International Investment Company Limited was wholly owned by Central China International Financial Holdings Company Limited, which was in turn wholly owned by Central China Securities Co. Ltd.. Accordingly, Central China Securities Co. Ltd. and Central China International Financial Holdings Company Limited were deemed to be interested in the 201,503,082 Shares in which Central China International Investment Company Limited was interested under the SFO.

Note 4: Lyu Na, the spouse of Mr. Ding Yifan, was deemed to be interested in the 276,187,060 shares in which Mr. Ding Yifan was interested under the SFO.

Save as disclosed above, as at 31 December 2017, so far as was known to the Directors, no other person (not being a Director or the chief executive of the Company) had any interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2017 and up to the date of this report, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

附註1：概約股權百分比乃基於二零一七年十二月三十一日已發行股份448,363,708股。

附註2：於二零一七年十二月三十一日，中華醫學海外有限公司由丁一凡先生及黃雲先生分別擁有90%及10%股權。因此，丁一凡先生根據證券及期貨條例被視為於中華醫學海外有限公司擁有權益之259,417,060股股份中擁有權益。

附註3：於二零一七年十二月三十一日，該等201,503,082股股份被中華醫學海外有限公司(質押人)質押予中州國際投資有限公司(承押人)。

於二零一七年十二月三十一日，中州國際投資有限公司由中州國際金融控股有限公司全資擁有，而中州國際金融控股有限公司則由中原證券股份有限公司全資擁有。因此，中原證券股份有限公司及中州國際金融控股有限公司根據證券及期貨條例被視為於中州國際投資有限公司擁有權益的201,503,082股股份中擁有權益。

附註4：根據證券及期貨條例，丁一凡先生的配偶呂娜被視為於丁一凡先生擁有權益的276,187,060股股份中擁有權益。

除上文所披露者外，就董事所知，於二零一七年十二月三十一日，概無其他人士(並非本公司董事或主要行政人員)於股份或相關股份中擁有須登記於本公司根據證券及期貨條例第336條存置之登記冊之權益或淡倉。

董事於競爭業務之權益

截至二零一七年十二月三十一日止年度及直至本報告日期，董事概不知悉董事、本公司管理層及彼等各自的聯繫人(定義見上市規則)之任何業務或權益與本集團的業務出現或可能出現競爭，亦不知悉任何該等人士已經或可能與本集團出現任何其他利益衝突。

Report of the Directors

董事會報告

DIRECTORS' INTERESTS IN CONTRACTS

There was no

- (1) transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party;
- (2) contract of significance between the Company, or any of its subsidiaries, and any of the Company's controlling shareholders or their subsidiaries; or
- (3) contract of significance for the provision of services to the Company, or any of its subsidiaries, by any of the Company's controlling shareholders or their subsidiaries

subsisting during or at the end of the financial year in which any Director or any entity connected with any Director is or was materially interested, either directly or indirectly.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares or debentures of, the Company or any other body corporates.

RELATED PARTY TRANSACTION

The related party transactions set out in note 30 to the consolidated financial statements constituted continuing connected transactions of the company which were fully exempt under chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with Directors or persons engaged in the full-time employment of the Company were entered into or existed during the year under review.

董事於合約中的權益

概無任何董事或與任何董事有關連的任何實體（不論直接或間接）擁有重大權益的

- (1) 本公司或其任何附屬公司為其中一方且與本集團業務有關的重要交易、安排或合約；
- (2) 本公司或其任何附屬公司與本公司任何控股股東或彼等附屬公司之間的重要合約；或
- (3) 就本公司任何控股股東或彼等附屬公司向本公司或其任何附屬公司提供服務的重要合約

於財政年度期間或財政年度末仍然存續。

購買股份或債權證的安排

本公司或其任何附屬公司於年內任何時間概無訂立任何安排，以使董事可透過收購本公司或任何其他法團之股份或債權證而獲益。

關聯方交易

載列於綜合財務報表附註30的關聯方交易構成本公司根據上市規則第14A章獲全面豁免的持續關連交易。

管理合約

於回顧年度內，本公司概無訂立或訂有任何有關管理與經營本公司全部或任何重大部分業務之合約（並非與本公司董事或全職受僱的人士訂立的服務合約）。

Report of the Directors

董事會報告

CONNECTED TRANSACTIONS

The related party transactions set out in note 30 to the consolidated financial statements constituted continuing connected transactions of the Company which were fully exempt under Chapter 14A of the Listing Rules.

On 2 June 2017, 28 August 2017 and 28 December 2017, the Company's controlling owner, China Medical Overseas Limited, advanced secured shareholder's loans ("Shareholder's loans") in the amount of HK\$6,000,000, HK\$5,500,000 and HK\$5,000,000 respectively, to the Company which is on normal commercial terms or better to the Group. Such Shareholders' loans are all for a term of 3 years and carry interest at the rate of 8% per annum.

Moreover, on 28 August 2017, on top of the above Shareholder's loans, China Medical Overseas Limited has also made available a credit facility up to amount of HK\$20,000,000 to the Company under substantially the same terms with the Shareholder's loans which the Company may request for drawdown at any time prior to 31 March 2018.

SHARE OPTION SCHEME

The Company has a Share option scheme ("Scheme") which was adopted pursuant to a resolution of the sole shareholder passed on 22 June 2011. The purpose of the Scheme is to attract, retain and motivate talented participants to strive for future developments and expansion of the Group. The Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

The Board may, at its discretion, invite any director, full-time employee or part time employee with weekly working hours of 10 hours or above of the Group, any adviser or consultant (in the areas of legal, technical, financial or corporate managerial) to the Group, any provider of goods and/or services to the Group, any other person who, at the sole determination of the Board, has contributed to the Group, and any trustee of a trust whose beneficiaries or objects include any of the above persons to become participants of the Scheme.

關連交易

載列於綜合財務報表附註30的關聯方交易構成本公司根據上市規則第14A章獲全面豁免的持續關連交易。

於二零一七年六月二日、二零一七年八月二十八日及二零一七年十二月二十八日，本公司分別與本公司的控股股東中華醫學海外有限公司按一般商業條款或更有利於本集團的條款，向本公司墊付金額分別為6,000,000港元、5,500,000港元及5,000,000港元的無抵押股東貸款（「股東貸款」）。該股東貸款均為期三年並按年利率8%計息。

另外，於二零一七年八月二十八日，除上述股東貸款外，中華醫學海外有限公司亦已根據與股東貸款大致相同的條款向本公司提供金額最多為20,000,000港元的信貸融資額度，並可由本公司於二零一八年三月三十一日前隨時要求提取。

購股權計劃

本公司設有一項根據唯一股東於二零一一年六月二十二日通過的決議案而採納之購股權計劃（「該計劃」）。該計劃的目的是吸引、挽留及激勵有能力的參與者，為本集團的未來發展及擴展而奮鬥。該計劃可作為鼓勵參與者為達成本集團的目標而作出其最佳表現之獎勵，讓參與者分享本公司因其努力及貢獻而取得的成果。

董事會可酌情邀請本集團任何董事、全職僱員或每星期工作時數為10小時或以上的兼職僱員、本集團（就法律、技術、財務或企業管理方面）任何諮詢人或顧問、本集團任何貨品及／或服務供應商、董事會全權認為對本集團有貢獻的任何其他人士以及其受益人或對象包括上述任何人士的信託的任何信託人成為該計劃的參與者。

Report of the Directors 董事會報告

The maximum number of Shares in respect of which options may be granted under the Scheme together with any options outstanding and yet to be exercised under the Scheme and any other Share option schemes of the Company shall not exceed 30% of the total number of Shares of the Company in issue from time to time. In addition to the foregoing 30% limit, the total number of Shares which may be issued upon exercise of all Share options to be granted under the Scheme and any other Share option schemes of the Company shall not in aggregate exceed 10% of the total number of the Shares in issue as at the date of completion of the placing of the Shares of the Company for the purpose of the listing on the Growth Enterprise Market of the Stock Exchange, i.e. 14 July 2011, unless otherwise approved by the shareholders of the Company at general meeting. As at the date of this annual report, the total number of Shares available for issue under the Scheme is 9,100,000, representing 2% of the total number of issued Shares of the Company.

The total number of Shares issued and to be issued upon exercise of the Share options granted to each participant under the Scheme (including exercised, cancelled and outstanding Share options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue.

An offer of Share options under the Scheme shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the share options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

Share options granted under the Scheme may be exercised at any time during the option period after they have been granted by the Board but, in any event, not more than 10 years commencing on the date of grant. The Share options granted shall lapse automatically (to the extent not already exercised) on the expiry of the option period.

The subscription price for shares under the Scheme, subject to any adjustments made pursuant to reorganisation of capital structure, shall be a price determined by the Board in its absolute discretion at the time of grant of the relevant Share options and notified to the participant and shall be no less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheets on the date on which the relevant Share options are granted; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which the relevant Share options are granted; and (iii) the nominal value of the Shares of the Company.

該計劃可予授出的購股權，連同根據該計劃及本公司任何其他購股權計劃的任何發行在外及有待行使的購股權所涉及的股份數目，最高不得超過本公司不時已發行股份總數的30%。除上述30%限制外，除非本公司股東於股東大會上另有批准，否則根據行使該計劃及本公司任何其他購股權計劃項下將予授出的所有購股權而可能發行的股份總數合計不得超過於本公司就於聯交所創業板上市而配售股份完成日期（即二零一一年七月十四日）的已發行股份總數10%。於本年報日期，根據該計劃可供發行的股份總數為9,100,000股，佔本公司已發行股份總數2%。

該計劃項下各參與者於任何12個月期間內因行使其獲授購股權（包括已行使、已註銷及尚未行使的購股權）而已發行及將發行的股份總數，不得超過本公司已發行相關類別證券的1%。

倘於提呈要約日期起計28日內，本公司接獲承授人正式簽署有關接納購股權的相關要約函副本，連同承授人向本公司匯款1.00港元作為獲授購股權的代價，則該計劃項下購股權要約視為已獲承授人接納。

該計劃項下授出的購股權可於董事會授予購股權當日起計的購股權行使期內隨時行使，惟任何情況下，自授出日期起計不得超過10年。當購股權行使期屆滿時，尚未行使的已授出購股權將自動失效及失去行使效力。

該計劃項下的股份認購價（可根據資本架構重組作出任何調整）將由董事會於授出相關購股權時按其絕對酌情權釐定，並知會參與者，而價格不得低於下列各項的最高者：(i)於授出相關購股權日期聯交所每日報價表所載的本公司股份收市價；(ii)於緊接授出相關購股權日期前五個營業日聯交所每日報價表所載的本公司股份平均收市價；及(iii)本公司股份面值。

Report of the Directors 董事會報告

The Scheme became effective on 22 June 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from the adoption date, i.e. until 21 June 2021.

Further details about the principal terms of the Scheme are set out in the paragraph headed “Share Option Scheme” in Appendix V to the Company’s prospectus dated 30 June 2011.

During the financial year ended 31 December 2017, the Company has not granted any Share option under the Scheme. No Share option under this Scheme remains outstanding as at 31 December 2017 (31 December 2016: Nil).

PENSION SCHEMES

As of 31 December 2017, the Group had no forfeited contributions available to redeem its contributions to the pension scheme in future years (2016: nil). The Group participates in a defined contribution retirement scheme organised by the government in the PRC and a Mandatory Provident Fund Scheme. Particulars of these schemes are set out under “Employee benefits” in Note 3 of the consolidated financial statements.

AUDITOR

The financial statements for the year ended 31 December 2017 have been audited by ZHONGHUI ANDA CPA Limited (“ZHONGHUI”) and a resolution for the reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting. ZHONGHUI has been the auditor of the Company since 4 November 2014.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.legend-strategy.com.

By Order of the Board

Ye Shusheng
Executive Director

7 March 2018

該計劃由二零一一年六月二十二日起生效，除非取消或修訂，否則該計劃將由採納日期起十年內有效(即直至二零二一年六月二十一日)。

有關該計劃的主要條款的進一步詳情載於本公司日期為二零一一年六月三十日的招股章程附錄五「購股權計劃」一段。

於截至二零一七年十二月三十一日止財政年度，本公司並無根據計劃授出任何購股權。於二零一七年十二月三十一日，該計劃項下概無尚未行使之購股權(二零一六年十二月三十一日：無)。

退休計劃

截至二零一七年十二月三十一日，本集團概無沒收可供未來數年贖回的退休計劃供款(二零一六年：無)。本集團參與一項由中國政府安排之定額供款退休計劃及強制性公積金計劃。該等計劃的詳情載列於綜合財務報表附註3「僱員福利」。

核數師

截至二零一七年十二月三十一日止年度之財務報表已由中匯安達會計師事務所有限公司(「中匯」)所審核，而本公司將於應屆股東週年大會上提呈重新委任中匯為本公司核數師的決議案。自二零一四年十一月四日以來，中匯一直為本公司核數師。

於網站刊發資料

本年報可於聯交所網站www.hkex.com.hk及本公司網站www.legend-strategy.com瀏覽。

承董事會命

叶樹生
執行董事

二零一八年三月七日

Independent Auditor's Report

獨立核數師報告



TO THE SHAREHOLDERS OF LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Legend Strategy International Holdings Group Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 66 to 127, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致枋濬國際集團控股有限公司股東
(於開曼群島註冊成立之有限公司)

意見

我們已審核載於第66頁至127頁的枋濬國際集團控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一七年十二月三十一日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益表、綜合權益變動報表及綜合現金流量表以及綜合財務報表附註(包括主要會計政策概要)。

我們認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實及公平地提供貴集團於二零一七年十二月三十一日之綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已根據香港《公司條例》之披露規定妥為編製。

意見基礎

我們已根據香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審核。在這些準則下，我們的責任會在我們報告中核數師就審核綜合財務報表須承擔的責任一節中進一步闡述。根據香港會計師公會之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是充足和適當地為我們的審核意見提供基礎。

Independent Auditor's 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Property, plant and equipment

Refer to Note 15 to the consolidated financial statements

The Group tested the amount of property, plant and equipment for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment of HK\$11,592,467 as at 31 December 2017 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Assessing the arithmetical accuracy of the value-in-use calculations;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates); and
- Checking input data to supporting evidence.

We consider that the Group's impairment test for property, plant and equipment is supported by the available evidence.

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本期綜合財務報表中最重要的事項。我們在審核整體綜合財務報表和就此形成意見時處理此等事項，而不會就此等事項單獨發表意見。我們認為下列事項為報告中溝通的關鍵審核事項。

物業、廠房及設備減值

請見綜合財務報表附註15

貴集團就物業、廠房及設備金額進行減值測試。由於物業、廠房及設備於二零一七年十二月三十一日之結餘11,592,467港元對綜合財務報表而言屬重大，因此有關減值測試對我們的審核非常重要。此外，貴集團之減值測試涉及應用基於假設及估計之判斷。

我們的審核程序包括(其中包括)：

- 評估相關現金產生單位之識別；
- 評估使用價值計算之算數準確性；
- 將實際現金流量與現金流量預測進行對比；
- 評估主要假設(包括收益增長、利潤率、終端增長率及貼現率)之合理性；及
- 檢查支持憑證的輸入數據。

我們認為，貴集團為物業、廠房及設備所作之減值測試已由可得憑證支持。

Independent Auditor's Report 獨立核數師報告

Deposits paid for proposed acquisition (the "Deposits")

Refer to Note 16(b) to the consolidated financial statements

The Group tested the amount of Deposits for impairment. This impairment test is significant to our audit because the balance of the Deposits of HK\$23,988,000 as at 31 December 2017 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Evaluating the Group's impairment assessment;
- Assessing aging of the Deposits;
- Obtaining confirmation from the payee in respect of the amount and refundability of the deposits; and
- Discussing the current status of the proposed acquisition with the Group.

We consider that the Group's impairment test for the Deposits is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

就建議收購支付之按金(「按金」)

請見綜合財務報表附註16(b)

貴集團就按金金額進行減值測試。由於按金於二零一七年十二月三十一日之結餘23,988,000港元對綜合財務報表而言屬重大，因此有關減值測試對我們的審核非常重要。此外，貴集團之減值測試涉及應用基於估計之判斷。

我們的審核程序包括(其中包括)：

- 評估 貴集團所作之減值評估；
- 評估按金賬齡；
- 就按金金額及可回收性自取款人獲得確認；及
- 與 貴集團就建議收購之現狀進行討論。

我們認為，貴集團就按金之減值測試有可得的證券支持。

其他資料

董事須對其他資料承擔責任。其他資料包括 貴公司年報中所包含的全部資料，但不包括綜合財務報表及我們就此發出的核數師報告。

我們對綜合財務報表作出的意見並未考慮其他資料。我們不對其他資料發表任何形式的核證結論。

就審核綜合財務報表而言，我們的責任是閱讀其他資料，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。倘若我們基於已完成的工作認為其他資料出現重大錯誤陳述，我們須報告此一事實。我們就此並無須報告事項。

Independent Auditor's Report

獨立核數師報告

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: <http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Audit Engagement Director
Practising Certificate Number P06084
Hong Kong, 7 March 2018

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不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)。除非董事有意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，否則董事須採用以持續經營為基礎的會計法。

核數師就審核綜合財務報表須承擔的責任

我們的目標是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們的報告僅向閣下(作為整體)編製，而並不可作其他目的。我們概不就本報告的內容對其他任何人士負責或承擔責任。合理確定屬高層次的核證，但不能擔保根據香港核數準則進行的審核工作總能發現所有存在的重大錯誤陳述。重大錯誤陳述可源於欺詐或錯誤，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，被視為重大錯誤陳述。

有關審核綜合財務報表之責任的進一步描述載於香港會計師公會網頁：<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

該描述構成本核數師報告之一部分。

中匯安達會計師事務所有限公司
執業會計師
吳家樂
審計項目董事
執業牌照號碼P06084
香港，二零一八年三月七日

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 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Revenue	收益	6	16,281,691	17,654,630
Operating lease expenses	營運租賃開支		(14,724,858)	(11,832,887)
Depreciation of property, plant and equipment	物業、廠房及設備折舊		(4,773,982)	(4,211,016)
Amortisation of other asset	其他資產攤銷		(2,400,000)	(480,000)
Employee benefit expenses	僱員福利開支	7	(21,604,443)	(21,591,413)
Utilities	公用設施		(1,202,004)	(1,317,288)
Other operating expenses	其他營運開支	12	(11,352,363)	(14,997,529)
Gain on disposal of subsidiaries	出售附屬公司的收益	31	2,008,866	–
Impairment of property, plant and equipment	物業、廠房及設備減值		–	(597,891)
Impairment of other receivables	其他應收款項減值		–	(18,700,000)
Written off of prepaid operating lease	撇銷預付經營租賃		–	(8,931,190)
Written off of prepayments	撇銷預付款項		–	(1,100,000)
Written off of property, plant and equipment	撇銷物業、廠房及設備		(1,677,105)	(29,379,804)
Other income	其他收入	9	1,049,873	1,051,863
Operating loss	營運虧損		(38,394,325)	(94,432,525)
Finance costs	融資成本	10	(7,442,204)	(6,057,522)
Loss before tax	除稅前虧損		(45,836,529)	(100,490,047)
Income tax credit	所得稅抵免	11	408,536	2,200,814
Loss for the year	年內虧損	12	(45,427,993)	(98,289,233)
Other comprehensive loss:	其他全面虧損：			
<i>Items that may be reclassified to profit or loss:</i>	<i>可能重新分類至損益之項目：</i>			
Exchange differences reclassified to profit or loss on disposal of subsidiaries	重新分類至出售附屬公司損益的匯兌差額	31	(1,678,206)	–
Exchange differences on translating foreign operations	換算海外業務產生之匯兌差額		495,985	(553,027)
Total comprehensive loss for the year	年內全面虧損總額		(46,610,214)	(98,842,260)

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 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Loss for the year attributable to:	以下人士應佔年內虧損：			
Owners of the Company	本公司擁有人		(45,356,200)	(98,289,233)
Non-controlling interests	非控股權益		(71,793)	–
			(45,427,993)	(98,289,233)
Total comprehensive loss for the year attributable to:	以下人士應佔年內全面虧損總額：			
Owners of the Company	本公司擁有人		(46,544,552)	(98,842,260)
Non-controlling interests	非控股權益		(65,662)	–
			(46,610,214)	(98,842,260)
Loss per share	每股虧損	14		
– Basic (Hong Kong cents)	– 基本(港仙)		(11.18)	(24.98)
– Diluted (Hong Kong cents)	– 攤薄(港仙)		(11.18)	(24.98)

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

		Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	11,592,467	9,167,109
Deposits	按金	16	23,988,000	23,988,000
Rental deposits	租賃按金	16	1,574,898	3,241,518
Prepayment	預付款項	16	–	7,180,044
Other asset	其他資產	17	–	2,400,000
Deferred income tax assets	遞延所得稅資產	18	4,286,514	3,187,371
			41,441,879	49,164,042
Current assets	流動資產			
Rental deposits	租賃按金	16	1,950,980	–
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	16	830,726	21,762,008
Trade receivables	應收賬款	19	268,265	64,555
Bank and cash balances	銀行及現金結餘		7,877,594	10,100,000
			10,927,565	31,926,563
Current liabilities	流動負債			
Convertible bonds	可換股債券	20	–	53,152,913
Trade and other payables	應付賬款及其他應付款項	21	7,732,083	9,796,604
Tax payable	應付稅項		1,063,262	1,518,650
Provision for asset retirement	報廢資產復原撥備	22	232,000	659,645
			9,027,345	65,127,812
Net current assets/(liabilities)	淨流動資產/(負債)		1,900,220	(33,201,249)
Total assets less current liabilities	資產總值減流動負債		43,342,099	15,962,793

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

		Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Non-current liabilities	非流動負債			
Provision for asset retirement	報廢資產復原撥備	22	4,280,635	3,135,871
Borrowings	借貸	23	16,935,781	–
			21,216,416	3,135,871
Net assets	資產淨值		22,125,683	12,826,922
EQUITY	權益			
Capital and reserves	資本及儲備			
Share capital	股本	24	4,483,637	3,935,250
Reserves	儲備		16,899,063	8,891,672
Equity attributable to owners of the Company	本公司擁有人應佔權益		21,382,700	12,826,922
Non-controlling interests	非控股權益		742,983	–
Total equity	權益總額		22,125,683	12,826,922

The consolidated financial statements on pages 66 to 127 were approved and authorised for issue by the board of directors on 7 March 2018 and are signed on its behalf by:

Approved by:

Huang Yun
黃雲
Director
董事

於第66頁至第127頁的綜合財務報表已於二零一八年三月七日獲董事會批准及授權刊發並由以下人士代表簽署：

由以下人士審批：

Ye Shusheng
叶樹生
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔										
		Share capital 股本	Share premium* 股份溢價*	Exchange reserve* 匯兌儲備*	Statutory reserve* 法定儲備*	Convertible equity reserve* 可換股債券 權益儲備*	Other reserve* 其他儲備*	Shareholder's contributions* 股東注資*	Accumulated losses* 累計虧損*	Sub-total 小計	Non-controlling interests 非控股權益	Total 總計
Notes 附註	HK\$ 港元											
At 1 January 2016	於二零一六年一月一日	3,935,250	204,694,080	2,373,730	1,742,763	-	8,020,110	20,751,024	(134,149,267)	107,367,690	-	107,367,690
Total comprehensive loss for the year	年內全面虧損總額	-	-	(553,027)	-	-	-	-	(98,289,233)	(98,842,260)	-	(98,842,260)
Issue of convertible bonds	發行可換股債券	20	-	-	-	4,301,492	-	-	-	4,301,492	-	4,301,492
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	3,935,250	204,694,080	1,820,703	1,742,763	4,301,492	8,020,110	20,751,024	(232,438,500)	12,826,922	-	12,826,922
Total comprehensive loss for the year	年內全面虧損總額	-	-	(1,188,352)	-	-	-	-	(45,356,200)	(46,544,552)	(65,662)	(46,610,214)
Conversion of convertible bonds	兌換可換股債券	24	548,387	59,662,080	-	(4,301,492)	-	-	-	55,908,975	-	55,908,975
Disposal of partial interest in a subsidiary	出售一間附屬公司的部分權益	31	-	-	-	-	-	-	(808,645)	(808,645)	808,645	-
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	(356,631)	356,631	-	-	-
At 31 December 2017	於二零一七年十二月三十一日	4,483,637	264,356,160	632,351	1,742,763	-	8,020,110	20,394,393	(278,246,714)	21,382,700	742,983	22,125,683

Note:

* These reserve accounts comprise the consolidated reserve of HK\$16,899,063 (2016: HK\$8,891,672) in the consolidated statement of financial position.

附註：

* 該等儲備賬包括綜合財務狀況表之綜合儲備16,899,063港元(二零一六年：8,891,672港元)。

Consolidated Statement of Cash Flows

綜合現金流量表

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

		Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Cash flows from operating activities	經營活動產生的現金流量			
Loss before tax	除稅前虧損		(45,836,529)	(100,490,047)
Adjustments for:	經調整：			
Depreciation	折舊		4,773,982	4,211,016
Amortisation of other asset	其他資產攤銷		2,400,000	480,000
Finance cost on asset retirement obligations	報廢資產復原債務的融資成本		190,469	184,098
Interest on borrowings	借貸的利息		435,781	-
Imputed interest costs on convertible bonds	可換股債券之估息成本		6,815,954	5,873,424
Bank interest income	銀行利息收入		(3,739)	(3,808)
Impairment of property, plant and equipment	物業、廠房及設備減值		-	597,891
Impairment of other receivables	其他應收款項減值		-	18,700,000
Gain on disposal of subsidiaries	出售附屬公司的收益	31	(2,008,866)	-
Gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益		-	(611)
Written off of property, plant and equipment	撇銷物業、廠房及設備		1,677,105	29,379,804
Written off of prepaid-operating lease	撇銷預付經營租賃		-	8,931,190
Written off of rental deposits	撇銷租賃按金		-	449,464
Written off of prepayments	撇銷預付款項		-	1,100,000
Share-based payment arising from the issue of convertible bonds	發行可換股債券產生之以股份為基礎之付款		-	1,485,008
Operating loss before working capital changes	營運資金變動前的經營虧損		(31,555,843)	(29,102,571)
Change in trade and other receivables	應收賬款及其他應收款項的變動		20,723,211	(20,213,959)
Change in rental deposits	租賃按金的變動		(284,360)	96,200
Change in trade and other payables	應付賬款及其他應付款項的變動		(2,547,717)	(2,104,445)
Cash used in operations	經營所用現金		(13,664,709)	(51,324,775)
Income tax paid	已付所得稅		(415,473)	-
Net cash used in operating activities	經營活動所用的現金淨額		(14,080,182)	(51,324,775)

Consolidated Statement of Cash Flows

綜合現金流量表

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

	Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Cash flows from investing activities	投資活動產生的現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	(16,010)	(2,219,104)
Deposit paid for proposed acquisition of a hotel	建議收購一間酒店之已付按金	–	(23,988,000)
Deposit paid for hotel enhancement	優化酒店之已付按金	–	(8,000,000)
Acquisition of other asset	收購其他資產	–	(1,440,000)
Interest received	已收利息	3,739	3,808
Disposal of subsidiaries	出售附屬公司	(7,390)	–
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備的所得款項	–	7,330
Net cash used in investing activities	投資活動所用現金淨額	(19,661)	(35,635,966)
Cash flows from financing activities	融資活動產生的現金流量		
Proceeds from borrowings	就借貸的所得款項	16,500,000	–
Convertible bonds interest paid	已付可換股債券利息	(5,409,052)	–
Net proceeds from issuance of convertible notes	就發行可換股債券之所得款項淨額	–	50,000,000
Net cash generated from financing activities	融資活動所得的現金淨額	11,090,948	50,000,000
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(3,008,895)	(36,960,741)
Cash and cash equivalents at the beginning of the year	年初的現金及現金等價物	10,100,000	47,612,022
Effect of foreign exchange rate changes	外匯匯率變動影響	786,489	(551,281)
Cash and cash equivalents at end of the year	年終的現金及現金等價物	7,877,594	10,100,000

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 3006-10, 30/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors of the Company, as at 31 December 2017, China Medical Overseas Limited, a company incorporated in the British Virgin Islands, is the controlling shareholder of the Company. China Medical Overseas Limited is owned by Mr. Ding Yifan and Mr. Huang Yun, executive director of the Company, as to 90% and 10% equity interest respectively.

The Company is an investment holding company. The Group is principally engaged in the budget hotel operations and provision of hotel consultancy and management services in the People's Republic of China (the "PRC"). Apart from the above, the Group also engaged in provision of financial services during the year. The principal activities of its subsidiaries are set out in note 33 to the financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

1. 一般資料

本公司於開曼群島註冊成立為有限公司。註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。主要營業地點地址為香港灣仔港灣道26號華潤大廈30樓3006-10室。本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司董事認為，於二零一七年十二月三十一日，中華醫學海外有限公司(一間於英屬處女群島註冊成立的公司)為本公司的控股股東。中華醫學海外有限公司由丁一凡先生及黃雲先生(本公司執行董事)分別擁有90%及10%股權。

本公司為一間投資控股公司。本集團主要於中華人民共和國(「中國」)從事經營經濟型酒店及提供酒店顧問和管理服務。除上述以外，本集團亦於本年度從事提供金融服務。其附屬公司的主要業務載於財務報表附註33。

2. 採納新訂及經修訂的香港財務報告準則

本年度，本集團已採納香港會計師公會頒佈的與其經營有關並於二零一七年一月一日開始之會計年度生效的全部新訂及經修訂的香港財務報告準則(「香港財務報告準則」)。香港財務報告準則包括香港財務報告準則；香港會計準則；及詮釋。採納上述新訂及經修訂的香港財務報告準則對本集團之會計政策、本集團本年度及過往年度的財務報表呈列及所呈報之金額並無重大影響。

本集團並未採用已頒佈但未生效的新訂及經修訂香港財務報告準則。本集團已開始評估該等新訂及經修訂香港財務報告準則的影響，但並未能就此等新訂及經修訂香港財務報告準則是否會對其營業績及財務狀況產生重大影響發表意見。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

3. 主要會計政策

該等財務報表乃按香港財務報告準則及聯交所證券上市規則及香港《公司條例》之適用披露規定而編製。

該等財務報表乃按歷史成本法編製。

編製符合香港財務報告準則的財務報表須採用若干主要假設及估計。亦要求董事於應用該等會計政策的過程中作出判斷。涉及關鍵判斷的範疇及對此等財務報表而言屬重大的假設及估計範疇，於財務報表附註4披露。

編製此等財務報表時採用的主要會計政策載列如下。

綜合賬目

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止之財務報表。附屬公司指本集團對其擁有控制權的實體。當本集團承受或享有參與實體所得的可變回報，且有能力透過其對實體的權力影響該等回報時，則本集團控制該實體。當本集團的現有權力賦予其現有能力掌控有關業務(即大幅影響實體回報的業務)時，則本集團對該實體擁有權力。

在評估控制權時，本集團會考慮其潛在投票權以及其他人士持有的潛在投票權，以釐定其是否擁有控制權。在持有人能實際行使潛在投票權的情況下，方被視為有潛在投票權。

附屬公司在控制權轉移至本集團之日起綜合入賬。而在控制權終止之日起停止綜合入賬。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Consolidation (Continued)

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

3. 主要會計政策(續)

綜合賬目(續)

出售一間附屬公司導致失去控制權之收益或虧損指(i)出售代價之公平值加該附屬公司留有任何投資之公平值與(ii)本公司應佔該附屬公司資產淨值加有關該附屬公司之任何餘下商譽及任何有關累計匯兌儲備間之差額。

集團內公司間之交易、結餘及未變現溢利均予以對銷。除非交易提供憑證顯示所轉讓資產出現減值，否則未變現虧損亦予以對銷。附屬公司的會計政策已於必要時變更，以確保與本集團採納的政策一致。

非控股權益指並非本公司直接或間接應佔附屬公司之權益。非控股權益於綜合財務狀況表及綜合權益變動表之權益內呈列。非控股權益於綜合損益及其他全面收入表呈列為在非控股股東與本公司擁有人之間分配溢利或虧損及年內全面收入總額。

損益及其他全面收入各部分應歸屬於本公司擁有人及非控股股東，即使此舉會導致非控股權益出現虧絀結餘。

本公司於不會導致失去控制權之附屬公司擁有權益變動按股權交易(即以擁有人身份與擁有人進行之交易)入賬。控股權益及非控股權益之賬面值已作調整，以反映於附屬公司之相關權益變動。非控股權益之調整金額與已付或已收代價之公平值兩者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 Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. 主要會計政策(續)

外幣換算

(a) *功能及呈列貨幣*

本集團各實體之財務報表所包括之項目，乃按該實體經營所在之主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表均以本公司功能貨幣及呈列貨幣港元(「港元」)呈列。

(b) *各實體財務報表之交易及結餘*

外幣交易於首次確認時按交易日之現行匯率折算為功能貨幣。以外幣計值之貨幣資產及負債按各呈報期末之匯率折算。該折算政策所產生之收益及虧損於收益內確認。

按公平值計量及以外幣計值之非貨幣項目乃按釐定公平值當日之匯率折算。

當非貨幣項目之盈虧於其他全面收入確認時，該盈虧之任何匯兌部分於其他全面收入確認。當非貨幣項目之盈虧於損益確認時，該盈虧之任何匯兌部分於損益確認。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currency translation (Continued)

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

3. 主要會計政策(續)

外幣換算(續)

(c) 綜合換算

功能貨幣與本公司呈列貨幣不同的所有本集團實體的業績及財務狀況，按下列方式換算為本公司的呈列貨幣：

- (i) 各財務狀況表內呈列的資產及負債按該財務狀況表呈列日的收市匯率換算；
- (ii) 收支按平均匯率換算(除非該平均匯率未能合理反映交易日現行匯率所帶來的累計影響，則在該情況下按照交易日的匯率換算該等收支)；及
- (iii) 所導致的一切匯兌差額乃於外幣匯兌儲備內確認。

於綜合賬目時，兌換海外實體的投資淨額及借貸時產生的匯兌差額乃於外幣兌換儲備中確認。當出售海外業務時，有關匯兌差額乃於綜合損益內確認為出售時的收益或虧損之一部分。

物業、廠房及設備

物業、廠房及設備乃按成本減累計折舊及減值虧損列賬。

後續成本已納入資產的賬面值或只於未來可能有與該項目有關的經濟利益流入本集團且項目成本能可靠計量時確認為獨立資產(於適當情況下)。所有其他維修及保養成本於其產生之期間的損益內確認。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Shorter of the unexpired term of lease and 7 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Construction in progress

Construction in progress represents leasehold improvement stated at cost less accumulated impairment loss, if any. Cost includes the costs of leasehold improvements and capitalised interest charges arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

3. 主要會計政策(續)

物業、廠房及設備(續)

物業、廠房及設備的折舊乃按足以撇銷其成本的數值減其估計可使用年期內的剩餘價值以直線法計算。主要可使用年期如下：

租賃物業裝修	尚餘租期及七年中的較短者
傢俬及裝置	五年
辦公室設備	五年
汽車	五年

剩餘價值、可使用年期及折舊方式均於各報告期末予以審閱及調整(如適用)。

出售物業、廠房及設備的收益或虧損乃銷售所得淨額及有關資產的賬面值之間的差額，並於損益內確認。

在建工程

在建工程指租賃物業裝修，按成本減累計減值虧損(如有)列賬。成本包括租賃物業裝修成本及建設期內為該等資產提供資金之借貸產生之資本化利息費用。概不會對在建工程作出折舊撥備，直至有關資產完成及可作擬定用途為止。當有關資產投入使用時，成本將轉撥至物業、廠房及設備，並根據先前段落所述政策折舊。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Other asset

Other asset represents television (“TV”) drama series in production and is stated at cost incurred to date, less any identified impairment losses. Costs included all direct costs associated with the production of TV drama series. Costs are transferred to TV drama series rights upon completion.

Other asset is stated at cost less subsequent accumulated amortisation and accumulated impairment loss.

An impairment loss is made when there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

3. 主要會計政策(續)

其他資產

其他資產指製作中之電視劇，以截至當日已產生成本減任何已識別之減值虧損列賬。成本包括所有與電視劇製作相關之直接成本。成本於完成時轉撥至電視劇製作版權。

其他資產乃按成本減其後累計折舊及累計減值虧損列賬。

倘用作釐定可收回金額之估計出現變動，且賬面值超過可收回金額，則作出減值虧損。

租賃

本集團為承租人

(i) 經營租賃

經營租賃為擁有資產的所有風險及回報實質上並無轉讓予本集團的租賃。租賃款項(扣除出租人給予的任何優惠)於租賃期內以直線法確認為開支。

(ii) 融資租賃

融資租賃為擁有資產的所有風險及回報實質上轉讓予本集團的租賃。融資租賃在租賃期開始時按租賃資產之公平值及最低租賃付款現值兩者之較低者(兩者均在租賃開始時釐定)撥充資本。

出租人之相應債務於財務狀況表中列作應付融資租賃款項。租賃款項按比例分配為財務費用及削減未付債務。財務費用在租賃期內按各期間分攤，以為餘下債務結餘得出貫徹之定期利率。

於融資租賃下之資產按與自置資產相同之方式計算折舊。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

The Group as lessor

Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

3. 主要會計政策(續)

租賃(續)

本集團為出租人

經營租賃

經營租賃為擁有資產的所有風險及回報實質上並無轉讓予承租人的租賃。經營租賃的租金收入於租賃期內以直線法確認。

確認及終止確認金融工具

金融資產及金融負債於本集團成為工具合約條文之訂約方時，於綜合財務狀況表內確認。

倘從資產收取現金流之合約權利已到期，或本集團已將其於資產擁有權之絕大部分風險及回報轉移，或本集團並無轉移及保留其於資產擁有權之絕大部分風險及回報但無保留對資產之控制權，則金融資產將被終止確認。於終止確認金融資產時，資產之賬面值與已收代價及已於其他全面收入內確認之累計盈虧兩者總和之差額，將於損益內確認。

倘於有關合約之特定責任獲解除、取消或到期，則金融負債將被終止確認。取消確認之金融負債之賬面值與已付代價之差額於損益內確認。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

3. 主要會計政策(續)

應收賬款及其他應收款項

應收賬款及其他應收款項為並非於活躍市場報價而具備固定或可釐定款項之非衍生工具金融資產及初步按公平值確認，其後則以實際利率法按扣除減值撥備的攤銷成本計算。應收賬款及其他應收款項的減值撥備於有客觀證據顯示本集團無法按應收款項的原有條款收回所有到期金額時作出。撥備金額為應收款項賬面值與估計日後現金流量按初步確認時所用實際利率貼現的現值兩者間的差額。撥備金額於損益內確認。

減值虧損於往後期間撥回，並於應收款項的可收回金額增加可客觀地與於確認減值後發生的事件有關連的情況下在損益內確認，惟應收款項於撥回減值日期的賬面值不得超逾假設並無確認減值應存在的經攤銷成本。

現金及現金等價物

就現金流量表而言，現金及現金等價物乃指銀行及手頭現金、銀行及其他財務機構的活期存款及可隨時轉換為確實數額的現金及存在非重大價值變動風險的短期高度流動投資項目。須按要求償還的銀行透支為本集團現金管理的主要組成部分，亦會列作現金及現金等價物的組成部分。

金融負債及股本工具

金融負債及股本工具乃按所訂立合約安排的內容及香港財務報告準則項下金融負債及股本工具的釋義分類。股本工具為反映扣除所有負債後本集團資產剩餘權益的任何合約。下文載列就特定金融負債及股本工具所採納的會計政策。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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 capitalised as part of 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.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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)

借貸

借貸初步按公平值，扣除所產生之交易成本確認，其後使用實際利率法按攤銷成本計量。

除非本集團有無條件權利延遲償還負債直至報告期後最少十二個月，否則借貸應分類為流動負債。

借貸成本

直接歸屬於收購、興建或生產合資格資產（指必須經一段長時間處理以作其預定用途或銷售的資產）的借貸成本，資本化為該等資產的成本部分，直至資產大致上備妥供其預定用途或銷售為止。就特定借貸，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借貸成本中扣除。

就於一般情況及用作取得合資格資產而借入之資金而言，合資格資本化之借貸成本金額乃按對該資產之開支應用資本化比率計算。資本化比率為適用於本集團該期間內尚未償還借貸（不包括就取得合資格資產而借入之特定借貸）之加權平均借貸成本。

所有其他借貸成本於其產生期間在損益中確認。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the fair value of the convertible bonds and the fair values assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as convertible bonds equity reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. 主要會計政策(續)

可換股債券

賦予持有人權利按固定兌換價將債券兌換為固定數目之權益工具之可換股債券乃視為由負債及權益部分組成之複合工具。於發行當日，負債部分之公平值乃按當時適用於類似非可換股債務之市場利率估計。嵌入複合工具的任何衍生特質的公平值計入負債部分。可換股債券之公平值與劃定為負債部分之公平值之差額，即讓持有人可轉換債券為本集團股權之內含期權，乃計入權益列為可換股債券權益儲備。負債部分使用實際利率法按攤銷成本列為負債，直至獲轉換或贖回時註銷為止。衍生部分按公平值計量，收益及虧損於損益確認。

交易成本乃根據可換股債券之負債及權益部分於發行當日之相關賬面值分攤。與權益部分有關之份額乃直接在權益中扣除。

應付賬款及其他應付款項

應付賬款及其他應付款項初步按其公平值列賬，其後以實際利率法按攤銷成本計量，除非貼現影響甚微，於此情況下，則按成本列賬。

股本工具

本公司發行的股本工具乃按已收所得款項扣除直接發行成本列賬。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(a) *Hotel operations*

Hotel revenue from hotel room and conference room rental is recognised when the services are rendered.

(b) *Membership fee income*

The fair value of the consideration received or receivable is recognised on a straight-line basis over the life of the membership.

(c) *Interest income*

Interest income is recognised using the effective interest method.

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3. 主要會計政策(續)

收益確認

收益按已收或應收代價的公平值計量，並於經濟利益將很可能歸入本集團及收益金額能可靠地計量時予以確認。

(a) *酒店營運*

來自酒店客房及會議室租金的酒店收益於提供服務時確認。

(b) *會籍費用收入*

已收或應收代價的公平值於會籍的年期內按直線法確認。

(c) *利息收入*

利息收入採用實際利率法確認。

僱員福利

(a) *僱員享有假期*

僱員的年假及長期服務休假的權利乃於僱員應享有時確認。本集團會就截至報告期末僱員已提供的服務而產生的年假及長期服務休假的估計負債作出撥備。

僱員的病假及產假不作確認，直至僱員正式休假為止。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits (Continued)

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

The Group also participates in a defined contribution retirement scheme organized by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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)

僱員福利(續)

(b) 退休金責任

本集團向定額供款退休計劃作出供款，所有僱員均可參與該計劃。該計劃之供款由本集團及僱員按僱員基本薪金之百分比計算。自損益扣除之退休福利計劃成本指本集團應向該基金支付之供款。

本集團亦於中國參與一項由政府安排之定額供款退休計劃。本集團須按其僱員工資特定百分比向退休計劃作出供款。供款於根據退休計劃之規則應付時自損益中扣除。僱主不得將沒收供款撥作調減現行應付供款。

(c) 終止福利

終止福利於當本集團不得再撤銷提供該等福利，或當本集團確認重組成本並涉及支付終止福利(以較早者為準)時確認。

稅項

所得稅為即期稅項與遞延稅項的總和。

即期應付稅項乃按本年度應課稅溢利計算。應課稅溢利與於損益內確認的溢利不同，因應課稅溢利不包括在其他年度應課稅收入或可扣減開支項目，而且不包括毋須課稅或不可扣稅項目。本集團的即期稅項負債乃按報告期末前已頒佈或實質頒佈的稅率計算。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

3. 主要會計政策(續)

稅項(續)

遞延稅項乃根據財務報表中資產及負債的賬面值與用作計算應課稅溢利的相應稅基間的差額確認。遞延稅項負債通常會就所有應課稅暫時差額確認，倘很可能有應課稅溢利可用於抵銷可扣減暫時差額、未動用稅項虧損或未動用稅項抵免，則確認遞延稅項資產。於一項交易中，倘因其他資產及負債的商譽或初步確認(業務合併除外)而產生的暫時差額不影響應課稅溢利及會計溢利時，則不會確認該等資產及負債。

遞延稅項負債就投資於附屬公司及合資公司而產生的應課稅暫時差額予以確認，除非本集團能控制撥回暫時差額以及暫時差額很可能在可見將來不會被撥回。

遞延稅項資產的賬面值於各報告期末均會作出檢討，並在預期不再有足夠應課稅溢利予以收回全部或部分資產時作出相應減值。

遞延稅項乃以預期於償還負債或變現資產當期基於報告期末前頒佈或實質頒佈的稅率計算。遞延稅項於損益內確認，倘遞延稅項與其他全面收入或直接於權益確認項目相關聯則除外，在此情況下，遞延稅項亦會於其他全面收入或直接於權益確認。

遞延稅項資產及負債之計量反映按本集團預計於報告期末收回或清償其資產及負債之賬面值之稅務後果。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

3. 主要會計政策(續)

稅項(續)

倘有法定可行使權利將即期稅項資產及即期稅項負債抵銷，且彼等為與同一稅務機構徵收的所得稅有關，以及本集團擬按淨額基準結算即期稅項資產及負債，遞延稅項資產及負債則會互相抵銷。

關聯人士

關聯人士為與本集團有關連的個人或實體。

- (a) 倘屬以下人士，即該人士或該人士之近親與本集團有關聯：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本公司或本公司母公司的主要管理層成員。
- (b) 倘符合下列任何條件，即該實體與本集團有關聯：
- (i) 該實體與本公司屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關聯)。
 - (ii) 一間實體為另一實體的聯營公司或合資公司(或另一實體為成員公司之集團旗下成員公司之聯營公司或合資公司)。
 - (iii) 兩間實體均為同一第三方的合資公司。
 - (iv) 一間實體為第三方實體的合資公司，而另一實體為該第三方實體的聯營公司。
 - (v) 該實體為本集團或與本集團有關聯之實體就僱員利益設立的離職福利計劃。倘本集團本身便是該計劃，提供資助的僱主亦與本集團有關聯。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except deferred income tax assets and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. 主要會計政策(續)

關聯人士(續)

- (b) 倘符合下列任何條件，即該實體與本集團有關聯：(續)
- (vi) 該實體受(a)識別人士控制或受共同控制。
 - (vii) 於(a)(i)所識別人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
 - (viii) 該實體，或其所屬集團任何成員公司向本公司或本公司母公司提供主要管理人員服務。

資產減值

具有無限使用年期或尚未可供使用之無形資產會每年進行減值測試，並於發生任何事件或情況有變顯示未必能夠收回賬面值時檢討是否減值。

於各報告期末，本集團審閱其有形及其他無形資產(遞延所得稅資產及應收款項除外)的賬面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損。如有任何有關跡象，則會估計資產的可收回金額，以釐定任何減值虧損的程度。如不能估計個別資產的可收回金額，則本集團會估計資產所屬現金產生單位的可收回金額。

可收回金額為公平值減出售成本及使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值。稅前貼現率反映市場目前對貨幣時間值及資產特定風險的評估。

倘資產或現金產生單位的可收回金額估計將少於其賬面值，則資產或現金產生單位的賬面值會減少至其可收回金額。減值虧損會即時於損益內確認，除非有關資產乃按重估數額列賬，在該情況下，減值虧損會被視為重估減幅。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment of assets (Continued)

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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. 主要會計政策(續)

資產減值(續)

倘其後撥回減值虧損，則資產或現金產生單位的賬面值會增至經修訂的預計可收回金額，惟增加後的賬面值不得超逾過往年度並無就資產或現金產生單位確認減值虧損應予釐定的賬面值(扣除攤銷或折舊)。減值虧損撥回撥會即時於損益內確認，惟倘有關資產按重估金額列賬，則減值虧損撥回會作重估增幅處理。

撥備及或然負債

倘本集團因過往事件負上現有法律或推定責任承擔而很可能需要以經濟溢利流出以支付負債，於能作出可靠估計時，便會就未有確定時間或金額的負債確認撥備。倘金錢的時間價值重大，撥備會以履行義務預期所需支出的現值列賬。

倘需要流出經濟利益的可能性不大，或未能可靠估計有關金額，則除非流出經濟利益的可能性極微，否則有關責任將列作或然負債披露。須視乎一宗或多宗未來事件是否發生才能確定存在與否的潛在責任，亦會披露為或然負債；倘資源外流的可能性極低則作別論。

報告期後事項

就本集團於報告期末業務狀況提供額外資料或顯示持續經營假設並不適當之報告期後事項為調整事項，並反映於財務報表。並非調整事項的報告期後事項，倘屬重大時，則於財務報表附註內披露。

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綜合財務報表附註

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

4. KEY ESTIMATES

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or writedown technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be not recoverable. The recoverable amounts have been determined based on fair value less costs of disposal calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

4. 主要估計

估計不明朗因素的主要來源

於報告期末有重大風險使下個財政年度資產及負債賬面值須作重大調整而與未來有關的主要假設及其他估計不明朗因素的主要來源討論如下。

(a) 物業、廠房及設備的折舊

本集團釐定本集團物業、廠房及設備的估計可使用年期、剩餘價值及相關折舊開支。該估計乃根據性質及功能相近的物業、廠房及設備實際可使用年期及剩餘價值的過往經驗而作出。倘可使用年期及剩餘價值與過往之估計相異，本集團會調整折舊開支，或將已報廢或出售的技術上過時或非戰略資產撇銷或撇減。

(b) 物業、廠房及設備的減值

當有事件或情況轉變顯示可能無法收回賬面值時，本集團將檢討物業、廠房及設備有否減值。可收回金額乃按公平值減出售成本或市場估值計算。此等計算須運用判斷及估計。

管理層需要運用判斷以釐定資產減值，尤其是評估：(i)有否出現事件可能顯示有關資產價值可能無法收回；(ii)資產賬面值是否有可收回款項(即公平值減出售成本或以業務持續使用資產為基礎估計的有關日後現金流量的淨現值兩者中的較高者)支持；及(iii)編製現金流量預測時使用的適當主要假設，包括有關現金流量預測是否以適用比率貼現。倘管理層就評估減值所選假設(包括現金流量預測所用貼現率或增長率假設)有所變更，可能會對減值測試中所用的淨現值產生影響，從而或會影響本集團的財務狀況及經營業績。

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4. KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(c) *Impairment loss for bad and doubtful debts*

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) *Asset retirement obligations*

The Group evaluates and recognises, on a regular basis, the present value of the obligations which arise from future reinstatement of leased hotel and office premises upon the end of lease terms. To establish the present value of the asset retirement obligations, estimates and judgement are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as the restoration costs based on quotations.

(e) *Income taxes*

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4. 主要估計(續)

估計不明朗因素的主要來源(續)

(c) *呆壞賬減值虧損*

本集團按照應收賬款及其他應收款項之可收回程度之評估(包括各債務人目前的信貸能力和過往收回欠款紀錄)就呆壞賬作出減值虧損。一旦事件發生或情況改變顯示該等餘額有可能不能收回時,即定為減值。識別呆壞賬需要作出判斷和估計。倘實際結果與原估計有差異時,則該差異將會影響到估計改變之年度內之應收賬款及其他應收款項之賬面值以及呆賬支出。若債務人的財務狀況惡化,令彼等還款的能力下降,可能會要求作出額外撥備。

(d) *報廢資產復原債務*

本集團會定期評估及確認日後於租期結束時須復修租賃酒店及辦公室物業而產生的債務之現值。而確立報廢資產復原債務的現值時,釐定該等未來現金流量及貼現率已應用估計及判斷。管理層根據若干假設(例如基於報價的復修成本)估計未來現金流量。

(e) *所得稅*

釐定所得稅撥備時需要作出重大估計。多項交易及計算的最終稅額無法於日常業務過程中釐定。倘若該等事宜之最終稅務結果與初始記錄金額不同,則有關差額將會影響作出決定期間之所得稅及遞延稅項撥備。

與若干暫時差額及稅項虧損相關之遞延所得稅資產於管理層認為未來應課稅溢利將很有可能可獲得而就此可使用暫時差額或稅項虧損時予以確認。其實際使用之結果或會有不同。

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5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the trade and other receivables, cash and bank balances and deposits included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

In respect of hotel operations, the Group has no concentration of credit risk in view of its large number of customers. It has policies in place to ensure that sale of rooms to corporate customers are made to customers with an appropriate credit history. Sales to walk-in customers are made via credit cards or cash.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Rental deposits are mainly paid to seven (2016: six) domestic private entities who are currently leasing the office, hotel premises and staff quarter to the Group. Other receivables primarily represent the amounts due from third and related parties which have long business relationship with the Group. Taking into consideration settlements subsequent to year end, management considers provision for impairment has been provided appropriately.

5. 財務風險管理

本集團的活動承受多項財務風險：外幣風險、信用風險、流動資金風險及利率風險。本集團的整體風險管理計劃專注於財務市場的不可預測性，並尋求盡量減低對本集團財務表現的潛在不利影響。

(a) 外幣風險

本集團的外幣風險甚微，此乃由於其大部分業務交易、資產及負債主要以本集團實體的功能貨幣計值。本集團現時並無就外幣交易、資產及負債設立外幣對沖政策。本集團將密切監控其外幣風險，並於必要時考慮對沖重大外幣風險。

(b) 信用風險

計入綜合財務狀況表之應收賬款及其他應收款項、現金及銀行結餘以及按金之賬面值為本集團就其金融資產所面對之最高信用風險。

就酒店營運而言，由於本集團擁有龐大的顧客群，因此並無信用集中風險。本集團已實施政策確保向具有適當信貸歷史的企業客戶提供客房銷售。向未有預訂的顧客作出的銷售以信用卡或現金收款。

由於交易對手為獲國際信貸評級機構評為具高信貸評級之銀行，故現金及銀行結餘之信用風險有限。

租賃按金主要支付予目前向本集團出租辦公室、酒店物業及員工宿舍的七個(二零一六年：六個)當地私人實體。其他應收款項主要是指應收與本集團存在長期業務關係的第三方及關連方的款項。經考慮該等款項於年結日後結算，管理層認為已適當地作出減值撥備。

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5. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's other borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

						Total 總額	
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Undiscounted cash flow 未貼現 現金流量	Carrying amount 賬面值
		一年內	一年至兩年	兩年至五年	超過五年	現金流量	賬面值
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
At 31 December 2017	於二零一七年十二月三十一日						
Trade and other payables	應付賬款及其他應付款項	6,760,534	-	-	-	6,760,534	6,760,534
Borrowings	借貸	-	-	20,033,333	-	20,033,333	16,935,781
		6,760,534	-	20,033,333	-	26,793,867	23,696,315

5. 財務風險管理(續)

(c) 流動資金風險

本集團的其他借貸以固定利率計息，因此面對公平值利率風險。

本集團之政策為定期監察現時及預期流動資金需求，以確保維持充足現金儲備，以應付其短期及長期流動資金需求。

本集團金融負債之到期日分析如下：

						Total 總額	
		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Undiscounted cash flow 未貼現現金流量	Carrying amount 賬面值
		一年內	一年至兩年	兩年至五年	超過五年	未貼現現金流量	賬面值
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
At 31 December 2016	於二零一六年十二月三十一日						
Convertible bonds	可換股債券	58,650,000	-	-	-	58,650,000	53,152,913
Trade and other payables	應付賬款及其他應付款項	8,583,968	-	-	-	8,583,968	8,583,968
		67,233,968	-	-	-	67,233,968	61,736,881

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities except borrowings, the Group's operating cash flows are substantially independent of changes in market interest rates.

The Group's borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

(e) Categories of financial instruments

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Financial assets:	金融資產：		
Loans and receivables (including bank and cash balances)	貸款及應收款項 (包括銀行及現金結餘)	11,877,624	34,406,073
Financial liabilities:	金融負債：		
Financial liabilities at amortised costs	按攤銷成本計值的金融負債	23,696,315	61,736,881

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

As at 31 December 2017 and 2016, there were no assets and liabilities that were measured at fair value.

5. 財務風險管理(續)

(d) 利率風險

由於本集團並無重大計息資產及負債(借款除外)，故本集團之經營現金流大致上不受市場利率變動之影響。

本集團的借款按固定利率計息，因此面對公平值利率風險。

(e) 金融工具之分類

(f) 公平值

綜合財務狀況表所列示本集團金融資產及金融負債的賬面值與其各自的公平值相若。

於二零一七年及二零一六年十二月三十一日，概無資產及負債按公平值計量。

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綜合財務報表附註

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

6. OPERATING SEGMENT INFORMATION

The Group has two reportable segments as follows:

- Hotel operations (the sales of hotel membership cards and hotel management services income are included in the hotel operation segment)
- Financial services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include interest income, finance costs, auditor's remuneration, legal and professional fee, head office and corporate expenses.

6. 經營分部資料

本集團的兩個可呈報分部如下：

- 酒店營運(酒店會籍卡銷售及酒店管理服務的收入乃計入酒店營運分部內)
- 金融服務

本集團之可呈報分部乃提供不同產品及服務之策略性業務單位。由於各業務要求不同之技術及市場推廣策略，各可呈報分部乃個別管理。

經營分部之會計政策與財務報表附註3所述之會計政策相一致。分部損益不包括利息收入、融資成本、核數師酬金、法律及專業費用、總辦事處及企業開支。

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

6. OPERATING SEGMENT INFORMATION

(Continued)

The segment information for the reportable segments for the year is as follows:

6. 經營分部資料(續)

本年度可呈報分部的分部資料載列如下：

		Hotel operations	Financial services	Total
		酒店營運	金融服務	總額
		HK\$	HK\$	HK\$
		港元	港元	港元
For the year ended	截至二零一七年十二月			
31 December 2017	三十一日止年度			
Revenue from external customers	來自外來客戶之收益	16,281,691	-	16,281,691
Segment loss	分部虧損	(1,560,008)	(727,480)	(2,287,488)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,546,350	-	2,546,350
Written off of property, plant and equipment	撇銷物業、廠房及設備	1,677,105	-	1,677,105
Gain on disposal of subsidiaries	出售附屬公司的收益	2,008,866	-	2,008,866
For the year ended	截至二零一六年十二月			
31 December 2016	三十一日止年度			
Revenue from external customers	來自外來客戶之收益	17,654,630	-	17,654,630
Segment loss	分部虧損	(59,123,659)	-	(59,123,659)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,180,806	-	2,180,806
Impairment of property, plant and equipment	物業、廠房及設備減值	597,891	-	597,891
Impairment of other receivables	其他應收款項減值	18,700,000	-	18,700,000
Written off of property, plant and equipment	撇銷物業、廠房及設備	29,379,804	-	29,379,804

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綜合財務報表附註

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

6. OPERATING SEGMENT INFORMATION

(Continued)

A reconciliation of segment results to loss before income tax is provided as follows:

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Total loss of reportable segments	可呈報分部虧損總額	(2,287,488)	(59,123,659)
Unallocated corporate expenses, net	未分配企業開支淨額	(36,110,576)	(35,312,674)
Interest income	利息收入	3,739	3,808
Finance costs	融資成本	(7,442,204)	(6,057,522)
Loss before tax	除稅前虧損	(45,836,529)	(100,490,047)

Revenue from major customers:

All revenue was derived from external customers in the PRC during the years ended 31 December 2017 and 2016. No revenue derived from one customer represent 10% or more of the revenue of the Group for each of the years ended 31 December 2017 and 2016.

The total of non-current assets other than deferred tax assets and rental deposits located in Hong Kong and the PRC were HK\$2,958,418 (2016: HK\$6,747,782) and HK\$32,622,049 (2016: HK\$35,987,371), respectively.

6. 經營分部資料(續)

分部業績與除稅前虧損之對賬載列如下：

來自主要客戶之收益：

於截至二零一七年及二零一六年十二月三十一日止年度，所有收益均來自中國的外來客戶。並無自一名客戶產生的收益佔本集團於截至二零一七年及二零一六年十二月三十一日止年度各年收益的10%或以上。

位於香港及中國的非流動資產總值(不包括遞延稅項資產及租賃按金)分別為2,958,418港元(二零一六年：6,747,782港元)及32,622,049港元(二零一六年：35,987,371港元)。

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

6. OPERATING SEGMENT INFORMATION

(Continued)

Revenue from major customers: (Continued)

Breakdown of revenue from all activities is as follows:

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Sales from hotel operations – hotel room rental and conference room rental	酒店營運的銷售額 – 酒店房間租金及 會議室租金	16,281,691	17,574,170
Sales of hotel membership cards	酒店會籍卡銷售	–	80,460
		16,281,691	17,654,630

6. 經營分部資料(續)

來自主要客戶之收益：(續)

所有活動收益明細載列如下：

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

7. 僱員福利開支(包括董事薪酬)

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Salaries, wages and allowances	薪金、工資及津貼	19,652,321	19,908,119
Pension obligations	退休金責任	1,064,263	1,612,485
Other benefits	其他福利	887,859	70,809
		21,604,443	21,591,413

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綜合財務報表附註

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

8. DIRECTORS' EMOLUMENTS

(a) The emoluments of each director were as follows:

8. 董事薪酬

(a) 各董事之薪酬載列如下：

	Notes 附註	Fees	Inducement	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension schemes contribution	Total
		袍金 HK\$ 港元	獎勵金 HK\$ 港元	薪金、津貼 及實物福利 HK\$ 港元	酌情花紅 HK\$ 港元	退休金 計劃供款 HK\$ 港元	總額 HK\$ 港元
Year ended 31 December 2017	截至二零一七年 十二月三十一日止年度						
Executive directors:	執行董事：						
Huang Yun	黃雲	1,028,387	-	-	-	-	1,028,387
Min Zhi Dong	閔志東 (a)	1,424,906	-	-	-	-	1,424,906
Ye Shusheng	叶樹生 (b)	-	-	-	-	-	-
Wu Li Xin	吳立新 (c)	3,307,691	-	-	-	-	3,307,691
Dai Lifeng	戴立峰 (d)	720,000	-	-	-	-	720,000
Non-executive directors:	非執行董事：						
Chung Wai Man	鍾偉文 (e)	574,286	-	-	-	-	574,286
Lu Zefeng	陸澤峰 (f)	1,200,000	-	-	-	-	1,200,000
Independent non-executive directors:	獨立非執行董事：						
Tso Hon Sai, Bosco	曹漢鏗	120,000	-	-	-	-	120,000
Cheng Chai Fu	鄭濟富 (g)	97,419	-	-	-	-	97,419
Leung Siu Hong	梁兆康 (g)	22,903	-	-	-	-	22,903
Wong Yiu Kit, Ernest	黃耀傑 (h)	120,000	-	-	-	-	120,000
		8,615,592	-	-	-	-	8,615,592

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綜合財務報表附註

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

8. DIRECTORS' EMOLUMENTS (Continued)

(a) The emoluments of each director were as follows:
(Continued)

8. 董事薪酬(續)

(a) 各董事之薪酬載列如下：(續)

			Fees	Inducement	Salaries, allowances and benefits in kind	Discretionary Bonuses	Pension schemes contribution	Total
	Notes		袍金	獎勵金	薪金、津貼 及實物福利	酌情花紅	退休金 計劃供款	總額
	附註		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Year ended 31 December 2016 截至二零一六年十二月三十一日止年度								
Executive directors: 執行董事：								
Huang Yun 黃雲			720,000	-	-	-	-	720,000
Wu Li Xin 吳立新	(c)		911,097	930,521	-	-	-	1,841,618
Dai Lifeng 戴立峰	(d)		518,000	-	-	-	-	518,000
Non-executive directors: 非執行董事：								
Lu Zefeng 陸澤峰	(f)		54,839	-	-	-	-	54,839
Law Fei Shing 羅輝城	(f)		671,081	-	-	-	17,952	689,033
Independent non-executive directors: 獨立非執行董事：								
Tso Hon Sai, Bosco 曹漢鏗			120,000	-	-	-	-	120,000
Leung Siu Hong 梁兆康	(g)		120,000	-	-	-	-	120,000
Wong Yiu Kit, Ernest 黃耀傑	(h)		20,000	-	-	-	-	20,000
Chung Wai Man 鍾偉文	(i)		100,000	-	-	-	-	100,000
			3,235,017	930,521	-	-	17,952	4,183,490

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

8. DIRECTORS' EMOLUMENTS (Continued)

(a) The emoluments of each director were as follows: (Continued)

Notes:

- (a) On 1 April 2017, Min Zhi Dong was appointed as an executive director of the Group.
- (b) On 15 December 2017, Ye Shusheng was appointed as executive director and Chief Executive Officer ("CEO") of the Group.
- (c) Wu Li Xin was appointed as CEO and executive director of the Group on 11 November 2016 and resigned as CEO and executive director of the Group on 30 November 2017.
- (d) On 12 April 2016, Dai Lifeng was appointed as executive director of the Group.
- (e) Chung Wai Man was appointed as non-executive director of the Group on 13 February 2017 and resigned as non-executive director of the Group on 30 November 2017.
- (f) On 15 December 2016, Lu Zefeng was appointed as non-executive director of the Group and Law Fei Shing resigned as independent non-executive director of the Group.
- (g) On 9 March 2017, Leung Siu Hong resigned as an independent non-executive director and Cheng Chai Fu was appointed as an independent non-executive director of the Group.
- (h) On 11 November 2016, Wong Yiu Kit, Ernest was appointed as independent non-executive director of the Group.
- (i) Chung Wai Man was appointed as independent non-executive directors of the Group on 25 June 2015 and resigned on 1 November 2016.

During the years ended 31 December 2017, HK\$nil (2016: HK\$930,521 was paid by the Group to Wu Li Xin) was paid by the Group to any of the directors as an inducement to join or upon joining the Group and no (2016: nil) inducement paid by the Group to any of the directors as compensation for loss of office.

8. 董事薪酬(續)

(a) 各董事之薪酬載列如下：(續)

附註：

- (a) 於二零一七年四月一日，閔志東獲委任為本集團執行董事。
- (b) 於二零一七年十二月十五日，叶樹生獲委任為本集團執行董事及行政總裁(「行政總裁」)。
- (c) 吳立新於二零一六年十一月十一日獲委任為本集團行政總裁及執行董事並於二零一七年十一月三十日辭任本集團行政總裁及執行董事。
- (d) 於二零一六年四月十二日，戴立峰獲委任為本集團執行董事。
- (e) 鍾偉文於二零一七年二月十三日獲委任為本集團非執行董事並於二零一七年十一月三十日辭任本集團非執行董事。
- (f) 於二零一六年十二月十五日，陸澤峰獲委任為本集團非執行董事而羅輝城辭任本集團獨立非執行董事。
- (g) 於二零一七年三月九日，梁兆康辭任獨立非執行董事而鄭濟富獲委任為本集團獨立非執行董事。
- (h) 於二零一六年十一月十一日，黃耀傑獲委任為本集團獨立非執行董事。
- (i) 鍾偉文於二零一五年六月二十五日獲委任為本集團獨立非執行董事並於二零一六年十一月一日辭任。

於截至二零一七年十二月三十一日止年度，本集團並未向任何董事支付任何款項作為加入或加入本集團時的獎勵(二零一六年：本集團向吳立新支付930,521港元)，以及本集團並未向任何董事支付任何款項(二零一六年：無)作為離職補償。

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8. DIRECTORS' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included four (2016: two) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2016: three) individual is set out below:

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Salaries, wages and allowances	薪金、工資及津貼	1,970,000	4,816,667
Pension obligations	退休金責任	18,000	54,000
		1,988,000	4,870,667

The emoluments fell within the following bands:

		Number of individuals 人數	
		2017 二零一七年	2016 二零一六年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	-	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	1	2
		1	3

During the year, no emoluments were paid by the Group to the highest paid individuals of the Group as an inducement to join or upon joining the Group and no emoluments were paid by the Group as compensation for loss of office.

8. 董事薪酬(續)

(b) 五名最高薪人士

年內，本集團五名最高薪人士包括四名(二零一六年：兩名)董事，酬金於上文呈列之分析中反映。其餘一名(二零一六年：三名)人士的酬金載列如下：

酬金範圍如下：

年內，本集團並無向本集團之最高薪人士支付任何酬金作為吸引加入或加入本集團時之獎勵，以及本集團並無支付任何酬金作為離職補償。

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

9. OTHER INCOME

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Bank interest income	銀行利息收入	3,739	3,808
Income from TV drama series	電視劇收入	66,263	309,696
Food and beverage	食物及飲品	170,797	224,561
Waiver of other payable	豁免其他應付款項	378,510	-
Others	其他	430,564	513,798
		1,049,873	1,051,863

9. 其他收入

10. FINANCE COSTS

An analysis of finance costs is as follows:

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Finance cost on asset retirement obligations	報廢資產復原債務的 融資成本	190,469	184,098
Interest on borrowings	借貸的利息	435,781	-
Imputed interest costs on convertible bonds	可換股債券應歸利息 成本	8,165,114	5,969,397
		8,791,364	6,153,495
Amount capitalised	資本化金額	(1,349,160)	(95,973)
		7,442,204	6,057,522

10. 融資成本

融資成本分析如下：

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綜合財務報表附註

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

11. INCOME TAX CREDIT

11. 所得稅抵免

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Current tax – Hong Kong Profits Tax	即期稅項 – 香港利得稅		
Under-provision in prior year	過往年度撥備不足	415,473	–
Deferred income tax (Note 18)	遞延所得稅(附註18)	(824,009)	(2,200,814)
		(408,536)	(2,200,814)

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands (“BVI”).

本集團於開曼群島及英屬處女群島毋須繳納稅項。

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 December 2017 and 2016. The amount provided for the year ended 31 December 2017 was calculated at 16.5% (2016: 16.5%) based on the assessable profit for the year.

由於本集團於截至二零一七年及二零一六年十二月三十一日止年度並無應課稅溢利，故無須就香港利得稅計提撥備。於截至二零一七年十二月三十一日止年度撥備之金額乃以本年度之應課稅溢利為基準按稅率16.5%(二零一六年：16.5%)計算。

No provision for PRC corporate income tax is required since the Group has no assessable profit for the years ended 31 December 2017 and 2016. The amount provided for the year ended 31 December 2017 was provided at the rate of 25% (2016: 25%) for the year.

由於本集團於截至二零一七年及二零一六年十二月三十一日止年度並無應課稅溢利，故無須就中國企業所得稅計提撥備。於截至二零一七年十二月三十一日止年度撥備之金額乃以本年度稅率25%(二零一六年：25%)計提撥備。

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綜合財務報表附註

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

11. INCOME TAX CREDIT (Continued)

The reconciliation between the income tax expense and the product of loss before tax multiplied by tax rates applicable to profit or loss in the respective countries is as follows:

11. 所得稅抵免(續)

所得稅開支與除稅前虧損乘以適用於各國損益的稅率之乘積的對賬如下：

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Loss before taxation	除稅前虧損	(45,836,529)	(100,490,047)
Tax calculated at domestic tax rates applicable to profits or loss in the respective countries	按適用於各國損益的當地稅率計算的稅項	(6,926,276)	(19,947,420)
Tax effect of expenses that are not deductible	不可扣除開支的稅務影響	7,206,280	15,685,581
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	1,867,823	3,423,178
Tax effect of utilisation of tax losses not previously recognised	使用先前未確認稅項虧損的稅務影響	(2,823,960)	(109,060)
Tax effect of income not taxable	無須課稅收入的稅務影響	(132,982)	(567)
Tax loss previously recognised and reversed	過往確認及撥回的稅項虧損	294,256	-
Under/(over) provision in prior years	以前年度撥備不足/(超額撥備)	57,415	(1,343,360)
Unrecognised temporary difference	未確認暫時性差額	48,908	90,834
Income tax credit	所得稅抵免	(408,536)	(2,200,814)

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12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

12. 本年度虧損

本集團於本年度之虧損乃經扣除／(計入)下列項目呈列：

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Auditor's remuneration*	核數師酬金*	1,000,000	1,000,000
Depreciation of property, plant and equipment	物業、廠房及設備折舊	4,773,982	4,211,016
Minimum lease payment under operating lease	經營租賃最低租賃付款	14,724,858	11,832,887
Net foreign exchange (gain)/loss*	匯兌(收益)／虧損淨額*	(3,244)	82
Gain on disposal of subsidiaries	出售附屬公司之收益	(2,008,866)	-
Gain on disposal of property, plant, and equipment*	出售物業、廠房及設備之收益*	-	(611)
Share-based payment arising from the issue of convertible bonds	發行可換股債券產生之 以股份為基礎之付款	-	1,485,008
Impairment of property, plant and equipment (Note (a))	物業、廠房及設備減值 (附註(a))	-	597,891
Impairment of other receivables	其他應收款項減值	-	18,700,000
Written off of property, plant and equipment (Note (a))	撇銷物業、廠房及設備 (附註(a))	1,677,105	29,379,804
Written off of prepaid operating leases (Note (b))	撇銷預付經營租賃(附註(b))	-	8,931,190
Written off of rental deposits*	撇銷租賃按金*	-	449,464
Written off of prepayments (Note (a))	撇銷預付款項(附註(a))	-	1,100,000

Notes:

- (a) During the year ended 31 December 2017, leasehold improvement of HK\$1,677,105 was written off as a result of the replacement of old renovation by new renovation in one hotel.

During the year ended 31 December 2016, construction in progress of HK\$29,379,804 and prepayment of HK\$1,100,000 were written off as a result of the termination of developments of two hotels. Property, plant and equipment amount to HK\$597,891 were impaired in respect to one budget hotel in PRC is foreseen to make loss in the future.

- (b) During the year ended 31 December 2016, the written off of prepaid operating leases of HK\$8,931,190 were written off as a result of the termination on one hotel.

* These items are included in "Other operating expenses" of the consolidated statement of profit or loss.

附註：

- (a) 截至二零一七年十二月三十一日止年度，由於其中一間酒店的舊裝修已被新裝修取替，撇銷租賃物業裝修1,677,105港元。

截至二零一六年十二月三十一日止年度，由於終止開發兩間酒店，撇銷在建工程29,379,804港元及預付款項1,100,000港元。就中國的一間經濟型酒店錄得物業、廠房及設備減值597,891港元，預計該酒店未來將錄得虧損。

- (b) 截至二零一六年十二月三十一日止年度，由於一間酒店停業，撇銷預付經營租賃8,931,190港元。

* 該等項目乃列入綜合損益表中的「其他經營開支」內。

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13. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2017 and 2016.

14. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK\$45,356,200 (2016: HK\$98,289,233) and the weighted average number of ordinary shares of 405,862,605 (2016: 393,525,000) in issue during the year.

(b) Diluted loss per share

As the exercise of the Group's outstanding of convertible bonds for the year ended 31 December 2016 would be anti-dilutive and there was no dilutive potential ordinary shares for the Company's outstanding options for the year ended 31 December 2016 and 2017, the diluted loss per share is same as basic loss per share for both years.

13. 股息

於截至二零一七年及二零一六年十二月三十一日止年度，董事概無建議派付任何股息。

14. 每股虧損

(a) 每股基本虧損

本公司擁有人應佔每股基本虧損的計算乃基於本公司擁有人應佔本年度虧損45,356,200港元(二零一六年：98,289,233港元)及於本年度已發行普通股加權平均數405,862,605股(二零一六年：393,525,000股)。

(b) 每股攤薄虧損

因於截至二零一六年十二月三十一日止年度行使本集團尚未行使之可換股債券具有反攤薄作用且概無有關本公司之尚未行使購股權之潛在攤薄普通股，故截至二零一六年及二零一七年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同。

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

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Leasehold improvements 租賃物業裝修	Furniture and fixtures 傢俬及裝置	Office equipments 辦公室設備	Motor vehicles 汽車	Construction in progress 在建工程	Total 總額
	Notes 附註	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
COST:							
1 January 2016	於二零一六年一月一日	12,061,100	5,328,211	2,503,541	-	29,979,897	49,872,749
Additions	添置	416,777	233,565	45,051	703,755	915,929	2,315,077
Disposal	出售	-	(7,330)	-	-	-	(7,330)
Written off	撇銷	(a)	-	-	-	(29,379,804)	(29,379,804)
Exchange realignment	匯兌調整	(502,176)	(339,396)	(89,263)	-	(600,093)	(1,530,928)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	11,975,701	5,215,050	2,459,329	703,755	915,929	21,269,764
Additions	添置	232,000	11,189	4,821	-	8,529,204	8,777,214
Transfer	轉移	9,445,133	-	-	-	(9,445,133)	-
Written off	撇銷	(c)	(3,378,979)	-	-	-	(3,378,979)
Exchange realignment	匯兌調整	171,666	228,612	63,380	-	-	463,658
At 31 December 2017	於二零一七年十二月三十一日	18,445,521	5,454,851	2,527,530	703,755	-	27,131,657
ACCUMULATED DEPRECIATION AND IMPAIRMENT:							
1 January 2016	於二零一六年一月一日	2,954,545	3,828,980	1,010,574	-	-	7,794,099
Charge for the year	年內計提	3,413,650	341,033	327,311	129,022	-	4,211,016
Eliminated on disposal	出售撇銷	-	(611)	-	-	-	(611)
Impairment loss for the year	年內減值虧損	(b)	563,387	22,939	-	-	597,891
Exchange realignment	匯兌調整	(84,562)	(329,223)	(85,955)	-	-	(499,740)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	6,847,020	3,863,118	1,263,495	129,022	-	12,102,655
Charge for the year	年內計提	3,978,435	347,198	307,598	140,751	-	4,773,982
Eliminated on written off	撇銷	(c)	(1,701,874)	-	-	-	(1,701,874)
Exchange realignment	匯兌調整	91,215	211,887	61,325	-	-	364,427
At 31 December 2017	於二零一七年十二月三十一日	9,214,796	4,422,203	1,632,418	269,773	-	15,539,190
CARRYING AMOUNTS:							
At 31 December 2017	於二零一七年十二月三十一日	9,230,725	1,032,648	895,112	433,982	-	11,592,467
At 31 December 2016	於二零一六年十二月三十一日	5,128,681	1,351,932	1,195,834	574,733	915,929	9,167,109

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

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) During the year ended 31 December 2016, construction in progress of HK\$29,379,804 were written off as a result of the termination of developments of two hotels.
- (b) During the year ended 31 December 2016, the group had impaired property, plant and equipment amount to HK\$597,891 due to an operating budgeted hotel in PRC expected to make loss in the future years.
- (c) During the year ended 31 December 2017, leasehold improvement of HK\$1,677,105 was written off as a result of the replacement of old renovation by new renovation in one hotel.
- (d) During the year, the Group had capitalised borrowing costs amounting to HK\$1,349,160 (2016: HK\$95,973) (Note 10) on qualifying assets.

15. 物業、廠房及設備(續)

- (a) 截至二零一六年十二月三十一日止年度，由於終止開發兩間酒店，撇銷在建工程29,379,804港元。
- (b) 截至二零一六年十二月三十一日止年度，由於位於中國的一間運營中的經濟型酒店預期於日後年度出現虧損，故本集團已對物業、廠房及設備作出減值597,891港元。
- (c) 截至二零一七年十二月三十一日止年度，由於其中一間酒店的舊裝修已被新裝修取替，撇銷租賃物業裝修1,677,105港元。
- (d) 於本年度，本集團已就合資格資產資本化借貸成本1,349,160港元(二零一六年：95,973港元)(附註10)。

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16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

16. 預付款項、按金及其他應收款項

		Notes 附註	2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Prepayments and deposit paid	預付款項及已付按金			
Prepayment	預付款項	(a)	511,725	7,180,044
Deposits paid	已付按金	(b)	23,988,000	23,988,000
Others	其他		113,114	762,008
			24,612,839	31,930,052
Deposits	按金			
Rental deposits	租賃按金		3,525,878	3,241,518
Other receivables	其他應收款項	(c)	205,887	21,000,000
Total prepayments, deposits and other receivables	預付款項、按金及其他應收款項總額		28,344,604	56,171,570
The amounts of prepayments, deposits and other receivables are analysed as follows:	預付款項、按金及其他應收款項金額分析如下：			
Non-current portions	非流動部分			
Deposits paid	已付按金		23,988,000	23,988,000
Rental deposits	租賃按金		1,574,898	3,241,518
Prepayment and other receivables	預付款項及其他應收款項		–	7,180,044
			25,562,898	34,409,562
Current portions	流動部分			
Prepayments and deposit paid	預付款項及已付按金		624,839	762,008
Rental deposits	租賃按金		1,950,980	–
Other receivables	其他應收款項		205,887	21,000,000
			2,781,706	21,762,008
			28,344,604	56,171,570

Notes:

- (a) As at 31 December 2016, the amount of HK\$7,180,044 represented the payments for enhancements for the PRC budget hotels.
- (b) The amount of HK\$23,988,000 represented deposit paid for proposed acquisition of 51% equity interest in a hotel. After the reporting period, the Group demanded refund and received the refund in February 2018. The Group is still in negotiation of the proposed acquisition.
- (c) During the year ended 31 December 2016, the amount of HK\$21,000,000 represented refundable deposits paid for leasehold improvement and were refunded in January 2017.

附註：

- (a) 於二零一六年十二月三十一日，7,180,044港元為優化中國經濟型酒店的款項。
- (b) 23,988,000港元為建議收購一間酒店51%股權的已付按金。報告期間後，本集團要求退款，於二零一八年二月收到退款。本集團仍於建議收購事項的磋商中。
- (c) 截至二零一六年十二月三十一日止年度，21,000,000港元為就租賃物業裝修已付的可退還按金，且已於二零一七年一月退還。

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17. OTHER ASSET

17. 其他資產

		HK\$ 港元
COST:	成本：	
At 1 January 2016	於二零一六年一月一日	1,440,000
Additions	添置	1,440,000
At 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年十二月三十一日、二零一七年 一月一日及二零一七年十二月三十一日	2,880,000
ACCUMULATED AMORTISATION:	累計攤銷：	
At 1 January 2016	於二零一六年一月一日	-
Charge for the year	年內計提	480,000
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	480,000
Charge for the year	年內計提	2,400,000
At 31 December 2017	於二零一七年十二月三十一日	2,880,000
CARRYING AMOUNTS:	賬面值：	
At 31 December 2017	於二零一七年十二月三十一日	-
At 31 December 2016	於二零一六年十二月三十一日	2,400,000

The amount represents an investment in production of a TV drama series.

該金額為對製作一部電視連續劇的投資。

- (a) During the year ended 31 December 2015, the Group has signed an agreement with an independent third party at a total contract amount of HK\$2,880,000 (representing a 20% interest in the right on the TV drama series). During the year ended 31 December 2016, the interest in the right on the TV drama series changed to 25%. The copyright and ancillary income expected to be generated from this TV drama series would, after deducting the relevant expenses, be allocated to the Group by the interest of such investment.

- (a) 截至二零一五年十二月三十一日止年度，本集團已與一名獨立第三方簽訂一份協議，合約總金額為2,880,000港元（於有關電視連續劇之權利中佔20%權益）。於截至二零一六年十二月三十一日止年度，於有關電視連續劇之權利中所佔權益變為25%。在扣除相關費用後，由該電視連續劇所產生的版權和其他收入將按該投資之權益比例分配予本集團。

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18. DEFERRED INCOME TAX ASSETS

The following are the major deferred tax assets recognised by the Group.

18. 遞延所得稅資產

下文為本集團確認的主要遞延稅項資產。

		Decelerated tax depreciation	Provisions	Tax loss	Total
		遞減稅項折舊	撥備	稅項虧損	總額
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
At 1 January 2016	於二零一六年一月一日	196,349	989,788	-	1,186,137
Credited/(debited) to profit or loss for the year (Note 11)	年內計入/(扣自)損益 (附註11)	1,002,778	(126,560)	1,324,596	2,200,814
Exchange differences	匯兌差額	(61,425)	(79,261)	(58,894)	(199,580)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	1,137,702	783,967	1,265,702	3,187,371
Credited/(debited) to profit or loss for the year (Note 11)	年內計入/(扣自)損益 (附註11)	237,630	(172,715)	759,094	824,009
Exchange differences	匯兌差額	95,853	52,043	127,238	275,134
At 31 December 2017	於二零一七年十二月三十一日	1,471,185	663,295	2,152,034	4,286,514

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2017, the Group does not recognise deferred income tax assets of HK\$5,974,739 (2016: HK\$8,452,403) in respect of losses amounting to HK\$31,672,700 (2016: HK\$38,223,872) that can be carried forward against taxable income. Included in unrecognised tax losses are losses of HK\$8,808,743 (2016: HK\$25,240,752) that will expire in 2022 (2016: 2021). Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK\$305,941 (2016: HK\$439,911). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

倘有關稅務利益可能透過抵銷未來應課稅溢利變現，則會就所結轉之稅項虧損確認遞延所得稅資產。截至二零一七年十二月三十一日，本集團並無就可作結轉以抵銷應課稅收入之虧損31,672,700港元(二零一六年：38,223,872港元)確認遞延所得稅資產5,974,739港元(二零一六年：8,452,403港元)。未確認稅項虧損包括將於二零二二年(二零一六年：二零二一年)到期之8,808,743港元(二零一六年：25,240,752港元)之虧損。其他稅項虧損可無限期向日後結轉。

於報告期末，有關就附屬公司未分派盈利未確認遞延稅項負債的暫時性差異總額為305,941港元(二零一六年：439,911港元)。由於本集團可以控制暫時性差異撥回的時間，且該差異於可見將來可能不會撥回，故並未就上述差異確認負債。

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19. TRADE RECEIVABLES

The majority of the Group's revenue from hotel operations are made via credit cards or cash. Hotel rooms are rented to corporate customers with an appropriate credit history on credit terms of 30 days upon acceptance of services by the customers. Trade receivables of HK\$57,122 (2016: HK\$17,805) were past due but not impaired. Management considered that no recoverability problem on these trade balances as a result of subsequent settlement received up to the date of this report and the agreement of the revised repayment schedule with certain trade debtors.

19. 應收賬款

本集團的酒店營運收益主要以信用卡或現金結算。本集團為擁有合適信貸記錄的企業客戶提供客戶接受服務後三十天的酒店客房租賃信貸期。應收賬款57,122港元(二零一六年：17,805港元)已逾期但並無減值。管理層認為，由於截至本報告日期已收到其後結算款項，並已與客戶就若干應收貿易賬款之經修訂還款計劃達成協議，故該等貿易結餘的收回並無問題。

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Trade receivables	應收賬款	268,265	64,555

The aging analysis of these trade receivables based on past due date is as follows:

該等應收賬款之賬齡按到期還款日分析如下：

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Neither past due nor impaired	無逾期亦無減值	211,143	46,750
0 – 30 days past due	逾期0至30天	1,512	1,017
31 – 60 days past due	逾期31至60天	–	848
61 – 90 days past due	逾期61至90天	935	–
91 – 120 days past due	逾期91至120天	33,134	431
121 – 365 days past due	逾期121至365天	21,541	15,509
		57,122	17,805
		268,265	64,555

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

20. CONVERTIBLE BONDS

The convertible bonds (the “Bonds”) were issued on 14 June 2016. The Bonds were extended for one year on 14 June 2017 (the original due date of the Bonds) to 14 June 2018. The Bonds are convertible into ordinary shares of the Company at any time between the date of issuance of the Bonds and the business day immediately prior to the maturity date (i.e. one year from the date of extension of the Bonds or if such date is not a business day the next business day). The face value of the Bonds is HK\$51,000,000. The Bonds are convertible to 54,838,708 shares per HK\$0.93 bond.

If the Bonds have not been converted, the Company will pay to the holders of the Bonds an amount equal to the aggregate of (i) 100% of the principal amount of the Bonds outstanding; (ii) interest accrued and outstanding pursuant to terms and conditions of the Bonds; and (iii) a premium of 7% per annum of the principal amount of the Bonds outstanding. Interest of 8 per cent will be paid annually up until that the business day immediately prior to the maturity date (i.e. one year from the date of issuance of the Bonds or if such date is not a business day, the next business day).

If the maturity date is extended or postponed pursuant to the terms and conditions of the Bonds, upon maturity of the Bonds on such extended maturity date, the Company will pay to the holders of the Bonds an amount equal to the aggregate of (i) 100% of the principal amount of the Bonds outstanding; (ii) interest accrued and outstanding pursuant to the terms and conditions of the Bonds; and (iii) a premium of 15% of the principal amount of the Bonds outstanding.

20. 可換股債券

本公司於二零一六年六月十四日發行可換股債券(「債券」)。債券於二零一七年六月十四日(債券的原到期日)延長一年至二零一八年六月十四日。債券可於債券發行日期至緊接到期日前之營業日(即債券延長日期起計一年或倘該日期並非營業日，則下一個營業日)隨時轉換為本公司之普通股。債券面值為51,000,000港元。債券可按每份債券0.93港元轉換為54,838,708股股份。

倘債券未獲轉換，本公司將向債券持有人支付相當於以下各項總和之金額：(i)債券未償還本金額之100%；(ii)根據債券的條款及條件之應計及未支付利息；及(iii)債券未償還本金額之每年7%溢價。8%之利息將按年支付，直至緊接到期日前之營業日(即債券發行日期起計一年或倘該日期並非營業日，則下一個營業日)為止。

倘到期日根據債券的條款及條件延遲或推遲，債券於有關經延遲到期日到期時，本公司將向債券持有人支付相當於以下各項總和之金額：(i)債券未償還本金額之100%；(ii)根據債券的條款及條件之應計及未支付利息；及(iii)債券未償還本金額之15%溢價。

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20. CONVERTIBLE BONDS (Continued)

On 15 September 2017, Bonds with nominal value of HK\$33,400,000 were converted into 35,913,978 ordinary shares with conversion price of HK\$0.93.

On 29 November 2017, Bonds with nominal value of HK\$17,600,000 were converted into 18,924,730 ordinary shares with conversion price of HK\$0.93.

Mr. Ding Yifan, the controlling shareholder of the Company, guaranteed the due payment of all sums expressed to be payable by the Company under the terms and conditions of the Bonds and pursuant to a personal guarantee given by Mr. Ding Yifan.

The movement of the liability component of the Bonds for the years ended 31 December 2016 and 2017 are set out below:

20. 可換股債券(續)

於二零一七年九月十五日，面值33,400,000港元的債券按換股價0.93港元轉換為35,913,978股普通股。

於二零一七年十一月二十九日，面值17,600,000港元的債券按換股價0.93港元轉換為18,924,730股普通股。

本公司控股股東丁一凡先生擔保本公司根據債券之條款及條件及根據丁一凡先生作出的個人擔保妥為支付應付的所有款項。

債券負債部分於截至二零一六年及二零一七年十二月三十一日止年度的變動載列如下：

		2017 二零一七年 HK\$ 港元
Fair value of the Bonds issued	已發行債券公平值	52,485,008
Issue cost	發行成本	(1,000,000)
Equity component	權益部分	(4,301,492)
Liability component at date of issue	於發行日期之負債部分	47,183,516
Interest charged (Note 10)	利息支出(附註10)	5,969,397
Liability component at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日之負債部分	53,152,913
Interest charged (Note 10)	利息支出(附註10)	8,165,114
Interest paid	已付利息	(5,409,052)
Converted to shares during the year	年內轉換為股份	(55,908,975)
Liability component at 31 December 2017	於二零一七年十二月三十一日之負債部分	-

The interest charged for the year is calculated by applying an effective interest rate of 14.88% per cent (2016: 22.88 per cent) to the liability component.

本年度負債部分之利息支出乃按實際利率14.88%(二零一六年：22.88%)計算。

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21. TRADE AND OTHER PAYABLES

21. 應付賬款及其他應付款項

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Trade payables	應付賬款	312,741	218,855
Accruals and other payables	應計項目及其他應付款項	7,419,342	9,577,749
		7,732,083	9,796,604

The aging analysis of trade payables based on the invoice date is as follows:

應付賬款基於發票日期的賬齡分析如下：

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
0 – 30 days	0至30天	291,825	155,256
31 – 60 days	31至60天	10,764	34,054
61 – 90 days	61至90天	7,751	10,669
Over 90 days	超過90天	2,401	18,876
		312,741	218,855

Accruals and other payables are analysed as follows:

應計項目及其他應付款項的分析載列如下：

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Accruals	應計項目		
Accrued staff costs	應計員工成本	705,461	2,775,644
Accrued audit and professional fee	應計審核及專業費用	1,280,000	1,205,023
Accrued effective rental payable	應計實際租金應付款項	769,333	1,203,757
		2,754,794	5,184,424
Other payables	其他應付款項		
Other tax payables	其他應付稅項	3,329,773	3,194,528
Payables to hotel constructors	應付酒店施工人員款項	378,510	757,020
Receipt in advance	預收款項	202,216	8,879
Others	其他	754,049	432,898
		4,664,548	4,393,325
Total accruals and other payables	應計項目及其他應付款項總額	7,419,342	9,577,749

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22. PROVISION FOR ASSET RETIREMENT

Under the terms of the tenancy agreements signed with landlords, the Group shall vacate and re-instate the leased hotel and office premises at the Group's cost upon expiry of the relevant tenancy agreements in 1 to 5 years (2016: 1 to 3 years). Provision is therefore made for the best estimate of the expected reinstatement costs to be incurred. Movements of provision for asset retirement are as follows:

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
At 1 January	於一月一日	3,795,516	3,959,157
Addition	添置	232,000	-
Finance cost on asset retirement obligations (Note 10)	報廢資產復原債務的 融資成本(附註10)	190,469	184,098
Exchange differences	匯兌差額	294,650	(347,739)
At 31 December	於十二月三十一日	4,512,635	3,795,516
Less: non-current portion	減：非即期部分	(4,280,635)	(3,135,871)
Current portion	即期部分	232,000	659,645

22. 報廢資產復原撥備

根據與業主簽訂的租賃協議條款，本集團須於相關租賃協議租期(一至五年)(二零一六年：一至三年)屆滿後由本集團出資搬離及還原租賃酒店及辦公室物業。因此已對預期產生的還原成本以最貼近的估計進行撥備。報廢資產復原撥備的變動如下：

23. BORROWINGS

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Borrowings repayable on 1 June 2020	應於二零二零年六月一日償還的借貸	6,280,000	-
Borrowings repayable on 27 August 2020	應於二零二零年八月二十七日償還的借貸	5,651,398	-
Borrowings repayable on 27 December 2020	應於二零二零年十二月二十七日償還的借貸	5,004,383	-
		16,935,781	-

23. 借貸

As at 31 December 2017, the Group has borrowings of HK\$16,500,000 from and HK\$435,781 interest payables to China Medical Overseas Limited, a controlling shareholder of the Company. The borrowings are unsecured, interest bearing of 8% per annum and repayable on maturity.

於二零一七年十二月三十一日，本集團擁有來自中華醫學海外有限公司(本公司控股股東)之借貸16,500,000港元及應付該公司的利息435,781港元。借貸為無抵押、按年利率8%計息及應於到期日償還。

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24. SHARE CAPITAL

24. 股本

		Number of Shares 股份數目	Amount 金額 HK\$ 港元
	Notes 附註		
Authorised: Ordinary shares of HK\$0.01 (2016: HK\$0.01) each	法定： 每股面值0.01港元 (二零一六年：0.01港元) 的普通股		
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、 二零一六年十二月三十一 日、二零一七年一月一 日及二零一七年十二月 三十一日	780,000,000	7,800,000
Issued and fully paid: At 1 January 2016, 31 December 2016 and 1 January 2017	已發行及繳足： 於二零一六年一月一日、二 零一六年十二月三十一日 及二零一七年一月一日	393,525,000	3,935,250
Issue of shares arising from conversion of the Bonds	轉換債券產生的發行股份	(a),(b) 54,838,708	548,387
At 31 December 2017	於二零一七年 十二月三十一日	448,363,708	4,483,637

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24. SHARE CAPITAL (Continued)

Notes:

- (a) On 15 September 2017, the Bonds with nominal value of HK\$33,400,000 were converted into 35,913,978 ordinary shares with conversion price of HK\$0.93 per bond. Amount of HK\$359,140 and HK\$38,870,997 were recorded in share capital and share premium respectively.
- (b) On 29 November 2017, the Bonds with nominal value of HK\$17,600,000 were converted into 18,924,730 ordinary shares with conversion price of HK\$0.93 per bond. Amount of HK\$189,247 and HK\$20,791,083 were recorded in share capital and share premium respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium and other reserves) and includes some forms of subordinated debts.

24. 股本(續)

附註：

- (a) 於二零一七年九月十五日，面值33,400,000港元的債券按換股價每張債券0.93港元轉換為35,913,978股普通股。359,140港元及38,870,997港元分別計入股本及股份溢價。
- (b) 於二零一七年十一月二十九日，面值17,600,000港元的債券按換股價每張債券0.93港元轉換為18,924,730股普通股。189,247港元及20,791,083港元分別計入股本及股份溢價。

本集團資本管理的目標是保障本集團能繼續營運，並通過優化資本負債比率給予股東最大回報。

本集團按比例設定風險資本金額。本集團管理其資本結構，並因應經濟狀況及相關資產風險特徵的變化而調整。為了維持或調整資本結構，本集團可能會調整股息支付，發行新股份，回購股份，融入新債，贖回現有債務或出售資產以減少債務。

本集團根據負債與調整後資本比率來監管資本。該比率為負債淨額除以調整後資本所得。負債淨額乃按借貸總額減現金及現金等價物計算。調整後資本由全部權益（即股本、股份溢價及其他儲備）組成，並包括某種形式的次級債務。

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

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

25. 本公司財務狀況表

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	11,533,912	35,149,168
Rental deposits	租賃按金	–	1,794,895
		11,533,912	36,944,063
Current assets	流動資產		
Prepayments and other deposit	預付款項及其他按金	162,008	445,600
Rental deposits	租賃按金	1,794,895	–
Cash and cash equivalents	現金及現金等價物	320,618	216,369
		2,277,521	661,969
Current liabilities	流動負債		
Convertible bonds	可換股債券	–	53,152,913
Due to subsidiaries	應付附屬公司款項	16	23
Accruals and other payables	應計費用及其他應付款項	1,638,713	1,047,200
		1,638,729	54,200,136
Net current assets/(liabilities)	淨流動資產/(負債)	638,792	(53,538,167)
Non-current liabilities	非流動負債		
borrowings	借貸	16,935,781	–
Net liabilities	負債淨值	(4,763,077)	(16,594,104)
EQUITY	權益		
Share capital	股本	4,483,637	3,935,250
Reserves	儲備	(9,246,714)	(20,529,354)
Total deficit	虧絀總額	(4,763,077)	(16,594,104)

Approved and authorised for issue by the board of directors on 7 March 2018.

Approved by:

Huang Yun
黃雲
Director
董事

於二零一八年三月七日獲董事會批准及授權刊發。

由以下人士審批：

Ye Shusheng
叶樹生
Director
董事

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綜合財務報表附註

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26. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

26. 儲備

(a) 本集團

本集團儲備的金額及變動乃於綜合損益及其他全面收入表以及綜合權益變動表中列示。

(b) 本公司

		Share premium	Convertible bonds equity reserve	Accumulated losses	Total
		股份溢價	可換股債券權益儲備	累計虧損	總額
		(Note (c)(i))	(Note (c)(iv))		
		(附註(c)(i))	(附註(c)(iv))		
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
At 1 January 2016	於二零一六年一月一日	204,694,080	-	(106,241,685)	98,452,395
Loss for the year	年內虧損	-	-	(123,283,241)	(123,283,241)
Issue of convertible bonds	發行可換股債券	-	4,301,492	-	4,301,492
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	204,694,080	4,301,492	(229,524,926)	(20,529,354)
Loss for the year	年內虧損	-	-	(44,077,948)	(44,077,948)
Conversion of convertible bonds	轉換可換股債券	59,662,080	(4,301,492)	-	55,360,588
At 31 December 2017	於二零一七年十二月三十一日	264,356,160	-	(273,602,874)	(9,246,714)

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26. RESERVES (Continued)

(c) Nature and purpose of reserves

(i) *Share premium*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are 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 in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the financial statements.

(iii) *Statutory reserve*

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(iv) *Convertible bonds equity reserve*

Under HKAS 32, convertible bonds issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using market interest rate for equivalent non-convertible bonds and attributing to the equity component the difference between the fair value of the convertible bonds and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible bonds equity reserve until the bonds are either converted (in which case it is transferred to share premium) or the bonds are redeemed (in which case it is released directly to retained earnings).

26. 儲備(續)

(c) 儲備的性質及目的

(i) *股份溢價賬*

根據開曼群島公司法，本公司股份溢價賬的資金可分派予本公司股東，惟緊隨建議派付股息日期後本公司須有能力清償於一般業務過程中到期的債項。

(ii) *外匯儲備*

外匯儲備由換算海外業務財務報表產生的所有外匯差額構成。該儲備乃根據財務報表附註3所載的會計政策處理。

(iii) *法定儲備*

法定儲備為不可分派，由本集團中國附屬公司根據中國適用法律及法規於除稅後溢利中轉撥。

(iv) *可換股債券權益儲備*

根據香港會計準則第32號，已發行可換股債券於初步確認時分為負債及權益部分，負債部分乃按採用等同不可換股債券之市場利率釐定其公平值予以確認，而可換股債券公平值與負債部分公平值之差額則分配至權益部分。負債部分其後按攤銷成本列賬。權益部分於可換股債券權益儲備確認，直至可換股債券獲兌換(於此情況下其將轉撥至股份溢價)或可換股債券獲贖回(於此情況下其將直接解除至保留溢利)。

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26. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(v) Other reserve

The other reserves represent the difference between the nominal value of the issued capital of Legend Strategy Limited, Lai Ying International Limited and Triple Leaf Limited, the then shareholders of Legend Strategy Limited and the nominal value of the 135,000,001 shares issued and allotted to the shareholders of the above companies by the Company.

27. CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities (2016: Nil).

28. CAPITAL COMMITMENTS

The Group did not have any capital commitments at 31 December 2017 (2016: HK\$Nil).

29. OPERATING LEASE COMMITMENTS

The Group leases various hotel premises under non-cancellable operating lease agreements. The lease terms of the tenancy agreements are set out in note 22. The leases have escalation clauses and renewal rights. The total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
Within one year	一年內	13,549,615	15,314,521
In the second to fifth years inclusive	第二至第五年(包括首尾兩年)	15,438,978	16,054,412
		28,988,593	31,368,933

26. 儲備(續)

(c) 儲備的性質及目的(續)

(v) 其他儲備

其他儲備指枋濟有限公司、勵盈國際有限公司及枋濟有限公司當時的股東三葉有限公司之已發行股本面值與本公司向上述公司股東發行及配發之135,000,001股股份面值之間的差額。

27. 或然負債

於二零一七年十二月三十一日，本集團並無任何重大或然負債(二零一六年：無)。

28. 資本承擔

於二零一七年十二月三十一日，本集團並無任何資本承擔(二零一六年：零港元)。

29. 經營租賃承擔

本集團的數個酒店物業以不可撤銷經營租賃協議租賃。租賃協議的租期載列於附註22。租賃合約內有自動加價條款及續租權。不可撤銷經營租賃的未來應付最低租賃付款總額如下：

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

30. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed in note 8 and elsewhere in the financial statements, the Group had the following transactions with its related parties during the year.

30. 關聯方交易

除財務報表附註8及其他內容披露的關聯方交易及結餘外，本集團於年內有以下關聯方交易。

		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元
(a) Key management compensation	(a) 主要管理人員補償		
Salaries, wages and allowance	薪金、工資及津貼	3,337,071	5,423,333
Pension obligations	退休金責任	42,000	57,000
		3,379,071	5,480,333
		<hr/>	
(b) Interest expenses paid to China Medical Overseas Limited	(b) 已付中華醫學海外有限公司 的利息開支	435,781	-

(c) China Medical Overseas Limited has made available a credit facility up to the amount of HK\$20,000,000 to the Company under substantially the same terms with the borrowings which the Company may request for drawdown at any time prior to 31 March 2018. As at 31 December 2017, no credit facility is used.

(c) 中華醫學海外有限公司已根據與借貸大致相同的條款向本公司提供金額最多20,000,000港元的信貸融資額度，可由本公司於二零一八年三月三十一日前隨時要求提取。於二零一七年十二月三十一日，概無已動用信貸融資額度。

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綜合財務報表附註

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

31. DISPOSAL OF SUBSIDIARIES

Sure Esteem Limited (“Sure Esteem”), a wholly-owned subsidiary of the Company, held 15% equity interest of Shenzhen Yuelai Inn Company Limited (“Yuelai”), wholly-owned subsidiary of the Company. On 25 August 2017, the Group disposed 100% of the issued share capital of Sure Esteem together with 15% equity interest of Yuelai at a consideration of HK\$8.

The value of the assets and liabilities of Sure Esteem disposed as at its date of disposal is as follows:

31. 出售附屬公司

本公司的全資附屬公司 Sure Esteem Limited (「Sure Esteem」) 持有深圳悅來客棧有限公司(「悅來」, 本公司的全資附屬公司) 15% 股權。於二零一七年八月二十五日, 本集團以代價8港元出售 Sure Esteem 已發行股本100% 連同悅來15% 股權。

Sure Esteem 於其出售日期出售的 Sure Esteem 資產及負債價值如下:

		2017 二零一七年 HK\$ 港元
Net liabilities at the date of disposal were as follows:	於出售日期的負債淨值:	
Cash and cash equivalents	現金及現金等價物	7,390
Tax payable	應付稅項	(332,639)
Other payables	其他應付款項	(5,403)
Net liabilities disposal of	已售負債淨值	(330,652)
Release of foreign currency translation reserve	釋放外幣換算儲備	(1,678,206)
Gain on disposal of Sure Esteem	出售 Sure Esteem 的收益	2,008,866
Consideration	代價	8
Net cash outflow arising on disposal:	出售產生的現金流出淨額:	
Cash and cash equivalents disposed of	出售的現金及現金等價物	7,390
Amount of consideration receivable	應收代價金額	8

The effect of change in the ownership interests of Yuelai on the equity attributable to owners of the Company during the year ended 31 December 2017 were summarised as follows:

截至二零一七年十二月三十一日止年度, 悅來擁有權變動於本公司擁有人應佔權益的影響概述如下:

		2017 二零一七年 HK\$ 港元
Increase in non-controlling interest	非控股權益增加	(808,645)
Consideration received	已收代價	-
Movement in equity	權益變動	(808,645)

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

32. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Group's changes in liabilities arising from financing activities during the year:

32. 融資活動產生的負債變動

下表載列本集團年內融資活動產生的負債變動：

		Borrowings	Convertible Bonds	Total liabilities from financing activities
		借貸	可換股債券	融資活動產生的負債總額
		HK\$	HK\$	HK\$
		港元	港元	港元
At 1 January 2016	於二零一六年一月一日	–	–	–
Change in cash flows	現金流量變動	–	50,000,000	50,000,000
Non-cash changes	非現金變動			
– Interest charged	– 利息支出	–	5,969,397	5,969,397
– Equity component of the convertible bonds	– 可換股債券的權益部分	–	(4,301,492)	(4,301,492)
– Share-based payment arising from the issue of convertible bonds	– 發行可換股債券產生之以股份為基礎之付款	–	1,485,008	1,485,008
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	–	53,152,913	53,152,913
Change in cash flows	現金流量變動	16,500,000	(5,409,052)	11,090,948
Non-cash changes	非現金變動			
– Interest charged	– 利息支出	435,781	8,165,114	8,600,895
– Conversion of convertible bonds	– 轉換可換股債券	–	(55,908,975)	(55,908,975)
At 31 December 2017	於二零一七年十二月三十一日	16,935,781	–	16,935,781

Notes to the Consolidated Financial Statement

綜合財務報表附註

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

33. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2017 are as follows:

Company name 公司名稱	Place of incorporation/ registration and operation 註冊成立/ 註冊及經營地點	Issued and paid up capital 已發行及 已繳足資本	Percentage of ownership interest 擁有人權益 百分比	Principal activities 主要業務
Legend Strategy International Limited 枋濬國際有限公司	The BVI 英屬處女群島	4 ordinary shares of US\$1 each 每股1美元的4股普通股	100% (direct) 100%(直接)	Investment holding 投資控股
Legend Strategy Limited 枋濬有限公司	Hong Kong 香港	HK\$10,000,000 ordinary shares 10,000,000港元普通股	100% (indirect) 100%(間接)	Investment holding and provision of hotel consultancy services 投資控股及提供酒店顧問服務
Welcome Inn Management Limited 悅來客棧酒店管理有限公司	Hong Kong 香港	HK\$1 ordinary share 1港元普通股	100% (indirect) 100%(間接)	Provision of hotel management services 提供酒店管理服務
Legend Strategy Management Limited Legend Strategy Management Limited	The BVI 英屬處女群島	1 ordinary share of US\$1 每股1美元的1股普通股	100% (indirect) 100%(間接)	Rental of hotel premise 酒店物業租賃
Shenzhen Yingde Tourists Co., Ltd. 深圳盈的旅業有限公司	The PRC* 中國*	HK\$8,000,000 8,000,000港元	100% (indirect) 100%(間接)	Hotel operations 酒店營運
Shenzhen Modern Tourists Co., Ltd. 深圳摩登旅業管理有限公司	The PRC* 中國*	HK\$1,000,000 1,000,000港元	100% (indirect) 100%(間接)	Hotel operations and provision of hotel consultancy services 酒店營運及提供酒店顧問服務
Shenzhen Yuelai Inn Co., Ltd. 深圳悅來客棧有限公司	The PRC* 中國	HKD5,000,000 5,000,000港元	85% (indirect) 85%(間接)	Hotel operations 酒店營運
Grand China Industrial Limited 中國實業有限公司	Hong Kong 香港	HK\$1 ordinary share 1港元普通股	100% (indirect) 100%(間接)	General trading and investment 一般貿易及投資
Net Media Finance Hong Kong Limited 網信傳媒香港有限公司	Hong Kong 香港	HK\$20,000,000 ordinary shares 20,000,000港元普通股	100% (indirect) 100%(間接)	Drama production 戲劇製作

* Wholly owned Foreign Enterprise

Partially owned Foreign Enterprise

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 7 March 2018.

33. 於附屬公司之投資

於二零一七年十二月三十一日，附屬公司之詳情如下：

Company name 公司名稱	Place of incorporation/ registration and operation 註冊成立/ 註冊及經營地點	Issued and paid up capital 已發行及 已繳足資本	Percentage of ownership interest 擁有人權益 百分比	Principal activities 主要業務
Legend Strategy International Limited 枋濬國際有限公司	The BVI 英屬處女群島	4 ordinary shares of US\$1 each 每股1美元的4股普通股	100% (direct) 100%(直接)	Investment holding 投資控股
Legend Strategy Limited 枋濬有限公司	Hong Kong 香港	HK\$10,000,000 ordinary shares 10,000,000港元普通股	100% (indirect) 100%(間接)	Investment holding and provision of hotel consultancy services 投資控股及提供酒店顧問服務
Welcome Inn Management Limited 悅來客棧酒店管理有限公司	Hong Kong 香港	HK\$1 ordinary share 1港元普通股	100% (indirect) 100%(間接)	Provision of hotel management services 提供酒店管理服務
Legend Strategy Management Limited Legend Strategy Management Limited	The BVI 英屬處女群島	1 ordinary share of US\$1 每股1美元的1股普通股	100% (indirect) 100%(間接)	Rental of hotel premise 酒店物業租賃
Shenzhen Yingde Tourists Co., Ltd. 深圳盈的旅業有限公司	The PRC* 中國*	HK\$8,000,000 8,000,000港元	100% (indirect) 100%(間接)	Hotel operations 酒店營運
Shenzhen Modern Tourists Co., Ltd. 深圳摩登旅業管理有限公司	The PRC* 中國*	HK\$1,000,000 1,000,000港元	100% (indirect) 100%(間接)	Hotel operations and provision of hotel consultancy services 酒店營運及提供酒店顧問服務
Shenzhen Yuelai Inn Co., Ltd. 深圳悅來客棧有限公司	The PRC* 中國	HKD5,000,000 5,000,000港元	85% (indirect) 85%(間接)	Hotel operations 酒店營運
Grand China Industrial Limited 中國實業有限公司	Hong Kong 香港	HK\$1 ordinary share 1港元普通股	100% (indirect) 100%(間接)	General trading and investment 一般貿易及投資
Net Media Finance Hong Kong Limited 網信傳媒香港有限公司	Hong Kong 香港	HK\$20,000,000 ordinary shares 20,000,000港元普通股	100% (indirect) 100%(間接)	Drama production 戲劇製作

* 外商獨資企業

外商合資企業

上表載列對本集團業績、資產或負債產生主要影響的附屬公司詳情。

34. 批准財務報表

此等財務報表由董事會於二零一八年三月七日批准及授權發佈。

Five-Year Financial Summary

五年財務概要

A summary of results and of the assets and liabilities of the Group for the last five financial years is as follows:

本集團過往五個財政年度的業績以及資產及負債的概要如下：

RESULTS

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元	2013 二零一三年 HK\$ 港元
Revenue	收益	16,281,691	17,654,630	19,884,379	29,700,841	57,968,906
Loss before tax	除稅前虧損	(45,836,529)	(100,490,047)	(123,405,540)	(60,178,163)	(3,293,434)
Income tax credit/(expense)	所得稅抵免/(開支)	408,536	2,200,814	(430,064)	8,634,678	(3,960,343)
Loss for the year	年內虧損	(45,427,993)	(98,289,233)	(123,835,604)	(51,543,485)	(7,253,777)
Attributable to:	以下人士應佔：					
Owners of the Company	本公司擁有人	(45,356,200)	(98,289,233)	(123,835,604)	(51,543,485)	(7,253,177)
Non-controlling interests	非控制性權益	(71,793)	-	-	-	-
		(45,427,993)	(98,289,233)	(123,835,604)	(51,543,485)	(7,253,777)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

資產、負債及非控制性權益

		As at 31 December 於十二月三十一日				
		2017 二零一七年 HK\$ 港元	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元	2013 二零一三年 HK\$ 港元
Total assets	資產總額	52,369,444	81,090,605	125,659,405	162,087,990	185,630,140
Total liabilities	負債總額	(30,243,761)	(68,263,683)	(18,291,715)	(27,913,274)	(35,160,151)
Non-controlling interests	非控制性權益	(742,983)	-	-	-	-
		21,382,700	12,826,922	107,367,690	134,174,716	150,469,989

The summary above does not form part of the audited financial statements.

上述概要並不構成經審核財務報表之一部分。



Legend Strategy International Holdings Group Company Limited

枋濬國際集團控股有限公司

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